

4Q & FY'21

# TCS Group Holding PLC

## IFRS results

# Disclaimer

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# Tinkoff: much more sustainable and resilient business

## Business principles

- Customer centric ecosystem approach
- Test and learn
- NPV approach with 30% hurdle rate

## Diversified and sustainable business

- High share of non-credit revenues
- Loyal current accounts customer base
- Conservative lending practices

## Focus on liquidity and stability

- Small tickets, short duration lending
- Asset-liability duration matching
- FX hedging

	2014	2015	2020	2021
<b>Diversification</b>				
Share of non-credit revenues	1%	13%	47%	54%
Share of secured lending in net loans	0%	0%	19%	24%
Share of credit cards in net loans	93%	92%	57%	46%
Share of customer accounts in liabilities	49%	77%	86%	83%
Current accounts in customer funding	30%	29%	78%	84%
Coverage of admin expenses by net F&C and insurance income	4%	41%	120%	111%
<b>Asset quality</b>				
LLPs as % of gross total loans	21%	19%	16%	11%
NPL as % of gross loans	14%	12%	10%	9%
<b>Liquidity</b>				
Share of cash & investments as % of total assets	16%	23%	38%	41%
Cash & Investments to customer accounts	39%	37%	53%	57%
Net loan-to-deposit ratio	172%	92%	60%	64%
<b>Capital</b>				
N1.0 ratio	15.5%	15.2%	13.1%	15.3%
N1.1 ratio	9.4%	9.4%	10.2%	9.5%
N1.2 ratio	9.4%	9.4%	12.4%	14.0%
Leverage (x)	5.2	6.1	6.8	7.5
<b>Customer loyalty</b>				
Total customers (m)	2.7	2.9	13.3	20.8
MAU (m)	0.2	0.6	9.3	15.4
DAU (m)	NA	NA	3.2	5.8

# 2022: Regulatory measures and their impact

Unlimited liquidity facilities for the banks, including in **FX cash**

Allowing customers to open bank accounts and transfer funds remotely **without** the need for **physical KYC**

Forbearance measures on non-performing & restructured loans, liquidity ratios and revaluation of securities

**Removal of rate caps** & most of risk weight additions on new unsecured consumer loans to support banks' NIMs and capital position, as well as accessibility of credit for population

Obligation for exporters to **sell 80% of FX revenue** & introducing limits on capital outflow

**Release** of accumulated **risk weight add-on** capital buffers on existing consumer loan book

**Key rate hike to 20%** to help restore population trust in the RUB bank savings

Lowering of reserve requirement ratios for liabilities

We stay ready to utilize liquidity windows in case of need, but we have a **very liquid balance sheet** ourselves

We continue to work through our smart courier network, but we are seeking clarification of this requirement as it could present **significant efficiency upside for us** in customer acquisition costs

We are not in need of applying forbearance measures at this moment

We are **not lending actively** in the current environment, but can see support from that when the current volatility subsides

Providing support for the RUB exchange rate

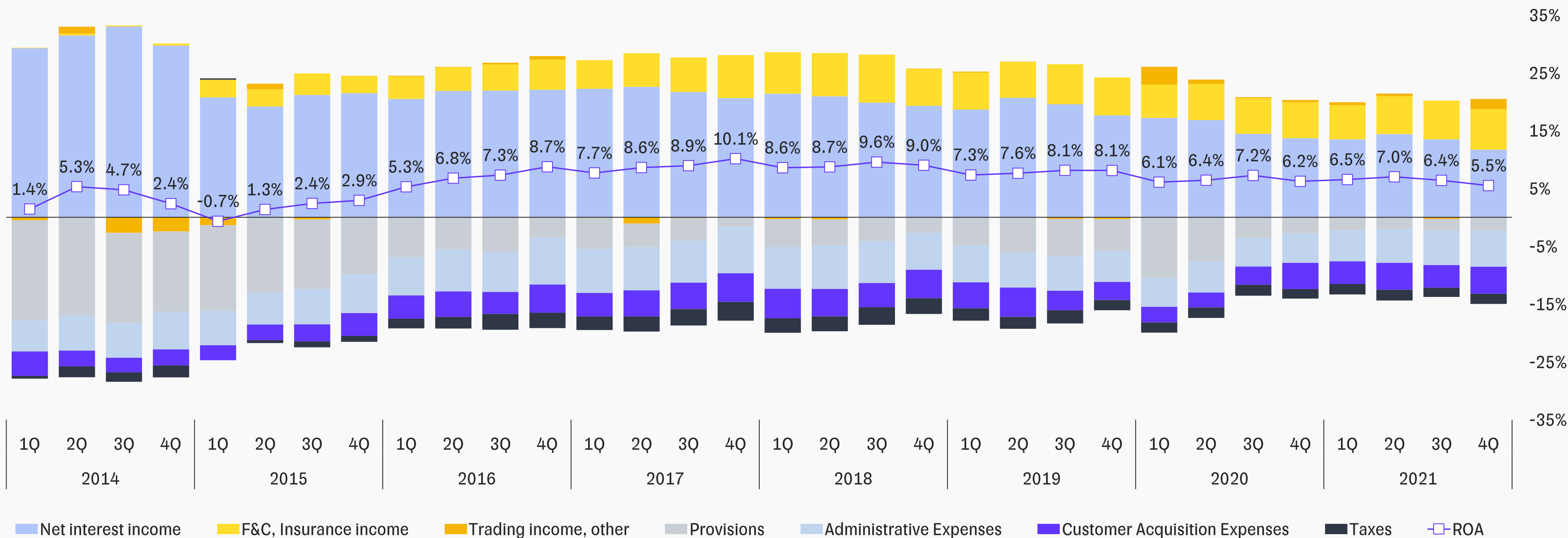
Immediate **CET1** capital release around **4pp**

We are **raising short term deposit rates**, but we are predominantly funded through current accounts

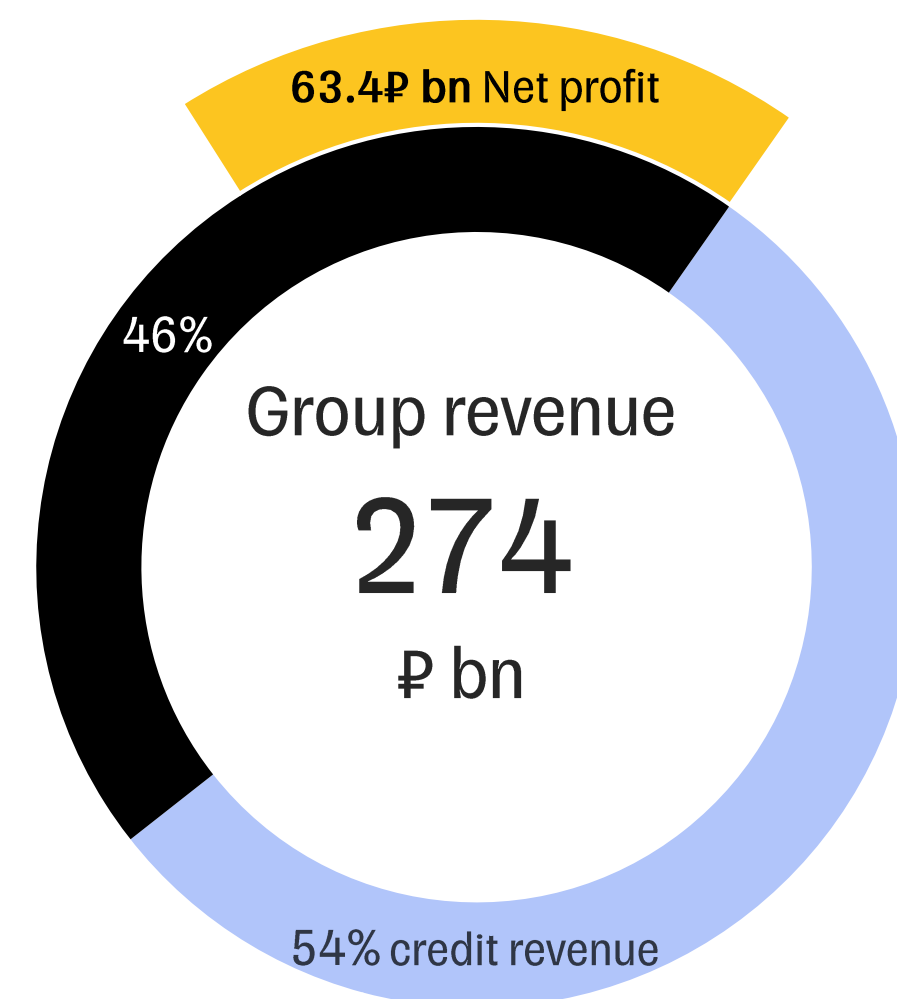
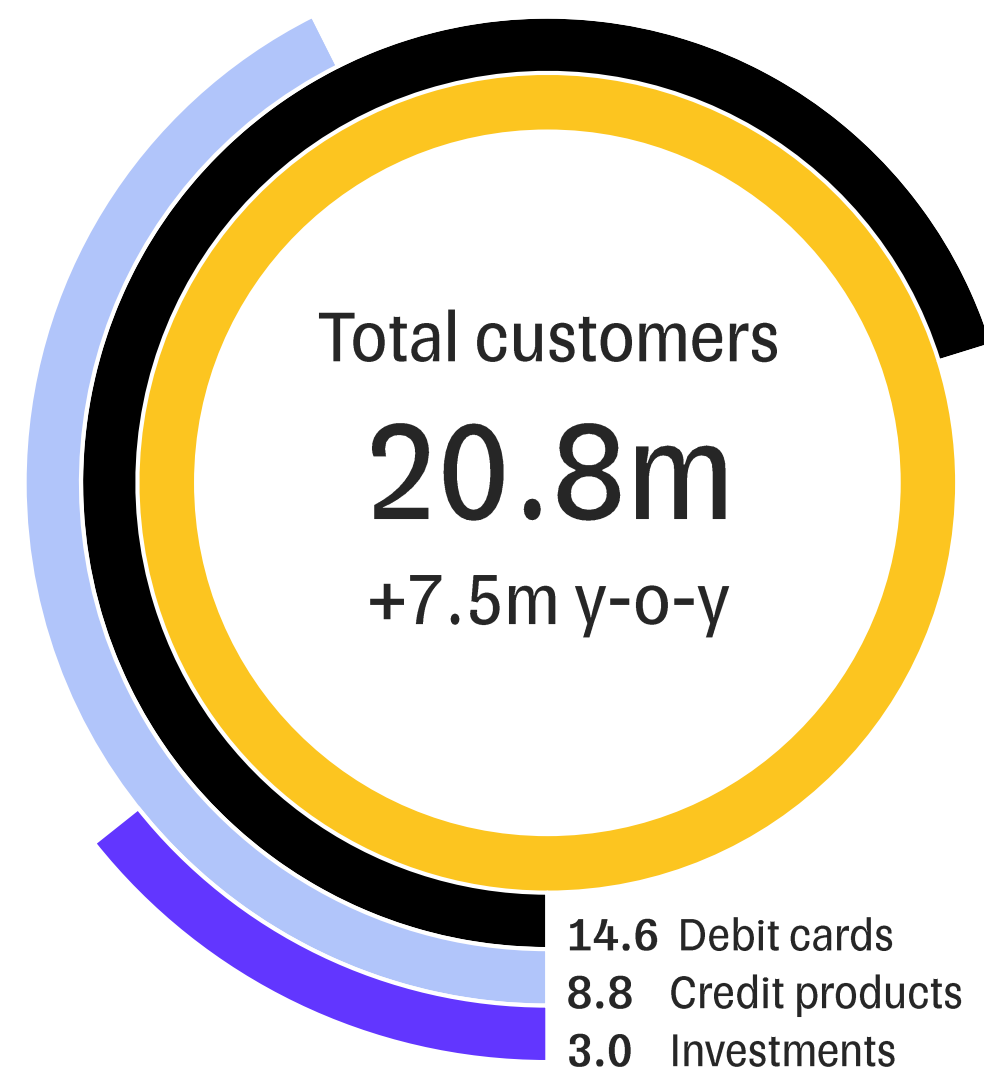
Provides immediate support to our **liquidity ratios**, which were **well above** regulatory **minimums** anyway

# Several levers to defend returns: high margin credit business, growing non-credit businesses, high share of variable costs

ROA DRIVERS (as % of average assets)



# Highlights



ROE  
**42.5%**

ROA  
**6.2%**

Total assets  
**1.3**  
₺ tn

CoR  
**4.5%**

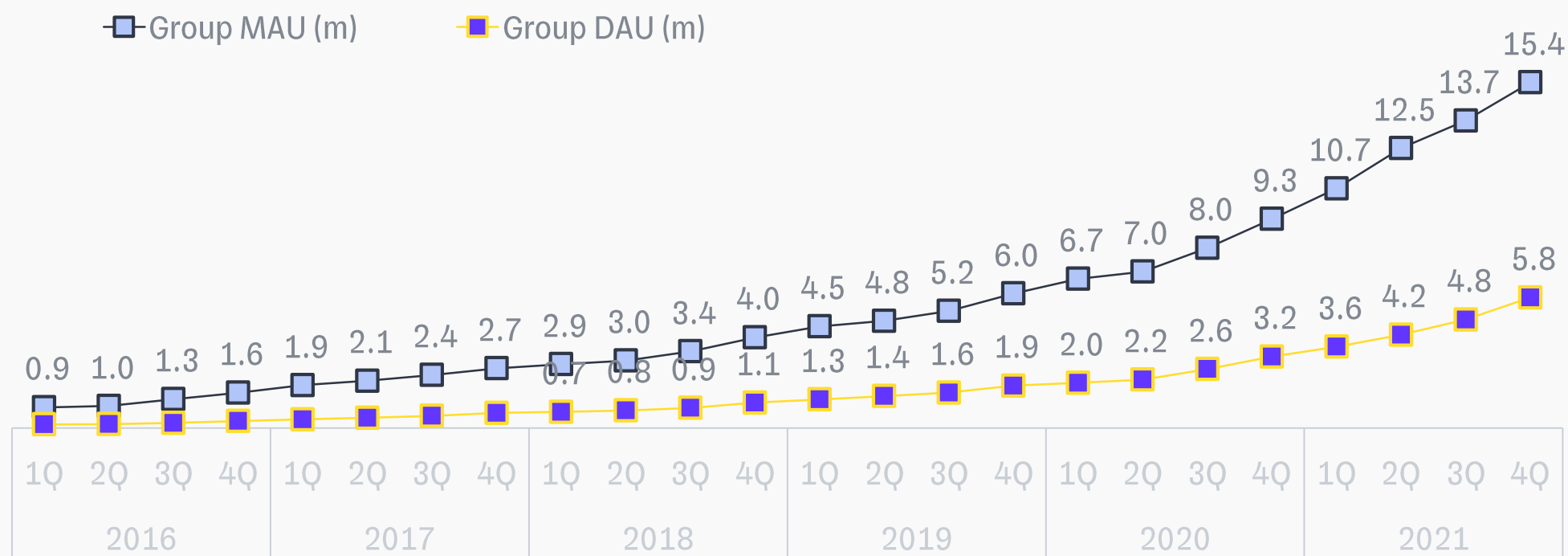
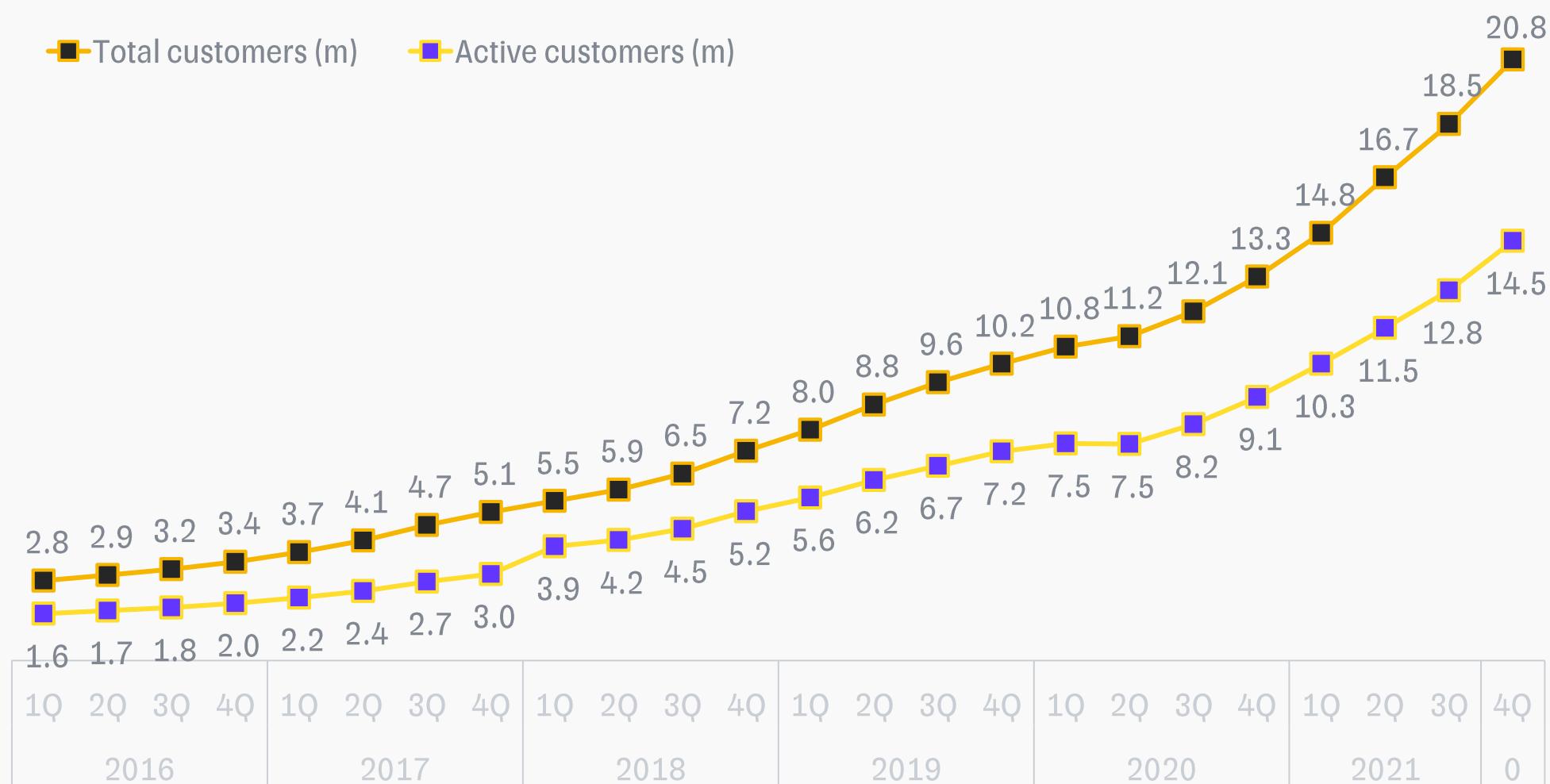
Customer accounts  
**0.9**  
₺ tn

Net loans  
**+61%**  
YTD



# Russia's third largest bank by number of active retail customers

- Total customer: Customers with a utilized product that has not been closed
- Active customer: Customer who generated revenue in the last month
- Group MAU and DAU refers to unique monthly and daily active users of all Tinkoff platforms (incl. Tinkoff banking app, Tinkoff Investments, Tinkoff Internet Banking, SME, Tinkoff Junior and other smaller platforms)



# Summary of 4Q' and FY'21 performance

## Superior profitability & capital position

- Net profit of ₱16.6bn in 4Q'21 and ₱63.4bn in FY'21 with y-o-y growth of 35% and 43%
- Robust ROE of 42.5% (ROA of 6.2%) in 3Q'21 and 42.5% (6.2%) in FY'21
- Following the growing profit our equity rose to ₱176bn showing quarterly increase of 8.2% and annual growth of 38.6%. That helps us to keep statutory capital ratios during rapid growth phase at comfortable level: Basel III Total CAR at 20.3%

## Transactional & Servicing business lines: reducing P&L volatility

### Customer growth remains in focus

- Total debit customers up to 14.6mn (+18% q-o-q and 94% y-o-y)
- Investments customers grew to 3.0mn, confidently maintaining leadership by the number of clients on the MOEX

### Important and less cyclical revenue and growth driver

- 46% of revenues coming from non-credit business in 4Q'21
- Tinkoff investments revenue of ₱6.1bn in 4Q'21 with segment result of ₱1.3bn

## Credit business: accelerating growth

### Returning to growth

- +1.9mn new credit accounts opened in 4Q'21
- +52.9% YTD gross loan growth

### Diversified product and customer mix

- Non-credit card products accounted for 54% of the loan book and secured loans at 24% of total portfolio

### Conservative front-loading of provisions

- CoR at 4.5% in 2021
- NPLs (90d+) down to 8.6% with coverage at 132%, gross loan LLP coverage at 11.4%

## Strong business development effort

- Tinkoff acquired a controlling stake (51%) in Just Look, the developer of Jump. Finance, a fintech service that automates interactions with freelancers, including payments
- Tinkoff Capital Management Company launched Tinkoff Eurobonds EUR, a new exchange-traded mutual fund investing in sovereign and corporate Eurobonds denominated in euros, as well as new exchange-traded funds (ETFs) for investments in artificial intelligence, fintech and Asian markets
- Tinkoff carried out a major upgrade of its mobile super app, adding account sharing options, innovative tech features and COVID-19 related services
- Tinkoff launched Investment Academy, a country-wide educational initiative aimed at strengthening financial literacy among the population
- Tinkoff super app was named the fastest growing financial app in Russia by the analytics platform App Annie in 2021



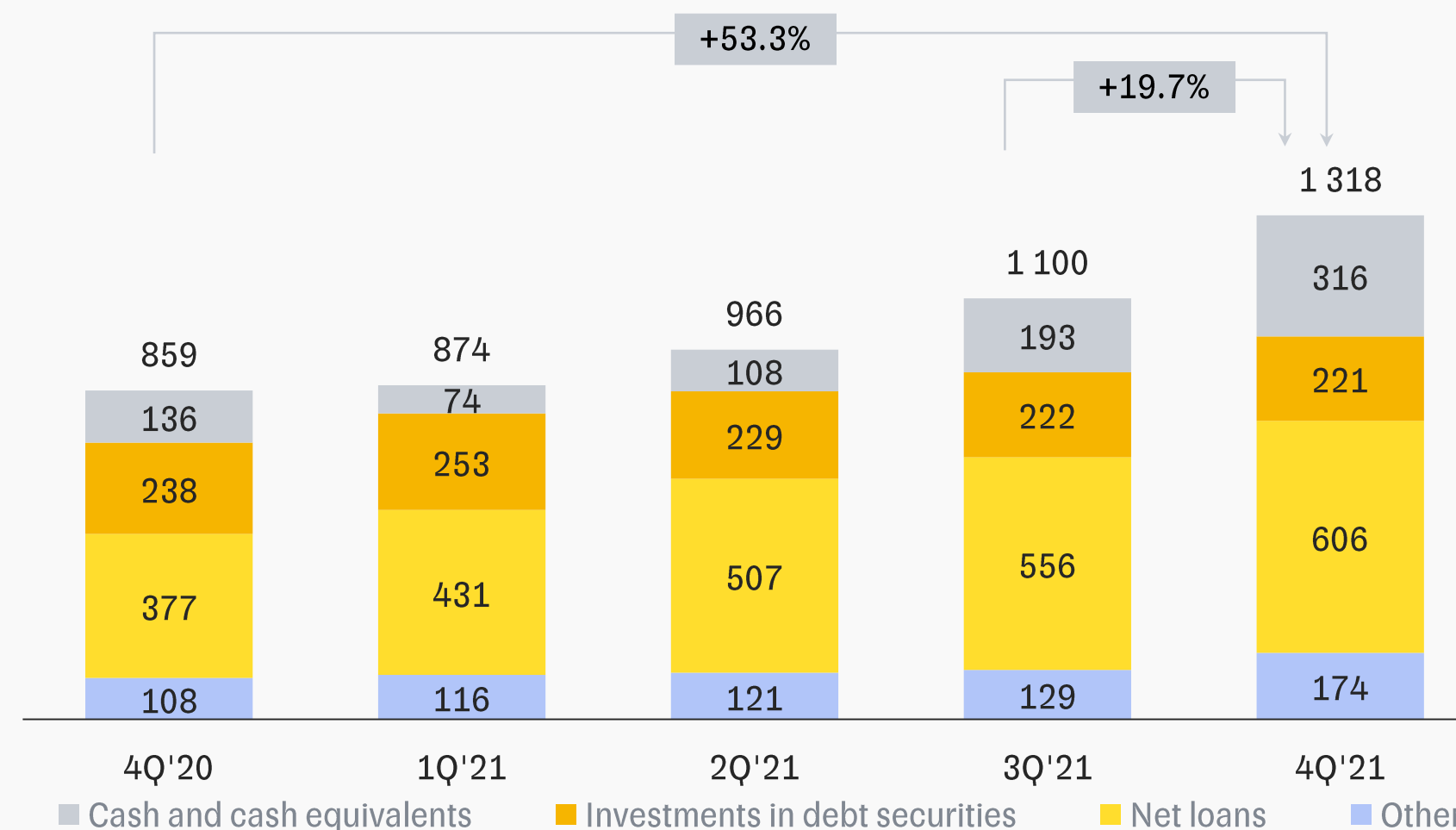
# Asset growth dynamics

- Total assets grew 19.7% q-o-q in 4Q'21 and 53.3% y-o-y
- Our assets structure remains well balanced between loans and highly liquid investments and cash
- Our large liquidity cushion enables to capture future growth opportunities

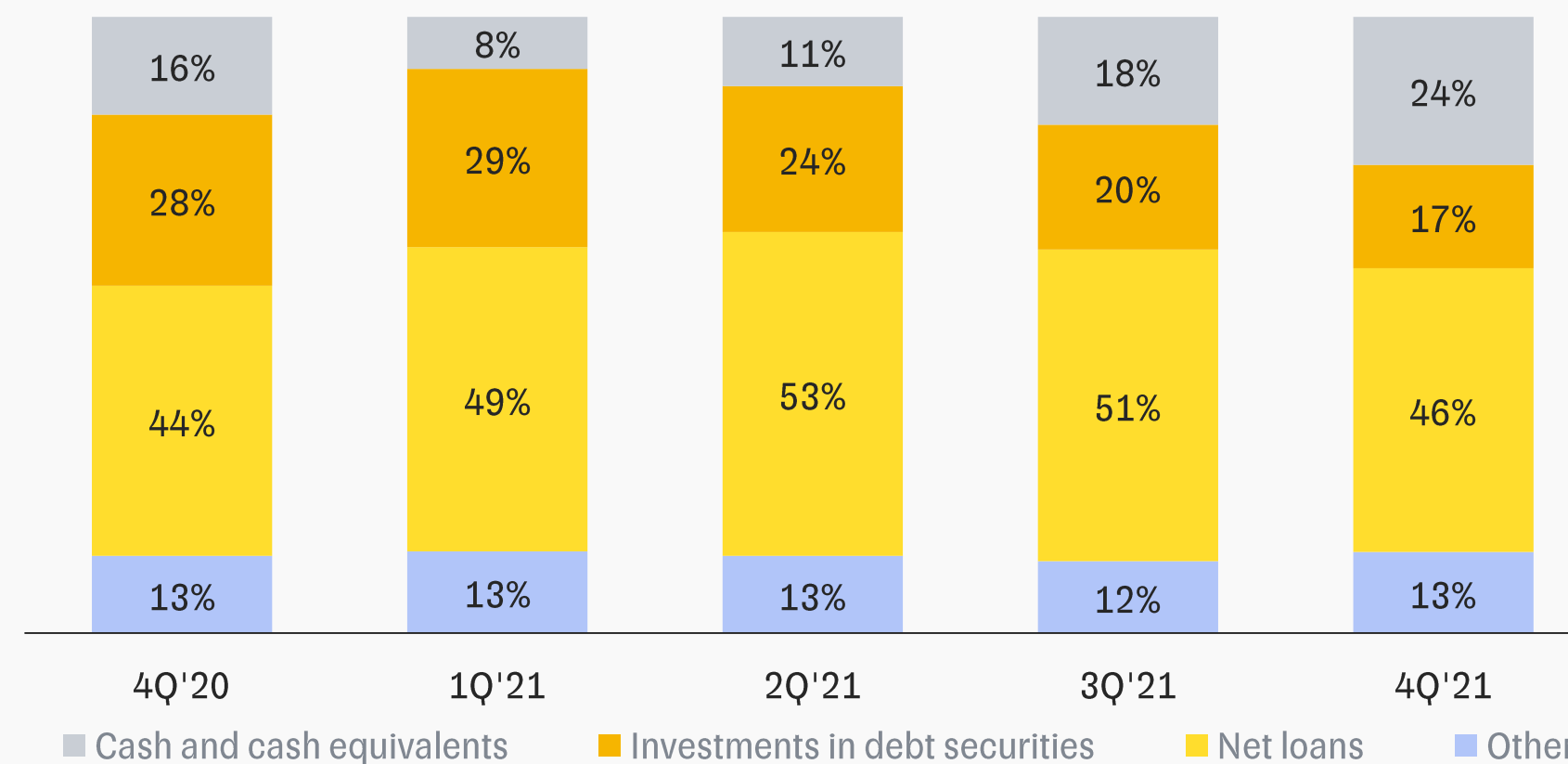
All currency data are in ₺ bn unless otherwise stated



## ASSETS

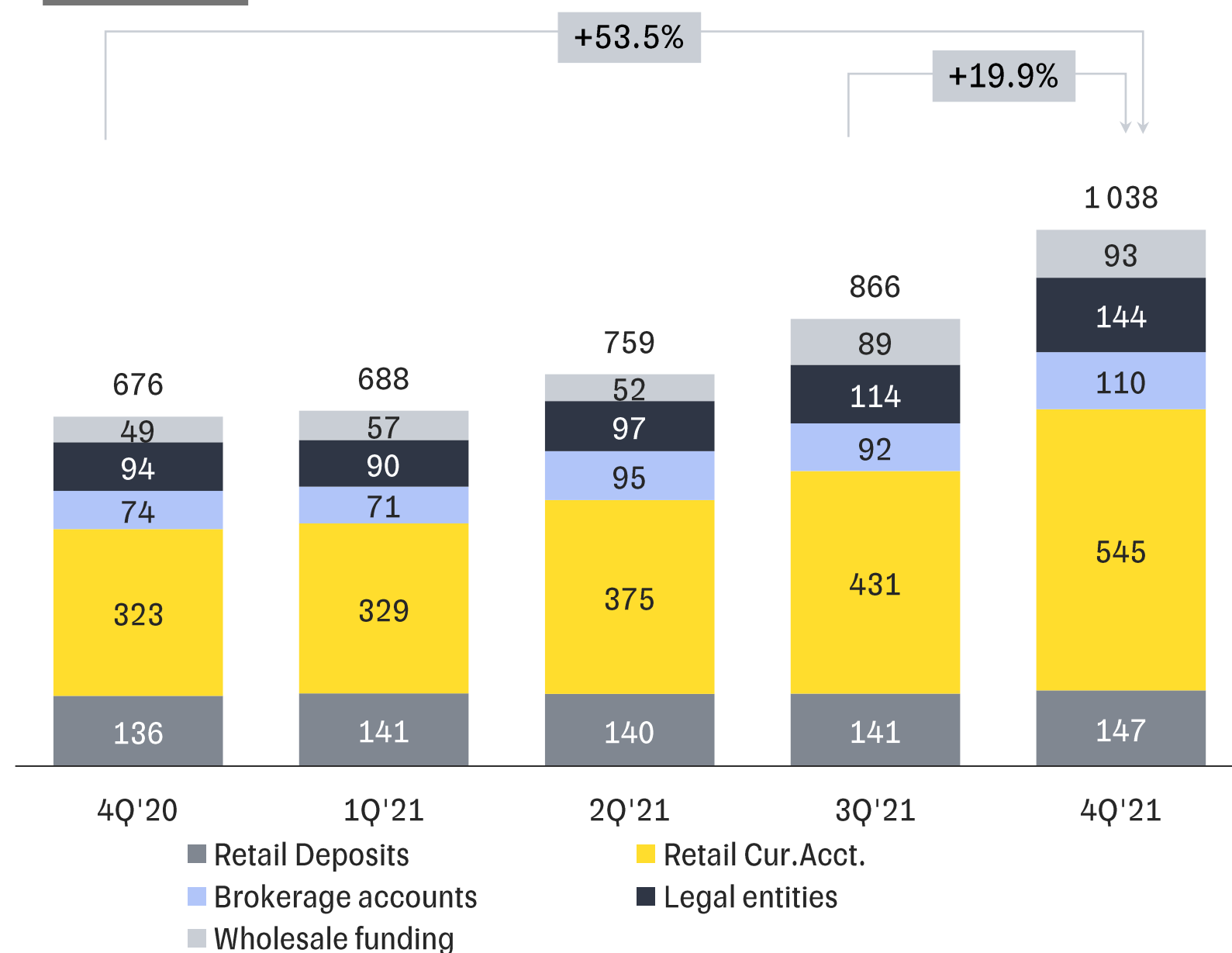


## ASSETS STRUCTURE

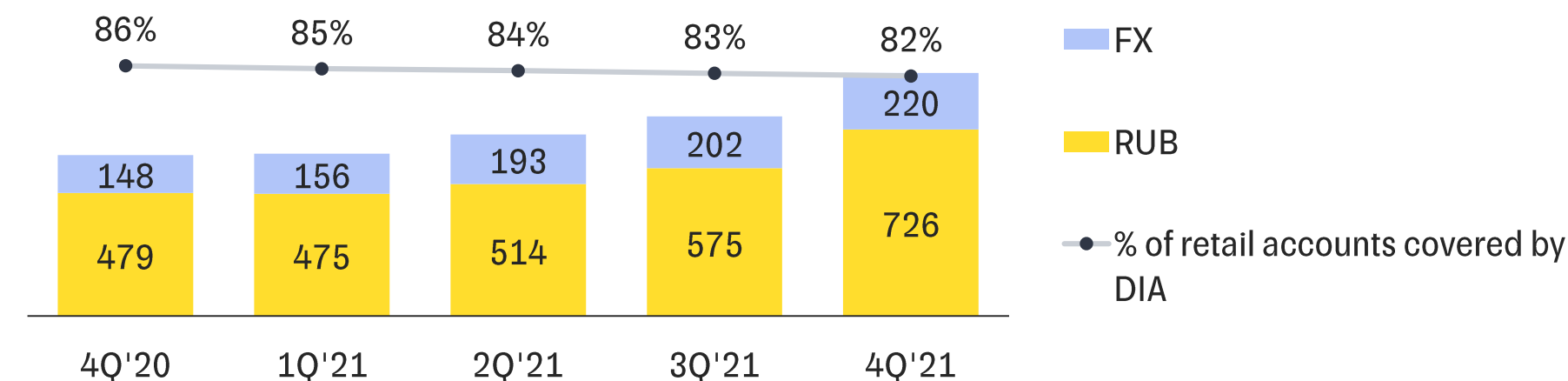


# Funding: customer inflows remain strong

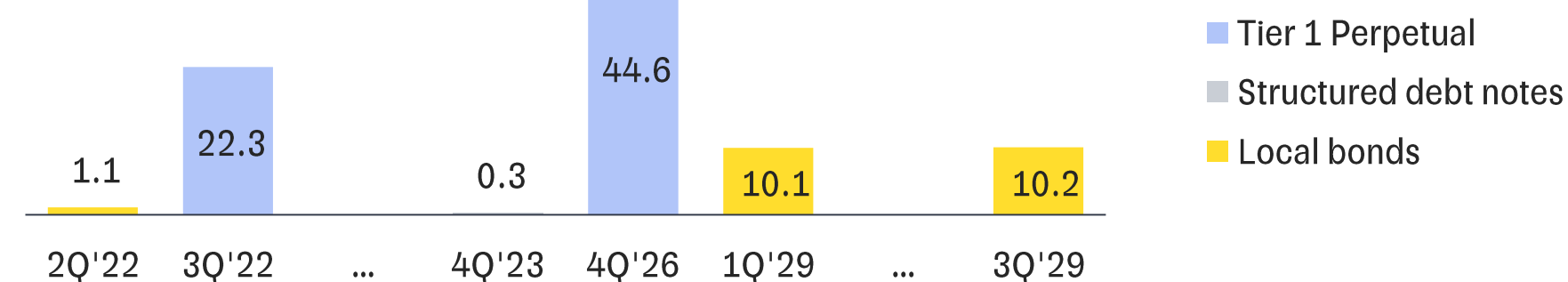
## FUNDING



## CUSTOMER ACCOUNTS



## WHOLESALE DEBT MATURITY PROFILE



- Share of retail current and brokerage accounts in total funding amounted to 63%
- We continue to deploy our retail current accounts in highly liquid securities and short duration loans
- FX position hedged on a long-term basis through a combination of natural hedge and long-dated currency swaps

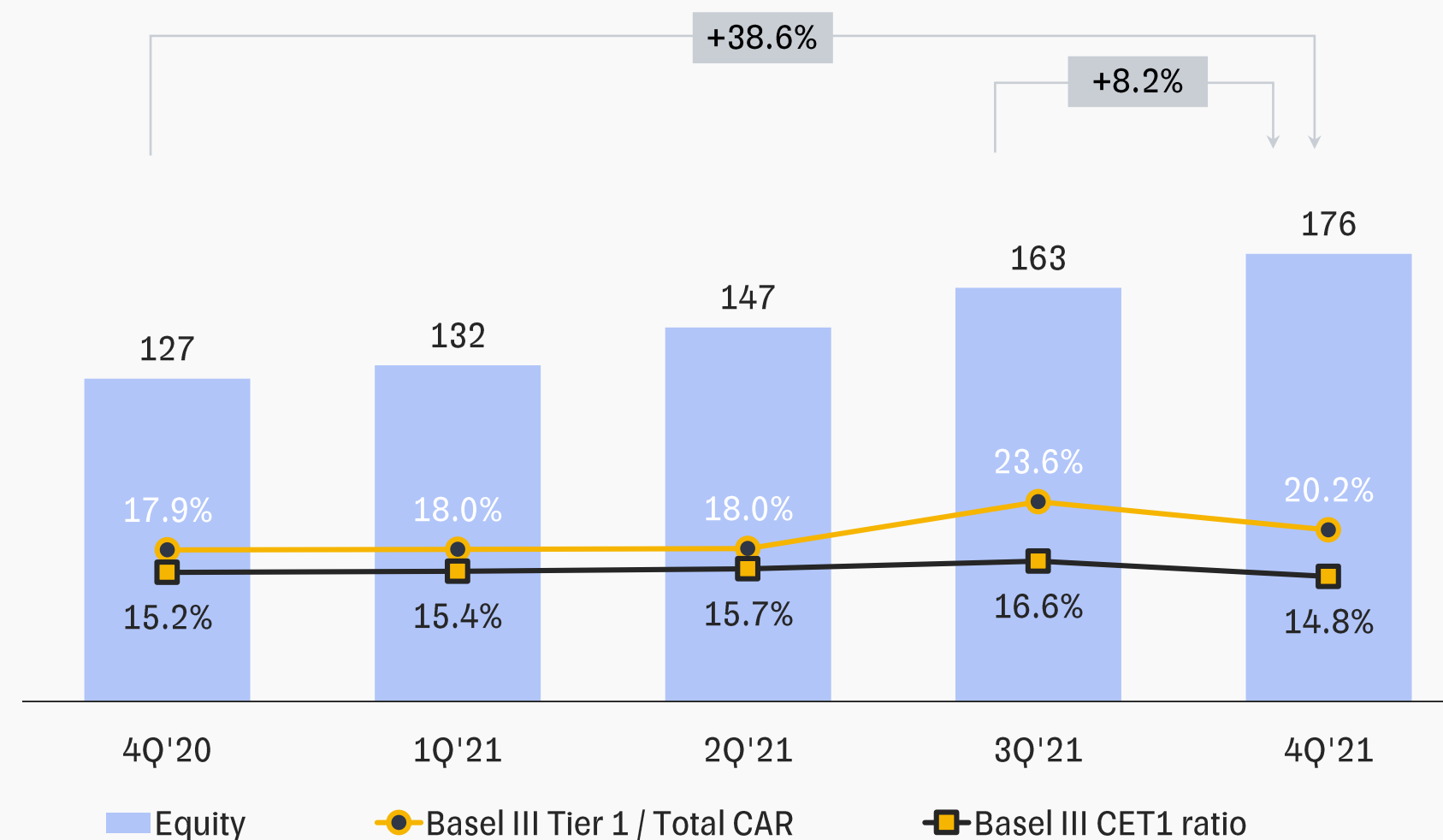
# Equity: solid capital ratios under Basel standards

- Shareholders' equity rose 8.2% q-o-q inline with stable profit generation
- Risk weighted assets showed growth of 21% q-o-q alongside total assets increase

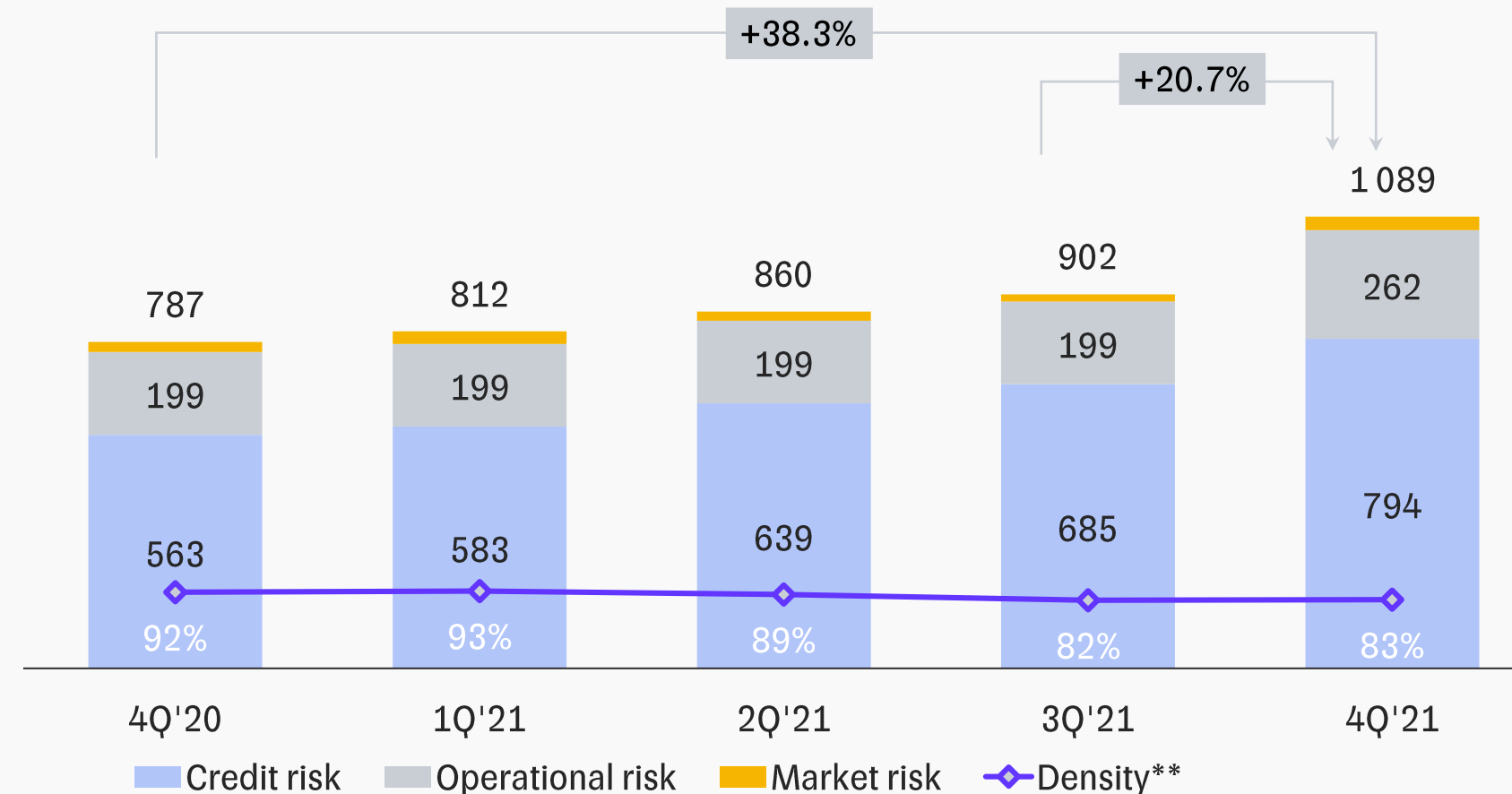
All currency data are in ₺ bn unless otherwise stated  
 \*According to Basel regulations \*\*RWA/Total Assets



## SHAREHOLDERS' EQUITY OF THE GROUP

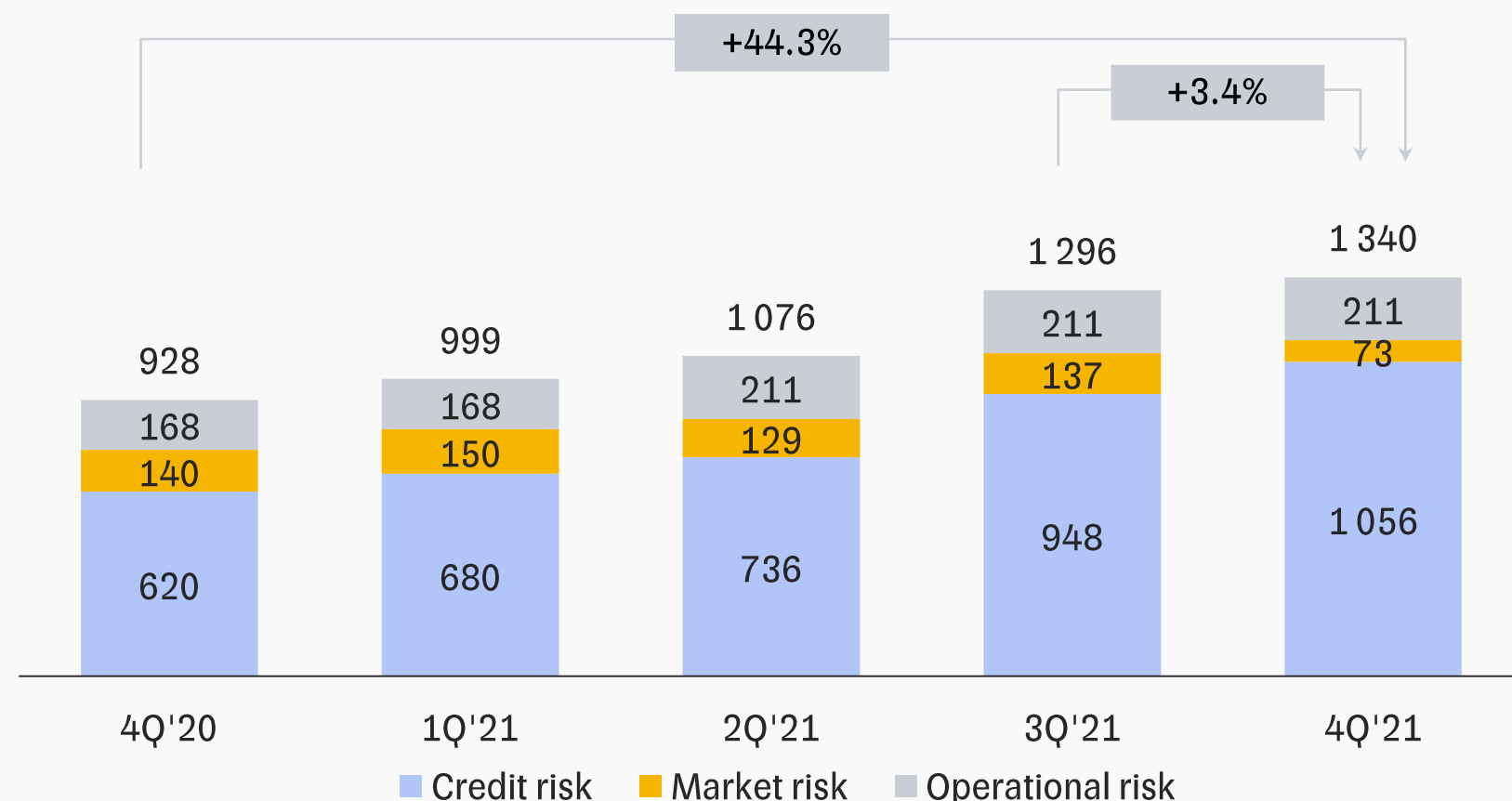


## RWA\*



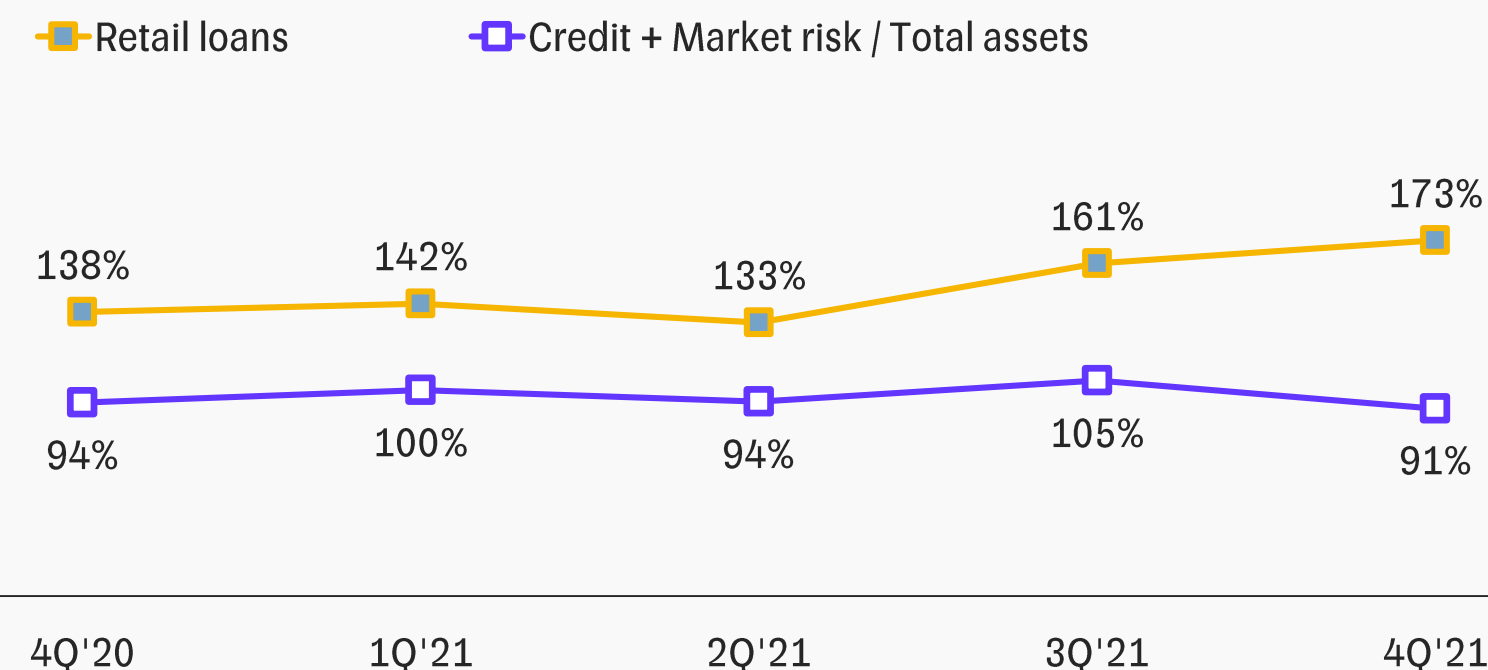
# Statutory Capital Ratios: solid capital buffers

## RISK WEIGHTED ASSETS OF THE BANK

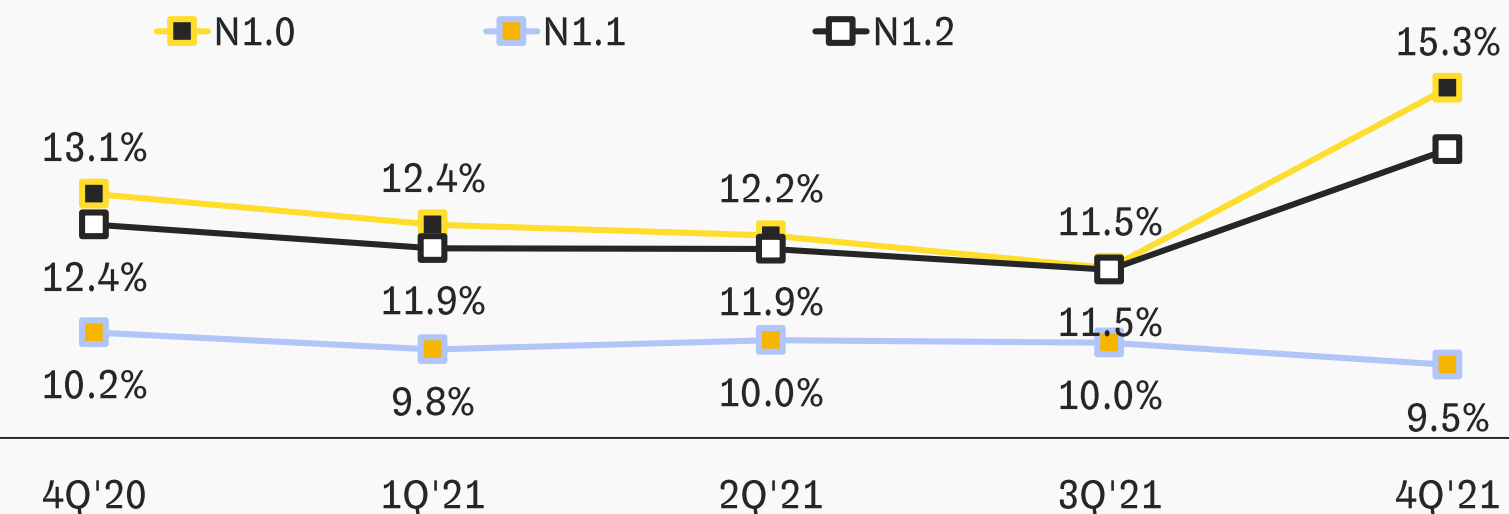


- Our statutory risk weighted assets grew 3.4% q-o-q due to optimization of investment portfolio accounting methods
- Our risk weighted asset density at 108%
- Our statutory capital ratios remain well above the minimum requirements including SIFI buffer (currently 11.5%/9.5%/8.0% for N1.0/N1.2/N1.1)
- Density is calculated as risk-weighted retail portfolio divided by RAS retail loan book

## DENSITY



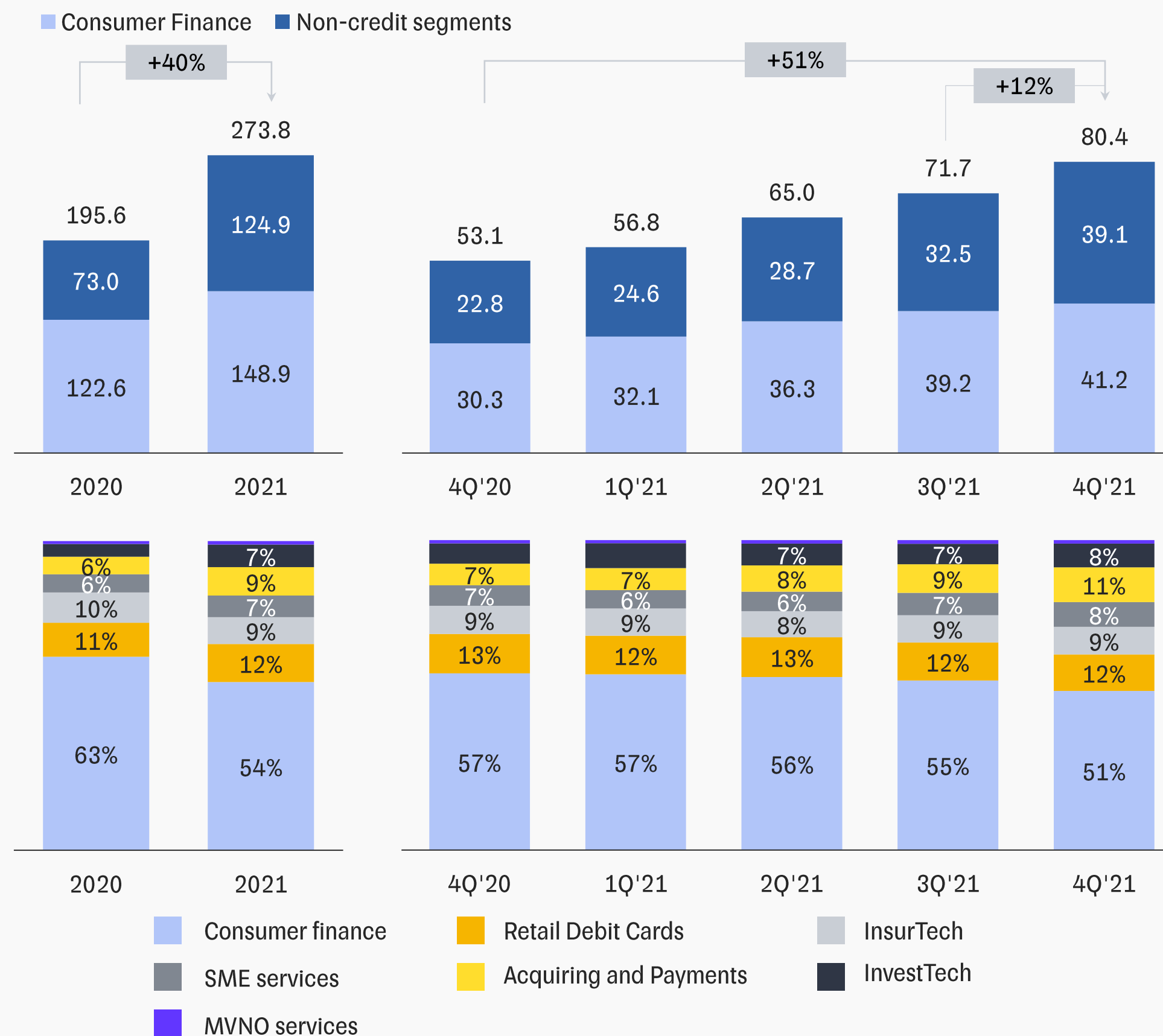
## STATUTORY RATIOS



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# Revenue: material contribution from non-credit businesses

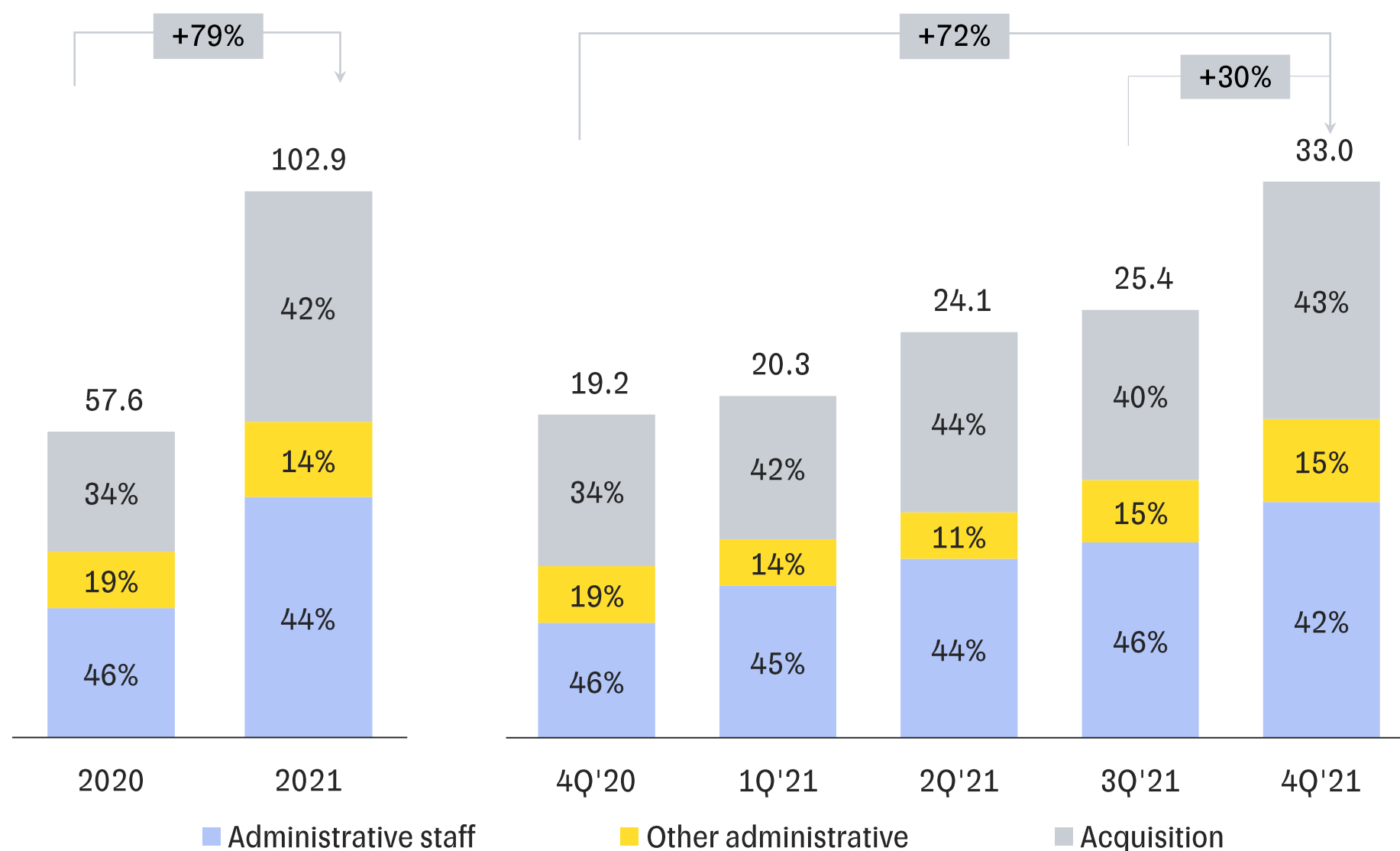
## Revenue



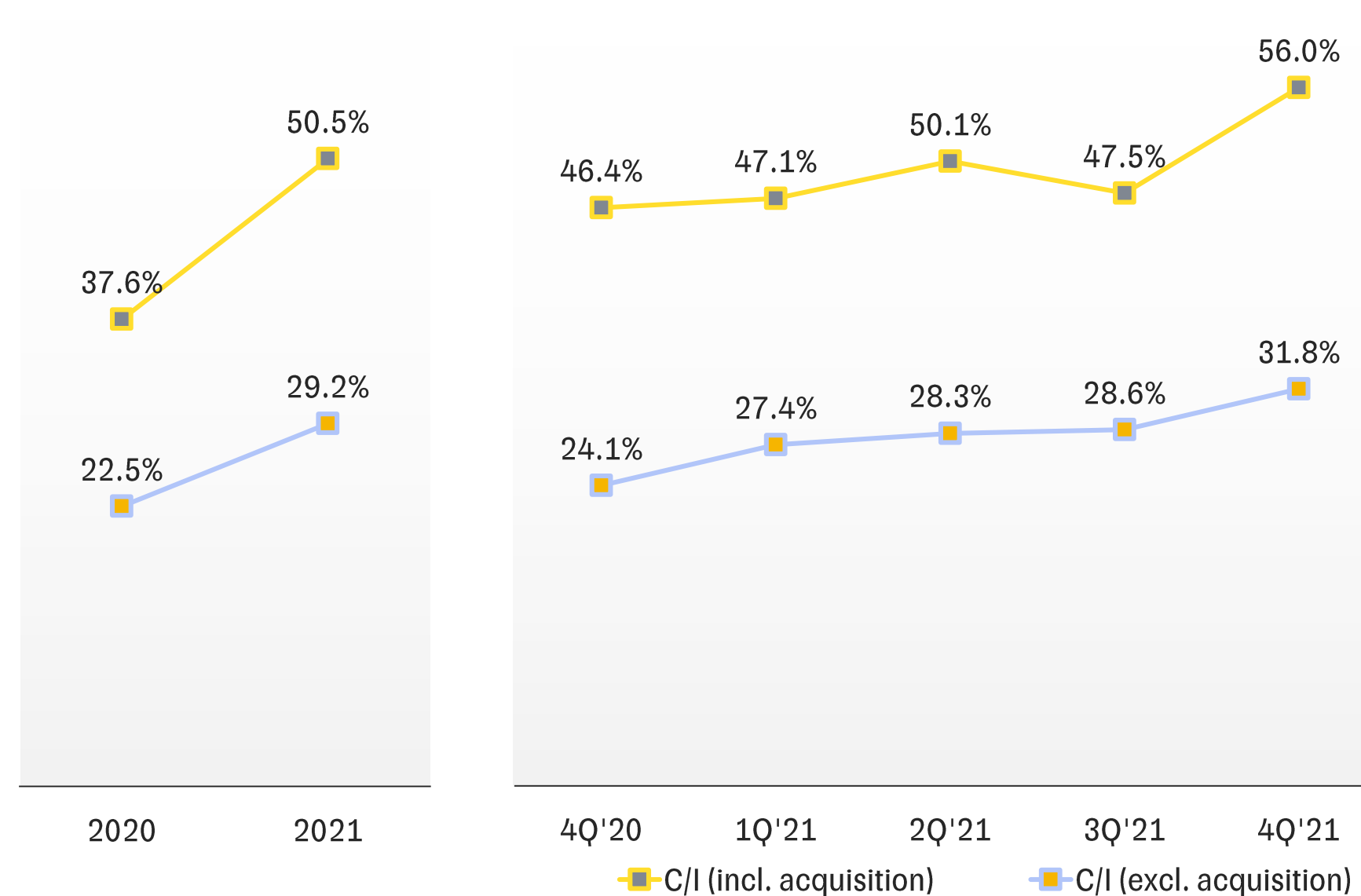
- Total revenues grew 51% y-o-y to ₺80.4bn in 4Q'21, and 40% y-o-y for FY'21
- The share of non-credit revenues remained on a gradual growth trajectory and reached 49% in 4Q'21
- Our diversified revenue structure reduces the volatility of our P&L

# Operating expenses: investing for future growth

## STRUCTURE OF OPERATING EXPENSES



## OPERATING EFFICIENCY



- Customer acquisition is the main driver of operating expenses growth
- Increasing salaries with extension of long-term motivation programs pushes staff costs up

- We remain disciplined and allocate funds to customer acquisition within our NPV framework
- Constant search of equilibrium point between rapid growth, profitability and exceptional customer service may lead to C/I ratio fluctuations without impacting our long-term strategy to be efficient

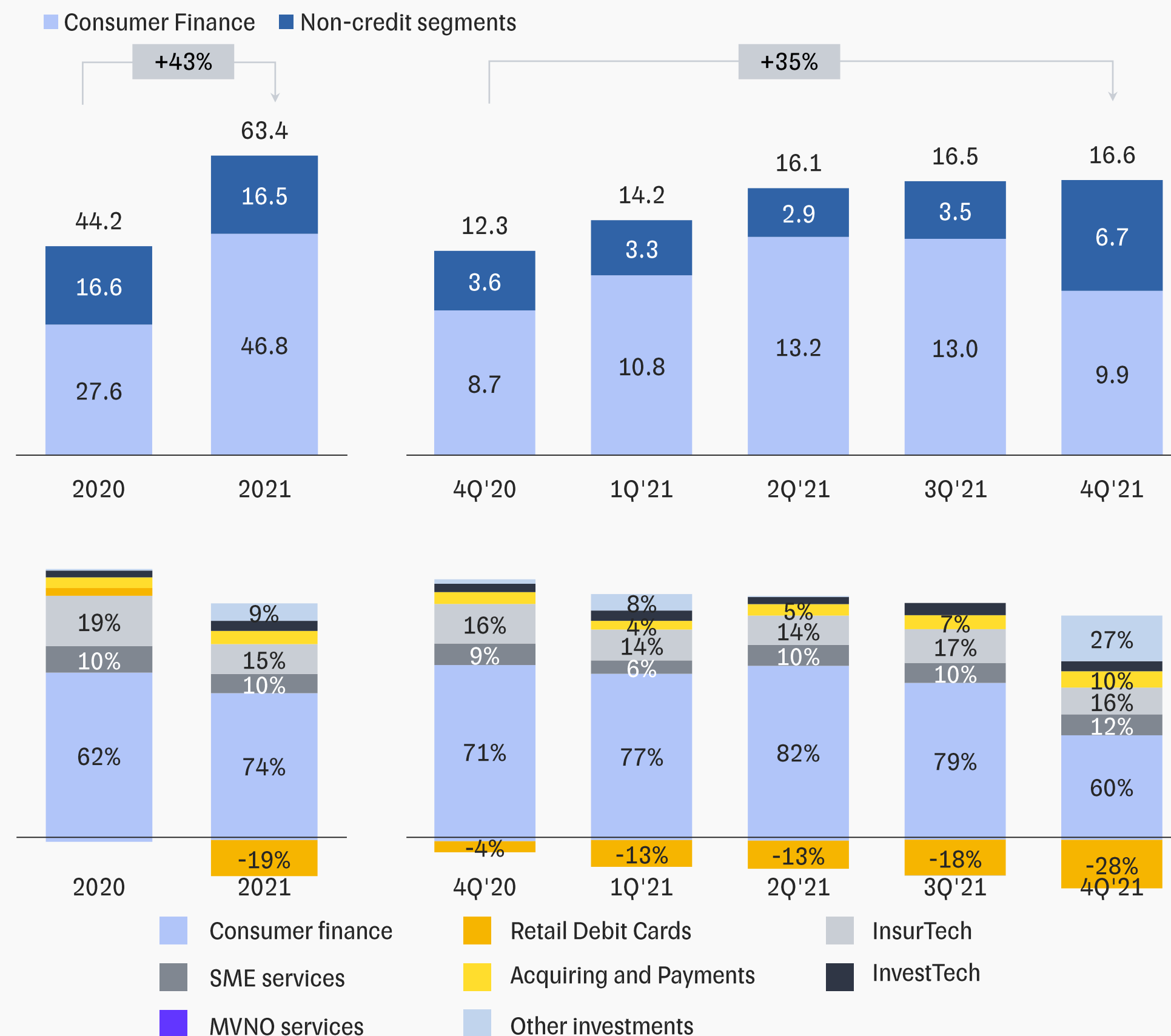


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# Net Profit: Well diversified earnings stream across the business

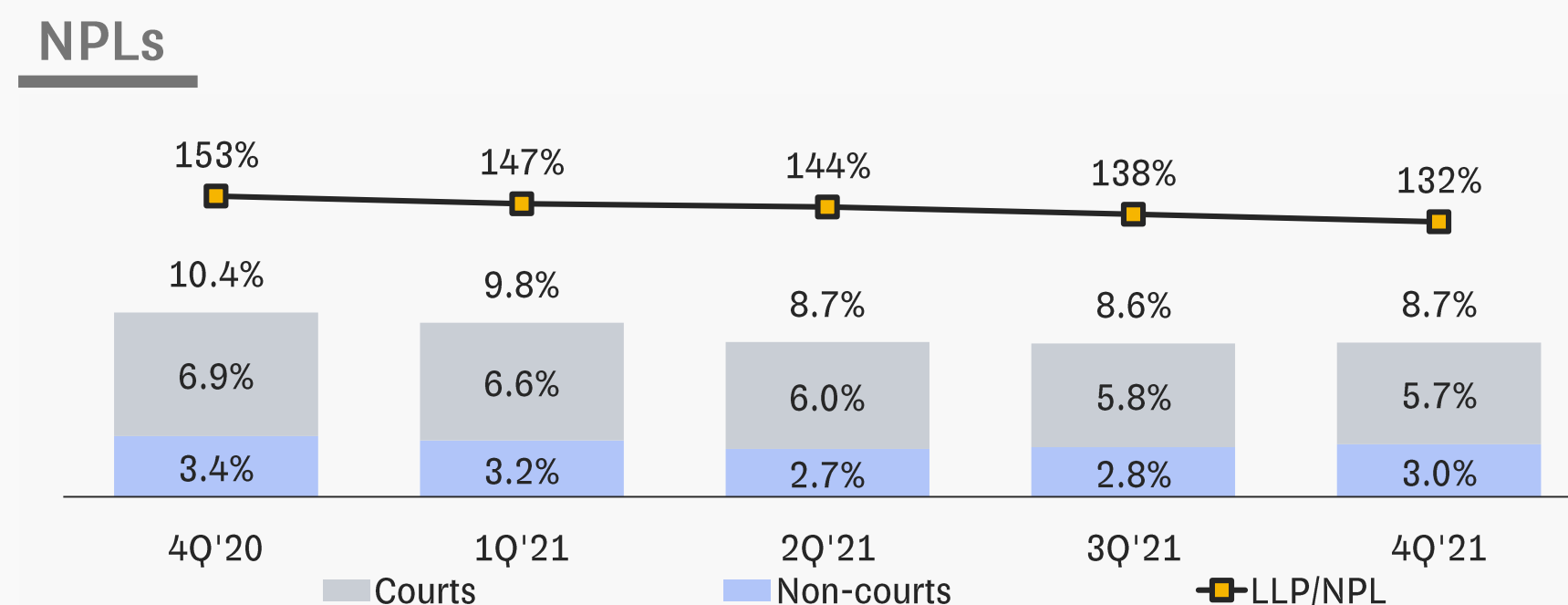
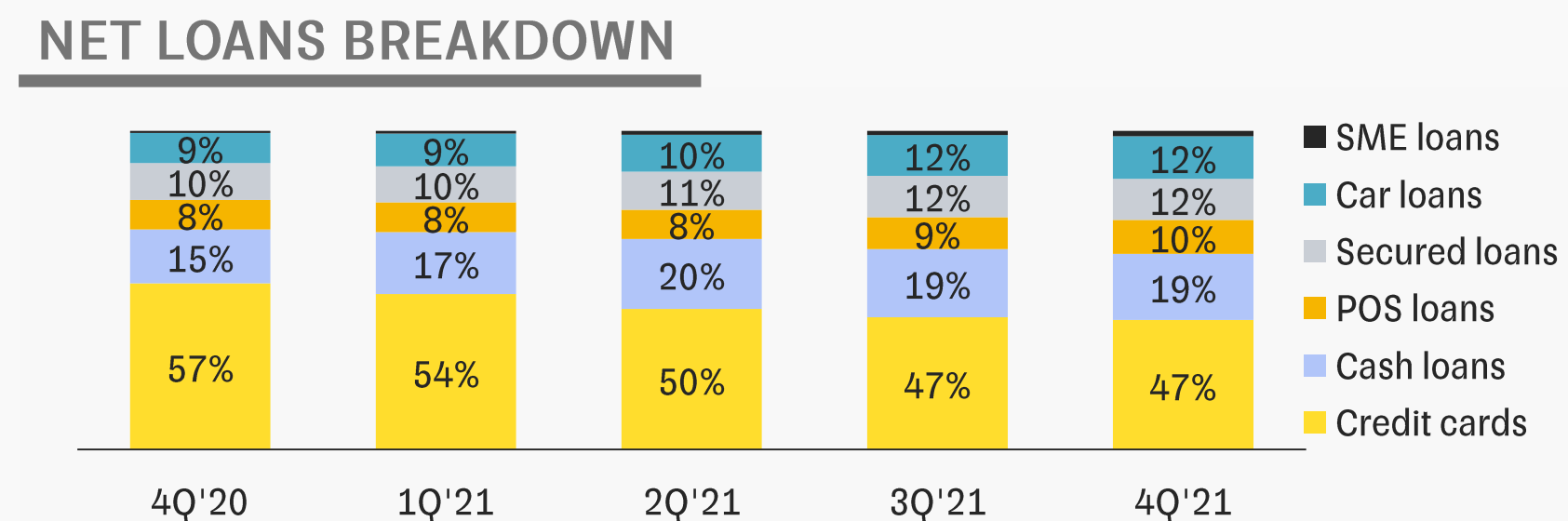
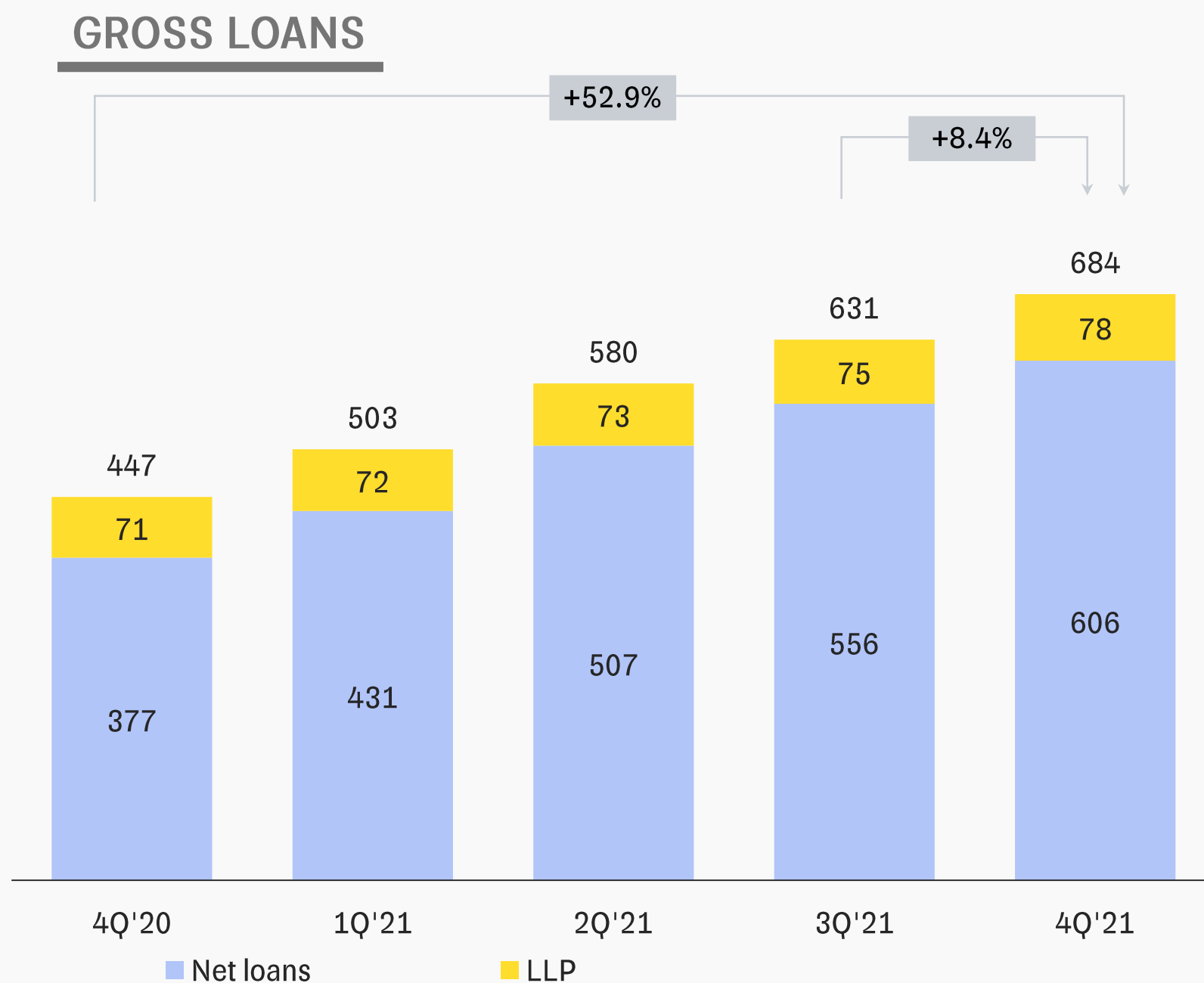
- Net profit grew 35% y-o-y to ₺16.6bn in 4Q'21
- Other investments segment result was mainly affected by revaluation of our minority equity stakes
- Retail debit cards result remains affected by strong customer acquisition momentum

## NET PROFIT\*



\*Income tax allocated proportionally to each segment

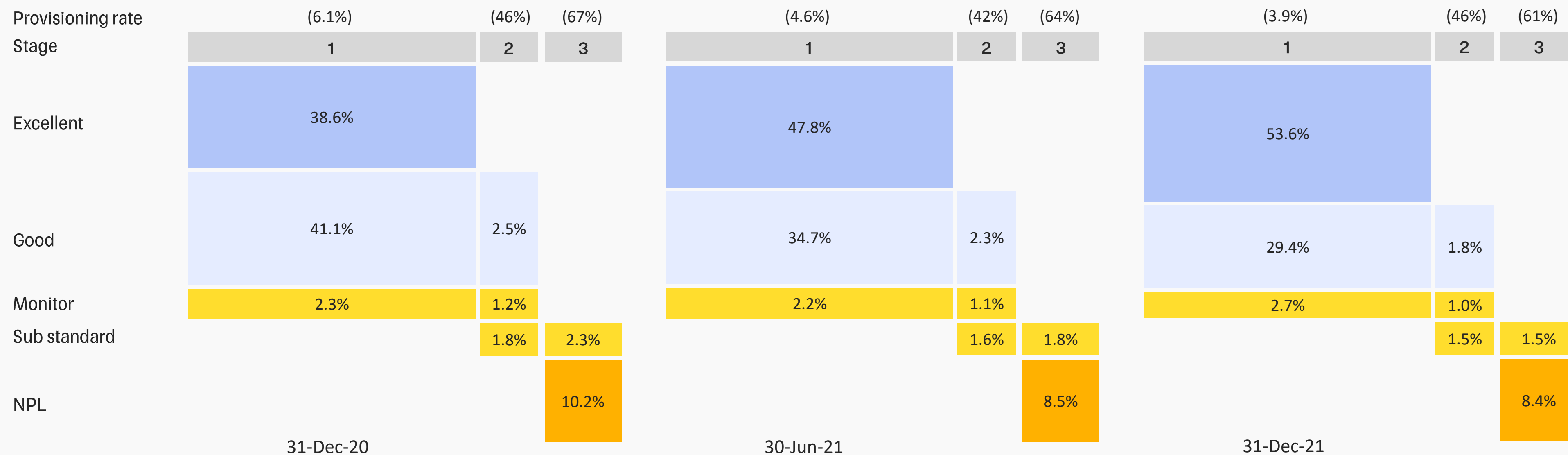
# Credit business: strong sustainable growth



- Steadily growth continued to accelerate, resulting in 8.4% growth q-o-q and 52.9% y-o-y
- More than half of our credit portfolio consists of non-credit card loans

- NPL coverage settled at 132% as NPL ratio declined q-o-q. We retain high recovery expectations for NPLs in courts
- Total LLPs was down to 11.9% of our total gross loan balance

# Gross loan portfolio quality – IFRS 9

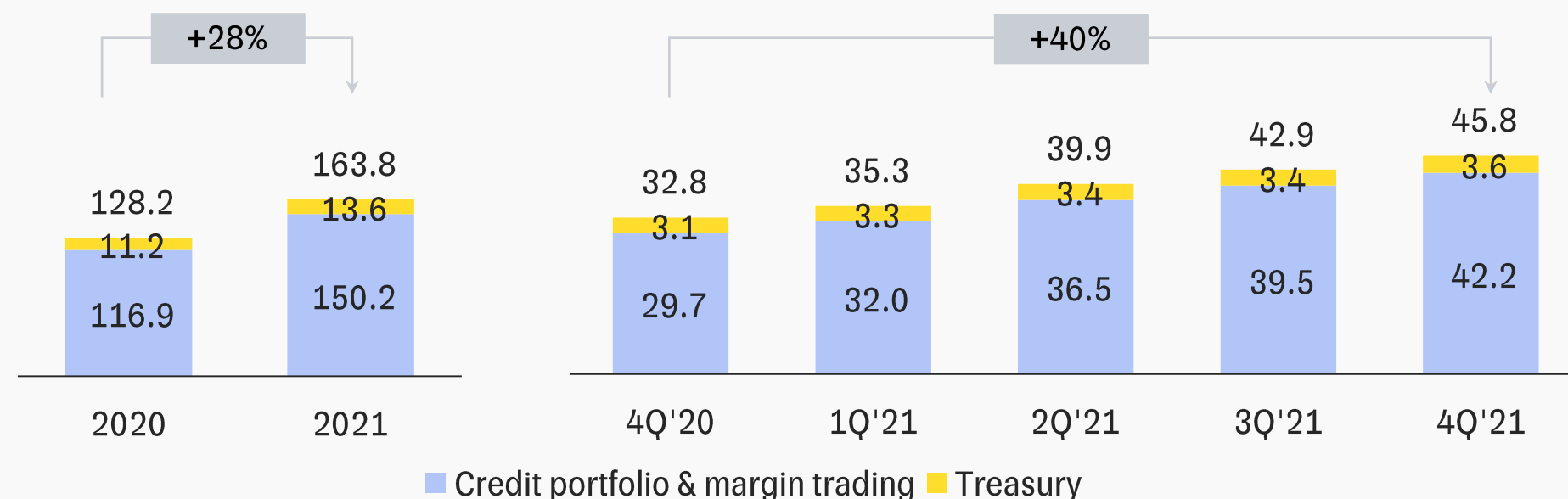


- Excellent: non-overdue credit cards with PD < 5% or other non-overdue loans with early repayments
- Good: other non-overdue loans
- Current: non-overdue portfolio with low expected credit risk
- Monitor: 1-30 days overdue or without first due date

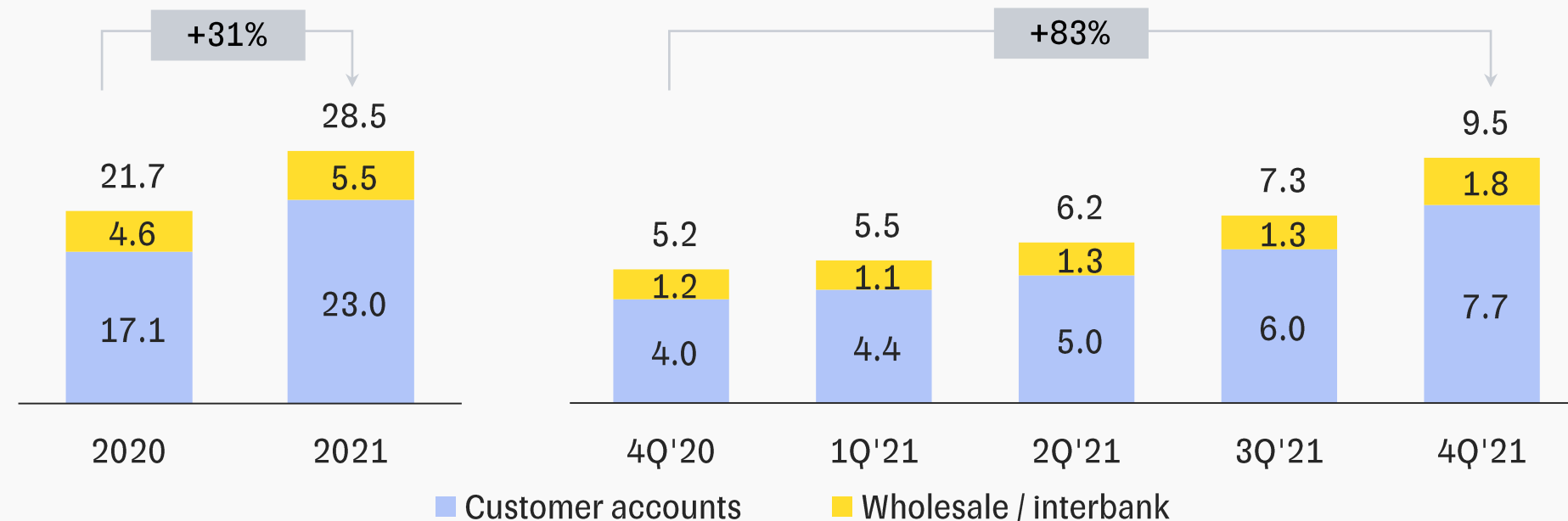
- Sub-standard: 31-90 days overdue
- NPL: 90+ days overdue
- Portfolio breakdown does not include purchased originated credit impaired loans (POCI)

# Interest income and expense

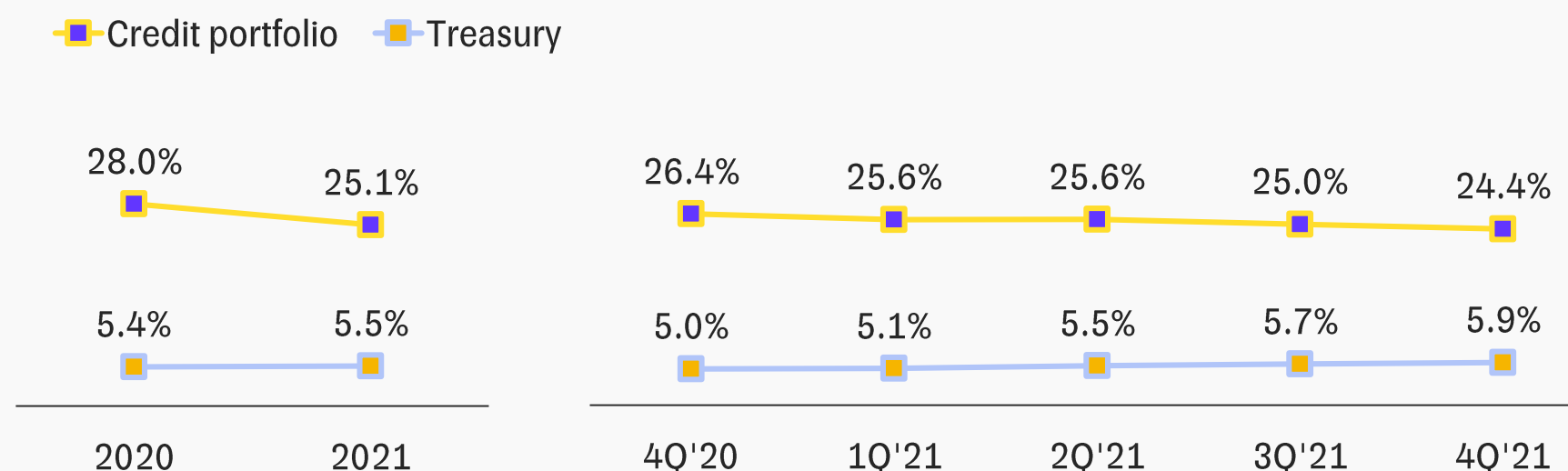
## INTEREST INCOME



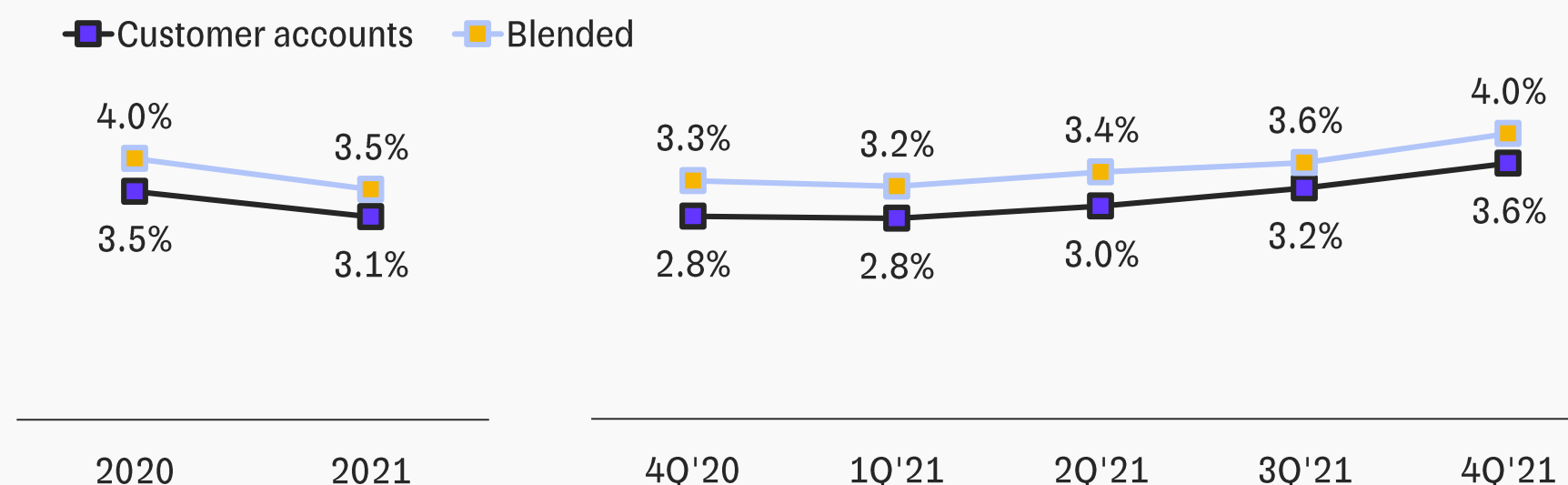
## INTEREST EXPENSE



## YIELD



## COST OF BORROWING

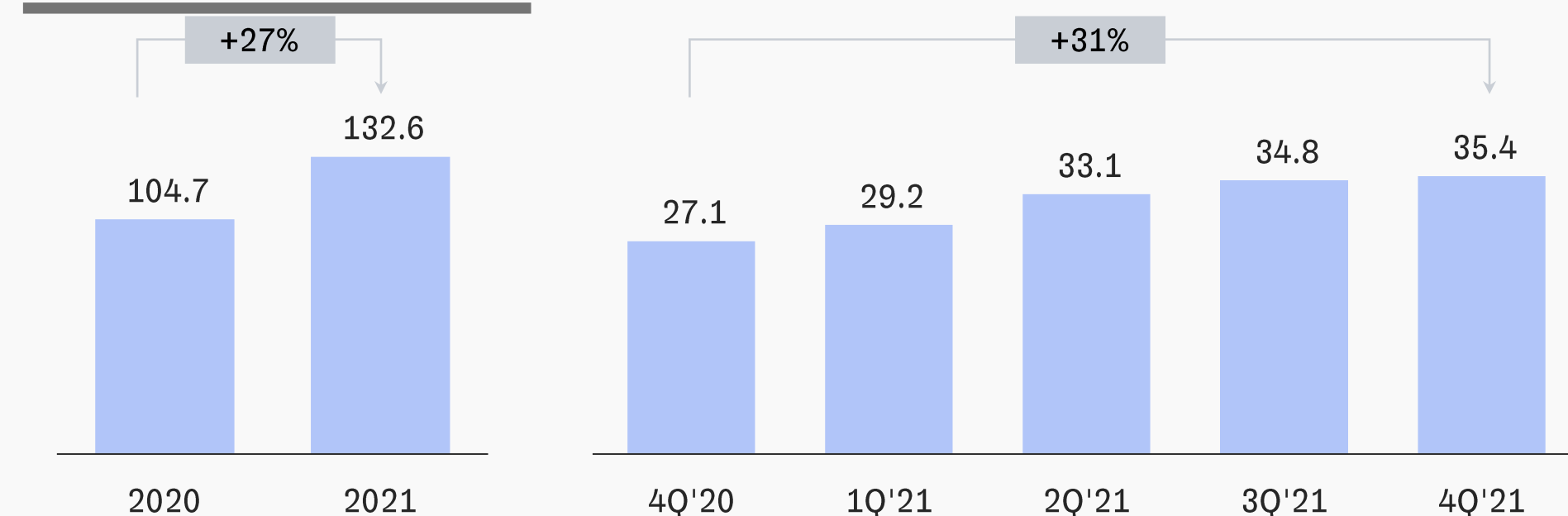


- Interest income grew to ₪45.8bn in 4Q'21 from ₪32.8bn year ago, driven by portfolio growth
- Interest expenses increased 83% y-o-y in 4Q'21 due to growth of market rates

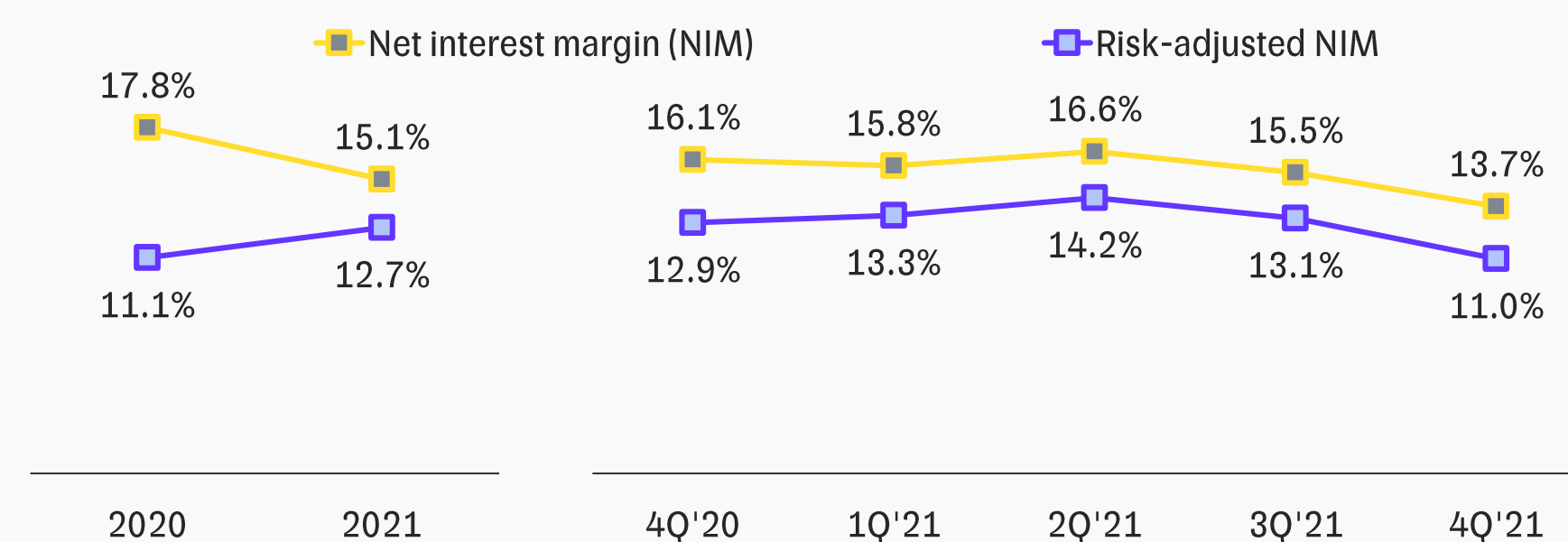
- Gradual decrease of credit portfolio yield due to continued expansion of lower margin loan book
- Cost of borrowing increased to 4.0% in 4Q'21 following market trends

# Net interest income and cost of risk

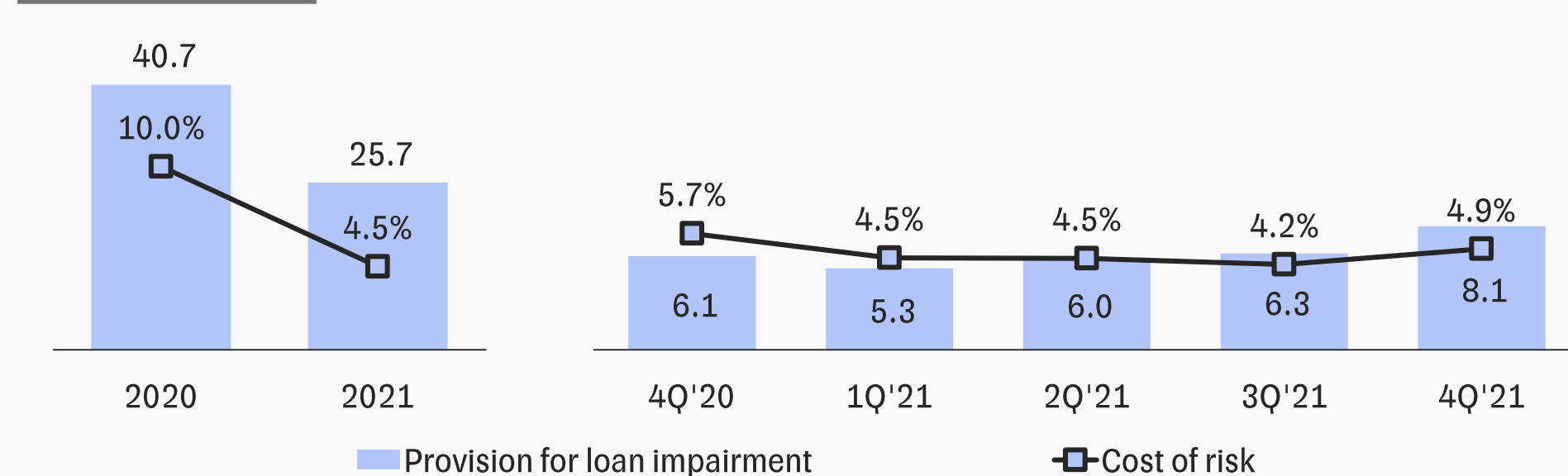
## NET INTEREST INCOME



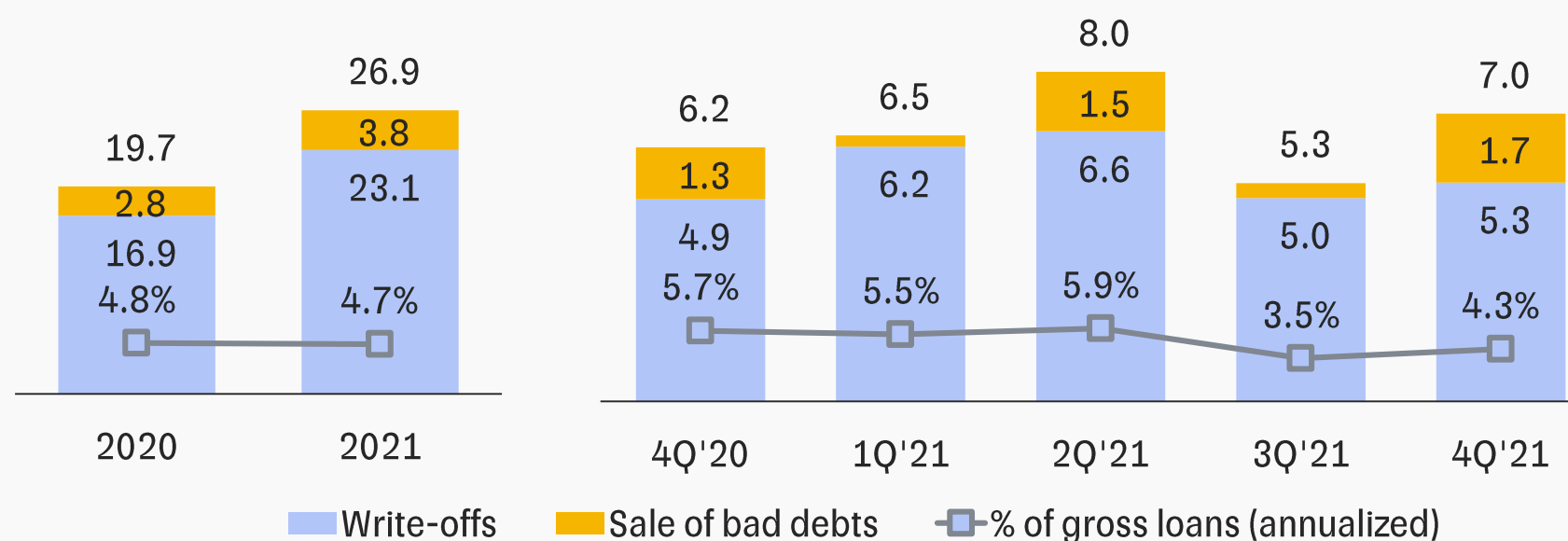
## NET INTEREST MARGIN



## COST OF RISK



## WRITE-OFFS / SALE OF BAD DEBTS

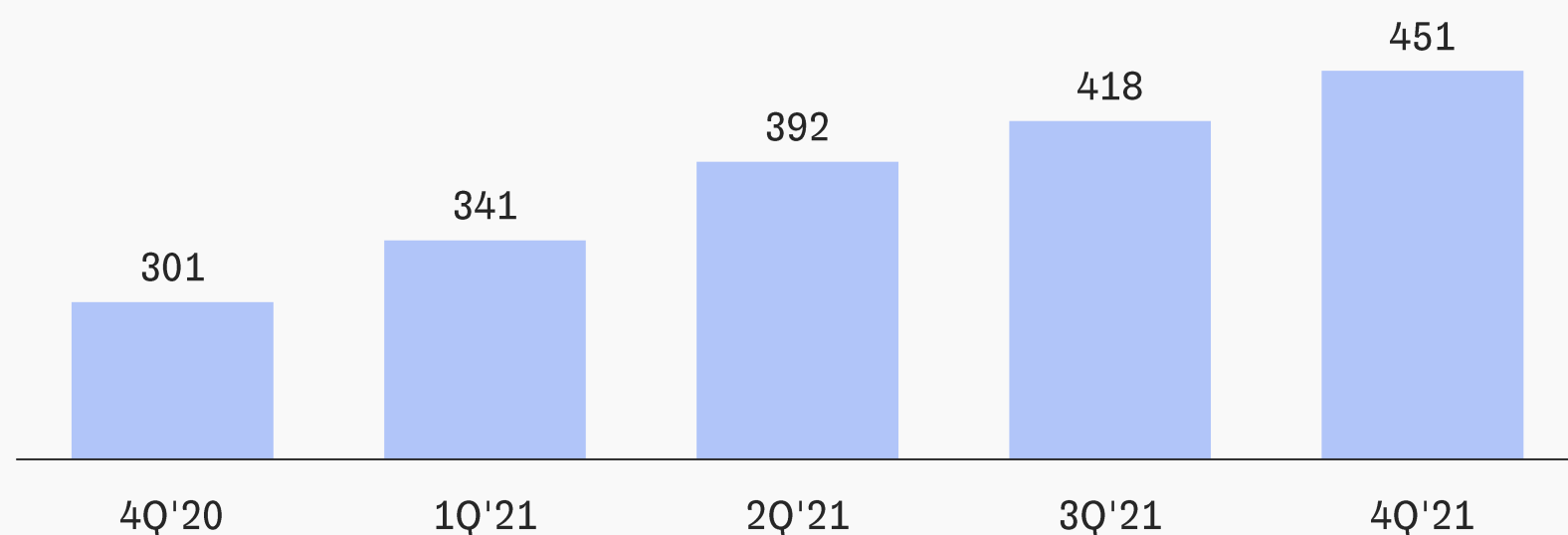


- Growth of interest expense and increase in cost of risks led to decline in net interest margin
- Significant increase in interest-earning cash portfolio to ₺228bn at the end of the quarter results in a decline of calculated NIM

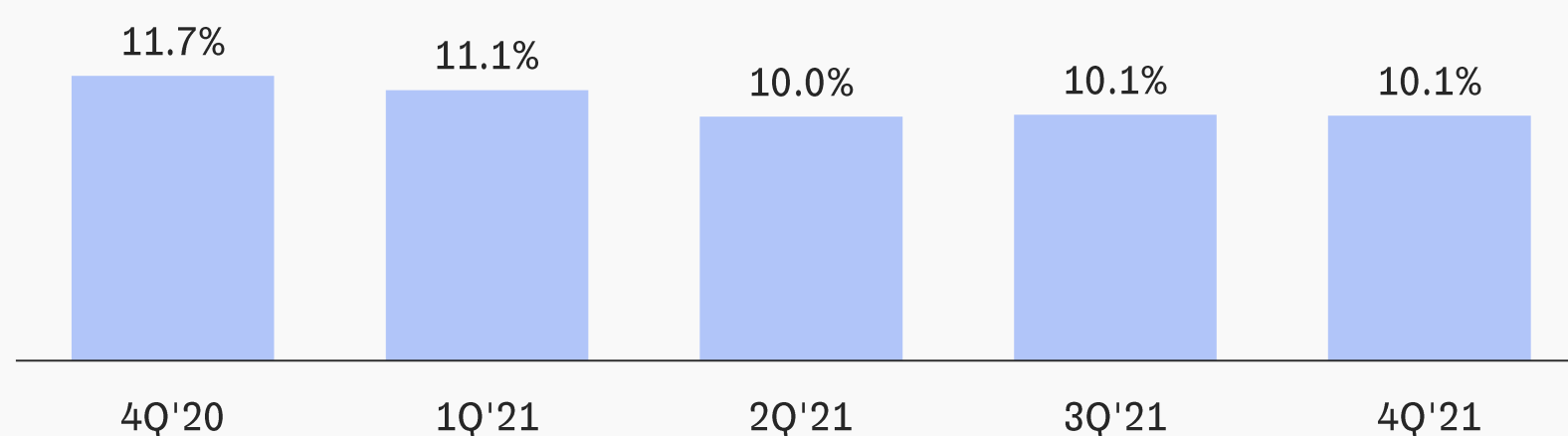
- High volatility in securities market in December 2021 led to growth of risks due to model adjustments
- The outstanding balance of macro-adjustment amounted to ₺3.2bn as of 30-Sep-21

# Unsecured loans: solid quality growth

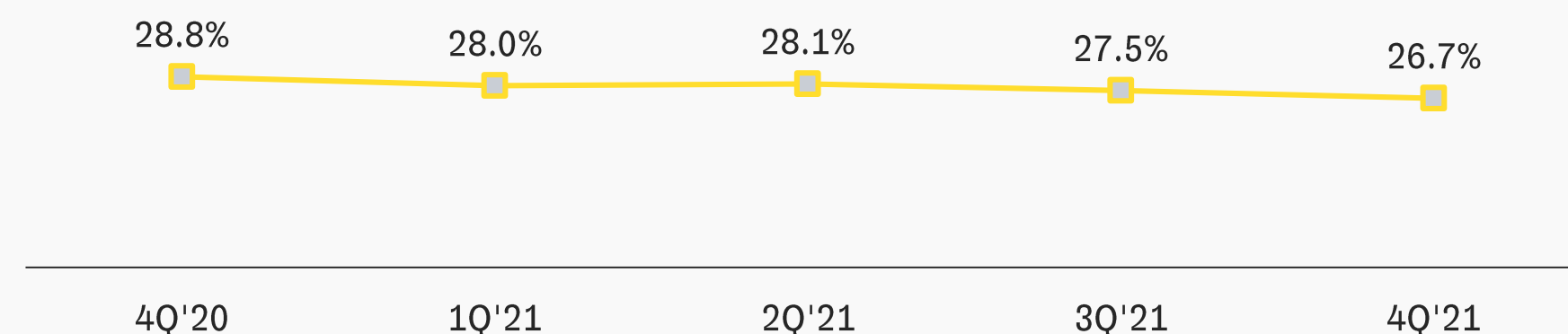
## NET UNSECURED LOANS



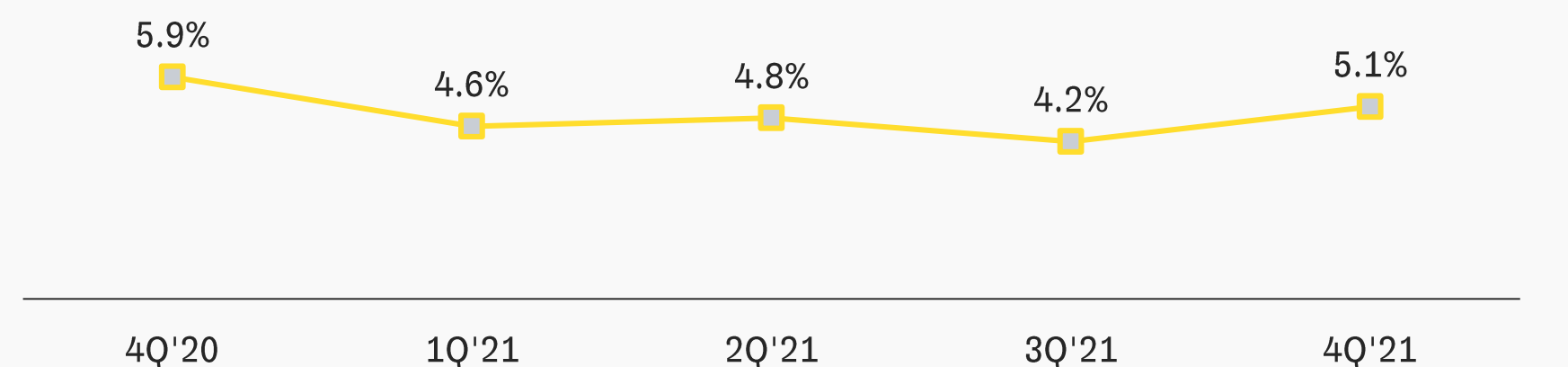
## NPL (% OF GROSS LOANS)



## GROSS INTEREST YIELD



## COST OF RISK (UNSECURED LOANS)



- Unsecured loan book showed a strong q-o-q growth thanks to healthy incoming demand, increasing cross-selling activity, and continued scaling of acquisition channels
- Gross interest yield was around 27% in 4Q'21 driven by natural evolution of customer behavior and loan mix changes

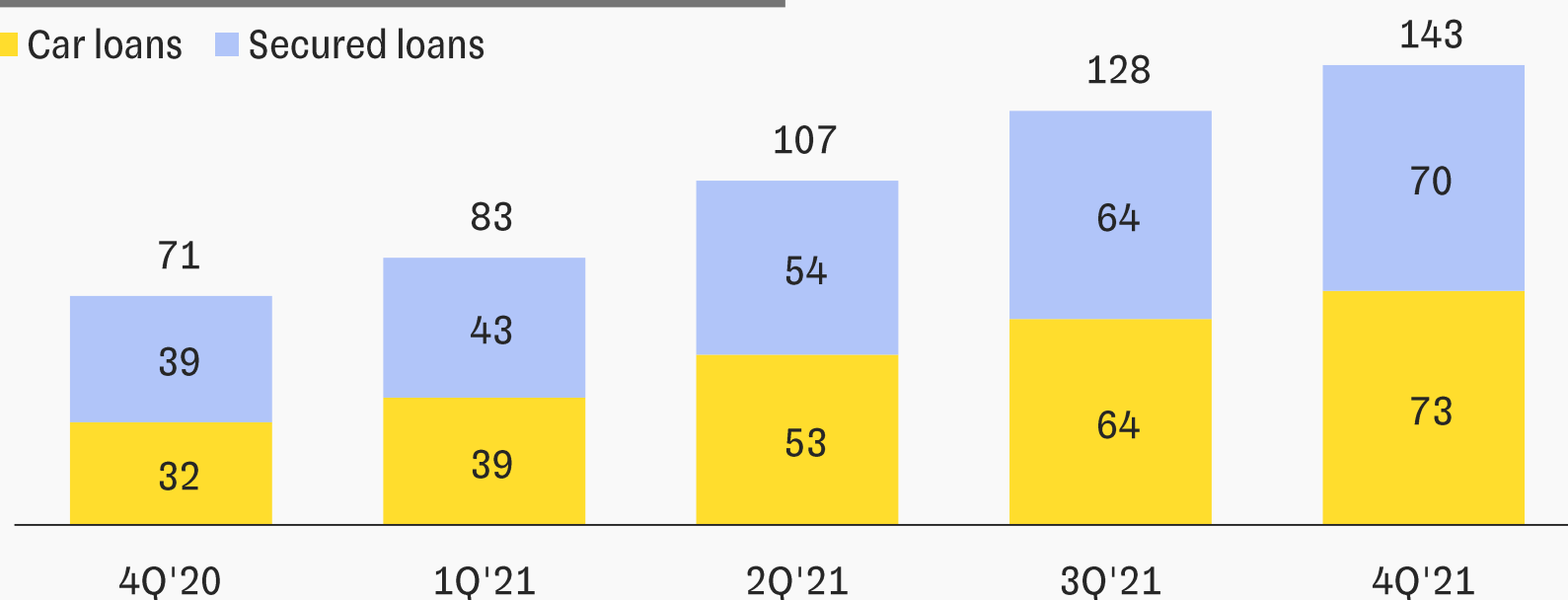
- Cost of risk is gradually normalizing



# Collateralized loans: a profitable portfolio diversifier

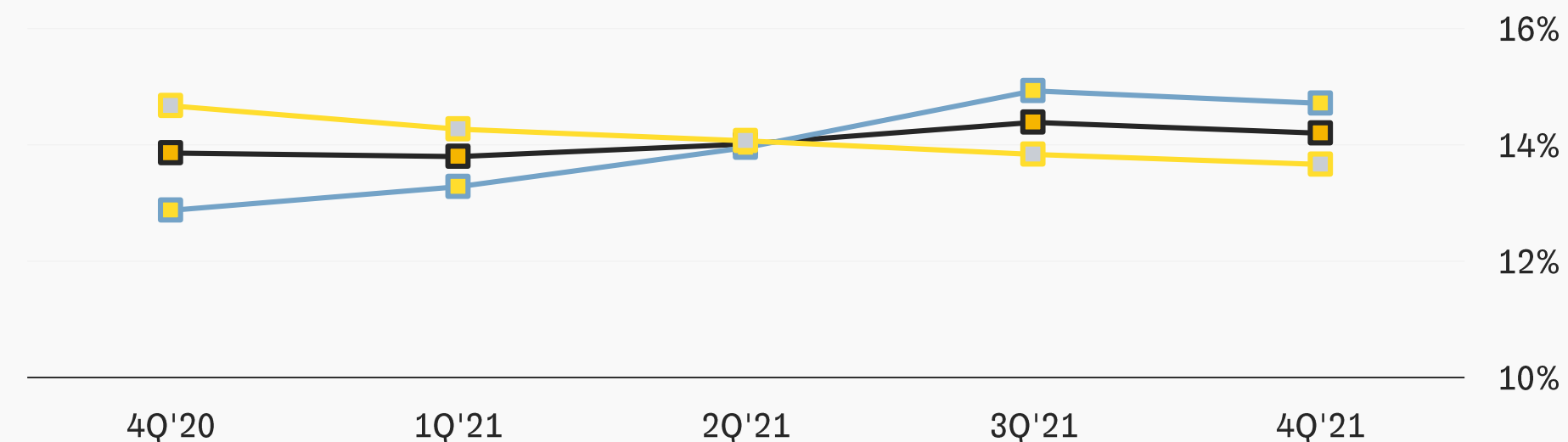
## NET COLLATERALIZED LOANS

■ Car loans ■ Secured loans



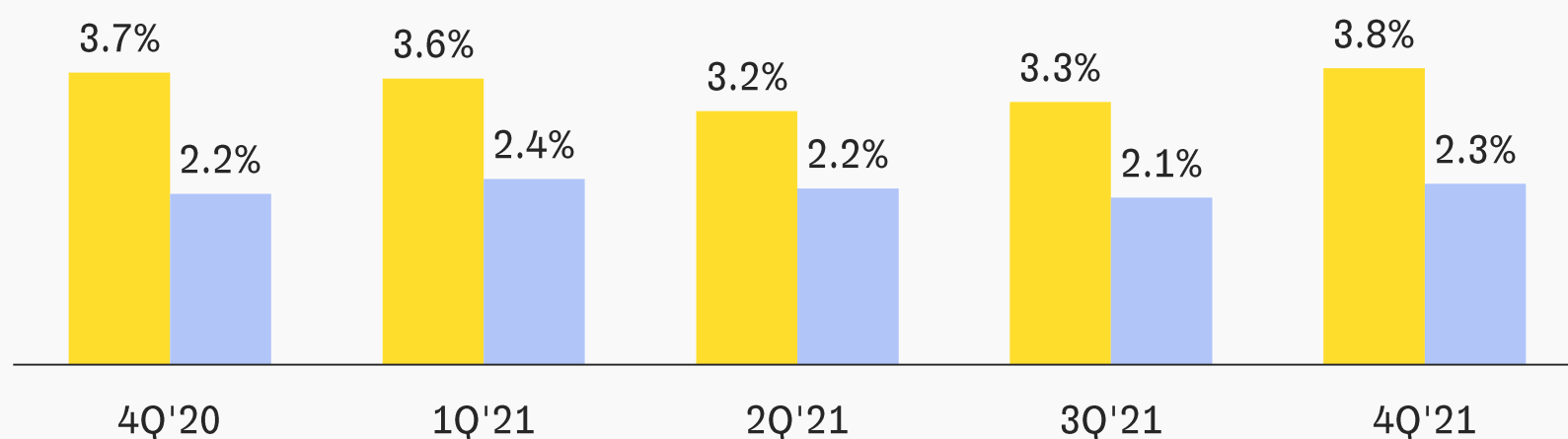
## GROSS INTEREST YIELD

■ Total ■ Car loans ■ Secured loans



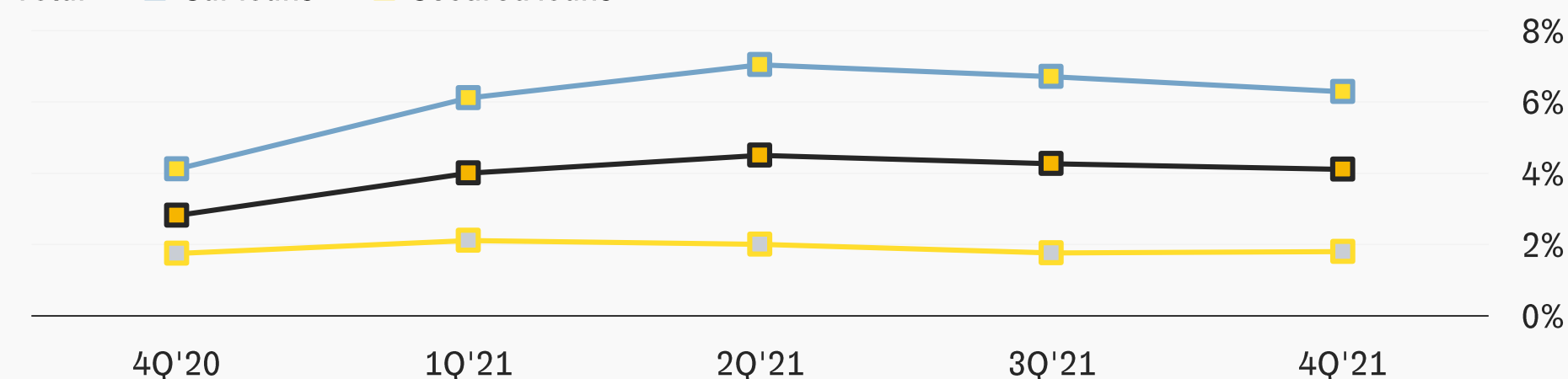
## NPL (% OF GROSS LOANS)

■ Car loans ■ Secured loans



## COST OF RISK (COLLATERALIZED LOANS)

■ Total ■ Car loans ■ Secured loans

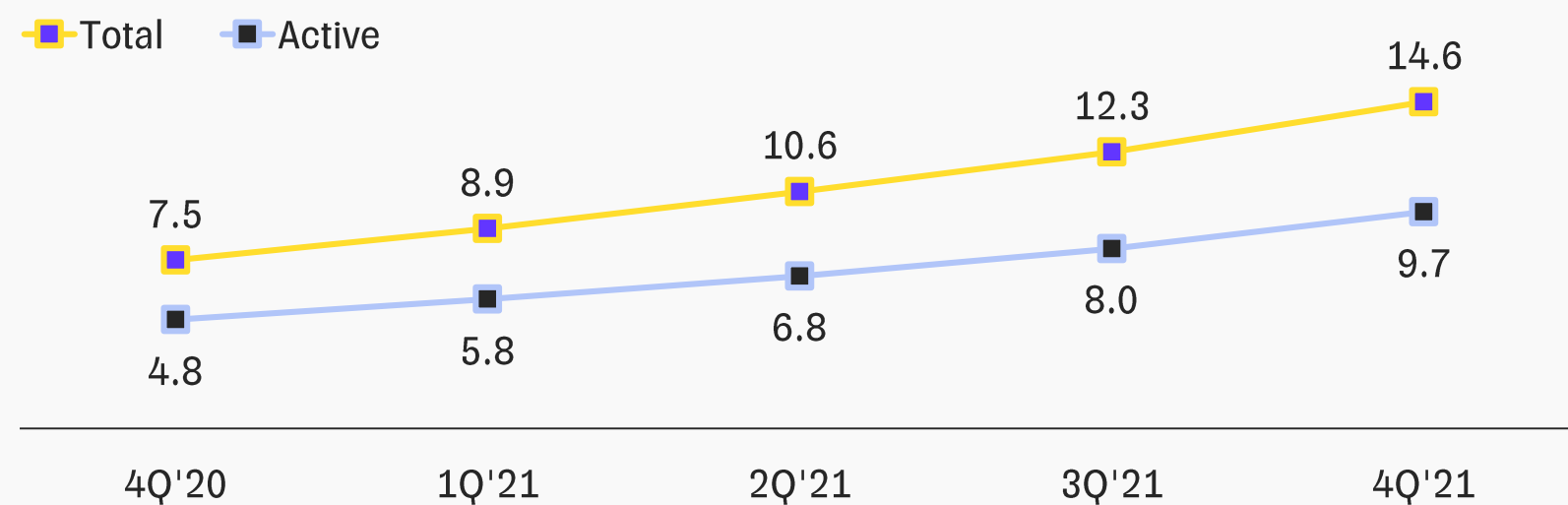


- Net collateralized portfolio equally divided between car and home equity loans
- As portfolio matures, we can see key metrics of risks and yield reach target levels

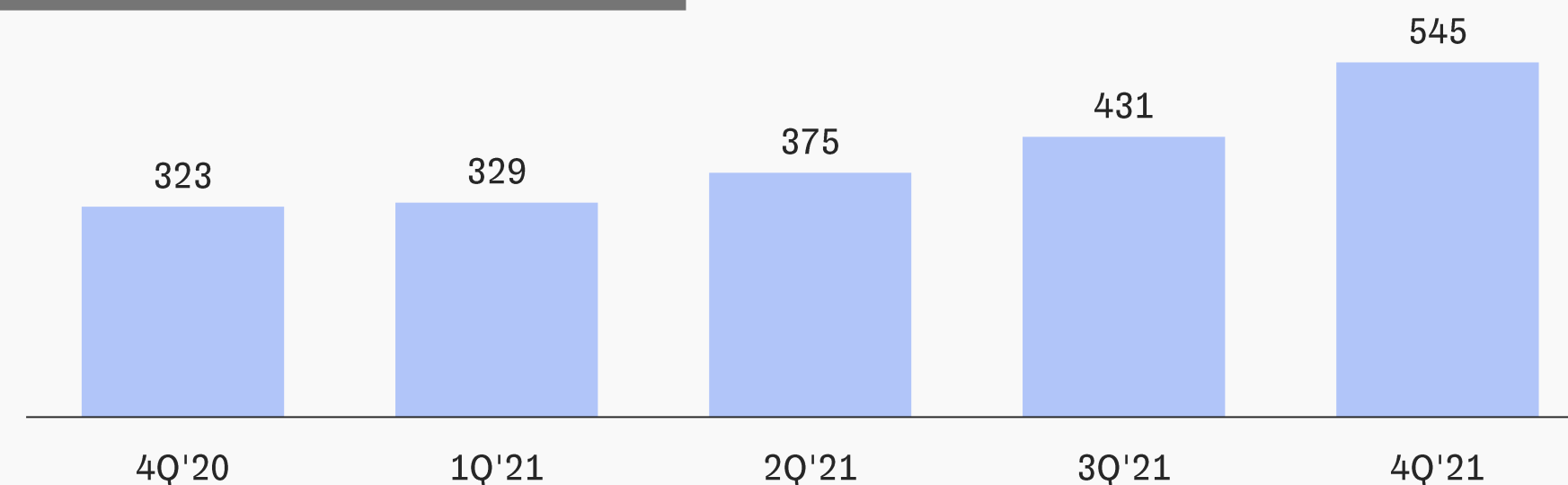
- Cost of risk stabilized around 4%, with gross yield of 14%

# Retail Debit Cards: locomotive customer acquisition platform

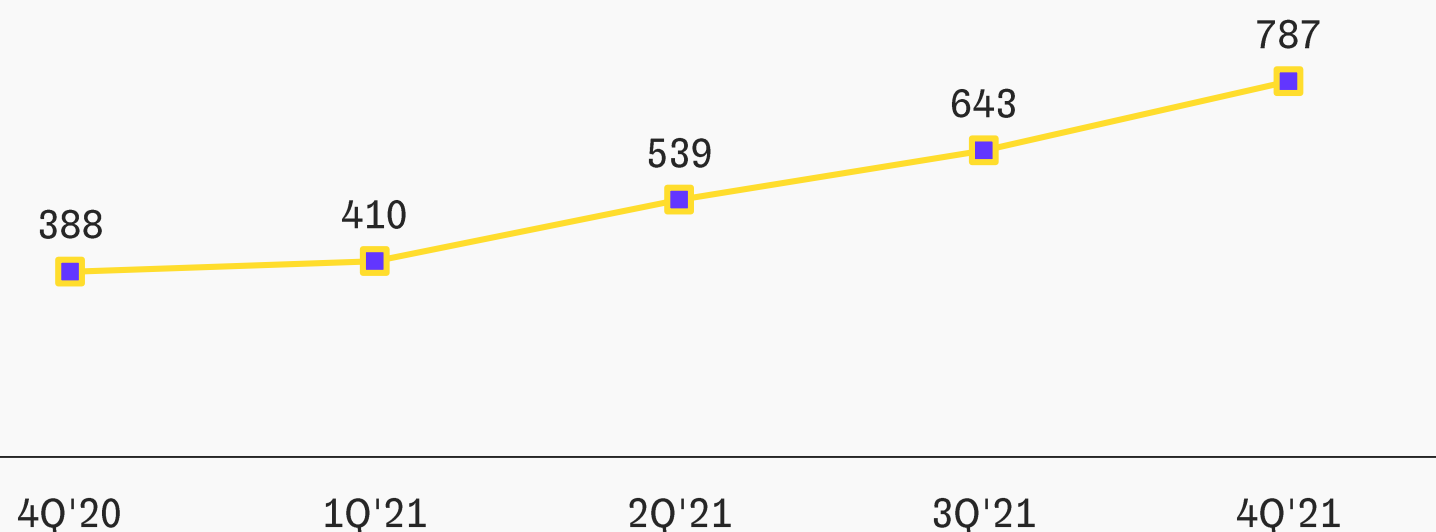
## CUSTOMERS (m)



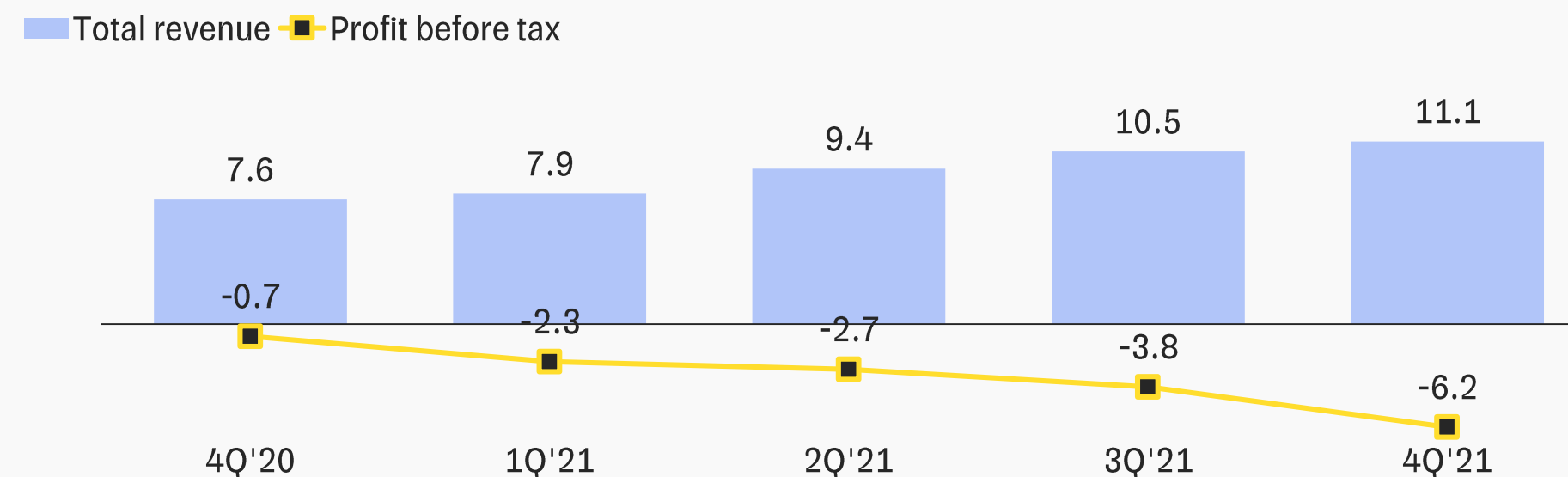
## CURRENT ACCOUNTS BALANCES



## DEBIT CARDS TOTAL VOLUME OF PURCHASES



## SEGMENT RESULT

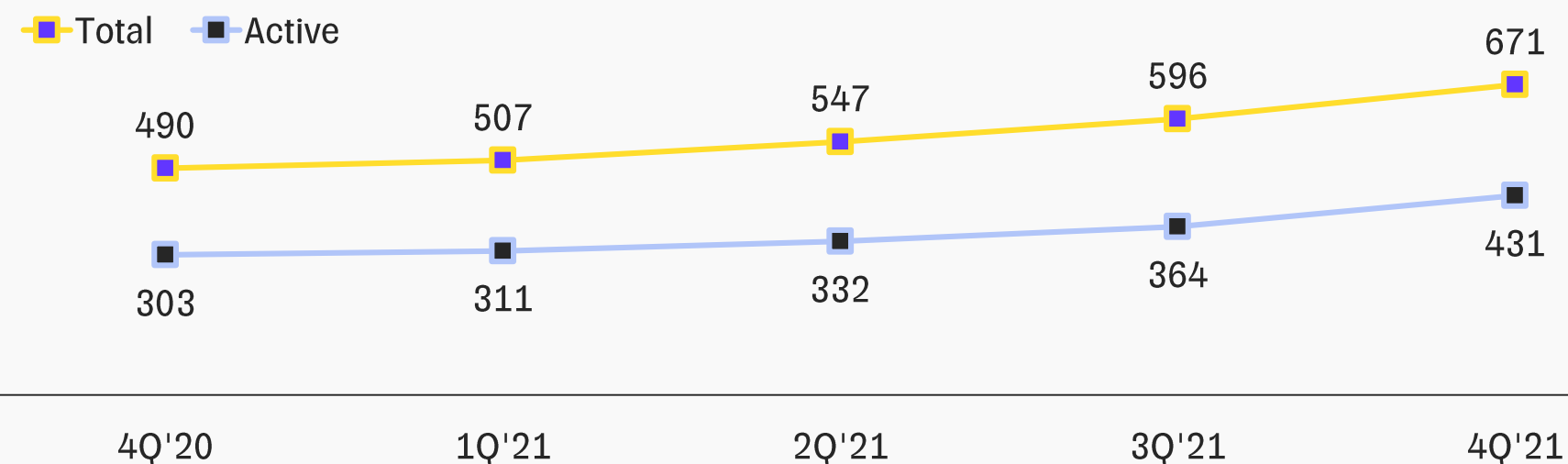


- A record 2.3 million new Tinkoff Black customers were added in 4Q'21 reaching a total of 14.6m customers as of 31-Dec-2021
- This segment's net profit affected by continuing marketing activities in 4Q'21: special higher cashback, free subscriptions and TV ads, while unit acquisition costs remain stable

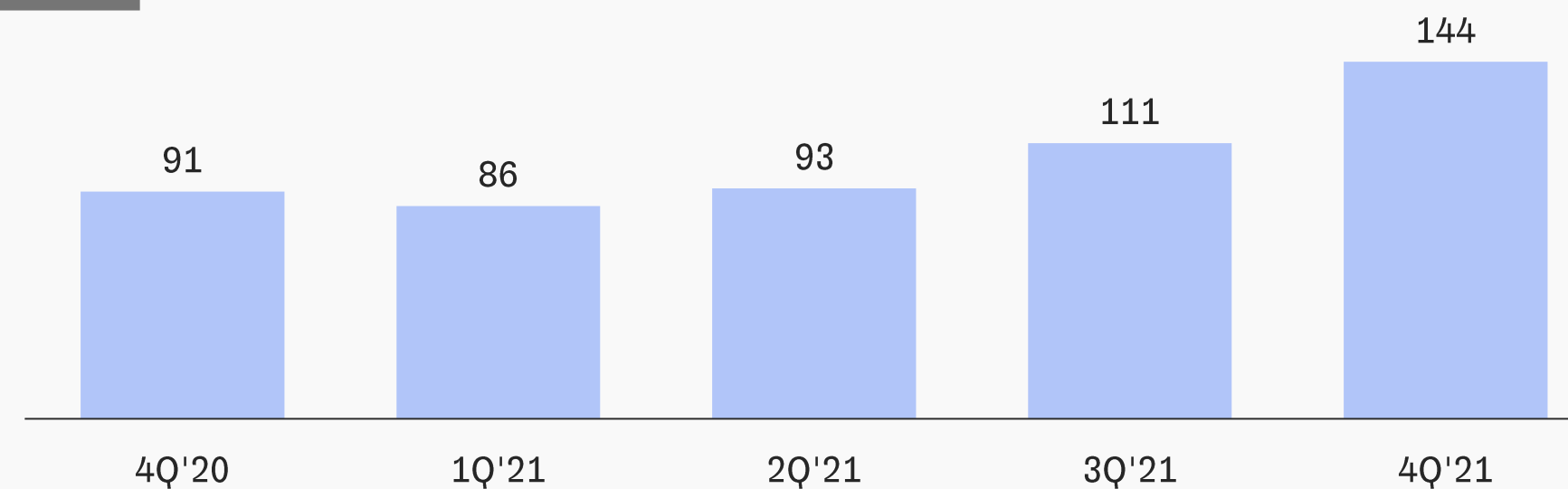
- We purposely run this product line close to break-even in terms of transactional economics as we see our current accounts business as the cornerstone of our customer relationship. Tinkoff Black customers are highly transactional, highly engaged, and more open to trying products and services in the Tinkoff suite

# SME Services: Improving monetization potential

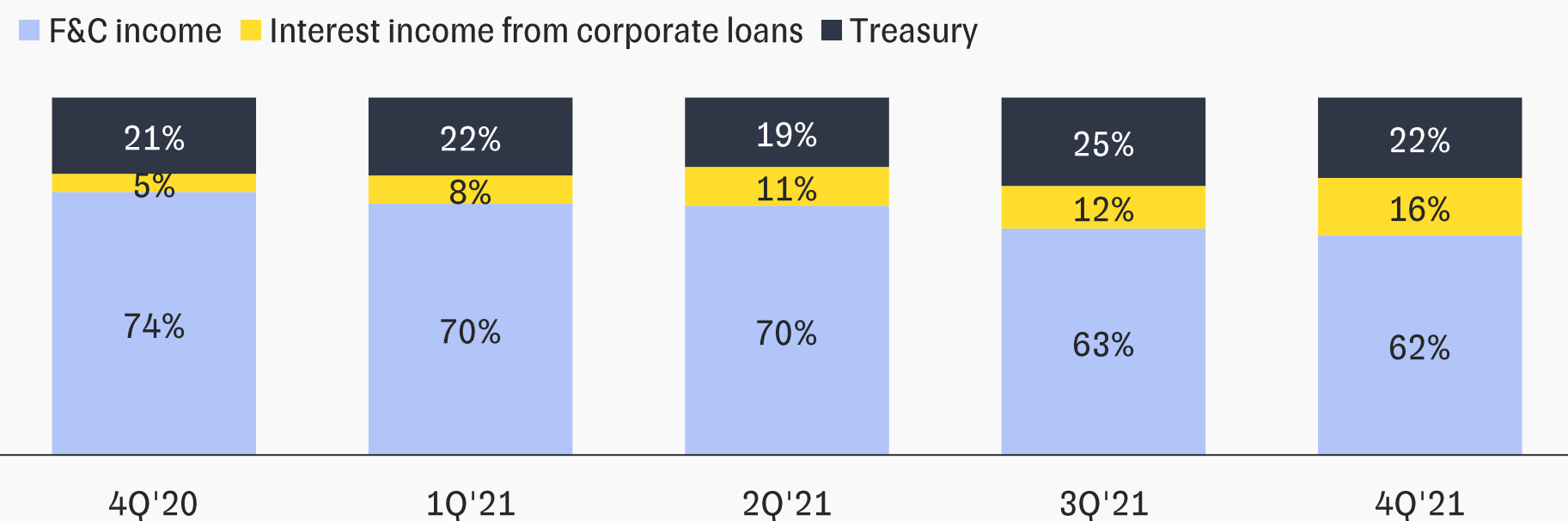
## CUSTOMERS (000')



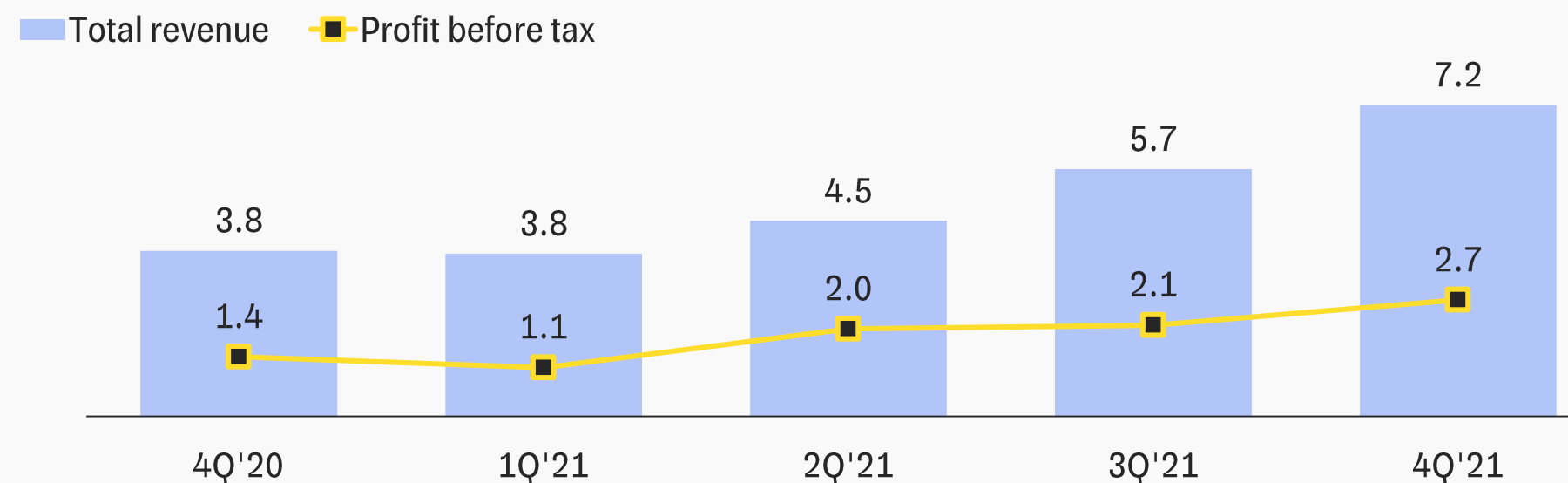
## BALANCES



## REVENUE BREAKDOWN



## SEGMENT RESULT



- Our SME Services business line continued growing its customer base, especially in the more lucrative “medium” segment
- SME business line economics continue to improve: revenue of ₺7.2bn and ₺2.7bn profit before tax in 4Q'21

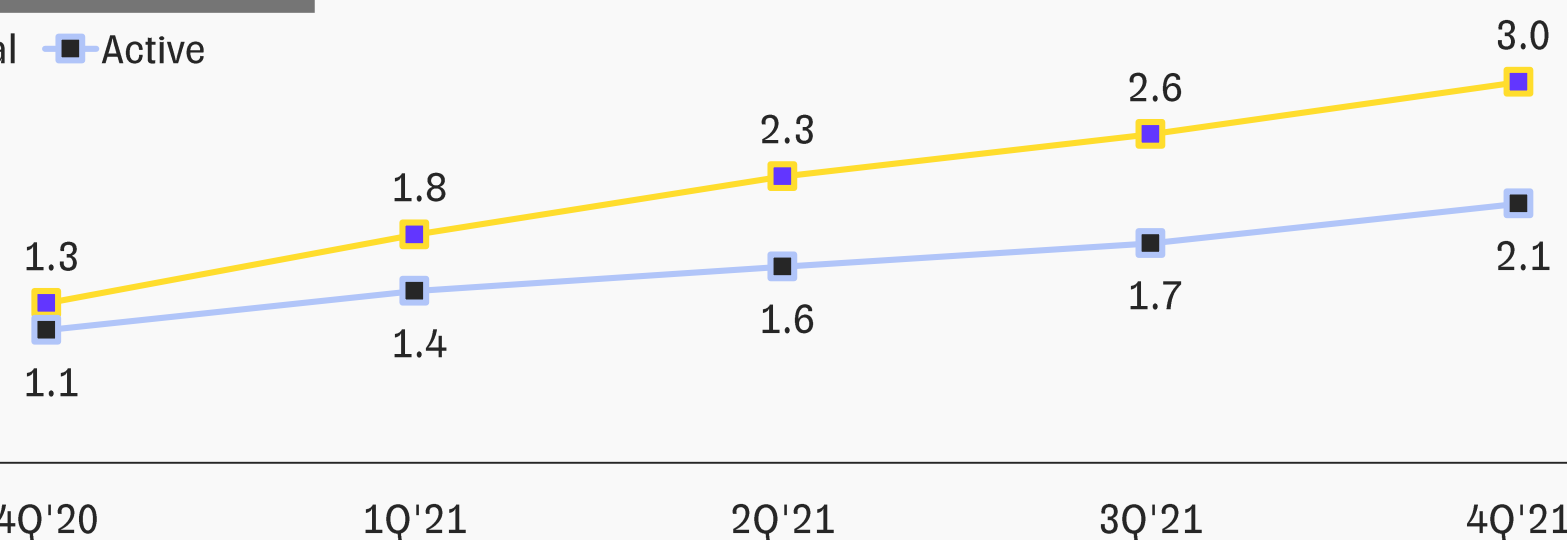
- Our SME customers see us as a partner that can help them grow their business through an impressive array of added-value services, including merchant solutions

All currency data are in ₺ bn unless otherwise stated

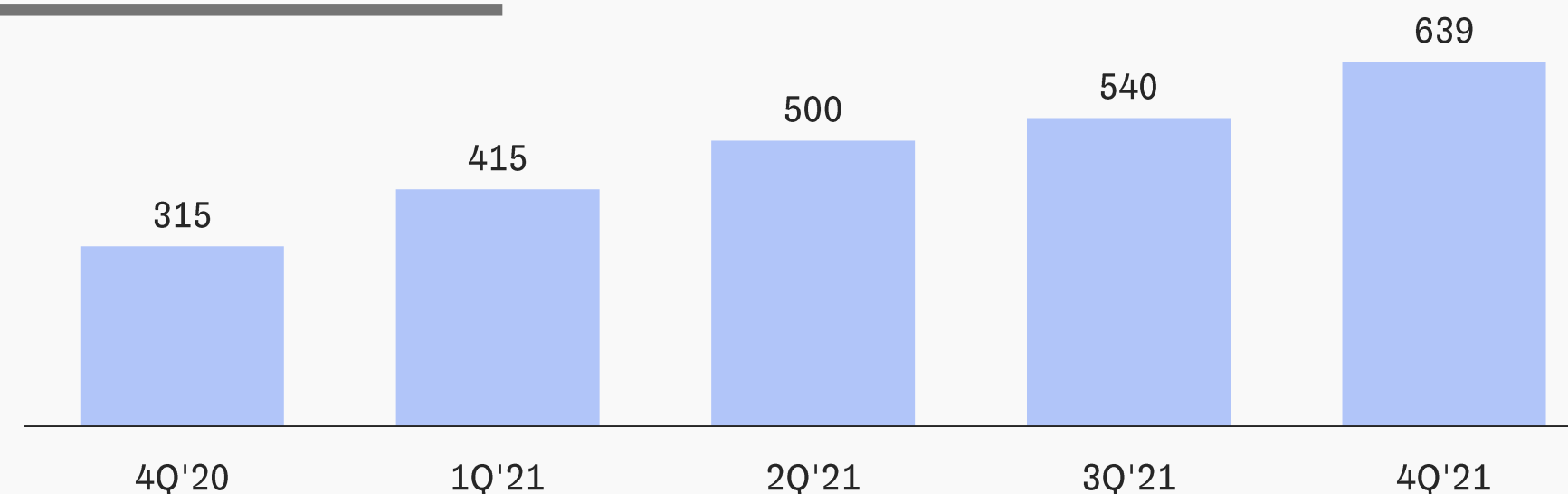
# InvestTech: huge customer acquisition and monetization opportunity

## CUSTOMERS (m)

■ Total ■ Active

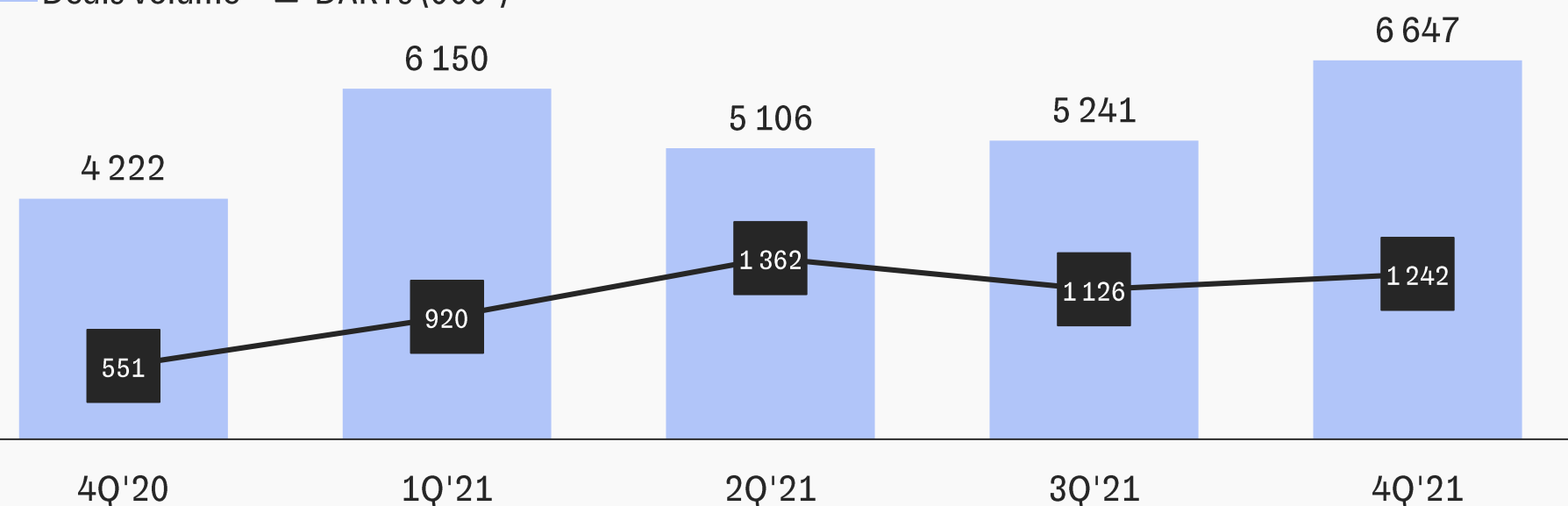


## ASSETS UNDER CUSTODY



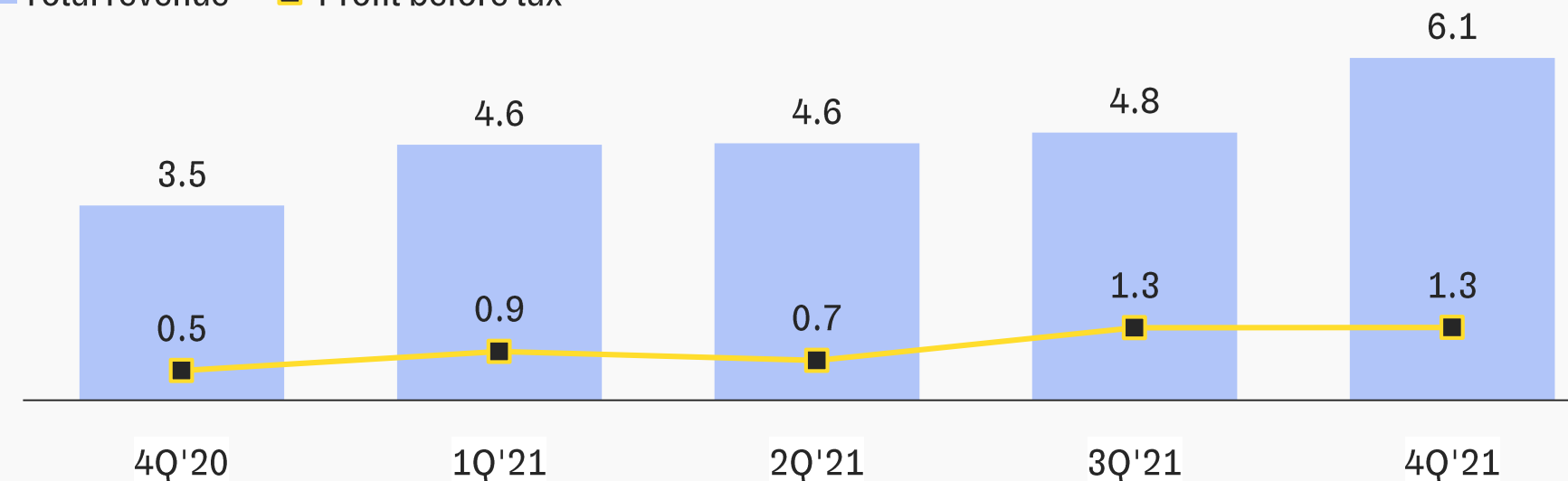
## TRANSACTION VOLUMES\*

■ Deals volume ■ DARTs (000')



## SEGMENT RESULT

■ Total revenue ■ Profit before tax



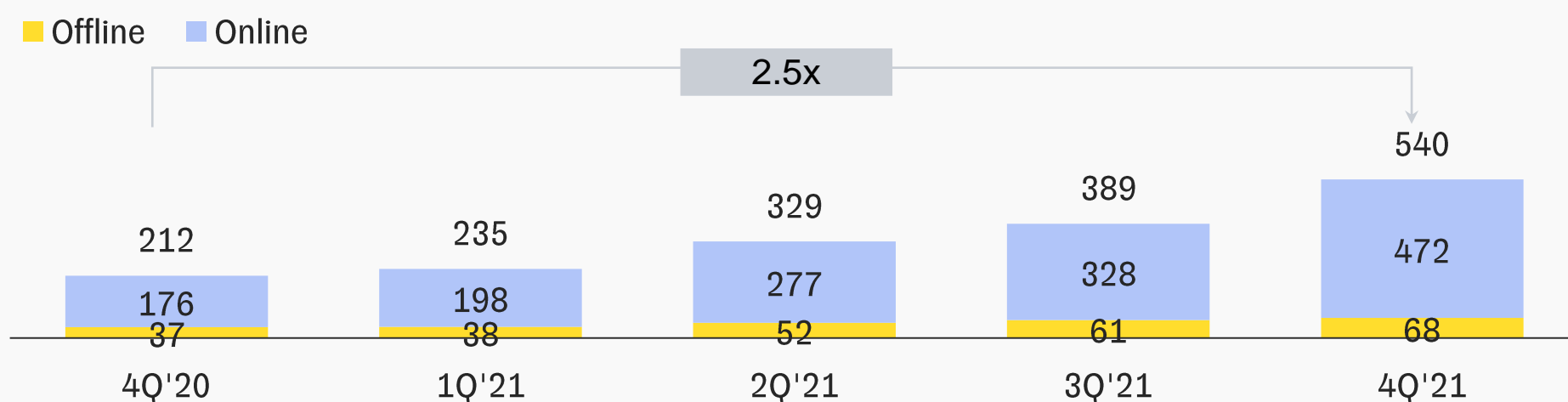
- ₺0.6 tn of assets under custody and 3.0 million customers – bullet-proof arguments of our superior financial product
- Consistent growth of customer base and customer assets is a basement of our future results

- Higher market volatility in 4Q'21 led to sequential revenue growth

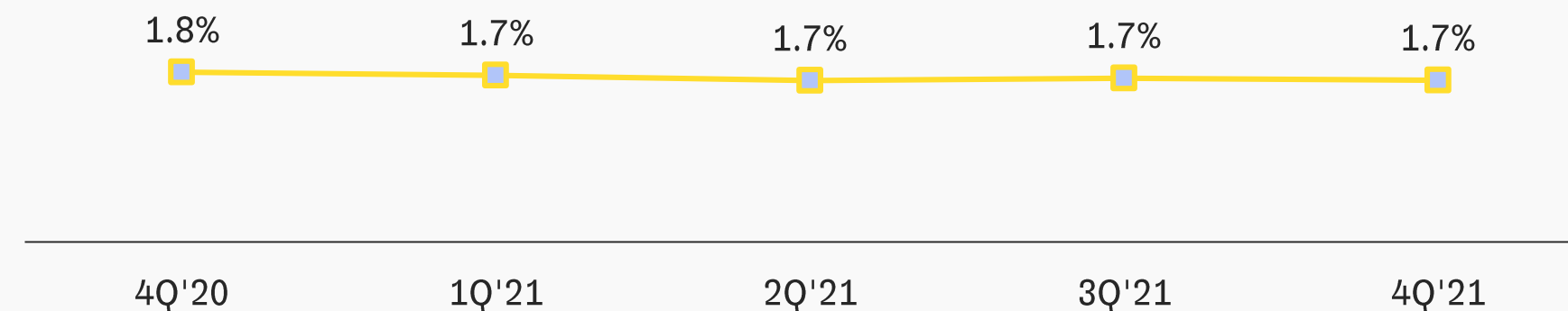
\*w/o derivatives

# Acquiring and Payments: disrupting Russian commerce

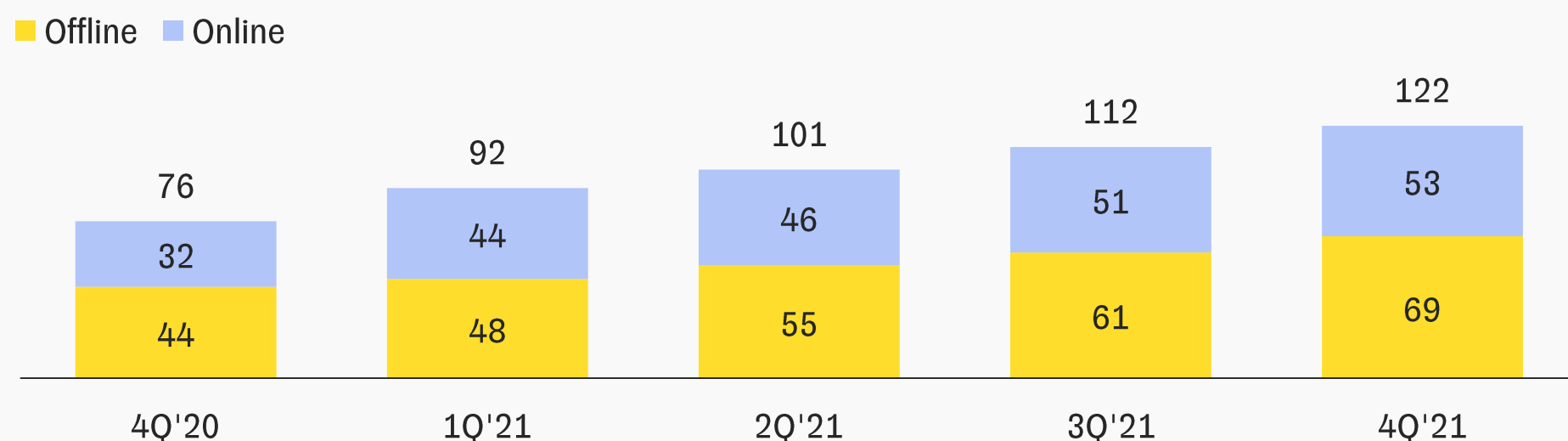
## TOTAL PAYMENT VOLUME (TPV)



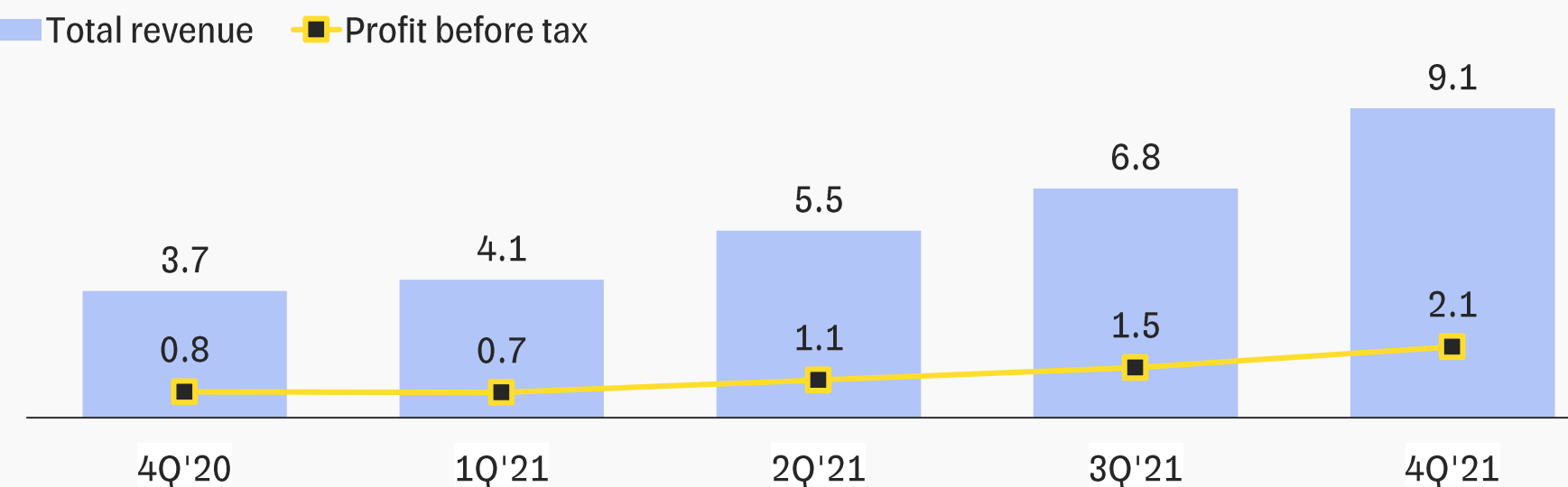
## GROSS ACQUIRING COMMISSION



## ACTIVE MERCHANTS (000' EoP)



## SEGMENT RESULT



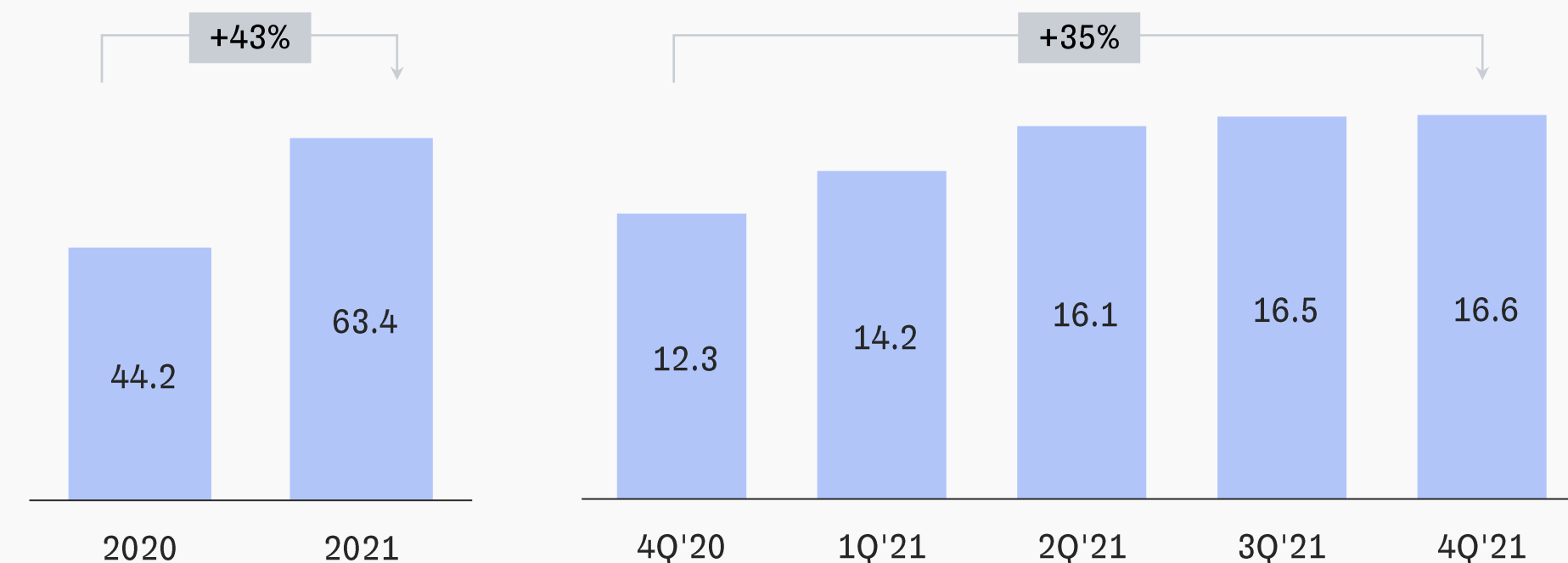
- Stable acquiring commission with steady growth of TPV gives us one of the most financially sustainable business lines
- Online acquiring remains our main playing field, as we remain on track to become Russia's second largest online acquirer. At the same time the number of offline merchants kept growing through our continued expansion in SME banking services

- Our acquiring platform is developed in-house, making onboarding, integration, and customer experience for our corporate customers significantly better than anywhere else in the market. Segment result improved substantially y-o-y in spite of significant step up in marketing spend

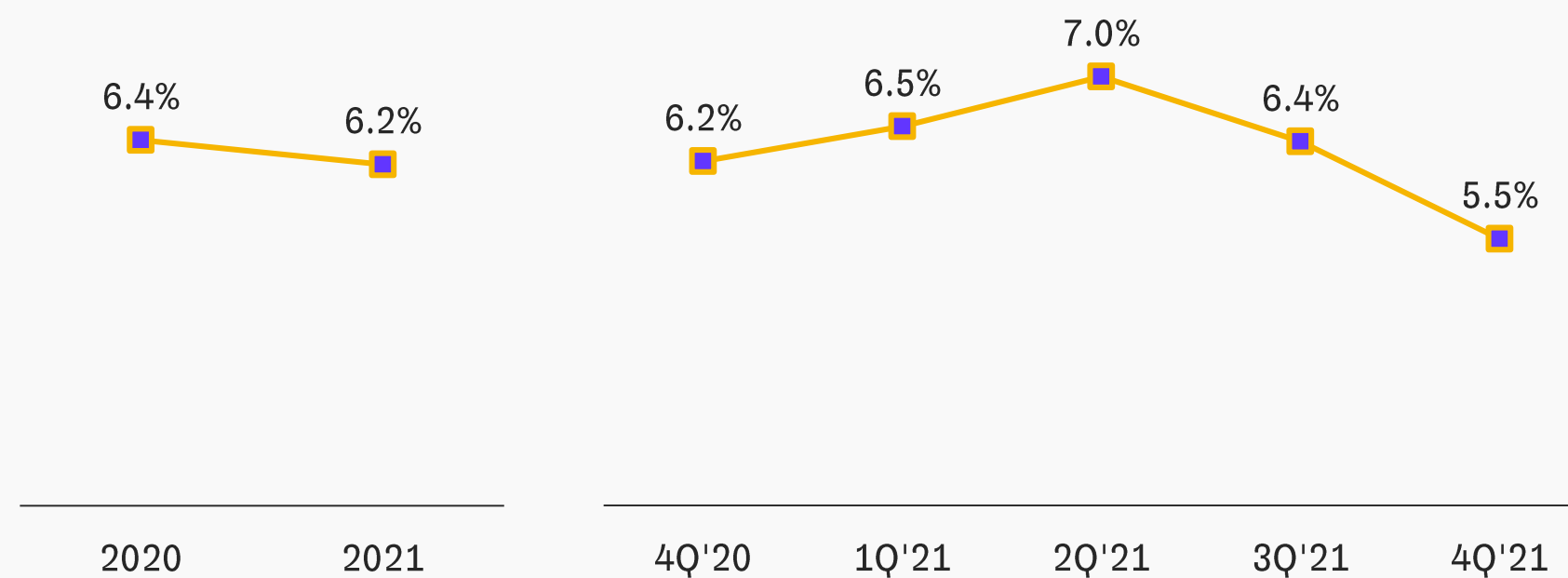
All currency data are in ₱ bn unless otherwise stated

# Net profit: solid result

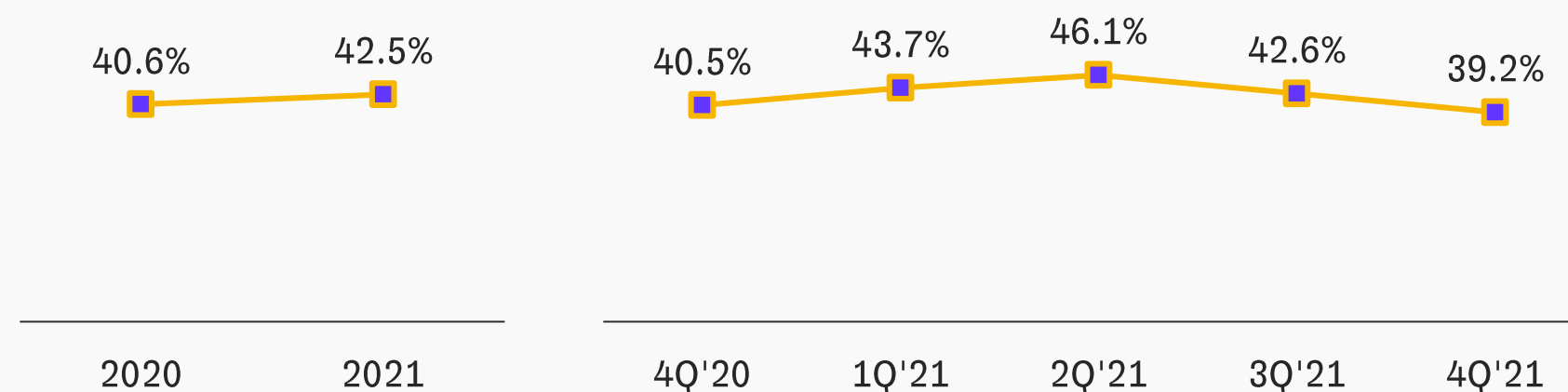
## NET PROFIT



## RETURN ON ASSETS



## RETURN ON EQUITY

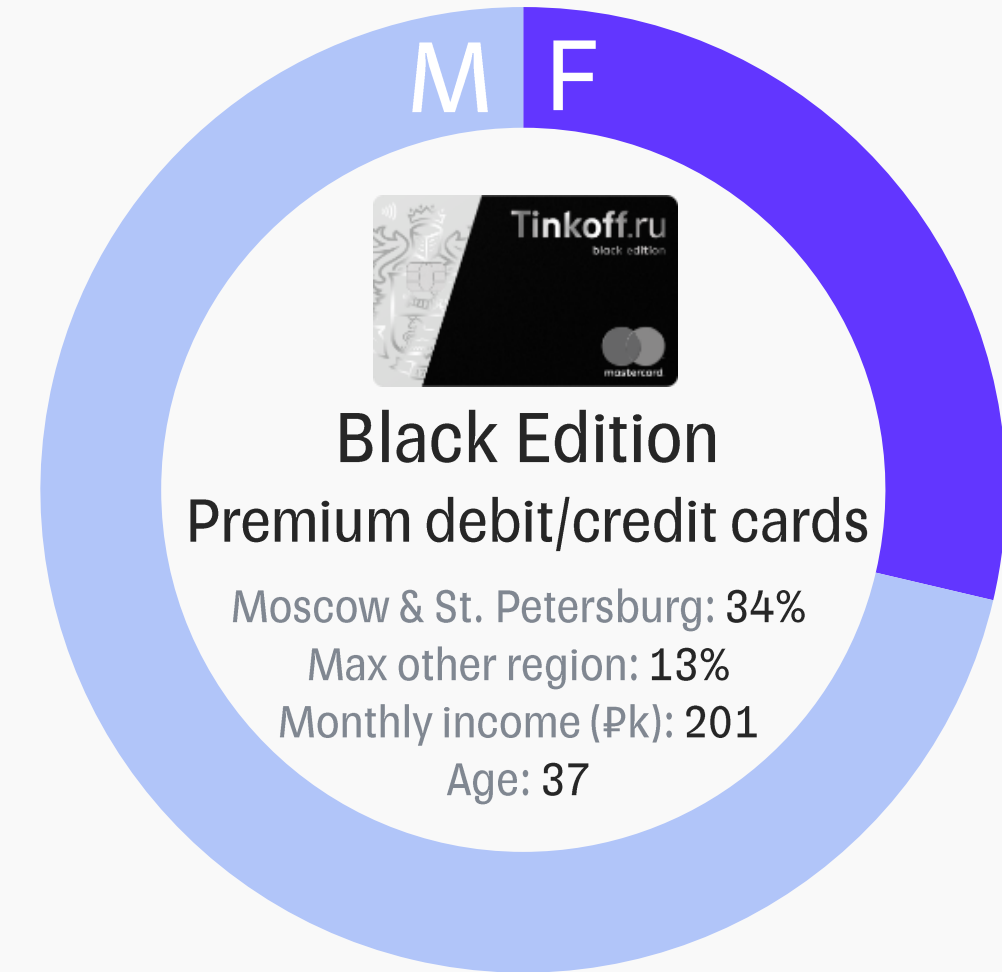
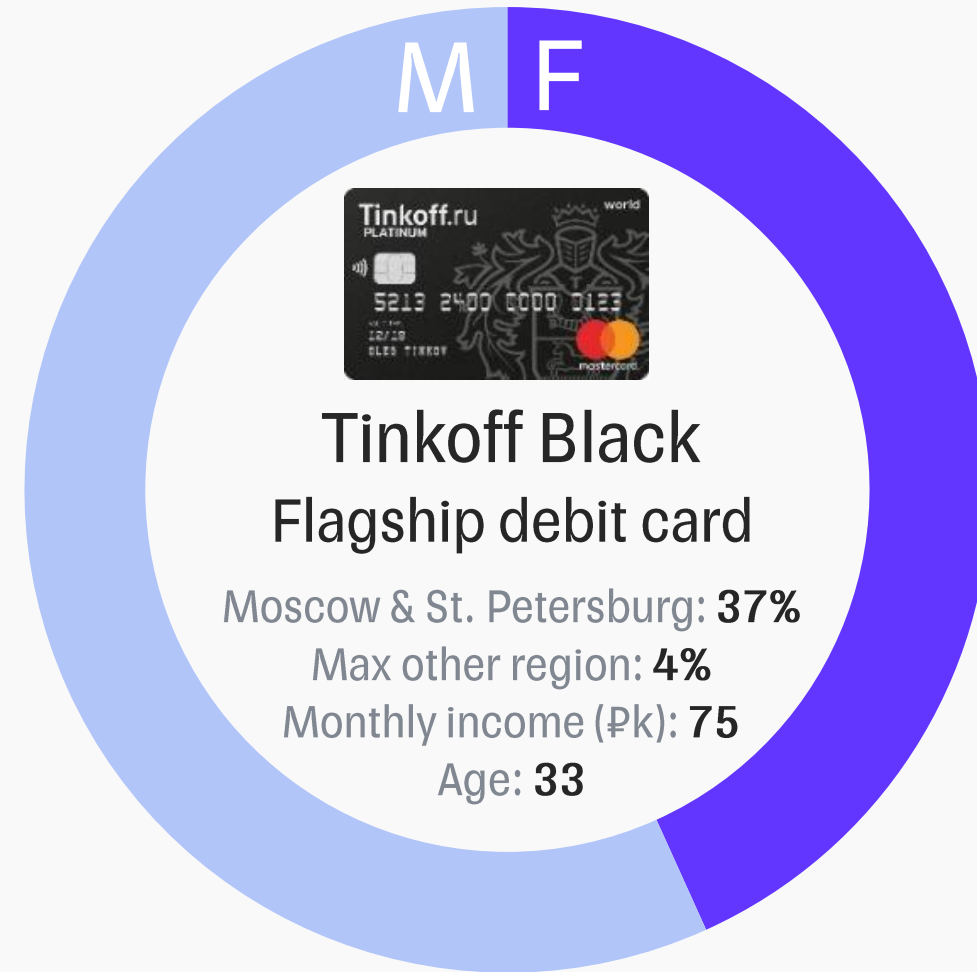
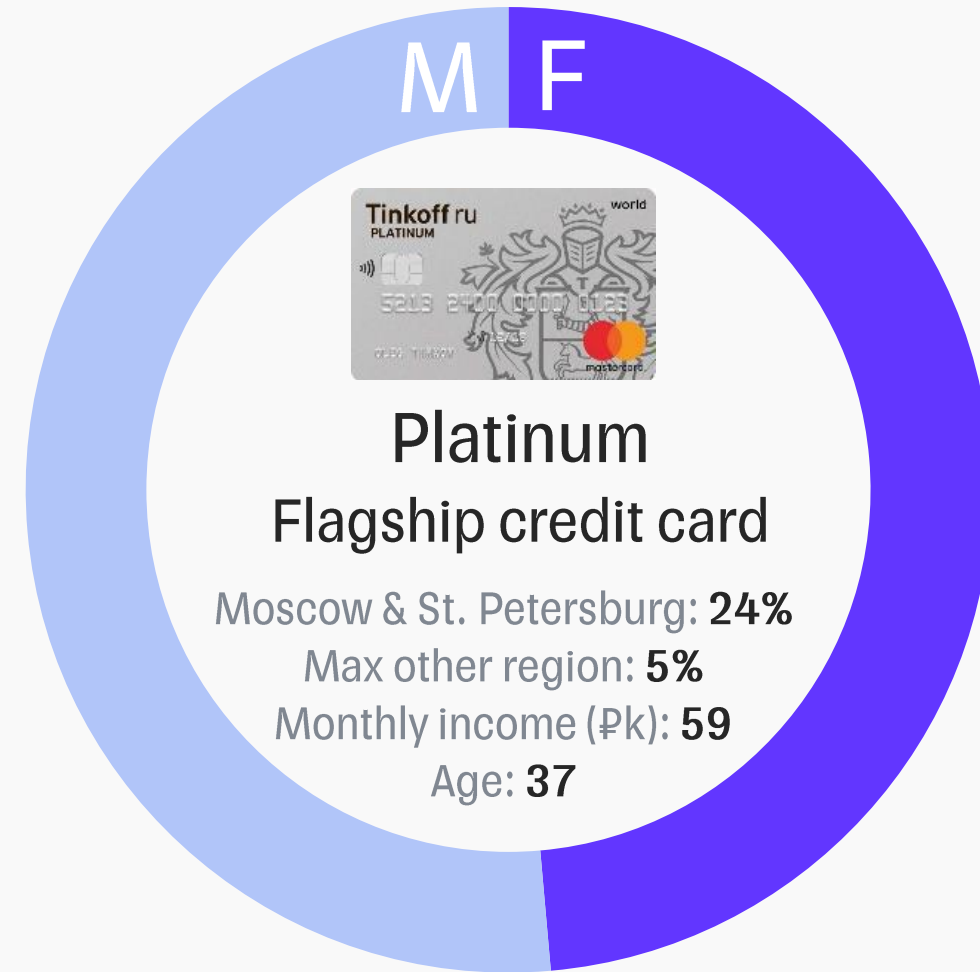


- Industry leading ROE of 39.2% in 4Q'21 and 42.5% in FY'21 with ROA of 5.5% and 6.2% accordingly
- Net income of ₱16.6 bn in 4Q'21 and ₱63.4 bn in FY'21 with the relative growth of 35% and 43% y-o-y respectively



# Appendix

# Customer Profile

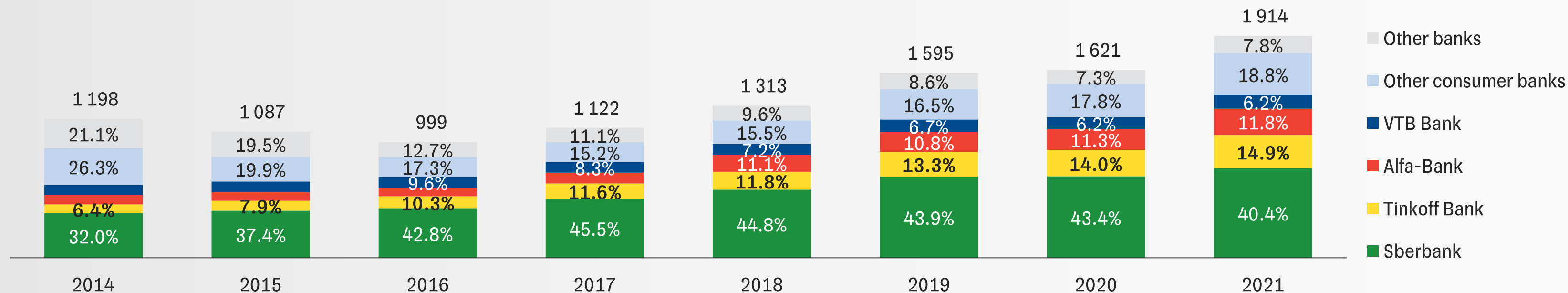


	Platinum Credit Cards	Tinkoff AllAirlines	Home Equity Loans	Auto Loans	Tinkoff Black	Tinkoff Investments	Black Edition Customers
Gender (M/F)	51% / 49%	51% / 49%	53% / 47%	72% / 28%	55% / 45%	61% / 39%	70% / 30%
Average age	37	35	39	40	33	32	37
Monthly income (₽k)	59	108	105	86	75	79	201
Moscow and Moscow Region	17%	37%	19%	17%	27%	27%	30%
Saint-Petersburg and Leningradskaya oblast'	7%	11%	8%	7%	10%	10%	4%
Every other region	≤5%	≤3%	≤4%	≤6%	≤4%	≤4%	≤13%

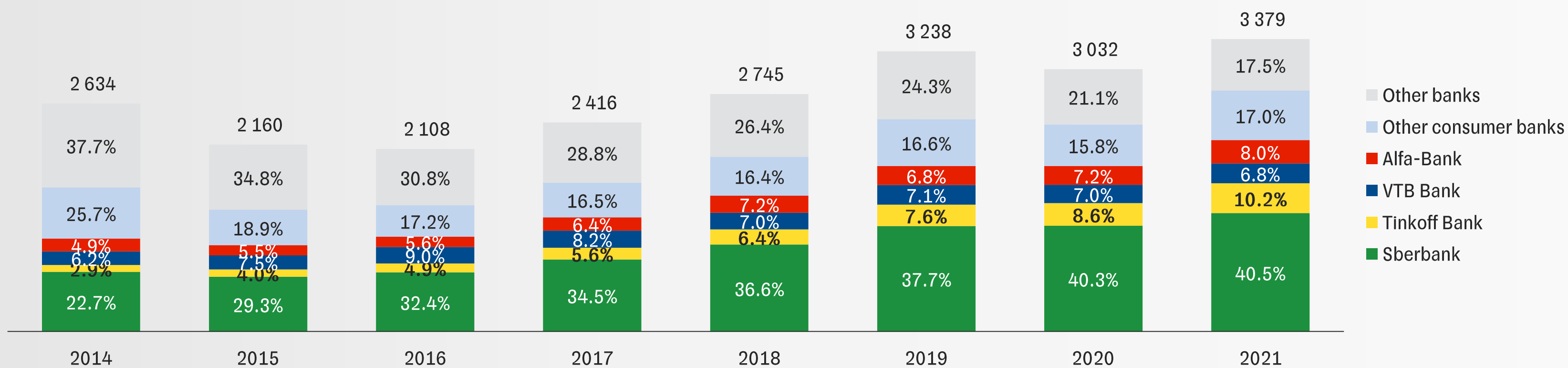
All currency data are in ₺ bn unless otherwise stated

# Consumer Finance Market: Tinkoff is the #2 player

## RUSSIAN CREDIT CARD MARKET



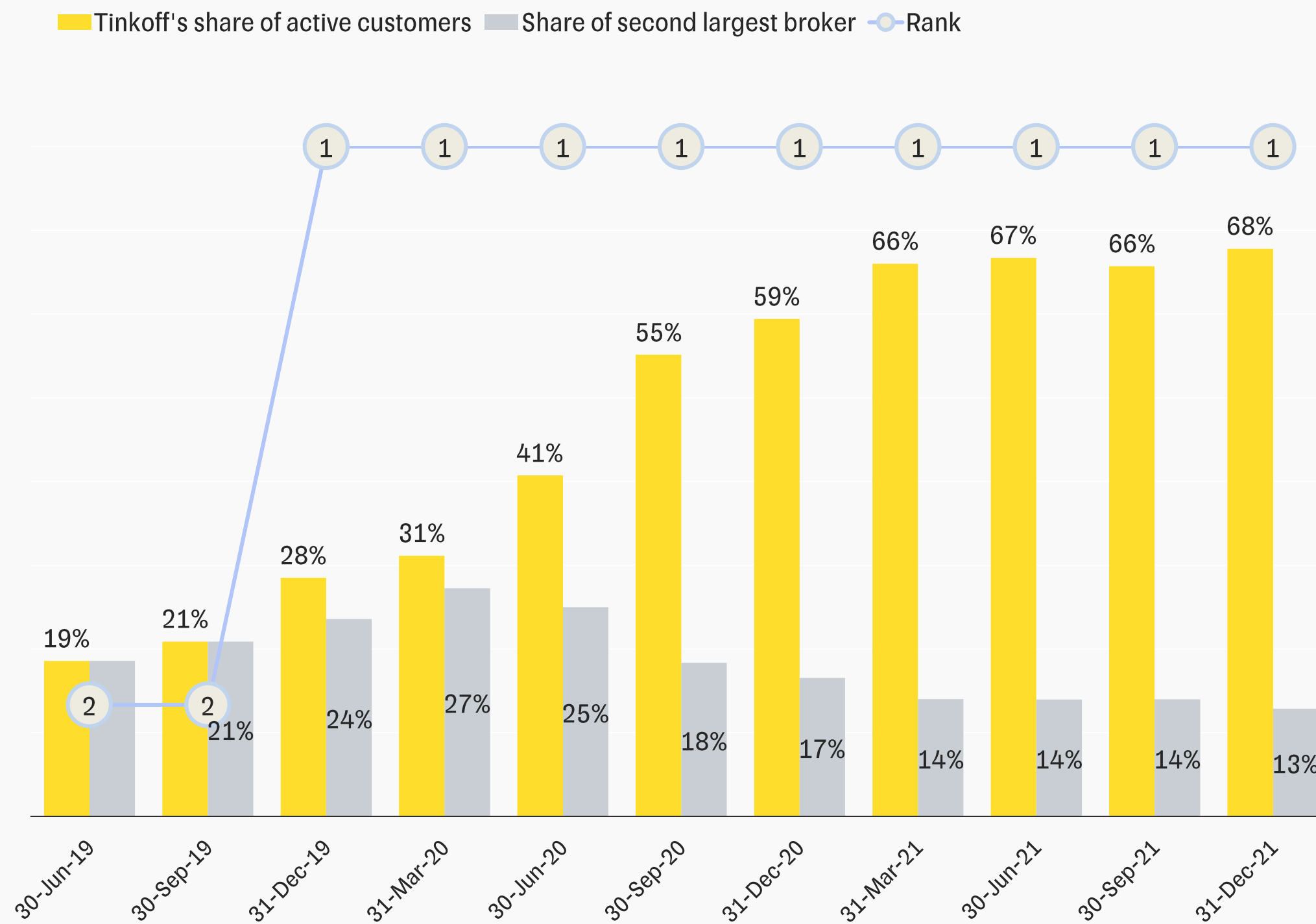
## RETAIL LOANS UP TO 3 YEARS



# Tinkoff Investments: Absolute market leader

- Tinkoff Investments has become synonymous to retail investment in Russia
- Tinkoff investment is also the leading broker by number of active customers on the Saint Petersburg Exchange

## Tinkoff - #1 by number of active customers on MOEX

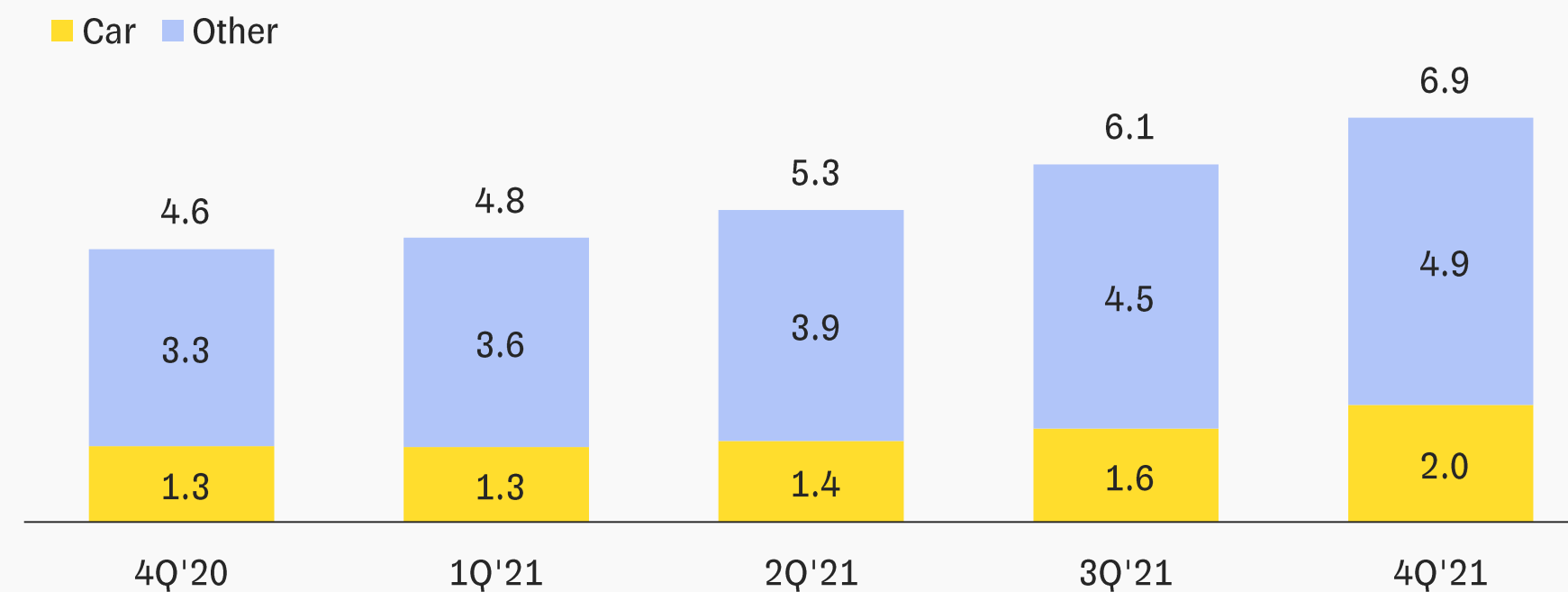


According to <https://www.moex.com/s719>

All currency data are in ₺ bn unless otherwise stated

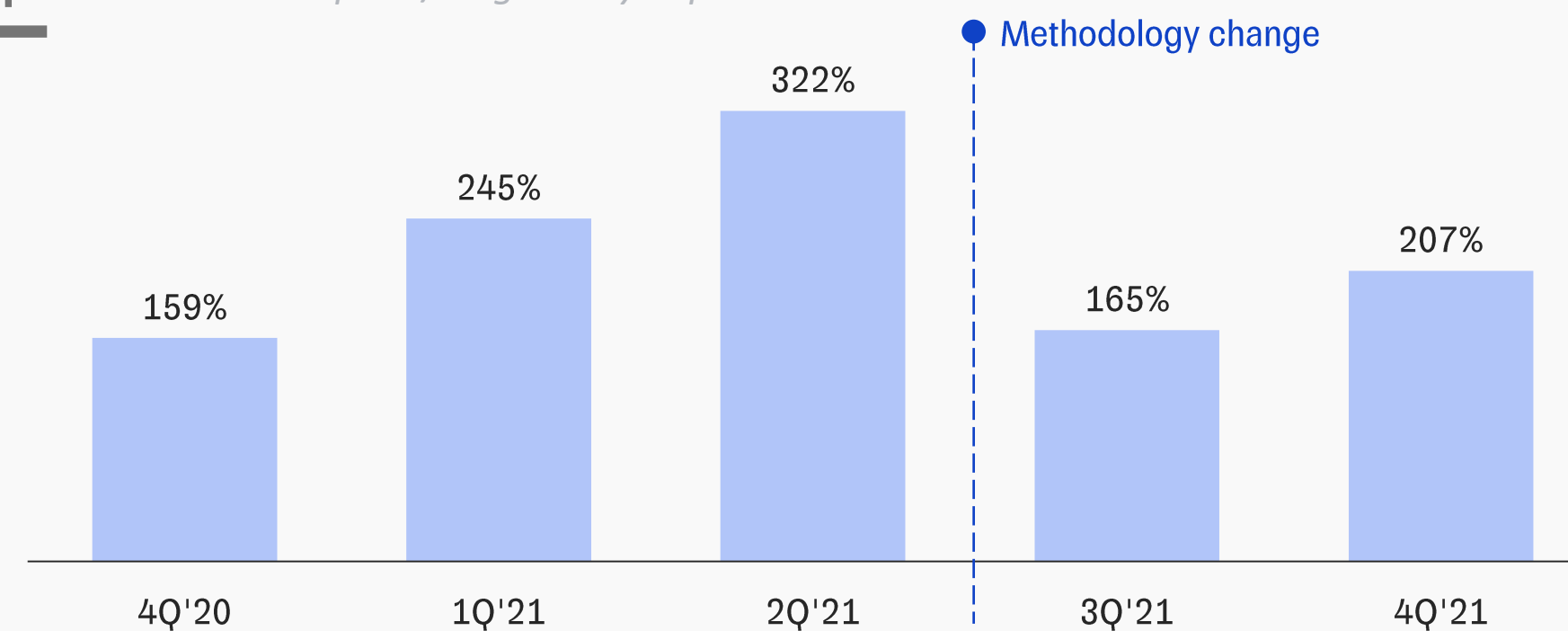
# Tinkoff Insurance

## INSURANCE PREMIUMS EARNED



## CAPITAL ADEQUACY\*

\*Actual capital / Regulatory capital

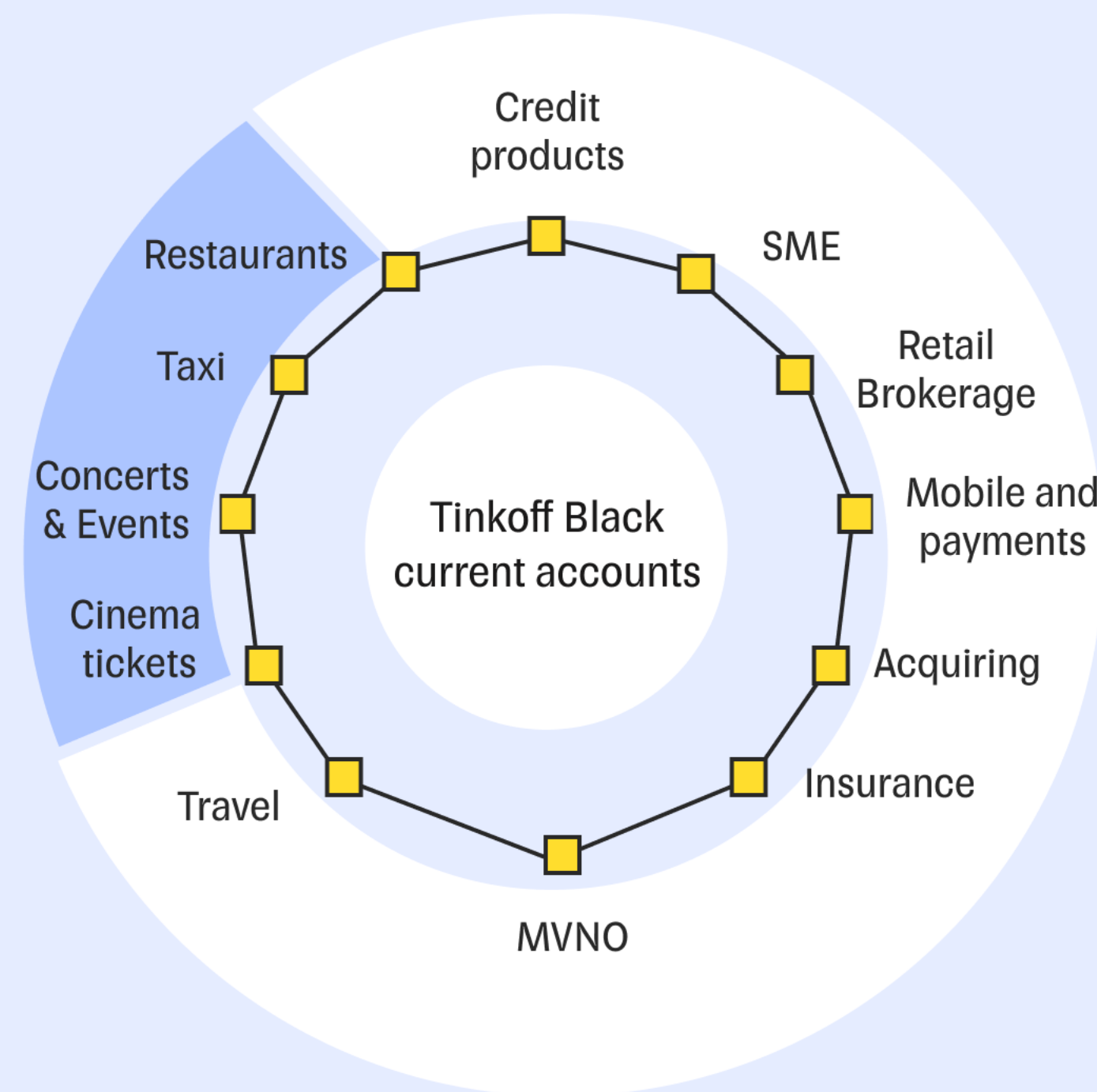
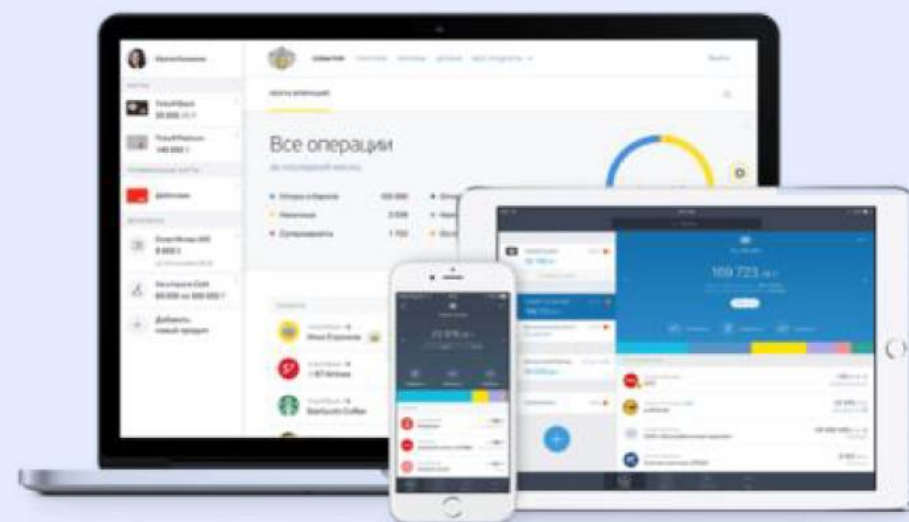


- Insurance business follows the expansion of our credit and non-credit customer base. We are putting additional focus on the cross-sell of our car insurance to growing transactional customer base, which starts to produce solid results
- Ample capital buffers for our insurance business growth plans

# Tinkoff.ru – A digital financial ecosystem built around customer needs

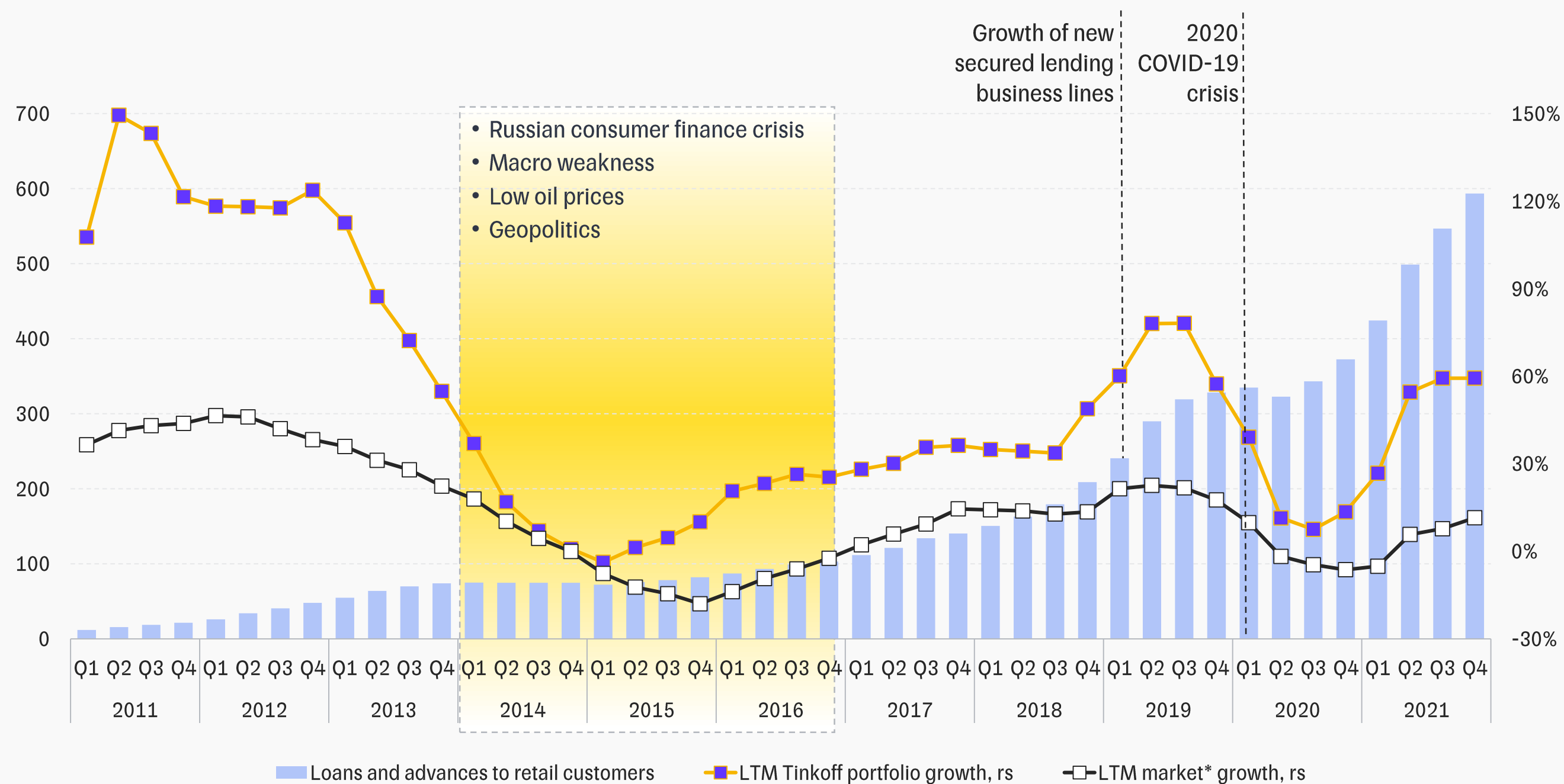
Tinkoff ID: a key  
to unlock Tinkoff  
offering →

Customer lands  
on mobile  
app or portal



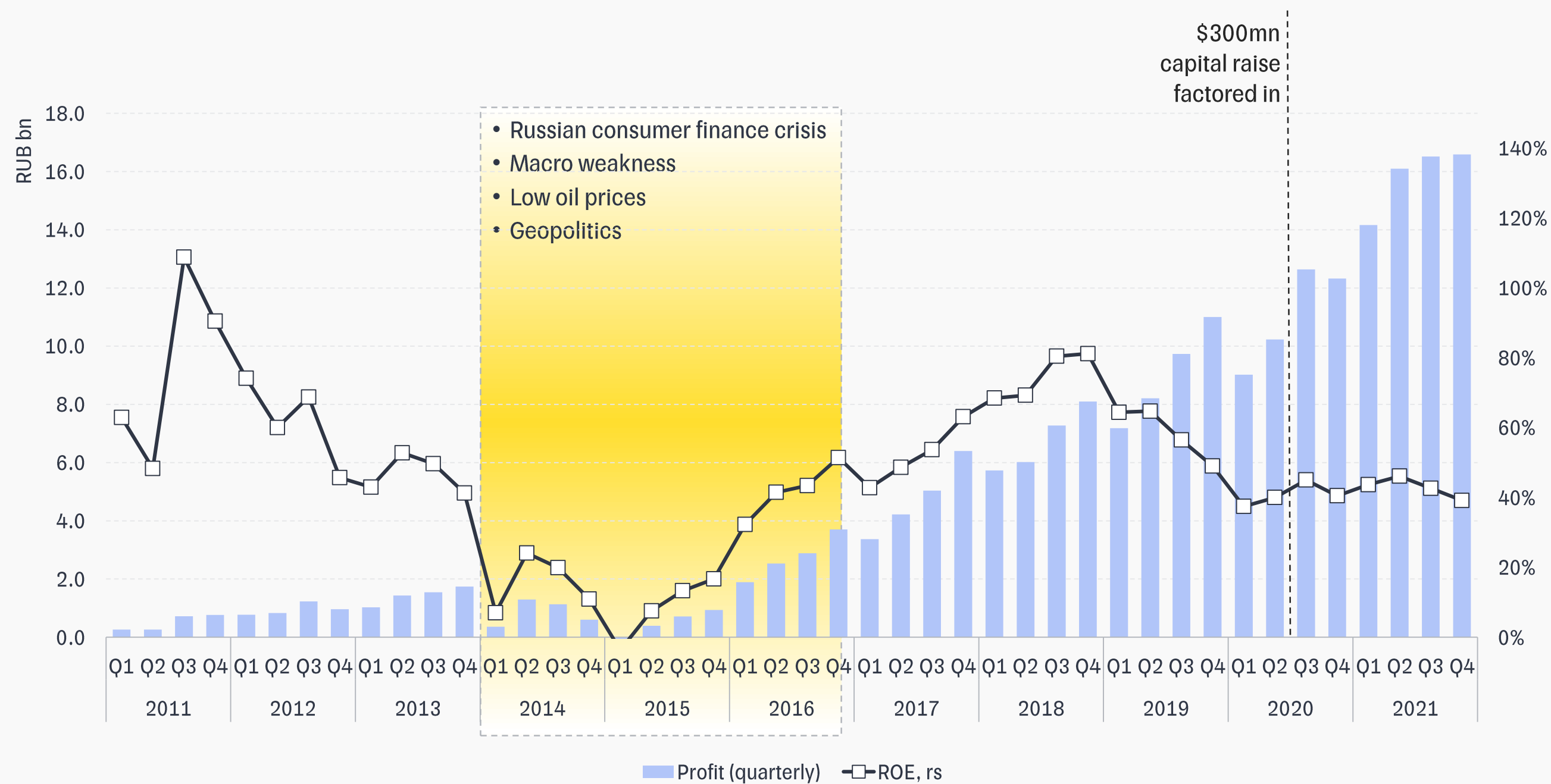
# Long-term perspective – growth

\* Market estimated as non-overdue portfolio from RAS reporting 101 form 455% and 457% accounts, including only loans with term upto 3 years

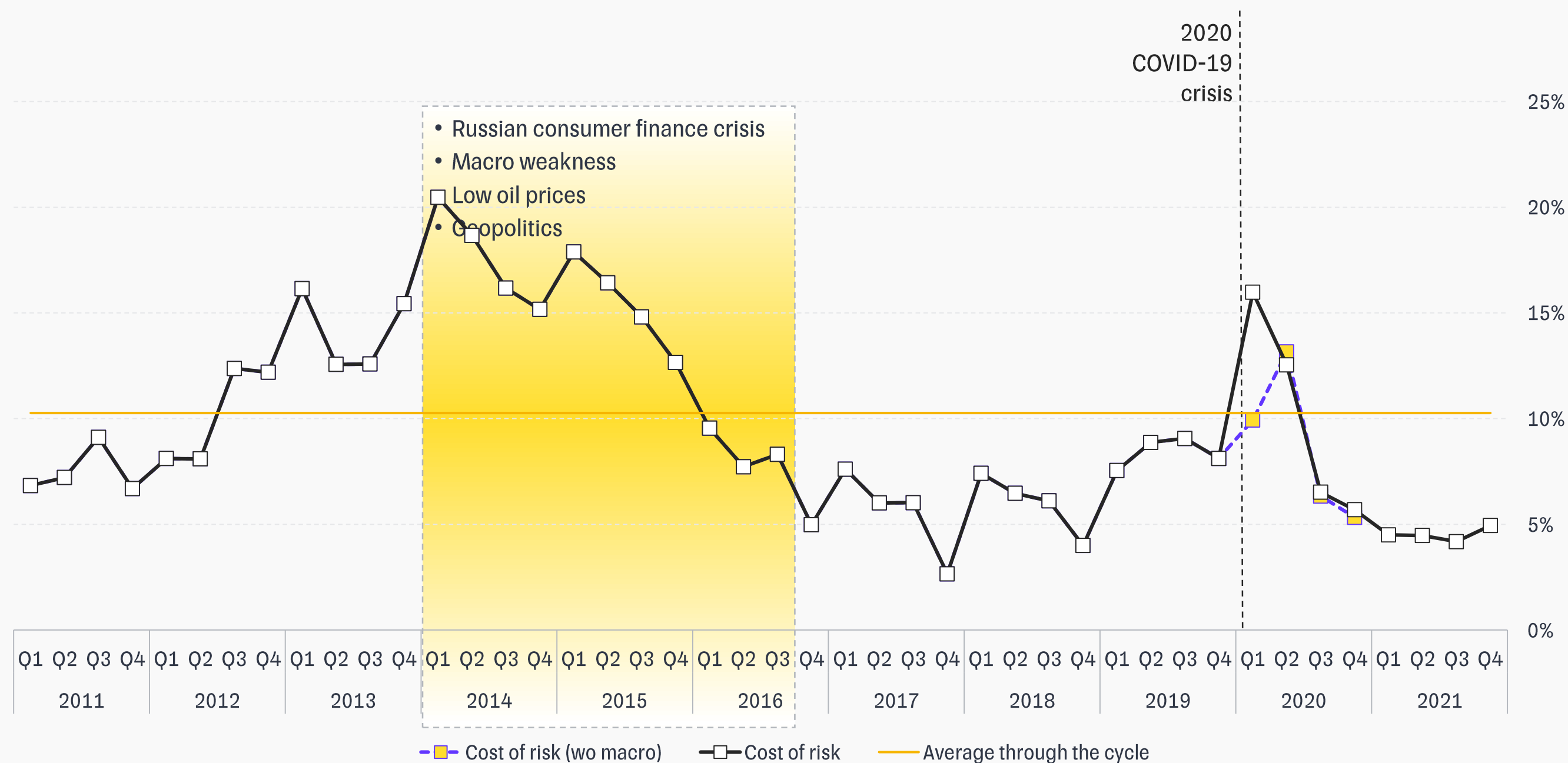




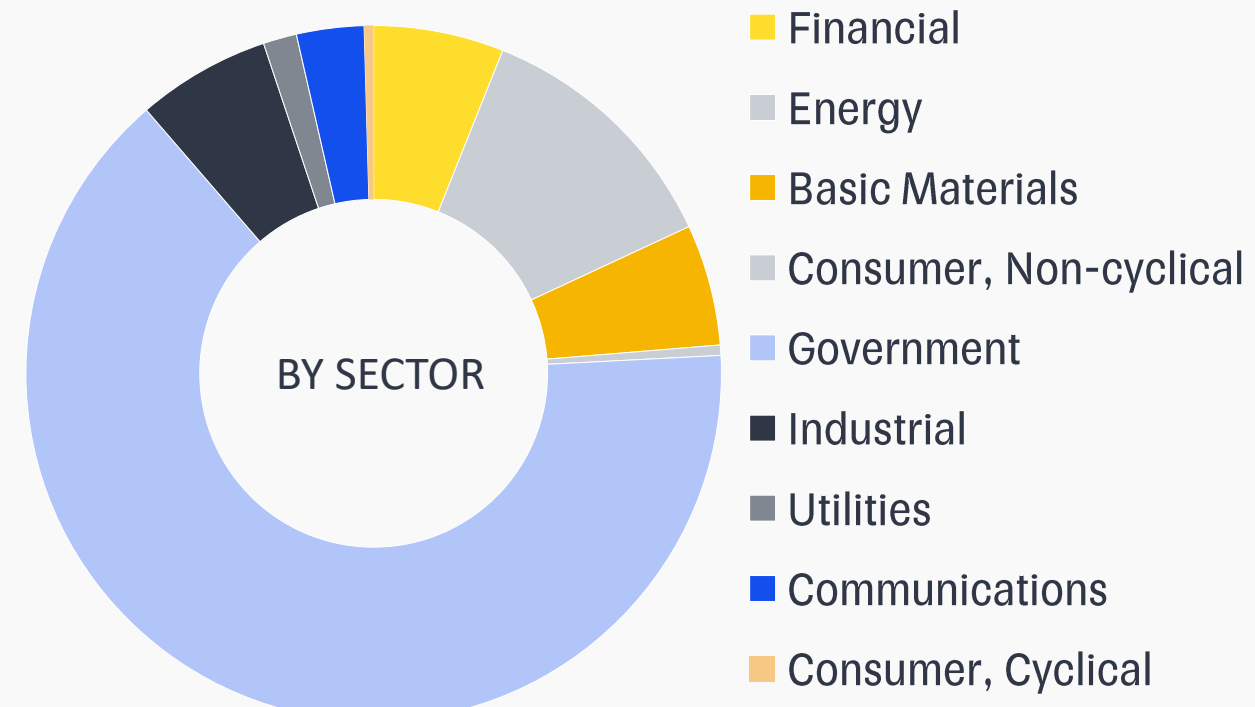
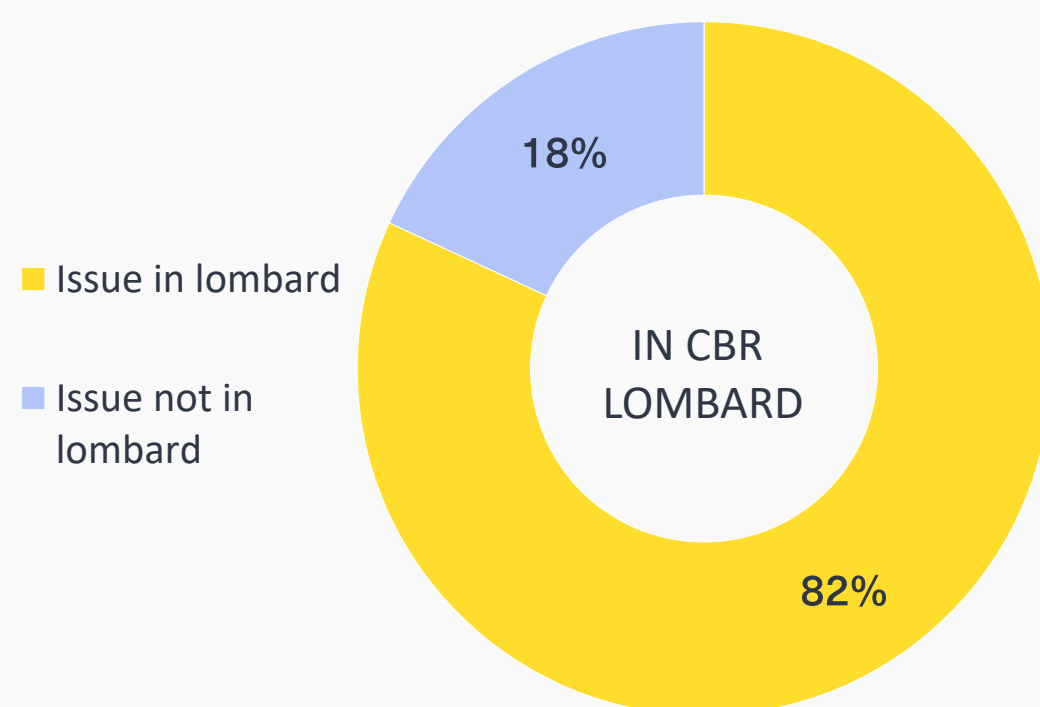
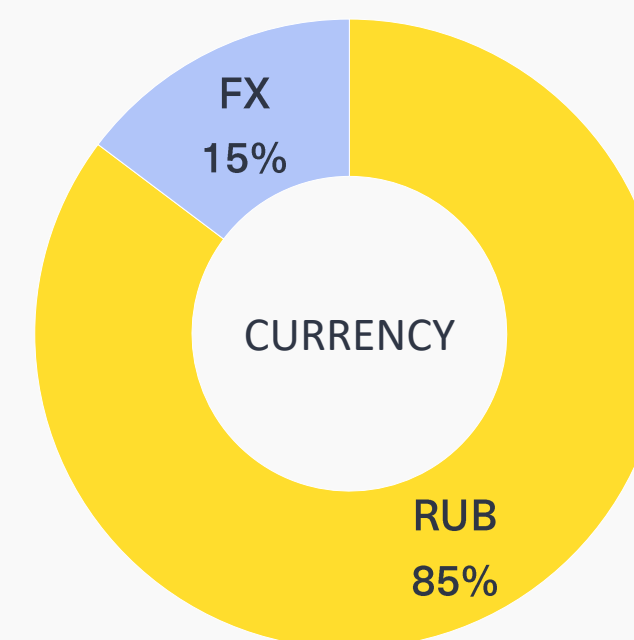
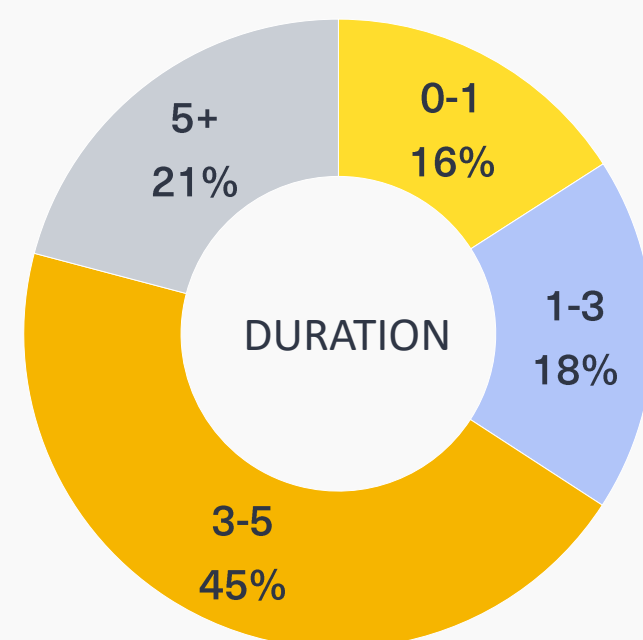
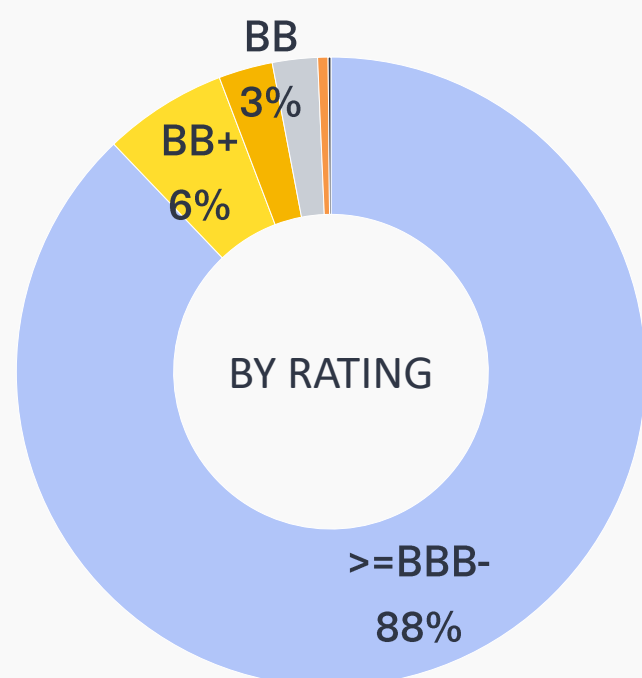
# Long-term perspective – profitability



# Long-term perspective – cost of risk



# Structure of the treasury portfolio



# Key financial results

Income statement	4Q'21	3Q'21	Change	2021	2020	Change
Interest income	45.8	42.9	7%	163.8	128.2	28%
Net margin	35.4	34.8	2%	132.6	104.7	27%
Provision charge for loan impairment	6.9	5.3	31%	21.7	39.0	-44%
Customer acquisition expense	14.1	10.1	40%	43.4	22.6	92%
Administrative and other operating expenses	18.9	15.3	24%	59.4	35.0	70%
Profit before tax	21.9	20.7	6%	81.0	56.2	44%
Profit for the period	16.6	16.5	0%	63.4	44.2	43%

Balance Sheet	31-Dec-21	30-Sep-21	Change	31-Dec-20	Change
Cash and treasury portfolio	538	415	29.5%	375	43.4%
Loans and advances to customers	606	556	9.0%	377	61%
Total assets	1 318	1 100	20%	859	53%
Customer accounts	946	777	22%	627	51%
Total liabilities	1 141	937	22%	732	56%
Total equity	176	163	8%	127	39%

Ratios	4Q'21	3Q'21	Change	2021	2020	Change
ROAE	42.6%	46.1%	-3.5 p.p.	42.5%	40.6%	1.9 p.p.
ROAA	6.4%	7.0%	-0.6 p.p.	6.2%	6.4%	-0.2 p.p.
Net interest margin	15.5%	16.6%	-1.1 p.p.	15.1%	17.8%	-2.7 p.p.
Cost/Income (incl. acquisition expenses)	47.5%	50.1%	-2.6 p.p.	50.5%	37.6%	12.9 p.p.
Cost of risk	4.2%	4.5%	-0.3 p.p.	4.5%	10.0%	-5.5 p.p.

# Tinkoff Investor Relations



ir@tinkoff.ru

<https://www.tinkoffgroup.com/financials/quarterly-earnings/>