

## **Proposal by the Board of Directors of Vostok Emerging Finance Ltd regarding long term incentive programme**

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The Board of Directors proposes that the Meeting resolves on a long term incentive programme for up to five employees in Vostok Emerging Finance (“**LTIP 2018**”) in accordance with the below. LTIP 2018 is a three year performance based incentive programme which is substantially the same as the depository receipt based incentive programme from 2017 (“**LTIP 2017**”).

### ***Adoption of an incentive programme***

#### *Summary of the programme*

The Board of Directors proposes that the Meeting resolves to adopt LTIP 2018. LTIP 2018 is proposed to include up to five current or future employees in Vostok Emerging Finance. The participants in LTIP 2018 are required to invest in Vostok Emerging Finance by acquiring shares in the form of depository receipts in Vostok Emerging Finance (“**Saving DRs**”). These Saving DRs are received by way of purchase of depository receipts (representing shares in Vostok Emerging Finance) at market value or transfer of depository receipts that such participant already holds in accordance with the terms set out under “Personal investment” below. The participants will thereafter be granted the opportunity to receive depository receipts free of charge in accordance with LTIP 2018, so called “**Performance DRs**” in accordance with the terms set out below.

In the event that delivery of Performance DRs cannot be achieved at reasonable costs, with reasonable administrative efforts or due to market conditions, participants may instead be offered a cash-based settlement.

#### *Personal investment*

In order to participate in LTIP 2018, the participant must have made a private investment by (i) purchase of depository receipts (representing shares in Vostok Emerging Finance) at market value and for a value of up to SEK 750,000<sup>1</sup> depending on the participants’ position in Vostok Emerging Finance in accordance with what is further described below, or (ii) by transfer of depository receipts that such participant already holds (provided that the participant holds at least 100% of annual net base pay in depository receipts) for a value of up to SEK 750,000<sup>2</sup> depending on the participants’ position in Vostok Emerging Finance in accordance with what is further described below. For each Saving DR held under LTIP 2018, the Company will grant the participants ten rights to Performance DRs, meaning rights to receive Performance DRs free of charge (“**Rights**”). The number of Performance DRs each participant’s Saving DRs entitles to depends on the Company’s fulfilment of the performance conditions. A participant cannot receive more than ten Performance DRs per Saving DR.

The maximum amounts for the personal investments are based on an assumed market price of Vostok Emerging Finance’s depository receipts of SEK 2.08. The market price of the depository receipts may have increased or decreased by the time of the personal investment and the Board of Directors is authorised to change the maximum amount of the personal investment to take into

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<sup>1</sup> Corresponding to 360,575 depository receipts based on an assumed price of SEK 2.08 per depository receipt.

<sup>2</sup> Corresponding to 360,575 depository receipts based on an assumed price of SEK 2.08 per depository receipt.

account any material changes to the price of Vostok Emerging Finance's depository receipts, in order to give as positive effects as possible for depository receipt holders in the Company.

#### *General terms and conditions*

Subject to the fulfilment of the entry level of the performance based conditions for the period 1 January 2018 to 31 December 2020 and provided that the participant has kept its investment in Saving DRs during the period from the day of allocation of the Rights until the day of the release of the interim report for the period 1 January to 31 March 2021 (the vesting period) and kept its employment within the Vostok group and not given notice of termination at such point in time, two Rights per Saving DR will vest and each Rights will entitle the participant to receive one Performance DR free of charge.

#### *Retention and performance conditions*

The number of Performance DRs each of the participant's Saving DR entitles to depends on the Company's fulfilment of the performance conditions during the measurement period. The performance conditions are based on the Net Asset Value per share ("**NAV per share**").

The determined levels of the conditions include an entry, a target and a stretch level as regards the number of Rights that vest. The entry level constitutes the minimum level which must be exceeded in order to enable vesting of Rights. If the entry level is reached or exceeded, each participant will receive two Performance DRs per Saving DR. If the target level is reached or exceeded, each participant will receive five Performance DRs per Saving DR. If the stretch level is reached or exceeded, each participant will receive ten Performance DRs per Saving DR.

The Board of Directors intends to disclose the outcome of the performance-based conditions in the annual report for the financial year 2020.

#### *The Rights*

The Rights shall be governed by the following terms and conditions:

- Rights are granted free of charge as soon as possible after the annual general meeting 2018.
- Vest following the publication of the Company's interim report for the period 1 January – 31 March 2021 (the vesting period).
- May not be transferred or pledged.
- Two Rights per Saving DR will vest and each Right will entitle the participant to receive one Performance DR after the end of the vesting period, if the entry level of the performance-based conditions has been fulfilled and the participant, at the time of the release of the interim report for the period 1 January – 31 March 2021, maintains its employment within the Vostok group, has not given notice of termination and maintains the invested Saving DRs.
- In order to align the participants' and the depository receipt holders' interests, the Company will compensate the participants for any dividends paid during the three-year vesting period. Compensation will only be made for dividend resolved after the time of allocation.

### *Preparation and administration*

The Board of Directors shall be responsible for preparing the detailed terms and conditions of LTIP 2018, in accordance with the mentioned terms and guidelines. To this end, the Board of Directors shall be entitled to make adjustments to meet foreign regulations or market conditions. The Board of Directors may also make other adjustments if significant changes in the Vostok group or its operating environment would result in a situation where the decided terms and conditions of LTIP 2018 no longer serve their purpose.

### *Allocation*

The participants are divided into different categories and in accordance with the above, LTIP 2018 will maximum comprise the following number of Saving DRs and maximum number of Rights for the different categories:

- the CEO: may acquire up to SEK 750,000 worth of Saving DRs<sup>3</sup> within LTIP 2018, entitling the holder to allotment of not less than two and up to ten Rights per Saving DR; and
- other member of management than the CEO and other employees (four individuals): may acquire up to SEK 250,000 worth of Saving DRs<sup>4</sup> respectively within LTIP 2018, entitling the holders to allotment of not less than two and up to ten Rights per Saving DR.

The Board will determine the final amount of Saving DRs each participant may acquire, which may be the maximum amount set out above or less.

### *Scope and costs of LTIP 2018*

LTIP 2018 will be accounted for in accordance with IFRS 2 which stipulates that the Rights should be recorded as a personnel expense in the income statement during the vesting period. The costs for LTIP 2018 is estimated to amount to approximately SEK 8.75 million, excluding social security costs, calculated in accordance with IFRS 2.

The costs for social security charges are calculated to approximately SEK 1.76 million, based on the above assumptions.

In addition to what is set forth above, the costs for LTIP 2018 have been based on LTIP 2018 comprising of up to five participants and that each participant makes a maximum investment.

If the maximum result is reached, and all invested Saving DRs are retained under LTIP 2018 and a fulfilment of the performance conditions of 100 percent, the maximum cost of LTIP 2018 as defined in IFRS 2 is approximately SEK 17.5 million and the maximum social security cost is estimated to approximately SEK 3.5 million.

The costs are expected to have a marginal effect on key ratios of the Vostok group.

Upon maximum allotment of Performance DRs, 8,413,350 depository receipts representing shares in the Company may be allocated within the framework of LTIP 2018, which would correspond to approximately 1.27 percent of the share capital and the votes in the Company. 5,080,000 depository

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<sup>3</sup> Corresponding to 360,575 depository receipts based on an assumed price of SEK 2.08 per depository receipt

<sup>4</sup> Corresponding to 120,190 depository receipts based on an assumed price of SEK 2.08 per depository receipt

receipts, which comprise currently outstanding options under the 2015 Incentive Programme (including 3,905,000 allocated options and 1,175,000 options that have not yet been allocated), maximum allotment of 11,315,790 depository receipts under LTIP 2016, maximum allotment of 8,035,700 depository receipts within the framework of LTIP 2017 and maximum allotment of 8,413,350 depository receipts within the framework of 2018, would correspond to approximately 4.97 percent of the share capital and the votes in the Company.

#### *Delivery of Performance DRs under LTIP 2018*

To ensure delivery of Performance DRs under LTIP 2018, the Company may hedge LTIP 2018 by either repurchasing depository receipts or by taking other measures deemed necessary by the Company.

#### *The rationale for the proposal*

The objective of LTIP 2018 is to create incentives for the management to work for a long-term development in the Company. Furthermore, LTIP 2018 shall create conditions for retaining competent employees in the Vostok group through the offering of competitive remuneration. LTIP 2018 has been designed based on the view that it is desirable that employees within the group are depository receipt holders in the Company and that they see that working with a long-term horizon pays off. Participation in LTIP 2018 requires a personal investment in Saving DRs.

By offering an allotment of Performance DRs which are based on performance-based conditions, the participants are rewarded for increased depository receipt holder value. Further, LTIP 2018 rewards employees' loyalty and long-term value growth in the Company. Against this background, the Board of Directors is of the opinion that the adoption of LTIP 2018 will have a positive effect on the Vostok group's future development and thus be beneficial for both the Company and its depository receipt holders.

#### *Preparation*

The Company's Board of Directors has prepared LTIP 2016 and 2017, on which LTIP 2018 is based, in consultation with external advisors. LTIP 2018 has been reviewed by the Board of Directors at its meeting in April 2018.

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April 2018

**The Board of Directors of Vostok Emerging Finance Ltd**