

**NON-FINANCIAL INFORMATION AND DIVERSITY
STATEMENT 2017**

**DISCLOSURE OF NON-
FINANCIAL INFORMATION AND
DIVERSITY STATEMENT**

TCS GROUP HOLDING PLC



INTRODUCTION

TCS Group Holding PLC is the holding company of the Tinkoff financial supermarket in Russia. The Company was incorporated in Cyprus in late 1999, under company number HE107963. The Company issued GDRs in 2013 which are listed on the Main Market of the London Stock Exchange. The Company's Home State is Cyprus.

The Company is required to comply with the UK's corporate governance regime to the extent it applies to foreign issuers of GDRs.

In addition the Company is required to comply with the laws of Cyprus applicable to a Cyprus public limited company.

The Company is committed to providing information about how we manage and conduct our business. One, new way we do this is through the publication of our annual Non-financial information and diversity statement, in compliance with Companies Law (Amendment)(No.3) of 2017 which in turn aligns Cyprus law with European Directive 2014/95/EU as regards disclosure on non-financial information by certain large undertakings and groups which like the Company are public interest entities.

While information about our approach to environmental, social and employee matters, human rights, anti-corruption and bribery and diversity is widely available through a variety of channels-including financial statements, annual reports, regulatory filings and disclosures, press releases and meetings with investors and other stakeholders-this report brings together and summarizes some of the more salient aspects, as well as indicating where additional information can be accessed.

Effective management of environmental, social and governance issues involves having sound governance, risk management and controls: delivering high-quality customer service for Tinkoff customers; dealing with our customers in fair and transparent ways; investing in our employees' development within an inclusive work environment; supporting the communities in which we operate; and considering environmental and social issues in our business.

Over time this approach should make the Company and its business partners more resilient and perform better, lead to more robust growth, stronger performance and increased trust among our stakeholders including investors and customers.

This Non-financial information and diversity statement covers FY 2017 and is intended to be read in conjunction with the Group's 2017 consolidated and stand alone financial statements and AR2017, all of which are publicly available including on the Group's website.

CONTACTS

Detailed below are contacts and addresses all stakeholders, and others, may find useful.

Registered office address:

5th Floor Berengaria 25
25 Spyrou Araouzou
Limassol 3036 Cyprus

Principal business premises:

4th Floor Berengaria 25
25 Spyrou Araouzou
Limassol 3036 Cyprus

Telephone: +357 2505 0668
Email: administration@tcsgh.com.cy

Larisa Chernysheva
ir@tcsgh.com.cy

ir@tinkoff.ru
stakeholderengagement@tcsgh.com.cy

Darya Ermolina
pr@tcsgh.com.cy
pr@tinkoff.ru

More up to date information can be found at the TCS Group Holding corporate website at www.tinkoff.ru/eng

METHODOLOGY AND MATERIALITY

This Non-financial statement is significantly influenced by, but does not claim to be in conformity with, the Communication from the Commission-Guidelines on non-financial reporting (methodology for reporting non-financial information)(2017/C 215/01). The Company has not formally applied or referenced any international or EU based frameworks for this statement.

A number of factors are taken into account by the Company in assessing the materiality of non-financial information, and the Company applies these same factors in assessing materiality in relation to all seven elements to the disclosures stipulated in the EU Directive on non-financial and diversity disclosure. These include:

1. The Company's business model, the Tinkoff Business Model;
2. The principal risks identified for the Tinkoff Group and published under 'Risk Factors' in the most recent Listing Particulars issued by the Group on 13th June, 2017;
3. Management's thorough understanding of the key components of the Company's value chain;
4. Main sectoral issues identified by companies operating in the same sector, online financial services in the Russian Federation, while taking into account only issues that are specific to the Company's circumstances;
5. The information needs of relevant stakeholders as a collective group;
6. The impact of the Company's activities (their actual and potential severity and frequency) in the spheres of environmental matters, social and employee matters, respect for human rights, anti-corruption and bribery matters and diversity;
7. Public policy and regulatory drivers;
8. The test of financial materiality for a socially responsible business applied by the Company's external auditors and set out in the most recently published audited consolidated financial statements and prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of Cyprus Companies Law, Cap. 113.

The Company intends to review its materiality assessments at regular intervals taking into account the Company is a dynamic and innovative business and operating in a rapidly developing market place, to ensure that matters reported continue to be material and that all material matters are reported.

DISCLAIMER

Any financial information referred to in this Non-financial statement is derived from the consolidated financial statements of TCS Group Holding PLC and has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of Cyprus Companies Law, Cap 113, which are for the year ended 31 December 2017.

Market data used in this Non-financial statement have been extracted from official and industry sources TCS Group Holding PLC believes to be reliable and is sourced where it appears. Such information, data and statistics may be approximations or estimates. Some of the market data contained in this Non-financial statement has been derived from the official data of Russian government agencies, including the CBR, Rosstat and the FSFM. Data published by Russian federal, regional and local governments are substantially less complete or researched than those of Western countries. Certain statements and/or other information included in this Non-financial statement may not be historical facts and may constitute 'forward looking statements'. The words 'believe', 'expect', 'anticipate', 'intend', 'estimate', 'plan', 'forecast', 'project', 'will', 'may', 'should' and similar expressions may identify forward looking statements but are not the exclusive means of identifying such statements.

Forward-looking statements include statements concerning our plans, expectations, projections, objectives, targets, goals, strategies, future events, future revenues, operations or performance, capital expenditures, financing needs, our plans or intentions relating to the expansion or contraction of our business as well as specific acquisitions and dispositions, our competitive strengths and weaknesses, our plans or goals relating to forecasted operations, reserves, financial position and future operations and development, our business strategy and the trends we anticipate in the industry and the political, economic, social and legal environment in which we operate., together with the assumptions underlying these forward looking statements. We do not make any representation, warranty or prediction that the results anticipated by such forward looking statements will be achieved.

Nothing in this Non-financial statement constitutes an invitation to invest in securities of TCS Group.



OUR COMPANY'S BUSINESS MODEL AT A GLANCE

The Group is an innovative provider of online retail financial services operating in Russia through a high-tech low cost platform. In this Non-financial statement, we refer to this as the 'Tinkoff Business Model'.

The Group is the second largest credit card issuer in the Russian market. While credit cards constitute the Group's core business, the Group is diversifying the scope of its non-credit products and services made available to customers on both a proprietary and broker-service basis through its one-stop online customer service destination, the Tinkoff.ru platform (also referred to as the Financial Supermarket). Such additional non-credit product lines typically require limited capital investment but provide a valuable opportunity to diversify the Group's sources of revenue, attract new customer segments and drive customer traffic, thereby generating further opportunities for cross-selling.

The Group's business operations are carried on almost entirely in Russia though the Group does have offices presence in Cyprus where the holding company is headquartered and operates a home call centre business as well as in Latvia and Kazakhstan.

The Tinkoff Business Model is focused on its online platform, Tinkoff.ru, an advanced high-tech retail financial services platform with more than 10 million monthly visitors. The Tinkoff.ru website acts as a centralised customer acquisition platform through which the Group's wide range of credit and non-credit products and services are made available to customers. The platform is characterised by advanced functionality and is supported by the Group's award-winning Internet bank and mobile banking services and its high-volume call centres. The Group's primary customer acquisition channels are Internet and Mobile but it also uses direct sales agents and partnerships

(co-brands) to acquire customers. These customer acquisition models, combined with the Group's virtual network, afford it a geographic reach across all of Russia's regions, resulting in a highly diversified portfolio.

The Group's main marketing and distribution channels are its on-line channels (Internet, mobile and telesales), which, the Group's management believes, optimise the scope of its coverage and allow it to access otherwise underserved parts of the country. The Group's "smart courier" delivery network enables it to deliver cards and other products and services to consumers throughout Russia within one or two days. This infrastructure-light operating structure provides a low fixed cost base and high degree of flexibility to ramp the business up or slow the business down according to the external environment.

The Tinkoff Business Model involves extensive outsourcing of various customer service and operating functions. These include Elecsnet, CONTACT, Unistream, Cybeplat, the Russian Federal Post Office as well as others in the spheres of data centre management and collections.

The Group's operations are supported by its advanced IT capabilities, which underpin the operational efficiency of its Tinkoff.ru platform and its online/remote service business model. Further, the Group's focus on data analysis enable it to target its marketing and product offerings effectively and responsibly and give it an advantage in its underwriting, risk analysis and collection processes. The Group's management believes that the

relatively low level of retail financial services penetration, relatively high margins and regulatory and technology barriers to entry for the Group's competitors make the Tinkoff Business Model attractive in terms of growth potential and competitive edge.

The Group's management believe that the Group is one of the most recognisable and popular brands in Russian financial services. The Group's brand recognition is very strong due to the high profile persona of its founding shareholder Mr Oleg Tinkov, from whose last name the brand originates. The name "Tinkoff" is associated with Mr Tinkov's well-known entrepreneurial activity that has launched a number of successful businesses and brands in Russia, including beer, restaurants and frozen foods. The Group's marketing and public relations divisions are highly attuned to the latest consumer and online trends and use a variety of communication channels, including its online platform, Tinkoff.ru, and social networks (Instagram, Twitter.com, Facebook.com, YouTube, Odnoklassniki.ru and V Kontakte.ru) to further enhance the Group's brand recognition.

The Group's strategic goal is to become an integrated retail financial services provider serving customers through a high-tech online platform that offers premium-quality service and convenience, while maintaining profitability and effective data-driven risk management.

CONTINUED

OUR COMPANY'S BUSINESS MODEL AT A GLANCE

Since its launch in April 2016, the Group's online platform, Tinkoff.ru, has become central to its flexible Business Model, creating a high-quality, scalable platform through which consumers can access both proprietary and broker-based products and services. With approximately 10 million visitors a month on average throughout 2017 the Tinkoff.ru platform attracts high-volume internet traffic, making it a key tool for customer acquisitions and marketing.

The Group intends to continue to develop the functionality of Tinkoff.ru, and its other mobile and online presence, in order to provide a convenient, one-stop destination which consumers can use to satisfy the full range of their retail financial needs, thereby growing both the total number of the Group customers and increasing the amount of products and services used by each customer. The Group's management believes that by enhancing the Group's online presence in this manner it will improve access to customers in regions underserved by physical bank branches and to customers from more affluent and tech-savvy demographics that spend more time online and tend to utilise more financial services. Further, it is expected that, as traffic on its Tinkoff.ru platform increases, the Group will gain access to additional data on Russian consumer trends and preferences which it can use to further refine its marketing and credit analysis and underwriting processes.

STAKEHOLDER ENGAGEMENT

Our programme of ongoing and proactive engagement with stakeholders helps keep the Company well informed of developments in its market place, keep up to date our understanding of stakeholders' interests and concerns, allows us to develop products and services that reflect and anticipate our customers' needs and as a two-way process, is an integral part of keeping our stakeholders informed of the Company's strategy, practices and performance.

The Company has a diverse range of stakeholders, the more important of which are:

Our Customers

Our shareholders and potential investors

Our employees

Regulators, policy makers and rating agencies

Our outsourcing partners and Other counterparties

We engage with these stakeholders, on a continuing basis, in many different ways and through various channels.

Our Customers

Our customers, our most important asset. We have a variety of formal and informal means of soliciting customer feedback including through our call centres which on average handled in 2017 over 2 million inbound calls and around 10 million outbound calls per month. This gives us feedback on a massive scale about our products and services and about the Tinkoff Group as a whole to which we respond with interest and enthusiasm, as well as on the products and services of other financial services providers in Russia.

In order to develop better products the Group regularly applies a 'test and learn' approach, by running small scale tests to gauge customer interest ahead of rolling out, refining or shelving innovations or new products, based on the feedback.

The Group's marketing and public relations divisions are highly attuned to the latest consumer and online trends and use a variety of communication channels, including its online platform, Tinkoff.ru, and social networks (Instagram, Twitter.com, Facebook.com, YouTube, Odnoklassniki.ru and Vkontakte.ru) to monitor these as well as further enhance the Group's brand recognition.

Our shareholders and potential investors

We interact and communicate with our shareholders and potential investors in a number of ways. The Company's Investor Relations and PR teams attend many investor related seminars and conferences arranged by third parties, and from time to time the Company itself organizes events to which investors, the financial press, members of the investment community and others are invited.

In addition the Investor Relations and PR teams answer specific information requests and general inquiries from those interested in the Company's activities in calls and meetings and distribute a wide range of materials, presentations and reports relating to the Company to members of the investment community such as analysts and researchers. In 2017 meetings with investors were arranged worldwide, including all the main financial centres.

The Company is listed on the main market of the London Stock Exchange, and reports its financial results quarterly. The Company also issues public statements from time to time on acquisitions, new products, major hirings and other notable events in the Company's life.

Our shareholders particularly around the time of the annual general meeting give us useful feedback on what guided their voting: this feedback is considered in the processes that set the framework for the Company's corporate governance.

The Company's Investor Relations and PR teams monitor closely all press and media coverage of the Group. This extends to the full range of media which might directly or indirectly impact the Company and /or give the Company a better insight into the views of the entire universe of its stakeholders.

CONTINUED

STAKEHOLDER ENGAGEMENT

Our employees

We receive regular feedback from our employees on a wide range of topics, ranging from conditions of employment, the Group's charitable and community activities to lifestyle choices and as most employees are also customers on the Group's products and services. The Company regularly facilitates focus groups for these and related purposes.

This year the Company is launching its widest ever employee feedback survey. This survey, externally managed, targets around 350 employees in 30 groups across different units and departments of the Group.

Regulators and policymakers

The Company operates in a highly regulated environment. All banking and various related operations in Russia require licenses from the Central Bank of Russia (CBR) and the Group necessarily has daily contact with the CBR on many levels across the businesses and control functions.

We devote a lot of time and attention to fostering a good relationship with CBR. Management of the Bank are in regular dialogue with senior officials within the CBR on its initiatives and consultations and with other policy makers and banking associations in Russia. This allows the Company to get a fuller understanding of the regulator's priorities and areas of concern, while allowing the Company to keep them up to date on developments in the Company's business and trends in the Russian consumer lending markets.

Other regulators in the consumer lending space include the Consumer Protection Agency of the Russian Federation (Rospotrebnadzor) and the Federal Anti-Monopoly Service (FAS) with which the Group has regular dealings and whose views on consumer lending and anti-competitive practices are taken into account when the Company reviews or changes its standard documentation, practices and procedures.

The Company is listed on the Main Market of the London Stock Exchange and subject to the extent applicable to the UK's corporate governance regime.

The Company invites all stakeholders and other interested parties to share their interests and concerns with the Company and has set up a dedicated address for this-stakeholderengagement@tcsqh.com.cy

PART 1.

ENVIRONMENTAL MATTERS

Environment

As the Group is an online only financial institution, the management of the Group believe none of Company's business relationships, products or services are likely to have any actual or potential significant environmental impacts, no severe environmental impacts have already materialised and the management believe its operations are not exposed to any material environmental risks.

Management, in reaching this view, have taken into account the risk of actual or potential adverse impacts that may stem from the Company's own activities as well as its business relationships including its supply and subcontracting chains. This belief is based on continuous scrutiny of the business.

The Group fully complies with the laws applicable to its business activities wherever carried on and subscribes to international norms which prohibit the provision of credit for any activities which might materially adversely impact the environment, be morally repugnant or infringe human rights. In particular the Group has in place procedures which regulate/prohibit involvement with exploitative forms of forced or child labour, trade in weapons and munitions, gambling, casinos, prostitution, trade in regulated wildlife or wildlife products (CITES rules) and production or trade in radioactive materials or significant volumes of hazardous chemicals.

Strict monitoring processes are in place which require customer contact staff to certify that any business we write conforms to these norms.

Nonetheless in order to establish baselines for the measurement of the Group's aspirations to reduce its environmental impact, if in the future actual or potential risks of environmental impacts become material, the Group recently upgraded its capabilities to track resource usage. Details follow in the next section.

Environmental Performance Indicators

The Group primarily occupies one large newly-constructed office block in Moscow which it moved into in 2017 and two call centres, and has launched a number of small development hubs across Russia. The first in St Petersburg opened in 2016, with more following in Nizhniy Novgorod, Yekaterinburg, Novosibirsk, Rostov on Don, Saratov, Vladivostok and Kazan.

In addition the Group occupies serviced office facilities in Limassol and has a presence in Skolkovo where it uses facilities of the Skolkovo Foundation. In relation to the office premises the Group occupies in Russia and in Cyprus, the Group is generally subject to non-negotiable tenant or tenant-like covenants which greatly restrict its ability to exercise control over or even influence heat, power, water supply and water discharge arrangements. These legal and practical constraints, coupled with the centralized nature of utility provision in Russia, are major limiting factors on the Group's ability to ameliorate any environmental impacts.

All offices of the Group are intentionally sited very close to major public transport hubs, to encourage staff and visitors to use public transport.

There is no risk of any of the Company's products having possible effects on consumers' health or safety.

MANAGING OUR OPERATIONS

The Group recently upgraded its capabilities to track resource usage (materials, waste, energy, use of renewable energy, land use, air pollution) and some early stage results should be available in the medium term to benchmark future performance, even though the Group's ability to exercise day to day control over these aspects of its operations is extremely limited.

The Group is also looking into identifying for individual products a methodology for a life cycle assessment of the most relevant impacts. In Q1 this year, Management completed a review of our Moscow office meeting room equipment and stationery. Some products were redesigned and this resulted in an expected paper usage reduction of 50% for this and future years, as well as associated cost savings.

PART 2.

SOCIAL AND EMPLOYEE MATTERS

Our brand, the Tinkoff brand, and brand strategy are of fundamental importance.

Management of the Group recognise that treating fairly and responsibly customers, employees, suppliers and other business partners, as well as those on whom the Company's activities might have positive or indeed adverse impacts is a fundamental part of the Company's success. This has many strands and these are discussed in different Parts of this statement.

Management recognize as principal risks any factors that might have a severe impact on the brand and undertake a wide range of initiatives some disclosed some confidential to prevent the materialization of principal risks of severe impacts on the brand.

LEADERSHIP IN CUSTOMER SERVICE AND BRAND AWARENESS

The Group's management believes that high-quality customer service has been a key driver of the Group's growth and customer retention. Elements of the Group's premium-level service include, among others, simple application processes; streamlined documentation requirements; convenient and free twenty-four hour, seven days a week access to accounts via the Internet, mobile phone and call centres from wherever the customer chooses, whether at home, in the office or while travelling; the reach of its "smart courier" service contributing to fast processing of applications and card delivery; free loan repayments or account replenishments through a wide network of partners; and quick and straightforward problem and complaints resolution. The Group's management intends to maintain and further improve each of these components of its customer service in the future.

The Group maintains a focus on ensuring customer satisfaction through a well-developed complaints resolution programme and by extensively training its call centre staff to offer friendly and helpful service. According to Google Search Trends, Tinkoff Bank brought our current accounts product to a new level of customer servicing and satisfaction in 2017 with a net promoter score of 57 points which is much higher than smartphones which came next with a NPS of 40. A net promoter score is a management tool, commonly a key performance indicator, that can be used to gauge the loyalty of a firm's customer relationships and is calculated based on the results of a customer survey.

The Group's brand recognition is very strong due to the high profile persona of its founding shareholder Mr Oleg Tinkov, from whose last name the brand originates. The name "Tinkoff" is associated with Mr Tinkov's well-known entrepreneurial activity that has given birth to a number of successful businesses and brands in Russia, including beer, restaurants and frozen foods. The Group's marketing and public relations divisions are highly attuned to the latest consumer and online trends and use a variety of communication channels, including its online platform, Tinkoff.ru, and social networks (Instagram, Twitter.com, Facebook.com, YouTube, Odnoklassniki.ru and Vkontakte.ru) to further enhance the Group's brand recognition.

CONTINUED

PART 2.

SOCIAL AND EMPLOYEE MATTERS

SUPPORTING OUR COMMUNITIES

Management of the Group firmly believe in making a difference for the society in which the Group operates and for its sustainable development. We encourage both our employees, customers and business partners to contribute to the quality of life of vulnerable and disadvantaged groups, and others, in Russia.

The Group supports the charitable Galchonok Foundation which helps children with organic central lesions. In 2017 again, Tinkoff Bank sponsored Galafest 2017, an annual inclusive festival attended this time by more than 7,000 guests. The festival is a family event, where children with special needs play and study with their peers on an equal footing with them. At the festival, Tinkoff Bank opened up Galabank, a special children's branch where children of

different ages could make a bank card with their own hands. Throughout the day, under the guidance of professional artists and teachers, the children invented and brought to life their own designs, and then used the cards for real, buying 'growing' crayons with the festival's virtual currency via a specialised terminal. In just one day Galabank issued more than 700 cards.

Other groups supported in 2017 include a Moscow children's hospice (supported by the Tinkoff employees' charity fund), orphanages and centres for those with defective hearing and sight, as well as an educational programme (bus bookstore 'Bumper') that delivers books for children to regional libraries in small towns of Russia.

We also strive to increase awareness about different charity foundations amongst our customers who can donate easily using the Group's online financial services: internet bank or mobile app.

PROVIDING SKILLS AND EXPERTISE/ GIVING BACK THROUGH SKILLED VOLUNTEERISM

The Group and its employees provide not only financial support but hands-on assistance for a number of charities, including care homes and orphanages, as well as facilities for homeless people and individuals in need of critical medical help.

Over the past year, we held a number of charity campaigns targeting underfunded care homes and orphanages located in underdeveloped regions of Russia. Our employees raised funds which were spent on renovating facilities, buying construction materials, as well as providing food, medicine and toys for vulnerable groups.

FINANCIAL INCLUSION

Educational

In addition, for over three years now Tinkoff Bank has produced an online educational journal called 'Tinkoff Journal' which primarily focuses on personal finance management, investments, interaction with banks and other consumer issues (such as loans, saving, markets, luxury purchases, taxes, careers, retirement small business finance and real estate). Its expert content is partly sourced in-house with over 50 external contributors.

In the year to 31 January 2018 the Tinkoff Journal attracted over 15.6 million visitors, increasing from over 645,000 in February 2017 to close to 2.07 million in January 2018.

The Tinkoff Journal is one example of Tinkoff's significant efforts to increase levels of financial understanding amongst parts of the population which traditionally had fewer dealings with financial institutions and less awareness of the services available; other initiatives are described elsewhere in this statement.

Management believe that increasing the familiarity of the Group's customer base, and society in general, with financial products, many of whom have limited experience of financial services, is important, as the Group's growth depends on increasing consumer adoption of financial services. At the same time the fact that customers will become more sophisticated with financial products in the future is likely to negatively impact the Group's yields and margins.

In addition to the Company's informational initiatives on financial inclusiveness, the Company has a good record of serving customers in under-served parts of Russia and lower income group customers.

SOCIAL AND EMPLOYEE MATTERS

Expanded customer base in under-served parts and smaller cities of Russia

The Group's high-tech branchless platform gives it universal coverage of the entire country and the ability to address under-served parts of Russia, in which competition and supply of quality financial services are lower and unsatisfied demand and response rates are higher than in Moscow and St. Petersburg, the two largest markets in the country.

The Group believes that, as of 31 March 2018, approximately 46 per cent. of its customers lived in smaller cities/communities with fewer than 200,000 inhabitants.

Serving low and moderate income customers

The following table sets out monthly self-reported income breakdown for the Group's new customers acquired through the on-line customer acquisition platform (Internet, mobile and telesales) as of 31 March 2018, 31 December 2017 and 31 December 2016:

Monthly income (in %)	March 2018	December 2017	December 2016
Less than RUB 25,000 (equivalent to under USD400)	23%	24%	26%
RUB 25,000 to RUB 50,000	43%	43%	42%
RUB 50,000 to RUB 75,000	16%	16%	14%
RUB 75,000 to RUB 100,000	10%	9%	9%
RUB 100,000 to RUB 150,000	5%	4%	5%
RUB 150,000 and above	4%	3%	4%

SUPPORTING OUR EMPLOYEES

Working Environment, Health and Safety

The Group makes regular assessments of the health and safety risks arising out of its work practices, in consultation with staff. The frequency of these assessments takes into account changes in the workplace over time, such as the introduction of new equipment or changes in procedures. The Group's premises are also regularly inspected by officials of government departments covering aspects such as fire, electrical safety, food safety and compliance with employment laws affecting the workplace. In 2017 all such assessments successfully passed and recommendations, minor if any, implemented.

In 2017 there were no reported accidents to employees or staff in the Group's premises.

TCS Group is a fintech entity which embraces innovation, cutting-edge technologies, empowerment, and creativity, and is committed to creating a working environment where our best-in-class professionals can most comfortably work on their ideas for the benefit of our customers.

SOCIAL AND EMPLOYEE MATTERS

SEEKING DIVERSE CANDIDATES/ EXTENDING THE APPLICANT POOL

ATTRACTING THE BEST

We stick to an unconventional recruitment approach. We do not hire stereotypes. A lack of work experience in banking or finance does not necessarily put applicants at a disadvantage. On the contrary, a lack of such experience is usually a plus.

We hire people who are willing to change the financial services landscape, and no experience in this segment means the applicant does not have any preconceptions about how things 'should' be done or how things 'should' work.

We prefer people with analytical mindsets, those who can handle large amounts of data and figures. They would be graduates of technical departments at Russia's top universities, and we would inject Tinkoff DNA into them and keep fostering them within the Tinkoff culture.

The Group's human resources policy is focused on the following core principles:

- bringing together numerically minded people with analytical backgrounds;
- flat structure with no bureaucracy and minimum hierarchy;
- creating an intellectually challenging work environment;
- creating an effective and fast learning environment;
- fostering a culture of generating ideas and assuming responsibility;
- embracing open dialogue, cooperation and creativity;
- demonstrating efficiency with minimum bureaucracy;
- promoting team spirit and an entrepreneurial culture;
- empowering employees and delegating responsibilities;
- creating an environment when employees can experiment, make mistakes and draw the right conclusions;
- promoting 'test and learn' approach.

Our core HR principles are further elaborated in Part 5.

In line with our 'test and learn' approach, we test many concepts and models and implement the most successful. Our employees are not afraid of making mistakes and failures; in our quest for the most successful models we support many experiments and promote open communication between colleagues. We welcome innovative ideas to solve challenges in many different ways and we believe in the idea of a work environment granting talented people far-reaching authority. Greater rights and opportunities for our people are a crucial element of our success. To deliver on the Group's objectives, we use various channels to establish communication between employees: email, online chats, meetings, etc. Any employee can address anyone in the Company regardless of their position.

To attract the best, we cast our net wide. We do not wait for applicants to come to us, we actively search for potential applicants and/or to project the Tinkoff brand into the widest range of talent pools. A wider range of talent pools helps us generate a wider and more diverse range of applicants, Some examples follow.

Paid Summer Internships

Analysts and developers, first to fifth year students and recent graduates, are invited to enrol in annual summers internships at Tinkoff each year and work on real-life projects. The duration of the programme is 1-2 months. During that period students are familiarized with the banking industry and choose their further career path. A total of 50 students in Moscow and 8 in St Petersburg participated in the summer internship programme in 2017.

FinTech Youth Day at Finopolis Forum

In Autumn 2017 Tinkoff became a general partner of the first FinTech Youth Day at Finopolis, a forum of innovative financial technologies. The event was attended by students of specialized colleges and universities, post-graduates and recent graduates selected through an admission contest held by the Bank of Russia and the FinTech Association. George Chesakov, CEO of Tinkoff Mobile (MVNO) delivered an open lecture for forum participants entitled 'Three secrets of a successful FinTech (out of 20)' and told participants about the lessons learned by Tinkoff over 12 years of successful business development.

CONTINUED

PART 2.

SOCIAL AND EMPLOYEE MATTERS

Tinkoff Fintech School

Twice a year the Group enrolls students and graduates of top-ranking universities for our Tinkoff Fintech School where lectures and hands-on seminars are delivered by Tinkoff's senior management and other leading experts. They explain modern technology in the banking industry, mobile banking, social media, artificial intelligence, blockchain and cryptocurrencies.

MIPT Master's Programme

In April 2017, Tinkoff launched the Master's programme at the Moscow Institute of Physics and Technology (MIPT). The first admission round took place last summer with 22 students enrolled. The MIPT Master's programme is a Financial Technologies Department in the Phystech School of Applied Mathematics and Informatics at the Moscow Institute of Physics and Technology. Key Tinkoff employees hold professorial positions at the department. To be admitted to the Master's programme candidates need to pass an internal examination and interview at Tinkoff as well as MIPT admission exams. The Department provides two year education free of charge. Graduates receive diplomas from the Department of Control and Applied Mathematics and the Department of Innovation and High Technology. The course schedule allows students to study and work at the same time.

Specialised courses at the Moscow State University's Department of Mechanics and Mathematics (MSU Mech-Maths)

In December 2017, Tinkoff started collaborating with the MSU Mech-Maths corporate Department of Mathematical and Computer Methods of Analysis. Tinkoff senior management and analysts developed specialized courses for the University's curriculum incorporating real life business cases. The course curriculum gives students advanced training in programming, machine learning, business analytics and big data fundamentals among other subjects. Admissions will start in September 2018; the course is 2-3 years and is provided free of charge.

Tinkoff also actively cooperates with other leading national universities. Tinkoff employees deliver specialised courses at the Bauman Moscow State Technical University, the Faculty of Computer Science of the Higher School of Economics, and MIPT. They also participate in careers fairs.

Partnership Project with the Skolkovo Foundation

In 2017, Tinkoff Bank became a partner of the Skolkovo Foundation. The collaboration includes research and development projects run at the Foundation's facilities by a Partnership Centre of Tinkoff Development Hub. Under the agreement, Tinkoff employees will participate in research and development conferences and other public events held by the Skolkovo Foundation. Such events will give the Foundation's resident start-ups an opportunity to receive feedback on their products and mentoring from Tinkoff's experts, and to partner with Tinkoff.

Online contests

We launch online projects on a regular basis: computer vision contests, mathematical games, programmer contests, analyst days, machine learning and other competitions. To date, almost 45,000 people across the globe have participated. In November 2017 Tinkoff held an online contest in satellite imaging recognition. The event was open to anyone interested in computer vision and remote sensing. The panel of judges selected four winners to receive prizes of RUB150,000, 100,000 and two of 50,000. The best performing participants were invited to job interviews at Tinkoff.

KEEPING THE BEST

Recruitment and training

We aim to attract the best professionals in the market through a sophisticated recruitment process, as well as employ a set of tools for motivation and retention.

We recruit new employees through advertising and job sites, student forums, social networks and other online channels. IT specialists and other core personnel are hired through a highly selective head hunting process targeting top IT graduates and experienced professionals from various backgrounds. We also target the best students from top national and international universities, including winners of contests in mathematics, physics and programming.

We offer career development and training for all levels and in 2017 most employees will have undergone some form of soft or hard skills training (a combination of in-house and externally provided training).

CONTINUED

PART 2.

SOCIAL AND EMPLOYEE MATTERS

Remuneration, motivation and promotion

The Group offers a clear far-reaching career path for its employees, an unique work environment and fair and transparent compensation.

All Group employees have written employment contracts in compliance with applicable law.

A clear performance evaluation process and fair compensation are essential. Compensation is a combination of fixed rate salary and bonuses and is based on employee performance. Employees are evaluated on a regular basis in order to monitor their achievement against KPIs, to determine incentive compensation, and to provide feedback which can be used for their career development.

The Group offers above market average compensation with an attractive variable component; salary increases and bonuses are based on annual performance reviews; incentives are partially linked to KPI achievement and to the overall financial performance of the business.

Prior to its IPO in 2013, the Group set up share based long term incentive plans as retention and motivational tools for key and senior managers.

In March 2016, the Group announced a consolidated long-term management incentive and retention plan, covering in total 51 key, senior and middle managers. In February 2017, the Group announced the expansion of the plan to 67 participants, with a further increase to 83 introduced in March 2018. Total target size of the MLTIP pool amounts to close to 5.6% of the Group's current share capital.

The plan is designed to align more closely managers' interests with those of shareholders to grow the Group's value. The plan is awarded over four years, materially subject to the fulfilment of annual KPIs, with each such annual award vesting linearly over the subsequent three years.

The Group believes that participation in its share capital is an effective motivation and retention tool. The new management incentive and retention plan now embraces more managers for two main reasons: firstly, internal promotions as some employees were promoted to key managerial positions, and secondly, as part of its expansion and transformation into a financial marketplace, the Group has hired a significant number of new managers to develop and manage new business lines.

INNOVATION HELPS US MEET OUR CUSTOMERS NEEDS, ENTREPRENEURIALISM IS EMBEDDED IN THE TINKOFF DNA

Tinkoff promotes a corporate culture of experimentation and open communication. We encourage our young employees to innovate and even make mistakes. To us, experimentation and innovation are not merely buzzwords. Each team member looks at problems from different angles and tests a range of possible solutions to find the best way to address the challenges.

At Tinkoff, we have a flat organizational culture. We practice delegation of decision making to the levels deep below the management team and we actively promote discussion and ideas generation and exchange.

We believe in creating a work environment where highly talented people are empowered. Empowerment is an important ingredient in the success of our organization. It is also about the work environment – having an open leadership style where information can flow freely – where ideas are constantly channelled up, down and laterally throughout the Company. We do not have 'a rule by committee' approach. We utilize all types of forums to promote continual dialogue – using email, various online chat rooms, flash meetings, as well as formalized meeting structures. Anyone can talk to anyone and transparency is encouraged.

CONTINUED

PART 2.

SOCIAL AND EMPLOYEE MATTERS

SUPPORTING EMPLOYEE HEALTH AND WELLNESS

We provide a safe and healthy environment for our employees in full compliance with the employment laws of Russia.

The Group offers regular annual medical check-ups, vaccinations, voluntary health insurance, free membership of our in-house fitness gym at Tinkoff Bank's headquarters and other healthcare initiatives. We promote a healthy lifestyle among our employees and regularly hold corporate competitions in football, volleyball, basketball, alpine skiing and chess.

Tinkoff encourages a healthy lifestyle and supports the cultural development of its employees and society as a whole. Tinkoff plays a part regularly in the biggest and most culturally important national events related to music, sports, science and education.

In May 2017 Tinkoff Bank became the chief sponsor of the Moscow Cycling Parade arranged by the Let's Bike It! project (aimed to promote cycling culture) and Moscow Department for Transport and Road Infrastructure Development. Oleg Tinkov, the founder of Tinkoff Bank, attended the opening ceremony and rode the route together with other cyclists. The big Moscow Cycling Parade saw 40,000 participants occupying the entire Garden Ring at the start. In July 2017, there was a Night Cycling Parade sponsored by Tinkoff. Its

goal was to support the cycling infrastructure development and road safety. The Night Cycling Parade, which started at 10 pm on Frunzenskaya Embankment, was attended by 10,000 participants. The route was 14 kilometres.

Group employees are keen to support the Bank's corporate values related to a healthy lifestyle, and are highly proactive and willing to participate personally in cycling parades and other sporting events. Also in July 2017, 16 top European and Russian teams gathered at Tinkoff Moscow Open – a basketball tournament within a FIBA international challenge. The event was attended by 450 amateur teams from Russia. In all, some 15,000 people took part in the tournament. Tinkoff Moscow Open was part of the Day of Sports programme hosted by the Luzhniki Stadium. Close to 100,000 attended the event during the two days.

Tinkoff is also a general partner of the Quiksilver New Star Camp 2017 held at the Rosa Khutor alpine resort in Sochi. Rosa Khutor gained international acclaim during the Olympic Games and has successfully maintained its exclusive status ever since. Quiksilver New Star Camp is one of the main snowboard parks in Russia. Attendees enjoy special terms and offers from Tinkoff at all stages of its operation. In addition to snowboarding competitions, the festival programme includes a series of lectures by influential speakers from the action sports industry, yoga workshops, snow schools for children, and a high altitude FMX and Snowmobile show.

PART 3.

RESPECT FOR HUMAN RIGHTS

Ethics

The Company's business, and its success or failure, depend on the actions of everyone in the Group.

Management is committed to respecting human rights. Management believes it is important that every director, officer and employee follows the following standards of behaviour for which he/she will be held accountable:

1. To protect the Company's property and that of customers and others entrusted to the Company, including physical assets and proprietary, and/or confidential information against loss, theft, misuse and waste;
2. To act in the Company's best interests, act honestly, objectively and effectively, refraining from any activity that might represent or be perceived as representing a conflict of interest between personal interests and those of the Company;
3. To deal honestly, ethically and fairly with the Company's customers, employees and business partners, irrespective of sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation;
4. To comply with all laws, rules and regulations applicable to the Group wherever it does business;
5. To refrain from giving, accepting or requesting improper gifts, gratuities or other favours;
6. To represent Tinkoff in a manner which enhances the Company's reputation, is law abiding and alert to the reasonable expectations of our customers, our shareholders, fellow employees, and local, national and international communities.

Management of the Group, after enquiry, have not identified any potential severe impacts on human rights to which the Tinkoff Business Model might be susceptible nor have any actual instances of human rights abuses been identified, reported or alleged.

The Group's business is dependent in part upon the strength of its 'Tinkoff Bank' brand and the reputation of its business. The Group operates in a consumer oriented industry where customer trust is important due to the need for public confidence in the quality of the Group's services and the security of its IT and communications systems. Management are aware that the Group could suffer damage to its reputation and brand as a result of adverse publicity from regulators, government officials or customers, though there is a high level of satisfaction among the Group's customers, or the press alleging human rights abuses.

The Tinkoff Business Model involves extensive outsourcing of various customer service and operating functions, which helps it to retain focus on and develop its core competences with respect to the Group's main operations, to limit capital expenditures and to increase the flexibility of its cost base. The Group also outsources various business functions such as data centre management and some collections of overdue loans.

This makes the Group dependent on its outsourcing partners. This in turn exposes the Group to the risk that existing partners might fail to perform these outsourcing services adequately, as well as the risk of being unable to find replacement outsourcing partners if any existing partners terminate their relationships with the Group. Treating our outsourcing partners fairly not only reduces the risk that they will terminate but also makes it easier to find replacement outsourcing partners should the need arise. Our outsourcing is almost exclusively carried on in Russia where our counterparties' employees fall under the umbrella of Russian employment law protections.

Our brand is one that a very significant number of service providers are keen to be associated with.

The Group's approach to its counterparties generally overlies a number of specific legal requirements under Russian law. These laws set the statutory framework within which the Group operates.

There is a clear trend in Russia towards increasing consumer protection. In recent years there has been a significant increase in consumer protection in Russia aimed at challenging certain terms of consumer loans (including among others a lender's right to charge various commissions for mobile banking services, the inclusion of the borrower in an insurance programme, cash withdrawals from automatic teller machines, a lender's right to charge interest on accrued interest, a lender's right to amend the terms of the consumer loan agreement and applicable tariffs without the specific consent of the borrower, a lender's right to assign loans to non-banking organisations including collection agencies, and the resolution of disputes only at the location of the lender). Rostrebnadzor the Consumer Protection Agency of the Russian Federation regularly initiates administrative proceedings against Russian banks for violating consumers' rights.

Management of the Group welcome these additional consumer protections and new regulatory initiatives such as possible payment to income ratio caps. This initiative is intended to have the effect of avoiding future consumer lending bubbles caused by irrational competition in the unsecured (and possibly in the future secured) lending space.

CONTINUED

PART 3.

RESPECT FOR HUMAN RIGHTS

There is a risk changes in applicable consumer protection and banking legislation or their interpretation by the courts and regulators could impose greater compliance burdens on the Company.

Conceptually though we support such measures and as a responsible lender that issues low credit limits to customers, we believe this will make the market safer for Tinkoff to operate in as Russia goes into the next market-wide growth phase and should work to the advantage of those lenders like Tinkoff who are focused on building long-term relationships with their customers and a sustainable lending business.

Additional limitations on the Group's permitted lending activities are described in Part 1.

Financial Consumer Protection

Financial consumer protection is generally based on Federal Law No. 2300-1 "On Consumer Protection Law" dated 7 February 1992, as amended (the "Consumer Protection Law") and Federal Law No. 353-FZ "Consumer Lending Law" dated 21 December 2013 (the "Consumer Lending Law"). The Consumer Lending Law regulating consumer lending in Russia came into force on 1 July 2014. The Consumer Lending Law is intended to provide more specific regulation of consumer protection in the Russian banking sector, in contrast to the Consumer Protection Law, which contains more general regulations.

The Consumer Lending Law sets requirements in relation to the terms of a consumer loan agreement. In particular, a consumer loan agreement must contain general terms and specific terms. General terms of the consumer loan agreement are based on the lender's template form, whilst the spe-

cific, key, terms are agreed in each case between the lender and the borrower.

In addition, the Consumer Lending Law sets out the limits of penalties payable under consumer loan agreement in case of the borrower's payment default.

Management welcome the trend of increasing statutory protections in Russia because it should raise standards across the industry, and ultimately favour more responsible lenders aiming for a long-term relationship with their customers and a more sustainable business. The risk of not being ahead of this trend is possible alienation of customers and disputes with customers and consumer protection and other regulatory bodies.

PART 4.

ANTI-CORRUPTION AND BRIBERY MATTERS

The Group operates in a very heavily regulated business environment

Management believes it is important every director, officer and employee follows the following standards of behaviour for which he/she will be held accountable:

1. To protect the Company's property and that of customers and others entrusted to the Company, including physical assets and proprietary, and/or confidential information against loss, theft, misuse and waste;
2. To act in the Company's best interests, act honestly, objectively and effectively, refraining from any activity that might represent or be perceived as representing a conflict of interest between personal interests and those of the Company;
3. To deal honestly, ethically and fairly with the Company's customers, employees and business partners, irrespective of sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation;
4. To comply with all laws, rules and regulations applicable to the Group wherever it does business;
5. To refrain from giving, accepting or requesting improper gifts, gratuities or other favours;
6. To represent Tinkoff in a manner which enhances the Company's reputation, is law abiding and alert to the reasonable expectations of our customers, our shareholders, fellow employees, and local, national and international communities.

By adhering to these standards, the Company will only enhance its reputation.

The Group operates in a highly regulated environment; maintaining CBR licences and membership in the Russian retail deposit insurance system are essential.

In addition to the general standards of behaviour expected of every director, officer and employee of the Group, the Group has adopted certain specific policies in relation to countering corruption and bribery.

In addition, the Group has specific rules, policies and guidelines covering:

gifts and gratuities;	bribes and kickbacks;	prohibition of fraudulent conduct and misappropriation;	disciplinary procedures;	whistle-blowing and reporting procedures;	insider trading;	conflicts of interest.
-----------------------	-----------------------	---	--------------------------	---	------------------	------------------------

Anti-Money Laundering and Anti-Terrorist Financing Legislation

Russia, as a member of the Financial Action Task Force, has developed and enacted certain anti-money laundering legislation. The Anti-Money Laundering Law follows the FATF Forty Recommendations and the FATF Special Recommendations on Terrorist Financing and provides for measures to combat money laundering in Russia to be implemented by individuals and organisations, including Russian banking institutions, involved in transactions with money and certain property.

Under the Anti-Money Laundering Law, Russian banks are required to, among many obligations: (1) establish and maintain systems of internal control ensuring that the bank and its clients are in compliance with Russian anti-money laundering legislation; (2) monitor and record certain client

transactions, as specified in the Anti-Money Laundering Law; and (3) report certain client transactions specified by the Anti-Money Laundering Law to the relevant Russian authorities. Furthermore, in certain cases Russian banks must suspend client transactions and inform the relevant Russian authorities. The current Anti-Money Laundering Law does not permit banks to suspend or freeze client transactions for longer than two business days (unless extended by the authorities).

The Federal Service on Financial Monitoring is the main governmental authority acting as its financial intelligence unit, and, together with the CBR, exercises control over banks' compliance with the Anti-Money Laundering Law. Russian banks are obliged to report through the CBR to the Federal

CONTINUED

PART 4.

ANTI CORRUPTION AND BRIBERY MATTERS

Service on Financial Monitoring with respect to the types of transactions mentioned above.

Failure by Russian banks and/or their officers to comply with the requirements of the Anti-Money Laundering Law may result in the imposition of sanctions, including the revocation of a banking licence (with a subsequent liquidation of the bank) and criminal penalties for individuals. The minimum standards and duties set by the Anti Money Laundering Law are just that-a minimum which we aim to far exceed. Customer identification, record keeping, suspicious activity reporting, employee training, an audit function, internal control procedures that include a refusal policy whereby the Group may refuse to conduct business with suspicious entities or individuals and rules on counteracting money laundering and terrorist financing and the designation of a compliance officer are all long standing procedures within the Group, kept under constant review and upgraded frequently.

The Anti Money Laundering Law itself constantly evolves, becomes ever more sophisticated and far-reaching. In June 2013, several amendments to the Anti-Money Laundering Law came into force.

These amendments, among other things:

- introduced the definition of the “beneficial owner” to the Anti-Money Laundering Law to extend the scope of client identification procedures;
- compel clients to provide all necessary information on their beneficial owners to banks (for the banks to comply with the provisions of the Anti-Money Laundering Law);
- set out the obligation for banks to take reasonable steps for preliminary identification of their clients’ reputation, financial position and objectives of their business activity;
- oblige banks to freeze monetary funds and other assets on individuals and legal entities under certain circumstances; and
- enact additional measures to counter financing terrorism.

Further amendments to the Anti-Money Laundering Law followed in late 2015. The law extended the definition of the “client” to include concept of a “foreign structure without incorporation of a legal entity” which means a structure (such as fund, trust or partnership) entitled by law to do business without being a body corporate. Another set of amendments to the Anti-Money Laundering Law imposes new obligations on Russian legal entities to keep information on their beneficial owners and disclose such information to state authorities on request.

We expect further changes in the future.

Full compliance is essential to maintain the confidence of customers in the Group and its products and of regulators and to protect the Group’s brand and reputation.

PART 5.

THE GROUP BOARD MANAGEMENT AND SUPERVISORY BODIES DIVERSITY POLICY

ATTRACTING THE VERY BEST

Tinkoff is an equal opportunity employer.

Tinkoff is committed to offering equal opportunity and equal treatment to all current and prospective employees, such that no applicant or employee is discriminated in favour of or against on the grounds of sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation in recruitment, training, promotion or any other aspect of employment.

Our approach is simple: recruitment, training and promotion are based exclusively on merit.

All Tinkoff employees involved in the recruitment and management of staff are responsible for ensuring the policy is fairly applied within their areas of responsibility.

The Group applies this approach throughout, at all levels. This includes its administrative, management and supervisory bodies.

As it grows, the Group's business requires the effective expansion and maintenance of the Group's financial, IT, and information management control systems, the continued training of its personnel, continued efforts to maintain or enhance the quality of its customer service operations and the recruitment of additional employees. This means the Group is constantly recruiting and in a very competitive environment; failure to recruit and integrate sufficient new talent would pose risks to the Group's business.

The Group operates in an extremely competitive recruitment market: it therefore needs to be and be seen to be one of the very best employers.

Seeking diverse candidates/extending the applicant pool

We follow, and have always followed, an unconventional recruitment approach. It has proved and is still highly successful.

A lack of work experience in banking or finance does not put applicants at a disadvantage. On the contrary, a lack of such experience is usually a plus. We hire people who are willing to change the financial services landscape, and no or little prior experience in this sphere usually means the applicant has no preconceptions about the traditional or conventional ways things are done or how things 'should' work.

We prefer people with analytical mindsets, those who can handle large amounts of data and figures, those willing to learn. They could be graduates of technical departments at Russia's top universities, and we would inject the 'Tinkoff DNA' into them and keep fostering them within the Tinkoff culture.

The Group's human resources policy for those joining the Group is focused on the following core principles:

- bringing together numerically minded people with analytical backgrounds;
- flat management structure with no bureaucracy and minimal hierarchy;
- creating an intellectually challenging work environment;
- creating an effective and fast learning environment;
- fostering a culture of generating ideas and assuming responsibility;
- embracing open dialogue, cooperation and creativity;
- demonstrating efficiency with minimal bureaucracy;
- promoting team spirit and an entrepreneurial culture;
- empowering employees and delegating responsibilities;
- creating an environment when employees can experiment, make mistakes and reach the right conclusions;
- promoting the 'test and learn' approach.

The Tinkoff Development Hubs

In June 2017 Tinkoff Bank launched development hubs in Yekaterinburg, Novosibirsk, Nizhny Novgorod, Kazan (Innopolis) and Rostov on Don, having earlier launched the first hub in St Petersburg. Hub employees work on developing a universal financial platform and financial services such as online banking, personal investment management and insurance among other areas. The hubs are also tasked with developing mobile apps for individuals and expanding the ecosystem of SME applications.

These regional hubs help the Group source talented software developers across a wider geography, ensure a more even task distribution, enhance the production cycle as employees are working from different time zones across Russia and reduce the time to bring new products to market.

CONTINUED

PART 5.

THE GROUP BOARD MANAGEMENT AND SUPERVISORY BODIES DIVERSITY POLICY

A WORKPLACE FOR EVERYONE

Diversity and Inclusion/Flexible working regimes

The Tinkoff Business Model is based on a high-tech branchless platform gives us additional recruiting flexibility which means there are no barriers for differently abled people to join our company. This helps us widen and diversify the Group's employee base and hire people purely on their merits and professional skills.

In 2017, we continued to develop our home call centre, which gives employment opportunities to a number of groups unable or less able to work in standard office jobs: people with different disabilities, residents of remote regions with limited access to transport and those who can only work part-time (such as mothers on maternity leave or carers).

Our home call centre allows people to work anytime, anywhere, and the hours and workload are flexible. Future employees are trained online, with all the necessary tools cloud-based. As at the end of 2017, our home call centre employed almost 8,300 people across the entire country, which makes it one of the largest cloud-based call centres in Europe. Recently our home call centre has expanded to Cyprus. All such employees are trained online, and all the necessary corporate tools and materials are stored in a special cloud environment.

The majority of the Group's employees are engaged in customer service (Call Centre, telemarketing and telesales, smart courier services, underwriting, collections, Home Call Centre, etc.).

All employees with the same job description and skills are paid the same salary.

The overall ratio of the Bank's's employees as at 31 December 2017 was 53.30:46.70% male to female and the average age of the Bank's' employees at that date was 26.

The overall ratio of the Bank's's employees as at 31 December 2017 was 53.30:46.70% male to female and the average age of the Bank's's employees at that date was 26.

Recruitment and training

We aim to attract the best talent in the market through a sophisticated recruitment process, as well as employ a set of tools for motivation and retention.

We recruit new employees through advertising and job websites, student forums, social media and other online channels. IT specialists and other core personnel are hired through a highly selective head hunting process targeting top IT graduates and experienced professionals from various backgrounds. We also target the best students from top universities, including winners of mathematics, physics, and coding competitions. Some of the initiatives the Group has launched and/or sponsored are set out in Part 2.

We offer career development and training for all levels.

Remuneration, motivation and promotion

The Group gives its human capital management responsibilities the highest priority, offering a clear far-reaching career path for its employees, an unique work environment and fair and transparent compensation.

A clear performance evaluation process and fair compensation are essential to this. Compensation is a combination of fixed rate salary and bonuses and is based on employee performance. Employees are evaluated on a regular basis in order to monitor their achievement against KPIs, to determine incentive compensation, and to provide feedback which can be used for their career development.

Prior to its IPO in 2013, the Group set up share-based long term incentive plans as retention and motivational tools for key and senior managers.

In March 2016, the Group introduced a consolidated long-term management incentive and retention plan, covering then in total 51 key, senior and middle managers. In February 2017 and again in March 2018, the Group announced details of how it was widening the plan. The number of participants increased in 2017 to 67 and this year to 83. The total potential size of the MLTIP pool amounts to approximately 5.6% of the Group's current share capital.

CONTINUED

PART 5.

THE GROUP BOARD, MANAGEMENT AND SUPERVISORY BODIES DIVERSITY POLICY

The plan is designed to align more closely managers' interests with those of shareholders to grow the Group's value. The plan is awarded over four years, materially subject to the fulfilment of annual KPIs, with each such annual award vesting linearly over the subsequent three years. The Group believes that participation in its share capital is an effective motivation and retention tool. The current management incentive and retention plan MLTIP now embraces an increasing number of managers for two main reasons:

firstly, internal promotions as some employees were promoted to key managerial positions, and

secondly, as part of its expansion and transformation into a financial marketplace, the Group has hired a significant number of new managers to develop and manage new business lines.

Split of membership of MLTIP as of joining (31 March)

MLTIP participants	Male	Female
2016	38	13
2017	15	3
2018	8	6

Composition of the Board of Directors of TCS Group Holding PLC, and of the Board of Directors and the Management Board of Tinkoff Bank

The composition of the governing bodies is as follows:

Governing Body	Male	Female
Board of Directors TCS Group Holding PLC	5	1
Tinkoff Bank, Management Board	7	2
Tinkoff Bank Board of Directors	4	1

The Group does not discriminate in favour of or against applicants on the grounds of educational or professional background. Appointments are made on merit, against objective criteria.

The Group is though subject to the requirements of regulators whose rules often prescribe particular skills, experience, independence and knowledge and/or qualifications for certain positions or bodies. The UK Corporate Governance Code for example provides that at least one member of the Audit Committee has recent and relevant financial experience and that the Audit Committee as a whole has competence relevant to the banking sector in which the Group operates.

CONTINUED

PART 5.

THE GROUP BOARD MANAGEMENT AND SUPERVISORY BODIES DIVERSITY POLICY

The composition of the Board of Directors of the Company for the year ended and as at 31 December 2017 is set out below:

Name	Age	Male/ Female	Educational/professional background
Constantinos Economides	42	Male	ICAEW, MSc in Management Sciences, experience in 'Big Four' professional services firms
Alexios Ioannides	41	Male	ICAEW, ICPAC, BSc in Business Administration, experience in 'Big Four' professional services firms
Mary Trimithiotou	39	Female	ICPAC, FCCA, Licensed insolvency practitioner, experience in 'Big Four' professional services firms
Martin Cocker	58	Male	ICAEW, BSc in Mathematics and Economics, experience in 'Big Four' professional services firms
Philippe Delpal	44	Male	BSc in IT, Telecoms and Economics, senior executive experience in banking industry
Jacques Der Megreditchian	58	Male	BSc in Business Administration and in Financial Analysis, banking and finance experience