

Due to the weakening Rouble, Egidaco Investments PLC, the Parent Company of TCS Bank, has breached a financial covenant

Egidaco Investments PLC (“Tinkoff”), the parent company of ‘Tinkoff. Credit Systems’ Bank (TCS Bank), announced today that it has breached a financial covenant as set out in the Terms and Conditions of the €70m Eurobond. The financial covenant fixes the minimum levels for equity and equity plus subordinated debt and the interim report for 4Q 2008 shows that the financial covenant has been breached due to a sharp decline in the Rouble rate against the US Dollar. The covenant is denominated in US Dollars.

According to the Terms and Conditions of the Bonds, following a report of a breach of this covenant, the Company has a cure period of 30 banking days (starting from the date of the relevant financial report) within which to remedy the breach. Tinkoff has been working hard with the relevant parties to find a durable solution to this problem and to design a proposal that will be satisfactory to Bondholders. In the near future, Bondholders will receive a communication from the Company containing a commercial proposal and information on a voting procedure among Bondholders that will be called to resolve this matter in early March.

TCS Bank is Russia’s first specialised credit card bank and is fully licensed by the Central Bank of Russia. TCS Bank is a well-managed, liquid and since October 2008 a cash flow positive company; it currently has over 320,000 credit cards issued, of which 264,000 have been activated. This gives TCS Bank a portfolio with a gross-yield consistently over 65-70%; at year-end 2008 the portfolio was over 4.8 bn Roubles corresponding to approximately 2.5% of the Russian credit card market. TCS has switched from growth mode to a ‘steady-state’ regime until further funding can be secured. Due to the main strategy of TCS Bank and the conservative approach that has been adopted, it is not subject to many of the risks faced by its competitors.

Egidaco Investments PLC

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