



# Vostok Emerging Finance

## Financial Report for the Third Quarter 2016 and the Period January 1, 2016–September 30, 2016

### Financial Result

- > Net result for the third quarter was USD 13.99 million (mln) (third quarter 2015: USD -7.65 mln). Earnings per share were USD 0.02 (third quarter 2015: USD -0.10).
- > Net result for the nine-months period was USD 27.22 mln. Earnings per share were USD 0.04.
- > The positive net result over the period is primarily driven by the positive share price development in Vostok Emerging Finance's only listed equity holding, Tinkoff Bank, as well as a recent uplift in the valuation of JUMO.

### Net Asset Value

- > The net asset value of Vostok Emerging Finance Ltd ("VEF" or the "Company") was USD 122.8 mln as at September 30, 2016 (December 31, 2015: USD 95.5 mln), or USD 0.19 per share (December 31, 2015: USD 0.14). Given a period end USD/SEK exchange rate of 8.6187 (December 31, 2015: 8.35), it was SEK 1,058.3 mln (December 31, 2015: SEK 798 mln) and SEK 1.60 per share (December 31, 2015: SEK 1.21 per share), respectively.

### Key Events during the Third Quarter

- > On August 2, Vostok Emerging Finance announced that it had agreed to invest USD 1 mln into Finja, a Pakistani fintech venture, of which USD 333,000 has been invested as per September 30, 2016.
- > Tinkoff Bank share price recovery continued, +43.1% quarter on quarter (QoQ) to USD 7.30 as at end of September. The shares are up 188% to USD 8.79 year-to-date 2016.

### Key Events after the end of the Period

- > As at October 31, 2016, the net asset value was USD 133.7 mln (SEK 1,202.9 mln at a USD/SEK exchange rate of 8.9976), or USD 0.19 per share (SEK 1.81) mainly coming from share price appreciation in Tinkoff Bank.

## >02 Management report

Dear fellow shareholder,  
Busy and exciting times at Vostok Emerging Finance as our portfolio has really began to take shape through 2016, while the underlying positive performance in our NAV and share price continued through the third quarter. Key highlight from the past few months was seeing our NAV per share reach new highs (again) of SEK 1.60, as at the end of the third quarter (and higher since), principally off the back of the continued strong performance of Tinkoff Bank shares. It was also a quarter where we laid the groundwork for eventful final months of 2016 and expect to be able to announce a mix of new investments and follow-ons in current portfolio companies before year-end.

First and foremost, it is always good to focus on a positive NAV and share price performance over the period. The third quarter uptrend continued where the second quarter left off in both NAV per share and share price. Over the quarter to September 30, NAV per share ended the quarter at SEK 1.60 (and higher since), up 14% QoQ, while, as important, our share price is tracking this trend and pushed higher to reach a 2016 high of SEK 1.30 at the end of September and more recently, above SEK 1.40. As before, this uptrend is principally a result of the continued rise of Tinkoff Bank share price, our largest and most fruitful holding to date, but also in part due to currency moves given the strong USD trend. Of more importance to future value creation potential, we saw our first portfolio positive mark to market move (ex Tinkoff), in Jumo, as there was a small uprround in the third quarter. A small, but positive move and an indication of what is to come from our private company portfolio.

On the portfolio front, we continue to add selectively as we go. In our second quarter investor letter we

communicated our second and third investments of 2016, investing into TransferGo and Finja. TransferGo is an investment into a cross border payments play focused on the growing European migrant community and Finja is our inaugural investment into the Pakistan fintech space via a mobile wallet play. Both have strong founding teams and great potential and are great fits into our growing EM fintech portfolio. We spent a lot of time with targets in markets like Brazil, Mexico, Turkey and the broader Middle East over the quarter and do expect to add one more holding by year-end.

We are very comfortable as we head towards the end of our first full year of operation with how our portfolio is coming together. We continue to deliver on promises made to investors during our funding round in December last year, as we have sought to deliver a quality and diversified portfolio of fintech assets across a number different scalable emerging markets and across a number of different sub-segments of financial services. Looking at the split by:

1. Geography – VEF holds assets in Russia, Emerging Europe, Africa, Pakistan and Brazil.
2. Fintech subsector – VEF is in consumer credit, digital banking, payments, cross border remittances, mobile money, financial marketplace and online consumer loan brokerage.

Today, we can comfortably state that we, in our view, have the best fintech assets in Russia and Africa in our portfolio. Finally, we are also on the board of all our holdings ex Tinkoff, as is part of our stated mandate.

Regarding current portfolio holdings, once again, Tinkoff Bank was the standout performer within the VEF portfolio with a stellar set of second quarter results released in

September and the share price rallying (+43.1% QoQ in the third quarter) as a result. Management held strategy sessions with investors in London and New York and upped their guidance for the financial year of 2016 and gave deeper guidance regarding their future strategy – in Tinkoff we see as many new fintech business lines coming through as we do in maybe a dozen separate fintech companies in other markets we focus on. Elsewhere, Revo and Jumo continued their uptrend delivering record months as they go, while the more we focus on the Pakistan opportunity with relatively new holding Finja, the more excited we become. On the cash front, with a c. USD 56 mln cash and liquid asset balance, VEF remains in a strong liquid position following our funding round in December 2015 and this remains a key strength for our company in many ways in this volatile and very opportune investment environment. We are well positioned for follow on financial support to our portfolio companies as well as additions of new holdings.

Fintech in emerging markets, our focus space, is a very real and growing trend and we continue to unearth opportunities across a number of different geographies, segments of fintech and stages of company development on a daily basis, which feeds our optimism. We feel our timing was spot on with the creation of VEF and it's all about our execution into what is a very ripe and growing value creation opportunity space. We all look forward to a very busy close to the year with a number of key events and milestones pending. Our portfolio companies remain on the front foot and we look forward to reporting as many positive data points as we can by year-end 2016.

As always, I would like to close off my comments by thanking my supportive board of directors and the

deepening team at Vostok Emerging Finance for all their input and efforts over the period. To fellow shareholders, we appreciate your on-going support, and remain committed to delivering shareholder value through a focused approach on increasing the NAV per share, coupled with healthy level of company transparency and investor communication as we go. Our success to date, while encouraging at one level, has only focused our minds more so on the opportunities and potential hurdles ahead.

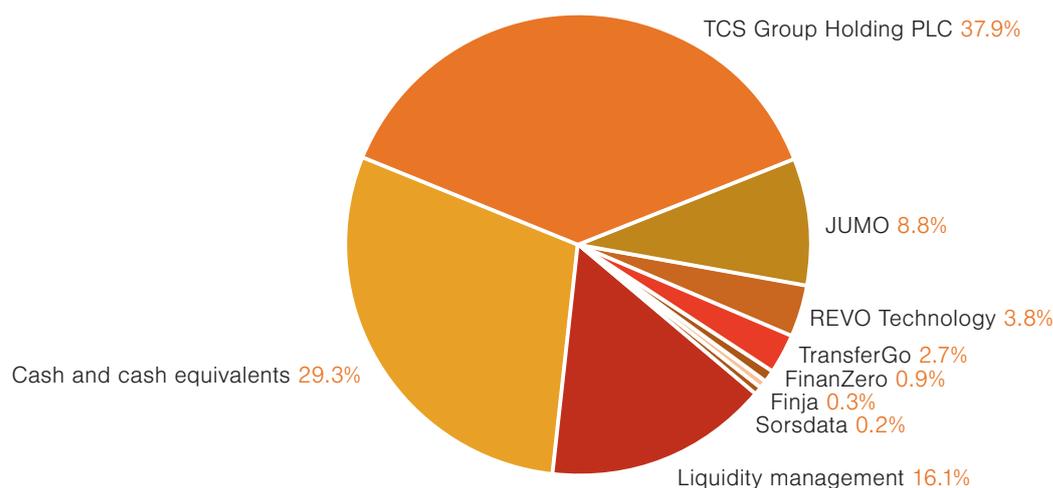
November 2016,  
David Nangle

## >04 Portfolio structure – Net Asset Value

The investment portfolio stated at market value as at September 30, 2016 is shown to the right.

Number of shares	Company	Fair value, USD Sep 30, 2016	Percentage weight	Fair value, USD Dec 31, 2015	Value per share, USD Sep 30, 2016
6,379,794	TCS Group Holding PLC (Tinkoff Bank) <sup>2</sup>	46,572,496	37.9%	19,458,372	7.3 <sup>1</sup>
1,748	JUMO <sup>3</sup>	10,790,123	8.8%	10,309,704	6,172.8 <sup>1</sup>
3,584	REVO Technology <sup>3</sup>	4,700,000	3.8%	4,700,000	1,311.4 <sup>1</sup>
601,202	TransferGo <sup>3</sup>	3,352,708	2.7%		5.6 <sup>1</sup>
13,600	FinanZero <sup>3</sup>	1,160,261	0.9%		85.3 <sup>1</sup>
	Finja <sup>3</sup>	333,000	0.3%		<sup>1</sup>
882	Sorsdata <sup>3</sup>	300,000	0.2%	300,000	340.1 <sup>1</sup>
	Liquidity management <sup>1,2</sup>	19,765,040	16.1%		
	Cash and cash equivalents	35,988,227	29.3%	62,301,599	
	<b>Total investment portfolio</b>	<b>122,961,855</b>	<b>100.0%</b>	<b>97,069,675</b>	
	Other net liabilities	-167,123			
	<b>Total Net Asset Value</b>	<b>122,794,732</b>			

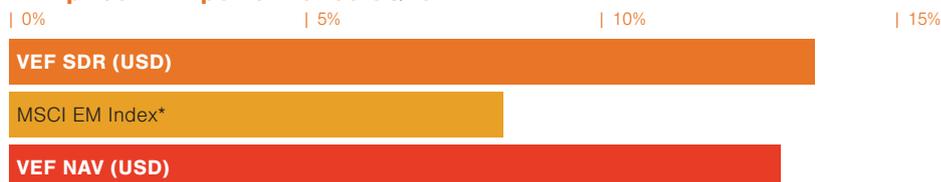
1. This investment is shown in the balance sheet as financial asset at fair value through profit or loss.
2. Level 1 of financial asset at fair value through profit or loss
3. Level 2 of financial asset at fair value through profit or loss



## Portfolio development

Vostok Emerging Finance's net asset value (NAV) per share increased by 13.0% in USD over the third quarter 2016. During the same period the MSCI Emerging Markets index increased by 8.3% in USD terms. Vostok Emerging Finance's SDR price increased by 13.6% in USD over the third quarter 2016.

### VEF price/NAV performance 3Q16



### VEF price/NAV performance 9M16



Last price paid on relevant stock exchange.

\* The MSCI Emerging Markets Index is a free float weighted equity index that consists of indices in 26 emerging economies.



## Tinkoff Bank

### TCS Group Holding PLC

Vostok Emerging Finance's number of shares as at Sep 30, 2016	6,379,794
Total Value as at Sep 30, 2016 (USD)	46,572,496
Share of total portfolio	37.9%
Share of total shares outstanding	3.5%
Value development Jan 1–Sep 30, 2016 (in USD)	139.3%

Website: [tinkoff.ru/eng/](http://tinkoff.ru/eng/)

### Key financial highlights 2Q16\*

- > Net interest income was RUB 9.3 bln (2Q15: RUB 6.3 bln)
- > Profit before tax amounted to RUB 3.3 bln (2Q15: RUB 0.5 bln)
- > Net income amounted to RUB 2.5 bln (2Q15: RUB 0.4 bln)
- > Net interest margin at 29.6% (2Q15: 25.6%)
- > Total assets increased by 25.3% to RUB 152.7 bln (2Q15: RUB 121.9 bln)
- > Share of non-performing loans (NPLs) down to 10.9% (YE15: 12.4%)
- > Customer accounts increased by 13.8% to RUB 101.7 bln (YE15: RUB 89.3 bln)
- > Solid capitalization with CBR N1 capital adequacy ratio at 11.1% at the end of 2Q16

\* Source: 2Q16 report of TCS Group Holding PLC

Tinkoff Bank is an innovative provider of online retail financial services operating in Russia through a high-tech branchless platform. Since its launch in 2007 by Mr Oleg Tinkov, a renowned Russian entrepreneur with a long track record of creating successful businesses, Tinkoff Bank has grown into a leader in the Russian credit card market as well as being at the forefront of innovation in delivery of online consumer financial services. The low-cost, innovation driven business model is flexible with a proven ability to rapidly grow and contract given the cyclicity of the Russian marketplace. Tinkoff Bank's senior management consists of a team of experienced professionals formerly employed by Visa, McKinsey and several top Russian banks, widely regarded to be the foremost management team in the Russian financial services space today.

As of July 31, 2016, Tinkoff Bank is the number 2 credit card issuer in Russia with 9.6% market share. In addition to a market-leading credit card offering, Tinkoff Bank has developed a successful online retail deposits programme. Tinkoff Bank's other innovative lines of business include Tinkoff Online Insurance, which enables Tinkoff Bank to underwrite and sell its own innovative online insurance products, and in October 2015, Tinkoff Bank announced the launch of brokerage services for its customers based on BCS Broker solution. The new offering enables Tinkoff's customers to open brokerage accounts and purchase securities online. More recently, the company announced the launch of Tinkoff.ru, a consumer financial services marketplace where Russians will have the ability to access a variety of financial products from Tinkoff Bank as well as third party providers, from one online marketplace.

Tinkoff Bank was listed on the main list of London Stock Exchange on October 25, 2013.

Vostok Emerging Finance owns 3.5% of Tinkoff Bank (TCS Group Holding PLC).

In the second quarter 2016, Tinkoff Bank continued its upward quarterly earnings trajectory from a 1Q15 low. 2Q16 RoAE was 41.5% (1Q16 32.3%), with the recovery primarily driven by improved asset quality. The ongoing and continued improvement in financial performance is all the more impressive given the challenging macro backdrop in which they are operating.

On March 1, 2016, the bank adopted a new dividend policy taking effect from March 2, 2016. Under the new policy Tinkoff Bank can now declare and pay dividends provided that the banks current and projected N1 capital adequacy ratio remains at or above 10.5%. Tinkoff Bank announced its first interim dividend on May 16, 2016.

In April 2016, Tinkoff launched its financial supermarket offering brokered products such as retail securities and mortgages as well as proprietary products including insurance and SME services. This one stop approach to financial services helps to better serve Tinkoff's fast growing user base and is underpinned by an individual's 'Tinkoff ID', leveraging the rich pool of user information.

On October 14, 2016 Tinkoff upgraded its guidance for FY 2016. Tinkoff expects net income for FY2016 to amount to RUB 9-10 bln and a cautious cost of risk at 10–12% for 2016.

On November 11, 2016 Fitch Ratings upgraded Tinkoff Bank's Long-Term IDRs reflecting its performance through the credit cycle, relative to peers, and solid capital position.

Tinkoff will release its 3Q16 results on November 30, 2016.

## >06 JUMO



### JUMO World Limited

Vostok Emerging Finance's number of shares as at Sep 30, 2016	1,748
Total Value as at Sep 30, 2016 (USD)	10,790,123
Share of total portfolio	8.8%
Share of total shares outstanding	7.0%
Value development Jan 1–Sep 30, 2016 (in USD)	4.7%

Website: [jumo.world](http://jumo.world)

JUMO World Limited is a mobile money marketplace for people, small businesses and mobile network operators operating across Africa but headquartered out of Cape Town. Through partnerships with mobile network operators, JUMO offers mobile wallet users access to a growing suite of financial products. The mobile money ecosystem consists of consumers, agents (where consumers deposit and withdraw their money) and merchants who accept mobile money payment. JUMO has found that all three of these constituents have limited access to financial choices so they built their first product, Access, which solves short-term working capital requirements.

2016 has been an important year for JUMO with monthly disbursements more than doubling year-on-year and growing their bench of engineering talent. JUMO has also experienced strong interest from established, global, Mobile Network Operators and Financial Service Providers to partner in Africa and beyond. As a result, 2016 will see JUMO's first marketplace transactions, marking a milestone in the development of the business. The focus for 2017 will be on scaling and driving momentum on the marketplace as well as looking beyond Africa.

Vostok Emerging Finance has invested a total of USD 10 mln during the fourth quarter of 2015. An initial investment of USD 4 mln in October and an additional USD 6 mln in December 2015. Both investments were for newly issued shares. As per September 30, 2016 JUMO is valued on the basis of the latest funding round which occurred in August 2016 with a valuation of USD 10.8 mln for VEF's 7.0% ownership in the company. This latest investment round was led by one of JUMO's new Financial Services partners on the marketplace.



REVO and Sorsdata were founded in December 2012. REVO was formed to address unmet needs of leading Russian merchants in purchase financing leveraging newest available mobile and cloud technologies. Sorsdata, REVO's sister company, is a data analytics and consumer marketing/loyalty company, which collaborates closely with REVO.

Vostok Emerging Finance owns 25% of both companies, following exercising its option in December 2015 to acquire an additional 12.5% of each company at the same terms as in VEF's initial investment in late September 2015.

REVO's business model applies proven mobile and cloud solutions, alongside a well-established credit approval infrastructure and collection operations in Russia to offer customers staggered-payment solutions at the time of purchase. The strategy is to capture and analyse consumer data to drive growth and profitability of merchants. The company is focused on lower ticket retail categories with over USD 100 billion in annual turnover, including apparel, toys, footwear, sporting goods, housewares, cosmetics, medical services and others. REVO is the first mover in the Russian market to deliver small ticket instalment plans for consumers in a paperless way at merchant's cash registers. This model is similar in many ways to that of Klarna in Sweden and Affirm in the US.

Sorsdata focuses on customer data analytics largely gathered through the REVO machine and provides targeted marketing services for merchants to drive repeat purchases and loyalty. This model is similar in many ways to that of Aimia in Canada.

In 2015, REVO's business experienced another strong year of growth as it continues to sign up new merchants, both at a regional and federal level, increase store rollout within existent merchant partners and improve store penetration within existing merchant agreements, all while building its consumer customer base with rising repeat rates and decreasing default payments. Online merchant acquisition has started to show early traction, while 4Q15 was the first full quarter of profitability for the business, a key milestone for any young growing company. Sorsdata is at an earlier stage of product roll out with a number of pilot projects currently in progress at partner retail chains.

During the first nine months of 2016, REVO has continued to deliver strong growth in its merchant point of sale/consumer instalment credit business and continuously adding a diverse array of regional and nationwide merchant partners to its service. REVO is profitable on an operating profit level.

## REVO Technology

Vostok Emerging Finance's number of shares as at Sep 30, 2016	3,584
Total Value as at Sep 30, 2016 (USD)	4,700,000
Share of total portfolio	3.8%
Share of total shares outstanding	25.0%
Value development Jan 1–Sep 30, 2016 (in USD)	–

## Sorsdata

Vostok Emerging Finance's number of shares as at Sep 30, 2016	882
Total Value as at Sep 30, 2016 (USD)	300,000
Share of total portfolio	0.2%
Share of total shares outstanding	25.0%
Value development Jan 1–Sep 30, 2016 (in USD)	–

Website: [revoplus.ru](http://revoplus.ru)

## REVO Operational Development\*

	Dec 2013	Dec 2014	Dec 2015	Sep 2016
No. of active stores	67	572	1,623	1,999
No. of instalment plans issued (monthly)	6,402	9,969	41,217	58,343
Avg. instalment plan (Rub)	2,442	3,852	4,103	4,436
Avg. duration of instalment plan (months)	4.5	4.9	4.6	4.8
Avg. APR of instalment plans	64%	84%	96%	92%

\* Source: Company data received from REVO Technology

## >08 TransferGo



### TransferGo

Vostok Emerging Finance's number of shares as at Sep 30, 2016	601,202
Total Value as at Sep 30, 2016 (USD)	3,352,708
Share of total portfolio	2.7%
Share of total shares outstanding	9.8%
Value development Jan 1–Sep 30, 2016 (in USD)	0.7%*

\* Attributable to currency exchange differences

Website: [transfergo.com](http://transfergo.com)

TransferGo is a fast growth digital money transfer business, focused primarily on individuals who regularly send money to their home markets. Geographically, today TransferGo is mainly focused on the key corridors of broader Europe, with principal flows channelling from West to East, while its segment of focus is blue-collar works, who are some of the most consistent and regular remittance customers. TransferGo is based in the UK and is regulated by the UK Financial Conduct Authority (FCA) as an authorised payment institution.

Remittances is one of the more attractive markets within global financial services and one that has been ripe from disruption for some time. Totalling c. USD 600 bn of annual peer-to-peer flows globally, pricing and speed of delivery remain too high/slow. Remittances is a business that is won on the balance and interaction between trust, speed and price and the majority of the industry has been failing customers for years on these metrics.

Vostok Emerging Finance has invested a total of USD 3.4 mln in TransferGo during the second quarter of 2016. As per September 30, 2016 TransferGo is valued on the basis of this transaction.

### TransferGo Metrics\*

	Sep 2015	Dec 2015	Mar 2016	June 2016	Sep 2016
No. of active users (transacted over last 90 days)	22,300	27,800	32,522	37,645	40,461
Money flow (GBP mln)	6.3	7.1	9.8	15.3	14.4
Avg. ticket size (GBP)	270	240	269	370	328

\* Source: Company data received from TransferGo

## FinanZero



### FinanZero

Vostok Emerging Finance's number of shares as at Sep 30, 2016	13,600
Total Value as at Sep 30, 2016 (USD)	1,160,261
Share of total portfolio	0.9%
Share of total shares outstanding	20%
Value development Jan 1–Sep 30, 2016 (in USD)	-5.5*

\* Attributable to currency exchange differences

Website: [finanzero.com.br](http://finanzero.com.br)

FinanZero is a pioneer marketplace for consumer loans in Brazil. The business is an independent broker for loans, negotiating the customer's loan with several banks and credit institutions, to find the loan with the best interest rate and terms for the consumer. FinanZero handles the lending process from start to finish, with the customer and the bank fully integrated into FinanZero's system. The business combines aspects of comparison, lead generation and consumer loan brokerage.

Vostok Emerging Finance has invested a total of USD 1.2 mln in FinanZero during the first quarter of 2016. As per September 30, 2016 FinanZero is valued on the basis of this transaction.



### Finja

Vostok Emerging Finance's number of shares as at Sep 30, 2016	-
Total Value as at Sep 30, 2016 (USD)	333,000
Share of total portfolio	0.3%
Share of total shares outstanding	-
Value development Jan 1–Sep 30, 2016 (in USD)	-

Website: [finja.pk](http://finja.pk)

Finja is a newly established fintech company in Pakistan with a mission to offer innovative financial services to Pakistan's rapidly growing digitally literate population by displacing cash. Finja was founded by tech and banking industry veterans Qasif Shahid, Monis Rahman and Umer Munawar.

As per September 30, 2016, VEF has agreed to invest USD 1.0 mln in Finja over three equal tranches, where each tranche is conditional upon specific deliverables. If all tranches are complete, the total stake in the company would be 22.5%. As per September 30, 2016 Finja is valued on the basis of this transaction, the first tranche being invested in the form of a convertible note which will automatically be converted to shares in July 2017, at the latest.

## Investments

During the nine months period of 2016, gross investments in financial assets were USD 24.91 mln, of which USD 4.94 mln concern new investments in FinanZero, TransferGo and Finja, and USD 19.97 concern liquidity placements. During the third quarter, gross investments in financial assets were USD 0.33 mln and concern the new investment in Finja.

## Company – results for the nine-months period and net asset value

During 9M16, the result from financial assets at fair value through profit or loss amounted to USD 27.29 mln, mainly due to the share price appreciation in Tinkoff Bank and a recent uplift in the valuation of JUMO.

Net operating expenses amounted to USD -1.37 mln.

Net financial items were USD -0.13 mln.

Net result for the period was USD 27.22 mln.

Total shareholders' equity amounted to USD 122.80 mln on September 30, 2016.

## Company – results for the third quarter and net asset value

During 3Q16, the result from financial assets at fair value through profit or loss amounted to USD 14.56 mln (3Q15: -7.34), mainly coming from share price appreciation in Tinkoff Bank and a recent uplift in the valuation of JUMO.

Net operating expenses amounted to USD -0.54 mln (3Q15: -0.32).

Net financial items were USD -0.10 mln (3Q15: 0.00).

Net result for the quarter was USD 13.99 mln (3Q15: -7.65).

## Liquid assets

The liquid assets of the Company, defined as cash and bank deposits, amounted to USD 35.99 mln on September 30, 2016.

## Financial and Operating risks

The Company's risks and risk management are described in detail in Note 4 of the Company's Annual Report 2015.

## >10 Statement of profit or loss

(Expressed in USD thousand)	January 1, 2016– September 30, 2016	July 1, 2016– September 30, 2016	July 1, 2015– September 30, 2015
Result from financial assets at fair value through profit or loss <sup>1</sup>	27,294	14,559	-7,337
Dividend and coupon income	1,430	77	–
<b>Total operating income</b>	<b>28,724</b>	<b>14,636</b>	<b>-7,337</b>
Operating expenses	-1,373	-542	-316
<b>Operating result</b>	<b>27,351</b>	<b>14,094</b>	<b>-7,652</b>
<b>Financial income and expenses</b>			
Interest income	1	–	8
Currency exchange gains/losses, net	-134	-103	-5
<b>Net financial items</b>	<b>-133</b>	<b>-103</b>	<b>3</b>
<b>Result before tax</b>	<b>27,218</b>	<b>13,991</b>	<b>-7,649</b>
Taxation	–	–	–
<b>Net result for the period</b>	<b>27,218</b>	<b>13,991</b>	<b>-7,649</b>
<b>Net result for the period attributable to owners of the Company</b>			
Earnings per share (in USD)	0.04	0.02	-0.10
Diluted earnings per share (in USD)	0.04	0.02	-0.10

1. Financial assets at fair value through profit or loss are carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'Result from financial assets at fair value through profit or loss' in the period in which they arise.

## Statement of comprehensive income

(Expressed in USD thousand)	January 1, 2016– September 30, 2016	July 1, 2016– September 30, 2016	July 1, 2015– September 30, 2015
<b>Net result for the period</b>	<b>27,218</b>	<b>13,991</b>	<b>-7,649</b>
<b>Total other comprehensive income for the period</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total comprehensive income for the period</b>	<b>27,218</b>	<b>13,991</b>	<b>-7,649</b>

Total comprehensive income for the periods above is entirely attributable to the equity holders of the Company.

# Statement of financial position

>11

(Expressed in USD thousand)	September 30, 2016	September 30, 2015	December 31, 2015
<b>Non-current assets</b>			
<i>Financial non-current assets</i>			
Financial assets at fair value through profit or loss	86,974	13,665	34,768
<b>Total financial non-current assets</b>	<b>86,974</b>	<b>13,665</b>	<b>34,768</b>
<b>Current assets</b>			
Cash and cash equivalents	35,988	5,318	62,302
Other current receivables	14	8	25
<b>Total current assets</b>	<b>36,002</b>	<b>5,326</b>	<b>62,327</b>
<b>TOTAL ASSETS</b>	<b>122,976</b>	<b>18,991</b>	<b>97,095</b>
<b>Equity</b>			
<i>– Attributable to owners of the company</i>			
Share capital	6,615	735	6,615
Additional paid in capital	87,909	26,325	87,880
Retained earnings	28,271	-8,160	1,053
<b>Total equity</b>	<b>122,795</b>	<b>18,900</b>	<b>95,548</b>
<b>Current liabilities</b>			
<i>Non-interest bearing current liabilities</i>			
Trade payables	–	–	1,491
Other current liabilities	111	69	21
Accrued expenses	70	22	34
<b>Total current liabilities</b>	<b>181</b>	<b>91</b>	<b>1,547</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>122,976</b>	<b>18,991</b>	<b>97,095</b>

## >12 Statement of changes in equity

(Expressed in USD thousand)	Attributable to owners of the parent			Total
	Share Capital	Additional paid in capital	Retained earnings	
<b>Balance at May 28, 2015</b>	-	-	-	-
Issuance of share capital	735	26,322	-	27,057
Profit for the period May 28, 2015 to December 31, 2015	-	-	1,053	1,053
<b>Total comprehensive income for the period May 28, 2015 to December 31, 2015</b>	-	-	<b>1,053</b>	<b>1,053</b>
<i>Transactions with owners</i>				
Proceeds from rights issue	5,880	63,198	-	69,078
Transaction costs	-	-1,648	-	-1,648
Share based compensation	-	7	-	7
<b>Balance at December 31, 2015</b>	<b>6,615</b>	<b>87,880</b>	<b>1,053</b>	<b>95,548</b>
<b>Balance at January 1, 2016</b>	<b>6,615</b>	<b>87,880</b>	<b>1,053</b>	<b>95,548</b>
Profit for the period January 1, 2016 to September 30, 2016	-	-	27,218	27,218
<b>Total comprehensive income for the period January 1, 2016 to September 30, 2016</b>	-	-	<b>27,218</b>	<b>27,218</b>
<i>Transactions with owners</i>				
Transaction costs rights issue	-	-42	-	-42
Value of employee services:				
- Employee share option scheme	-	41	-	41
- Share based long-term incentive program	-	30	-	30
<b>Balance at September 30, 2016</b>	<b>6,615</b>	<b>87,909</b>	<b>28,271</b>	<b>122,795</b>

# Statement of cash flows

>13

(Expressed in USD thousand)	January 1, 2016– September 30, 2016	July 1, 2016– September 30, 2016	May 28, 2015– September 30, 2015
<b>Operating activities</b>			
Result before tax	27,218	13,991	-8,160
<i>Adjustment for non-cash items:</i>			
Interest income and expense, net	-1	–	-8
Currency exchange gains/-losses	134	103	5
Result from financial assets at fair value through profit or loss	-27,294	-14,559	7,847
Non-paid dividends and other non-cash items	-1,013	33	2
Change in current receivables	11	13	-8
Change in current liabilities	-1,605	97	91
<b>Net cash used in operating activities</b>	<b>-2,550</b>	<b>-322</b>	<b>-231</b>
Investments in financial assets	-24,912	-333	-2,500
Dividend income	1,085	–	8,046
Interest received	1	–	8
<b>Net cash flow used in/from operating activities</b>	<b>-26,376</b>	<b>-655</b>	<b>5,322</b>
<b>Financing activities</b>			
Transaction costs rights issue	-42	–	–
<b>Net cash flow used in financing activities</b>	<b>-42</b>	<b>–</b>	<b>–</b>
<b>Change in cash and cash equivalents</b>	<b>-26,418</b>	<b>-655</b>	<b>5,322</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>62,302</b>	<b>36,748</b>	<b>–</b>
Exchange gains/losses on cash and cash equivalents	104	-105	-4
<b>Cash and cash equivalents at end of period</b>	<b>35,988</b>	<b>35,988</b>	<b>5,318</b>

## >14 Alternative Performance Measures

As of July 3, 2016 new guidelines on APMs (Alternative Performance Measures) are issued by ESMA (the European Securities and Markets Authority). APMs are financial measures other than financial measures defined or specified by International Financial Reporting Standards (IFRS).

Vostok Emerging Finance regularly uses alternative performance measures to enhance comparability from period to period and to give deeper information and provide meaningful supplemental information to analysts, investors and other parties.

It is important to know that not all companies calculate alternative performance measures identically, therefore these measurements have limitations and should not be used as a substitute for measures of performance in accordance with IFRS.

Below you find our presentation of the APMs and how we calculate these measures.

	January 1, 2016– September 30, 2016	May 28, 2015– September 30, 2015
Return on capital employed, % <sup>1</sup>	24.91%	-86.35%
Equity ratio, % <sup>2</sup>	99.9%	99.5%
Shareholders' equity/share, USD <sup>3</sup>	0.19	0.26
Earnings/share, USD <sup>4</sup>	0.04	-0.11
Diluted earnings/share, USD <sup>5</sup>	0.04	-0.11
Net asset value/share, USD <sup>6</sup>	0.19	0.26
Net asset value/share, SEK <sup>6</sup>	1.60	2.16
Net asset value, SEK	1,058,330,960	158,537,224
Weighted average number of shares for the financial period	661,495,995	73,499,555
Weighted average number of shares for the financial period (fully diluted)	661,495,995	73,499,555
Number of shares at balance sheet date	661,495,995	73,499,555

1. Return on capital employed is defined as the Company's result for the period plus interest expenses plus/less exchange differences on financial loans divided by the average capital employed (the average total assets less non-interest bearing liabilities over the period). Return on capital employed is not annualised.

2. Equity ratio is defined as shareholders' equity in relation to total assets.

3. Shareholders' equity/share is defined as shareholders' equity divided by total number of shares.

4. Earnings/share is defined as result for the period divided by average weighted number of shares for the period.

5. Diluted earnings/share is defined as result for the period divided by average weighted number of shares for the period calculated on a fully diluted basis.

6. Net asset value/share is defined as shareholders' equity divided by total number of shares.

This interim report is prepared in accordance with IAS 34 Interim Financial Reporting. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit and loss. The same accounting principles and methods of calculations have been applied for the Group as for the preparations of the accounts for the Company 2015.

The Company's 2015 annual report is available at the Company's website: <http://www.vostokemergingfinance.com/en/investor-relations/financial-reports/>

The interim financial information on pages 10–17 are an integral part of this financial report.

## Note 2 Related party transactions

During the period Vostok Emerging Finance has recognized the following related party transactions:

USD thousand	Operating expenses		Current liabilities	
	Sep 30, 2016	Dec 31, 2015	Sep 30, 2016	Dec 31, 2015
Key management and Board of Directors*	526	267	74	–

\* Compensation paid or payable includes salary and consulting fees to the management and remuneration to the Board members.

The costs for a new long term incentive program (LTIP 2016) for the management amounted to USD 0.03 mln, excluding social taxes. See details of the LTIP 2016 in Note 5.

## Note 3 Fair value estimation

The numbers below are based on the same accounting and valuation policies as used in the Company's most recent Annual Report. For more information regarding financial instruments in level 2 and 3 see note 5 in the Company's Annual Report 2015.

The fair value of financial instruments is measured by level of the following fair value measurement hierarchy:

- > Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- > Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- > Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Company's assets that are measured at fair value at September 30, 2016.

	Level 1	Level 2	Level 3	Total balance
Financial assets at fair value through profit or loss	66,338	20,636	–	86,974
<b>Total assets</b>	<b>66,338</b>	<b>20,636</b>	<b>–</b>	<b>86,974</b>

The following table presents the Company's assets that are measured at fair value at December 31, 2015.

	Level 1	Level 2	Level 3	Total balance
Financial assets at fair value through profit or loss	19,458	15,310	–	34,768
<b>Total assets</b>	<b>19,458</b>	<b>15,310</b>	<b>–</b>	<b>34,768</b>

As per September 30, 2016, the Company's holding in Tinkoff Bank is classified as a level 1 investment as its GDRs are trading on London Stock Exchange. Vostok Emerging Finance also has liquidity management portfolio of listed corporate bonds that are also classified as level 1 investments. REVO, which is owned through the parent company Souxou, and Sorsdata, which is owned through the parent company Mouxou, the investments in JUMO, TransferGo, FinanZero and Finja are all valued as level 2 on the basis of the valuations in their respective latest transaction which all closed in late 2015 or the first nine months of 2016. The validity of valuations based on a transaction is inevitably eroded over time, since the price at which the investment was made reflects the conditions that existed on the transaction date. At each reporting date, possible changes or events subsequent to the relevant transaction are assessed and if this assessment implies a change in the investment's fair value, the valuation is adjusted accordingly. The transaction-based valuations are frequently assessed using multiples of comparable traded companies for each unlisted investment or other valuation models. When the Company uses transaction-based

valuations of unlisted holdings, no material event is deemed to have occurred at the specific portfolio company that would suggest that the transaction-based value is no longer valid.

#### **Tinkoff Bank**

The investment in Tinkoff Bank is listed on the London Stock Exchange and the valuation is based on the closing bid-price per September 30, 2016.

#### **JUMO**

As per September 30, 2016, VEF owns 1,748 shares or 7.0% fully diluted in JUMO World Limited (formerly known as AFB Mauritius) that owns and operates JUMO. JUMO is valued as per the most recent transaction in the company in August 2016. The transaction values VEF's stake at USD 10.8 mln. As per September 30, 2016, JUMO is valued on the basis of this transaction and is categorized as a level 2 investment.

#### **REVO**

As per September 30, 2016, VEF has a 25% ownership in REVO and has invested a total of USD 4.7 mln in the company. REVO is valued on the basis of the latest transaction in the company when VEF exercised its option to double its ownership stake to 25%. VEF closed the second tranche of the investment on December 16, 2015. REVO is valued at USD 18.8 mln post-money and VEF's stake is duly valued at USD 4.7 mln as a level 2 investment. VEF owns 3,584 shares in REVO.

#### **TransferGo**

As per September 30, 2016, VEF owns 9.8% in TransferGo and has invested a total of USD 3.4 mln in the company in June 2016. As per September 30, 2016, TransferGo is valued on the basis of this transaction and is categorized as a level 2 investment.

#### **FinanZero**

As per September 30, 2016, VEF owns 13,600 shares in FinanZero following an investment in primary capital of approximately USD 1.2 mln in March 2016. As per September 30, 2016, FinanZero is valued on the basis of this transaction and is categorized as a level 2 investment.

#### **Finja**

As per September 30, 2016, VEF has agreed to invest USD 1.0 mln in Finja over three equal tranches, where each tranche is conditional upon specific deliverables. If all tranches are complete, the total stake in the company would be 22.5%. As per September 30, 2016, the first tranche of USD 0.3 mln was completed and Finja is valued on the basis of this transaction. The first tranche, being invested in the form of a convertible note which will automatically be converted to shares in July 2017, at the latest, is categorized as a level 2 investment.

#### **Sorsdata**

As per September 30, 2016, VEF owns 25% of Sorsdata and has invested a total of USD 300k in the company. Sorsdata is valued on the basis of the latest transaction in the company, when VEF exercised its option to double its holding. VEF closed this (second) tranche of the investment on December 16, 2015. Sorsdata is duly valued at USD 1.2 mln post-money and VEF's stake is valued at USD 300k as level 2 investment. VEF owns 882 shares in Sorsdata.

#### **Change in financial assets at fair value through profit or loss**

Company	Opening balance Jan 1, 2016	Investments/ (disposals), net, USD	FV change	Closing balance Sep 30, 2016	Percentage weight of total portfolio
Tinkoff Bank	19,458,372	-	27,114,124	46,572,496	37.9%
JUMO	10,309,704	-	480,419	10,790,123	8.8%
REVO	4,700,000	-	-	4,700,000	3.8%
TransferGo	-	3,403,288	-50,580	3,352,708	2.7%
FinanZero	-	1,206,513	-46,252	1,160,261	0.9%
Finja	-	333,000	-	333,000	0.3%
Sorsdata	300,000	-	-	300,000	0.2%
Liquidity management	-	19,968,896	-203,856	19,765,040	16.1%
<b>Total</b>	<b>34,768,076</b>	<b>24,911,697</b>	<b>27,293,855</b>	<b>86,973,628</b>	<b>70.7%</b>

#### Note 4 Employee share-option program

<i>Outstanding options</i>	<i>Sep 30, 2016</i>
Beginning of the period	1,905,000
Granted during June 2016	1,000,000
Granted during August 2016	500,000
<b>Outstanding at the end of the period</b>	<b>3,405,000</b>

Per September 30, 2016 a total of 3,405,000 options were outstanding. 1,905,000 to Managing Director and 1,500,000 to other employees.

Market value of the options is calculated with the help of the Black & Scholes options valuation model.

For options granted in June the market value is 0.14/option. Significant inputs into the model for options granted in June where share price as at June 7, 2016 (SEK 1.13), exercise price (SEK 1.33), standard deviation of expected share price returns based on an analysis of historical share prices (33.0 per cent), option life until July 31, 2021, the Swedish market interest rate as at June 7, 2016, (-0.27 per cent); and a dividend yield of 0 per cent.

For options granted in August the market value is 0.26/option. Significant inputs into the model for options granted in August where share price as at August 25, 2016 (SEK 1.22), exercise price (SEK 1.46), standard deviation of expected share price returns based on an analysis of historical share prices (20.9 per cent), option life until November 24, 2021, the Swedish market interest rate as at August 25, 2016, (-0.53 per cent); and a dividend yield of 0 per cent.

See note 9 in Annual Report 2015 for more details.

#### Note 5 LTIP 2016

At the 2016 annual general meeting held on May 19, 2016, it was resolved to implement a share-based long-term incentive program for management and key personnel in Vostok Emerging Finance. The program runs from January 1, 2016 through March 31, 2019, and encompasses a maximum of 11,315,790 shares, corresponding to a dilution of 1.71% of the total number of shares outstanding. Program participants purchase shares in the company, and for each purchased share is entitled to receive a number of additional shares, so-called performance shares, free of charge, subject to fulfilment of a performance condition set by the Board of Directors on the basis of the Company's NAV. Pursuant to IFRS 2, the costs for the program will be reported over the profit and loss statement during the vesting period August 31, 2016 through December 31, 2018. During the third quarter 2016, the reported costs for the program amounted to USD 0.03 million.

#### Note 6 Events after the reporting period

During October 2016, two wholly-owned subsidiaries have been established: Vostok Emerging Finance AB, a Swedish subsidiary; and Vostok Emerging Finance (Cyprus) Limited, a Cypriot subsidiary. Vostok Emerging Finance Ltd, registered in Bermuda, is the parent company of the Group.

The parent company's business is to act as the holding company for the Group and therefore own, manage and finance the holding in its wholly-owned Cypriot subsidiary, Vostok Emerging Finance (Cyprus) Limited. Vostok Emerging Finance (Cyprus) Limited is responsible for the Group's portfolio, and Vostok Emerging Finance AB provides business support services to the parent company.

## >18 Background

Vostok Emerging Finance Ltd (VEF) was incorporated and registered with the Bermuda Registrar of Companies on May 28, 2015 with registered number 50298. There were no business activities in the Company between May 28, 2015 and June 9, 2015.

A Special General Meeting of the shareholders of Vostok New Ventures Ltd (VNV) on June 9, 2015 resolved in accordance with the Board of Directors' proposed transfer of the holding in Tinkoff Bank to the shareholders through the formation and

spin-off of Vostok Emerging Finance Ltd. On July 16, 2015 Vostok New Ventures' wholly owned subsidiary Vostok Emerging Finance containing the Tinkoff Bank stake (9,079,794 SDRs) was spun-off and distributed to the shareholders of Vostok New Ventures Ltd via a mandatory redemption program.

From July 16, 2015, the Swedish Depository Receipts of Vostok Emerging Finance Ltd are traded on First North, with the ticker VEMF SDB.

The first financial year comprised the period May 28, 2015–December 31, 2015. Thereafter the financial year is January 1–December 31.

## Upcoming Reporting Dates

Vostok Emerging Finance's financial report for the period January 1, 2016–December 31, 2016 will be published on March 15, 2017.

November 30, 2016

David Nangle

Managing Director

For further information contact David Nangle or Björn von Sivers: tel: +46 8 545 015 50.

[www.vostokemergingfinance.com](http://www.vostokemergingfinance.com)

# Report on Review of Interim Financial Information

## Introduction

We have reviewed the condensed interim financial information (interim report) of Vostok Emerging Finance Ltd. as of 30 September, 2016 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim report based on our review.

## Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in

accordance with International Standards on Auditing, ISA. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34.

Gothenburg, November 30, 2016

PricewaterhouseCoopers AB

Ulrika Ramsvik

Authorized Public Accountant

Bo Hjalmarsson

Authorized Public Accountant