



TCS Group Holding PLC reports record net income in 4Q and FY 2019, announces 1st 2020 interim dividend

- Net margin up 43% year-on-year to RUB 86.8 bn in FY'19 (FY'18: RUB 60.5 bn)
- Net income of RUB 11.0 bn in 4Q'19 and RUB 36.1 bn in FY'19
- Over 4.3 mn new credit accounts added in FY'19
- Net loan portfolio growth of 66% in FY'19

LIMASSOL, CYPRUS — 11 March 2020. TCS Group Holding PLC (LI: TCS, MOEX: TCSG) ("Tinkoff", "We", the "Group", the "Company"), Russia's leading provider of online financial and lifestyle services via its Tinkoff ecosystem, today announces its IFRS financial results fourth quarter and twelve months ended 31 December 2019.

Oliver Hughes, CEO, commented:

"I'm happy to report that 2019 was another year of record-high profit, underpinned by the strength of both our credit and non-credit business lines. We saw 4.3 million new credit accounts opened in 2019 with net loans rising 66%, even as we retained our conservative approach to lending. Current accounts grew by 57% to 7.1 million, underpinned by the popularity of our lifestyle and financial ecosystem.

Tinkoff Investments made new strides, bringing more than 800 thousand new retail investors to Moscow Exchange in 2019, more than any other brokerage, as customers responded well to the straightforward, seamless approach to investing our tech solutions allow.

As the popularity of our investment offering continued to grow, we added more options for traders to interact with one another within the app. We've also decided to launch Russia's first commission-free exchange-traded fund (ETF) through Tinkoff Capital, the management company within our ecosystem.

We continued to innovate on the tech front, taking the next step in our ecosystem approach by launching Russia's first SuperApp. Now, customers can take care of nearly all of their lifestyle and financial needs, ranging from booking medical appointments to reserving restaurant tables and making bank transfers with just a few easy clicks without leaving the Tinkoff app.

While continuing to innovate, we remain one of the most profitable banks in the world, with ROE at 55.9% for 2019 and continue to focus on our bottom line as we expand our lifestyle and financial offering.

This year we're also undertaking one of our greatest marketing efforts, signing a title partnership agreement with the Russian Football Premier League. We hope this will help us further build customer loyalty, attract new customers and provide expanded possibilities for purchasing football tickets within the Tinkoff SuperApp."



FINANCIAL AND OPERATING REVIEW

| RUB bn | 4Q'19 | 4Q'18 | Change | FY'19 | FY'18 | Change |
|-----------------------------------|-------|-------|------------|-------|-------|------------|
| Credit accounts acquired (mn pcs) | 1.1 | 1.0 | +10% | 4.3 | 2.7 | +59% |
| Net margin | 24.0 | 16.1 | +49% | 86.8 | 60.0 | +45% |
| Net margin after provisions | 16.3 | 13.8 | +18% | 59.7 | 48.2 | +24% |
| Profit before tax | 13.4 | 10.5 | +28% | 45.5 | 35.2 | +29% |
| Net income | 11.0 | 8.1 | +36% | 36.1 | 27.1 | +33% |
| Return on equity | 49.0% | 81.2% | -32.2 p.p. | 55.9% | 74.7% | -18.8 p.p. |
| Net interest margin | 20.5% | 21.9% | -1.4 p.p. | 21.6% | 23.5% | -1.9 p.p. |
| Cost of risk | 8.1% | 4.2% | +3.9 p.p. | 8.5% | 6.0% | +2.5 p.p. |

| RUB bn | 31 Dec 2019 | 31 Dec 2018 | Change |
|-------------------------------------|-------------|-------------|-----------|
| Total Assets | 579.5 | 375.5 | +54% |
| Net loans and advances to customers | 329.2 | 198.5 | +66% |
| Share of NPLs | 9.1% | 9.4% | -0.3 p.p. |
| Cash and treasury portfolio | 193.0 | 135.1 | +43% |
| Total Liabilities | 483.4 | 333.2 | +45% |
| Customer accounts | 411.6 | 280.9 | +47% |
| Total Equity | 96.1 | 42.3 | +127% |
| Tier 1 capital ratio | 19.4% | 14.9% | +4.5p.p. |
| Total capital ratio | 19.4% | 14.9% | +4.5p.p. |
| CBR N1.0 (capital adequacy ratio) | 12.1% | 13.9% | -1.8p.p. |

In 4Q'19, the Group's total revenue grew by 45% y-o-y to RUB 46.7 bn (4Q'18: RUB 32.3 bn). Gross interest income increased by 44% y-o-y to RUB 30.2 bn (4Q'18: RUB 21.0 bn), thanks to the continued growth of our customer base and the expansion of our product range.

Gross interest yield declined to 32.1% in FY'19 due to decrease in benchmark rates and regulatory caps. The interest yield on the Group's securities portfolio decreased to 6.4% (4Q'18: 7.4%).

In 4Q'19, interest expense grew by 32% y-o-y to RUB 5.9 bn (4Q'18: RUB 4.5 bn), driven by significant growth of customer base and marketing campaign with higher cash-backs and interest rates. At the same time, our cost of borrowing decreased to 5.6% in 4Q'19 following a gradual decrease in deposit rates.



In 4Q'19, net margin grew by 46% y-o-y to RUB 23.6 bn (4Q'18: RUB 16.1 bn), primarily as a result of solid net loan growth.

Cost of risk rose to 8.1% in 4Q'19 (4Q'18: 4.2%), reflecting high loan growth rates, front-loaded provisioning under IFRS9, and continued fine-tuning of our credit risk and approval models. Meanwhile, our risk-adjusted net interest margin decreased to 13.5% in 4Q'19 (4Q'18: 18.7%) due to the continued product diversification of our loan portfolio.

Our non-credit business lines continue to deliver robust performance thanks to customer base growth, and now represent over 36% of the Group's revenue. Fee and commission income rose by 37% y-o-y to RUB 10.0 bn in 4Q'19 (4Q'18: RUB 7.3 bn), accounting for 21% of total revenue, while Tinkoff Insurance more than doubled its revenue y-o-y to RUB 4.6 bn (4Q'18: RUB 2.1 bn).

As at the end of FY'19, the Group had:

- over 7.1 mn current account customers with a total balance of RUB 211.7 bn across all accounts
- over 535k SME customers, with RUB 60.2 bn in total on their current accounts
- 1,125k brokerage accounts opened at MOEX through Tinkoff Investments.

In 4Q'19 operating expenses increased by 14% y-o-y to RUB 11.7 bn (4Q'18: RUB 10.2 bn) mainly due to accelerated growth of customer acquisition costs. The cost-to-income ratio decreased to 33.6% in 4Q'19 (4Q'18: 43.0%).

The Group reported record quarterly net income of RUB 11.0 bn in 4Q'19 (4Q'18: RUB 8.1 bn). Net income for FY'19 amounted to RUB 36.1 bn (FY'18 RUB 27.1 bn). As a result, ROE for FY'19 stood at 55.9% (FY'18: 74.7%).

In FY'19, the Group continued to maintain a healthy balance sheet with total assets growing by 54% since the start of 2019 to RUB 579.5 bn (31 Dec'18: RUB 375.5 bn).

The Group's gross loan book grew by 63.6 % in 2019 to RUB 383.9 bn (31 Dec'18: RUB 234.7 bn), while the net loan book grew by 66% to RUB 329 bn (31 Dec'18: RUB 198.5 bn).

The Group's NPL ratio rose to 9.1%, primarily due to denominator effect as loan book growth slowed in 4Q19, while our loan loss provision coverage remained stable at 1.6x non-performing loans.

The Group's customer accounts increased by 47% to RUB 412 bn (31 Dec'18: RUB 280.9 bn).

Tinkoff's total equity increased by 127% in 2019 to RUB 96 bn (31 Dec'18: RUB 42.3 bn). As of 1 January 2020, the Group's statutory N1.0 ratio had decreased to 12.1%, and its N1.2 ratio had decreased to 11.7%. N1.1 stood at a comfortable 9.5%.



GUIDANCE FOR 2020

Following strong underlying growth in 2019, the Group is pleased to announce the following performance guidance for 2020:

- We expect net loan growth of at least 20%
- We expect cost of risk to be in the 9% area
- We expect cost of borrowing to be in the 6% area
- We expect net income of at least RUB 42 bn

FIRST 2020 INTERIM DIVIDEND ANNOUNCEMENT

The Board of Directors of TCS Group on 10 March 2020 decided to resume dividend payments and approved a first interim gross cash dividend for 2020 of USD 0.21 per share/GDR (with each GDR representing one share), with a total dividend payment of around USD 42 mn. Subject to London Stock Exchange regulations, indicatively the dividends will be payable around 30 March 2020, to those shareholders on the Group's register as at the record date of 27 March 2020.

The ex-dividend date will be 26 March 2019. According to the terms of the GDR deposit agreement, holders of the Group's GDRs will receive their dividends within 5 business days of the payment date.

4Q'2019 AND POST-REPORTING PERIOD OPERATING HIGHLIGHTS

Customer base and engagement growth has led to increased market share

- The Group had over 7.1 mn current accounts customers as at the beginning of 2020
- As of 1 March 2020, Tinkoff app had over 20 mn installs, MAU stood at 5.3 mn, DAU stood at 1.9 mn
- Tinkoff Bank's credit card market share increased to 13.4% as of 1 February 2020, further solidifying its position as Russia's second largest credit card issuer
- In February, Tinkoff announced plans to invest in a new venture project to set up a fintech company providing a range of services to retail customers in Europe (excluding CIS). The startup will offer non-credit financial products. The project is due to launch in 2020, with Tinkoff as its key seed investor. Tinkoff will have a controlling interest in the new venture. Tinkoff's initial commitment is up to Euro 25 million and will be contributed in tranches as the venture develops

Superior and innovative offering combined with targeted marketing activities secure Tinkoff's place as a leading fintech brand

- In February, Tinkoff signed a title partnership agreement with the Russian Football Premier League (RFPL) covering the 2019/2020, 2020/21 and 2021/22 football seasons.
- In February, Tinkoff announced plans to invest in a new venture project to set up a fintech company providing non-credit financial products to retail customers in Europe (excluding CIS)
- In December, Tinkoff launched boosted its digital leadership in the European fintech space by being the first European financial services company to launch a super app, a versatile application designed to meet almost any financial, leisure or lifestyle need its users may have



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- In December, Tinkoff rolled out Russia's first fully digital ATM. The brand-new model, dubbed «Kesha», features a 32-inch screen and does away with a physical keyboard and receipt printing.
- In December, we launched Russia's first commission-free exchange-traded fund (ETF) through Tinkoff Capital, the management company within our ecosystem.
- In November, Tinkoff launched a payments app for car refueling at BP stations in Russia
- In November, Tinkoff launched a series of debit cards featuring characters from the popular television show 'Rick and Morty'
- Tinkoff continued its educational outreach to retail investors: In November, Tinkoff Journal launched a free course for beginner investors. Earlier in October, Tinkoff launched a YouTube show for investors called 'Money Doesn't Sleep'
- In October, Tinkoff held a hackathon in partnership with McKinsey with a prize pool of RUB 1 mn
- In October, Tinkoff launched CloudTips, an app for paying tips
- In October, Tinkoff and Kassir signed an agreement with Crocus Group, one of the leading entertainment players in Russia, for Kassir to become the exclusive seller of tickets to events held at Crocus venues

Tinkoff's award-winning investor relations team steps up outreach with the investment community

- In February 2020, Tinkoff announced plans to hold Strategy day events in London, New York and San Francisco in April 2020
- In November, Institutional Investor and Moscow Exchange recognized Tinkoff as the Best IR Team among Russian mid-cap companies based on the results of the annual global Extel survey of portfolio managers and sell-side research analysts
- In October, Fitch upgraded Tinkoff Bank's credit rating to BB with a Stable Outlook. Earlier in the year, Moody's upgraded Tinkoff Bank's rating to Ba3 with a Stable Outlook while the Russian National Analytical Credit Rating Agency (ACRA) reaffirmed Tinkoff Bank's rating at A(RU) with a stable outlook
- In October, Tinkoff GDRs were admitted to trading on the Moscow Exchange, making the shares more accessible to Russian investors and supporting liquidity and market capitalization growth
- In October, Global Finance named Tinkoff the World's Best Corporate Digital Bank in Information Security, as well as the Best Consumer Digital Bank in Central and Eastern Europe

Focus on acquiring best talent to strengthen the Group

- In February 2020, Stanislav Bliznyuk (formerly COO) was promoted to SVP, Head of Business Development
- In January 2020, Pavel Khristolyubov joined Tinkoff Group as the company's new COO
- On 1 November, Dmitry Panchenko was appointed to lead the Tinkoff's retail investment business
- On 6 November, Neri Tollardo joined Tinkoff IR team to focus on international IR and partnership projects

CONFERENCE CALL INFORMATION

The Tinkoff management team will host an investor and analyst conference call at 14:00 UK time (17:00 Moscow time, 10:00 U.S. Eastern Standard Time), on Wednesday, 11 March 2020.



The press release, presentation and financial statements will be available on the Tinkoff website at <https://www.tinkoff.ru/eng/ir/financials/quarterly-earnings/>

To participate in the conference call, please use the following access details:

| | |
|--------------------------|------------------|
| Conference ID | 8962507 |
| Russian Federation | +7 499 609 1260 |
| United Kingdom | +44 330 027 1446 |
| United States of America | +1 334 777 6978 |

A live webcast of the presentation will be available at:
<https://webcasts.egs.com/tcsgroup20200311>

Please register approximately 10 minutes prior to the start of the call.

For enquiries:

Tinkoff
Artem Lebedev
PR Department
+ 7 495 648-10-00 (ext. 2202)
Alexandr Leonov
+ 7 495 648-10-00 (ext. 35738)
pr@tinkoff.ru

Tinkoff
Larisa Chernysheva
IR Department
+ 7 495 648-10-00 (ext. 2312)
Neri Tollardo
+44 7741 078383
ir@tinkoff.ru

About Tinkoff Group

TCS Group Holding PLC is an innovative provider of online retail financial services. It includes Tinkoff Bank, mobile virtual network operator Tinkoff Mobile, Tinkoff Insurance, management company Tinkoff Capital, Tinkoff Software DC, a network of development hubs in major Russian cities, and Tinkoff Education. The Group is currently developing Tinkoff ecosystem, which offers financial and lifestyle services.

The Group was founded in 2006 by Russian entrepreneur Oleg Tinkov and has been listed on the London Stock Exchange since October 2013.

The Group's key business is Tinkoff Bank, a fully online bank that serves around 10 mn customers and forms the core of the Tinkoff ecosystem.

Tinkoff Bank is the second largest player in the Russian credit card market, with a share of 13.4%. The FY 2019 IFRS net income of TCS Group Holding PLC amounted to RUB 36.1 bn. The ROE was 55.9%.

With no branches, the Group serves all its customers remotely via online channels and a cloud-based call centre. The centre is staffed by over 10,000 employees, making it one of the largest



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in Europe. To ensure smooth delivery of the Group's products, the Group has a nationwide network of over 2,500 representatives.

In 2018, Global Finance named Tinkoff Bank the world's Best Consumer Digital Bank, and in 2019, 2018, 2016 and 2015, the Best Consumer Digital Bank in Russia. In 2017 and 2013, the Banker recognised Tinkoff Bank as the Bank of the Year in Russia. The bank's mobile app has been consistently praised by local and global independent experts as the best of its kind (in 2013, 2014, 2015, 2016 by Deloitte and in 2018 by Global Finance).

Forward-looking statements

Some of the information in this announcement may contain projections or other forward-looking statements regarding future events or the future financial performance of the Group and Tinkoff Bank. You can identify forward looking statements by terms such as "expect", "believe", "anticipate", "estimate", "intend", "will", "could," "may" or "might", the negative of such terms or other similar expressions. The Group and Tinkoff Bank wish to caution you that these statements are only predictions and that actual events or results may differ materially. The Group and Tinkoff Bank do not intend to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Many factors could cause the actual results to differ materially from those contained in projections or forward-looking statements of the Group and Tinkoff Bank, including, among others, general economic conditions, the competitive environment, risks associated with operating in Russia, rapid technological and market change in the industries the Group operates in, as well as many other risks specifically related to the Group, Tinkoff Bank and their respective operations.