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ACRA assigns BB+(RU) to XS1631338495 bond issued by Tinkoff Bank

Credit rating rationale. TCS Finance D.A.C., an Irish designated activity company, issued the USD 300 million perpetual bonds and transferred all issue proceeds to [Tinkoff Bank](#) in the form of a subordinated loan. The loan terms comply with the Bank of Russia Regulation No. 395-P (Basel III), so that the loan may be included in the paid-in capital in excess of par. Tinkoff Bank acts as a guarantor for any liabilities of TCS Finance D.A.C. in the issue.

The issue implies a significant subordination to priority unsecured creditors and the right of Tinkoff Bank to cancel, at its discretion, coupon payments with the creditors having no right to claim unpaid interest. The issue terms and conditions provide for a full write-off of the loan in the event the Common Equity Tier 1 Ratio N1.1 goes down below 5.125% or if the Deposit Insurance Agency (DIA) institutes a bankruptcy prevention procedure. In accordance with the relevant ACRA methodology, the final credit rating for the issue of this type is set five notches below the Tinkoff Bank's standalone creditworthiness assessment (a).

The credit rating of Tinkoff Bank is determined by its adequate business profile, strong capital adequacy, satisfactory risk profile, and adequate funding and liquidity position. The Bank has a moderately high creditworthiness compared to other credit institutions in the Russian Federation.

Issue highlights

Borrower	Tinkoff Bank
Issuer's credit rating / SCA	A(RU), outlook Stable / a
Actual issuer	TCS Finance D.A.C.
Type of security	Subordinated perpetual Eurobonds
Issue volume	USD 300 mln
ISIN RegS	XS1631338495
Final placement date	June 08, 2017
Maturity date	No

Regulatory disclosure

The credit rating has been assigned under the national scale for the Russian Federation based on the Methodology for Assigning Credit Ratings to Individual Issues of Financial Instruments under the National Scale of the Russian Federation.

The credit rating has been assigned to perpetual bond of Tinkoff Bank (actual issuer is TCS Finance D.A.C.) for the first time. The credit rating is expected to be revised within one year following the rating action date (June 21, 2017).

The credit rating has been assigned based on the data provided by Tinkoff Bank, information from public sources, and ACRA's own databases. The credit rating is solicited, and Tinkoff Bank participated in its assignment.

No material discrepancies between the data provided and the data officially disclosed by Tinkoff Bank in its financial statements have been discovered.

ACRA provided no additional services to Tinkoff Bank. No conflicts of interest were discovered in the course of credit rating assignment.

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