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# Vostok Emerging Finance

## Financial Report for the Third Quarter 2017 and the Period January 1, 2017–September 30, 2017

### Financial Result

- > Net result for 3Q17 was USD 27.48 million (mln) (3Q16: USD 13.99 mln). Earnings per share were USD 0.04 (3Q16: USD 0.02).
- > Net result for the nine-months period was USD 42.16 mln (9M16: 27.22 mln). Earnings per share were USD 0.06 (9M16: 0.04).
- > The positive net result over the period is primarily driven by the share price development in Vostok Emerging Finance's ("VEF" or the "Company") only listed equity holding, Tinkoff Bank, and the mark up in valuation of REVO and Sorsdata following the 1Q17 investment round.

### Net Asset Value

- > The net asset value of VEF was USD 186.9 mln as at September 30, 2017 (December 31, 2016: USD 144.3 mln),
- > Net asset value per share was USD 0.28 (December 31, 2016: USD 0.22).
- > Based on the period end USD/SEK exchange rate of 8.109 (December 31, 2016: 9.10), net asset value was SEK 1,515 mln (December 31, 2016: SEK 1,313 mln) and SEK 2.29 per share (December 31, 2016: SEK 1.99 per share), respectively.

### Key Events during the Third Quarter

- > During the third quarter VEF sold 1.6 mln GDRs in Tinkoff Bank, approximately 25% of its position, yielding USD 20.6 mln.
- > On September 15, 2017, VEF invested USD 3.0 mln in Magnetis, Brazil's leading Roboadvisor.

### Key Events after the end of the Period

- > After the end of the period, VEF has sold 586,536 shares GDRs in Tinkoff Bank, approximately 12% of its position, yielding USD 10.4 mln.
- > On October 18, 2017, VEF announced that it had made an investment of USD 30 mln into leading Brazilian personal finance platform, GuiaBolso, taking the lead in a broader investment round of close to USD 40 mln.
- > As at October 31, 2017, VEF's net asset value was USD 195.0 mln (SEK 1,629.1 mln at a USD/SEK exchange rate of 8.3555), or USD 0.29 per share (SEK 2.46).
- > On November 10, 2017, VEF invested an additional USD 98.7k in FinanZero via a two-year convertible loan note.

# Vostok Emerging Finance

*Investing in leading fintech companies  
across emerging markets*



### Dear fellow shareholder,

Through the course of 2017, VEF has remained on the front foot, successfully converting pipeline that has been the groundwork of two years in the making. This has allowed us to transition from the concept of value creation through investing in fintech in the developing world, to a very exciting portfolio of ten holdings across diverse range of scale growth geographies and multiple lines of financial services. Specifically, the recent announcement of our latest and largest transaction to date, a USD 30 mln lead investment into the personal financing platform GuiaBolso in Brazil, is a landmark event in itself and reflects our growing confidence as investors and ability to attract the larger later stage quality deals to our portfolio. On the exit front, we have also begun to gradually reduce our holding in Tinkoff Bank, the one listed asset in our portfolio, a phenomenal success for us to date and strong driver of our NAV and share price. Irrespective of our ongoing positive view on the business and stock, this is a holding that was always medium term in nature and logical we should begin to recycle some capital gains from it to greater return opportunities within our core mandate in the private fintech space. The VEF team has also come together through 2017, individually and collectively, as new members hit the ground running. In summary, we remain well positioned for continued value creation in our EM fintech focus space.

Geographically, Brazil has been the dominant theme for VEF through 2017, with our last three investments, and four of our ten holdings, focused there. For a number of reasons, which we noted in our last management report, outside of some of the larger Asian markets, we have yet to find a fintech market that is more exciting and ripe for our investment money than Brazil. New names to the portfolio are GuiaBolso and Magnetis:

**GuiaBolso** – USD 30 mln investment into leading Brazilian personal finance platform.

GuiaBolso has the mission of transforming the financial well-being of ordinary Brazilians. They leverage their proprietary bank data aggregation technology to automatically aggregate consumer financial information so they can better understand their finances. From there, GuiaBolso is in a unique position to offer their customers a range of products from credit reports and financial education tools through to credit and investment products, both through partner institutions and their own subsidiaries.

**Magnetis** – USD 3 mln investment into leading Brazilian Roboadvisor.

In 3Q17 we also led the Series A funding round into Magnetis, Brazil's leading Roboadvisor.

Magnetis is a pioneer of the Roboadvisory scene in Brazil, a model that looks to digitally provide risk aligned investment portfolios for individuals in a low cost digital manner.

Brazil is one of the few emerging markets that has a backdrop that is suited for Roboadvisory success at this juncture and Magnetis is the leading play on this opportunity today.

In line with our portfolio coming together, the positive traction in those assets to date and the arrival of some of the more higher profile new investments, we have spent more time of late on the road meeting and updating current shareholders, as well as educating a wider investor audience, of the unique investment opportunity that is Vostok Emerging Finance. The goal is to continue to broaden and deepen our shareholder base, gradually narrow the traded discount to NAV and to encourage trading liquidity in our shares, in line with the continued growth in our market capitalisation.

As always, I would like to close off my comments by thanking my supportive board of directors and the team at Vostok Emerging Finance for all their input and efforts over the period. To fellow shareholders, we appreciate your on-going support. At VEF, we 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. We take a long-term view on our company, investments and indeed life, which is a necessary positive when investing in the space that we do.

## Portfolio structure

### – Net Asset Value

The investment portfolio stated at market value as at September 30, 2017, is shown to the right.

Number of shares	Company	Fair value, USD Sep 30, 2017	Percentage weight	Fair value, USD Dec 31, 2016	Fair value change per share, year to date 2017
4,804,794	TCS Group Holding PLC (Tinkoff Bank)	79,038,861	42.2%	67,306,827	56% <sup>1</sup>
4,062	REVO Technology	13,175,000	7.0%	4,700,000	147% <sup>1</sup>
1,994	JUMO	12,705,768	6.8%	12,705,768	0% <sup>1</sup>
2,083,951	Iyzico	9,000,000	4.8%	–	– <sup>1</sup>
601,202	TransferGo	6,601,625	3.5%	3,154,798	11% <sup>1,2</sup>
1,198,493	Nibo	3,299,998	1.8%	–	– <sup>1</sup>
479,723	Magnetis	2,999,996	1.6%	–	– <sup>1</sup>
17,227	FinanZero	2,109,068	1.1%	1,099,245	35% <sup>1,2</sup>
2,878,735	Finja	1,151,494	0.6%	1,000,985	0% <sup>1</sup>
999	Sorsdata	976,131	0.5%	300,000	187% <sup>1</sup>
	Liquidity management	18,378,334	9.8%	29,887,284	
	Cash and cash equivalents	37,769,290	20.2%	24,997,933	
	<b>Total investment portfolio</b>	<b>187,205,565</b>	<b>100.0%</b>	<b>145,152,840</b>	
	Other net liabilities	-318,139		-826,501	
	<b>Total Net Asset Value</b>	<b>186,887,426</b>		<b>144,326,339</b>	

## Portfolio development

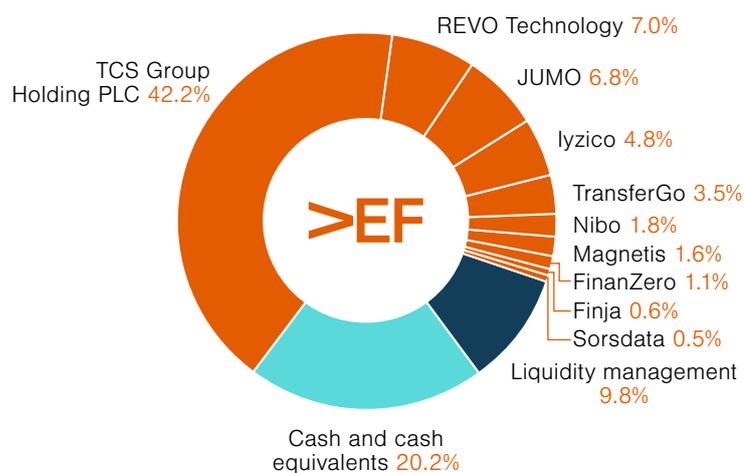
Vostok Emerging Finance's net asset value (NAV) per share increased by 17.4% in USD over the third quarter 2017. During the same period, the MSCI Emerging Markets index increased by 7.0% in USD terms. Vostok Emerging Finance's SDR price decreased by 7.3% over the third quarter 2017.

1. This investment is shown in the balance sheet as financial asset at fair value through profit or loss.  
2. Attributable to currency exchange differences

### VEF price/NAV performance 3Q17



### VEF price/NAV performance 9M17



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.

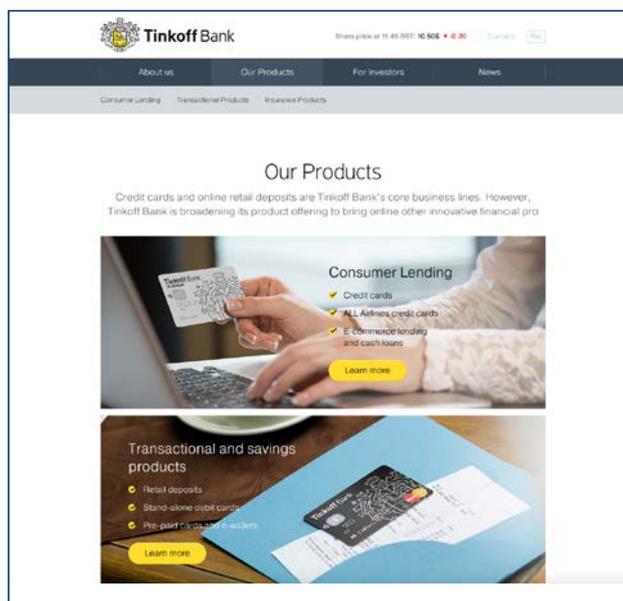


## Tinkoff Bank

### TCS Group Holding PLC

Vostok Emerging Finance's number of shares as at September 30, 2017	4,804,794
Total Value as at September 30, 2017 (USD)	79,038,861
Share of total portfolio	42.2%
Share of total shares outstanding	2.6%
Value development January 1–September 30, 2017 (in USD)	56%

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



Tinkoff Bank was founded in 2007 and has since established itself at the forefront of innovation in delivery of digital consumer and SME financial services in Russia. The business was listed on the London Stock Exchange on October 25, 2013.

Credit cards were the maiden product of Tinkoff Bank and still very much at the core to its business today. As of Q3 2017, Tinkoff was the number 2 credit card issuer in Russia with an estimated 11,6% market share, second only to Sberbank. Tinkoff Bank has also developed a successful online retail deposit account programme, branded Tinkoff Black, which now has over 2.4 mln customers. Tinkoff Bank's other growing lines of business include brokerage services for its customers and Tinkoff Online Insurance, which enables Tinkoff Bank to underwrite and sell its own online insurance products. The bank started its focus on the smaller end of Russia's SME segment in

2016, and by the end of the third quarter of 2017, they had close to 200k customers and growing rapidly into an estimated SME market size in Russia of 5 mln. In summary, with the core business on the front foot as Russia's economy has stabilised and begins to show growth again, Tinkoff Bank has taken the opportunity to push hard on a number of new business lines with a view to drive further growth and diversify the group's revenue streams going forward. A core strength of Tinkoff Bank's success has always been its deep and loyal senior management bench, which consists of a team of experienced professionals formerly from the likes of Visa, McKinsey and several top Russian banks and tech companies.

During the third quarter of 2017 Tinkoff upgraded its financial guidance for FY2017, guiding for net income to reach at least RUB 24 bln, while also setting an outlook for double digit bottom line growth out to

2019. Further, the bank announced a new dividend policy, planning to distribute surplus capital quarterly, as determined by the board with a target dividend pay-out of 50% of the preceding quarter's net income. Following the new dividend policy, VEF received a gross dividend of USD 1.1 mln in total, USD 0.20 per share, from Tinkoff Bank in the third quarter of 2017. Further, Tinkoff announced, in relation to releasing its Q3 results, a third interim gross dividend of USD 0.22 per share, and a special interim dividend of USD 0.18 per share, following the stronger than expected bottom-line result of the third quarter 2017.

As per September 30, 2017, VEF owns 2.6% of Tinkoff Bank (TCS Group Holding PLC).



**REVO Technology**

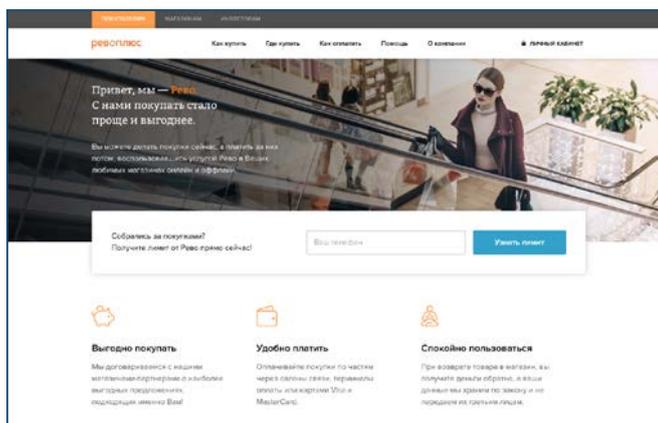
Vostok Emerging Finance's number of shares as at September 30, 2017	4,062
Total Value as at September 30, 2017 (USD)	13,175,000
Share of total portfolio	7.0%
Share of total shares outstanding	25.0%
Value development January 1–September 30, 2017 (in USD)	147%

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



**Sorsdata**

Vostok Emerging Finance's number of shares as at September 30, 2017	999
Total Value as at September 30, 2017 (USD)	976,131
Share of total portfolio	0.5%
Share of total shares outstanding	25.0%
Value development January 1–September 30, 2017 (in USD)	187%



REVO and Sorsdata were founded in December 2012. REVO's business model applies proven mobile and cloud solutions, alongside a well-established credit approval infrastructure and collection operations in Russia to offer point of sale credit solutions to consumers, focusing both on the online and offline segments. The company is focused on lower ticket retail categories which represents more than USD 100 billion in annual turnover in Russia, including apparel, toys, footwear, sporting goods, housewares, cosmetics, medical services and others. REVO's sister company 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.

Throughout the first nine months of 2017, 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 at an operating level. During the first quarter 2017, REVO/Sorsdata closed a financing round lead by Baring Vostok, a leading Private Equity firm operating in Russia and the CIS, in which VEF took up its rights and committed to invest a further USD 5 mln in the business.

As per September 30, 2017 VEF owns 25% in both companies and had invested a total of USD 6.25 mln and USD 0.41 mln into REVO and Sorsdata respectively. At end of the quarter, the companies are valued on the basis of the aforementioned transaction in the first quarter of 2017.

**REVO Operational Development**

	Dec 2013	Dec 2014	Dec 2015	Dec 2016	Sep 2017
No. of active stores	67	572	1,623	1,680	3,159
No. of instalment plans issued (monthly)	6,402	9,969	41,217	40,142	38,768
Avg. instalment plan (Rub)	2,442	3,852	4,103	4,913	5,610
Avg. duration of instalment plan (months)	4.5	4.9	4.6	4.9	4.6

Source: Company data received from REVO Technology



**JUMO**

Vostok Emerging Finance's number of shares as at September 30, 2017	1,994
Total Value as at September 30, 2017 (USD)	12,705,768
Share of total portfolio	6.8%
Share of total shares outstanding	7.6%
Value development January 1–September 30, 2017 (in USD)	0%

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



JUMO is a mobile money marketplace for people, small businesses, mobile network operators and financial service providers. JUMO operates across Africa in Kenya, Tanzania, Ghana, Zambia, Uganda and Rwanda and have recently expanded into the sub-continent in Pakistan with Bangladesh on radar. Headquarters are in Cape Town, South Africa.

JUMO marketplace was set up to provide value and a service for 3 distinct partners in their ecosystem. First, it allows consumers/SMEs across mobile money markets of Africa and beyond access to basic financial services direct to their mobile phone without the need to directly interact or physically go to a bank branch. Second, it allows some of the larger financial services providers the ability to access a broad array of mobile money customers across the continent in a cost efficient and scale manor. Finally, it provides products for the MNO's end users and hence helps to augment the utility of their mobile money pipes and increase customer stickiness and reduce churn.

On the product diversification front, JUMO recently launched its savings product to complement the existing and growing suite of credit products. The focus for 2017 is on scaling and driving momentum on the marketplace as well as looking beyond Africa. As of today JUMO is a mix of marketplace as well as balance sheet credit provider, while the future focus is on its marketplace.

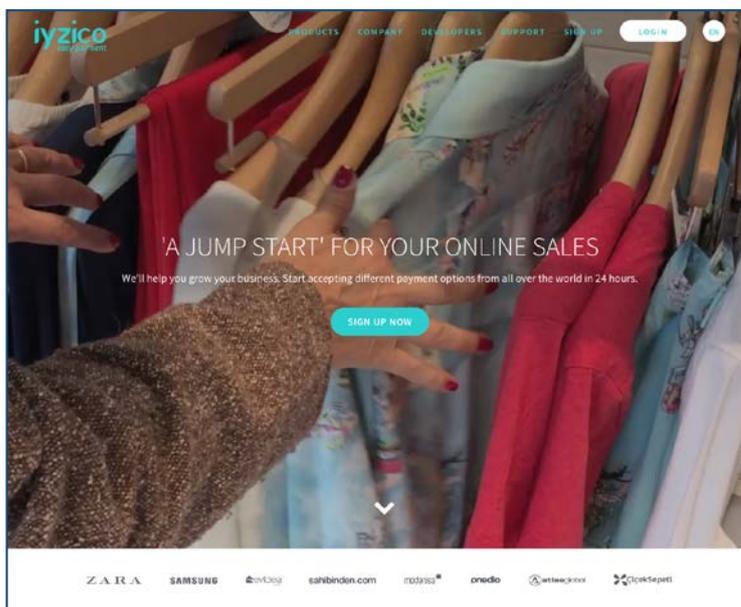
Vostok Emerging Finance has invested a total of USD 11.6 mln over the course of three funding rounds, where the latest investment of USD 1.6 mln was concluded in December 2016. As per September 30, 2017, JUMO is valued on the basis of the latest transaction, which occurred in December 2016, with a valuation of USD 12.7 mln for VEF's 7.6% ownership in the company.



**Iyzico**

Vostok Emerging Finance's number of shares as at September 30, 2017	2,083,951
Total Value as at September 30, 2017 (USD)	9,000,000
Share of total portfolio	4.8%
Share of total shares outstanding	20.1%
Value development January 1–September 30, 2017 (in USD)	0%

> [iyzico.com](http://iyzico.com)



Founded in 2013, Iyzico is a leading Turkish payment solution provider, with a history and bias for online merchants. Iyzico is one of the fastest growing financial technology companies in the region, and its business model has similarities to the likes of Stripe, Adyen and Klarna.

As well as being one of the larger and more populous emerging market economies, Turkey is Europe's largest consumer card market, but remains vastly under-penetrated in the fast growth online payment space. Furthermore, Turkey operates a relatively unique card system, as merchants require solutions like Iyzico's to accept e-commerce card payments from across the variety of card families in the market. Iyzico is licensed as a Turkish payment institution by the Bankacilik Düzenleme ve Denetleme Kurumu (BDDK). The unique market dynamics, coupled with the importance of the growing share of e-commerce transactions are key positive aspects of the market opportunity in front of Iyzico.

Iyzico has been very successful to date in its provision of online payments solutions for some of Turkey's leading online merchants and marketplaces. A testament to its offering, Iyzico has also become the go-to payments solution for international merchants looking for payments solutions in Turkey having recently closed deals with international retail giants like H&M and Samsung, amongst others. Iyzico currently serves thousands of merchants as well as online marketplaces and processed over 7.4 mln transactions during the first nine months of 2017.

During the first quarter of 2017, Vostok Emerging Finance invested USD 9.0 mln for 20.1% of the company, leading a broader Series C USD 13 mln investment round. VEF was joined by existing investors, IFC, a member of the world bank and 212, one of the foremost VC funds in Turkey, in the round. As per September 30, 2017, VEF's ownership in Iyzico is valued on the basis of this transaction.



**TransferGo**

Vostok Emerging Finance's number of shares as at September 30, 2017 **601,202**

Total Value as at September 30, 2017 (USD) **6,601,625**

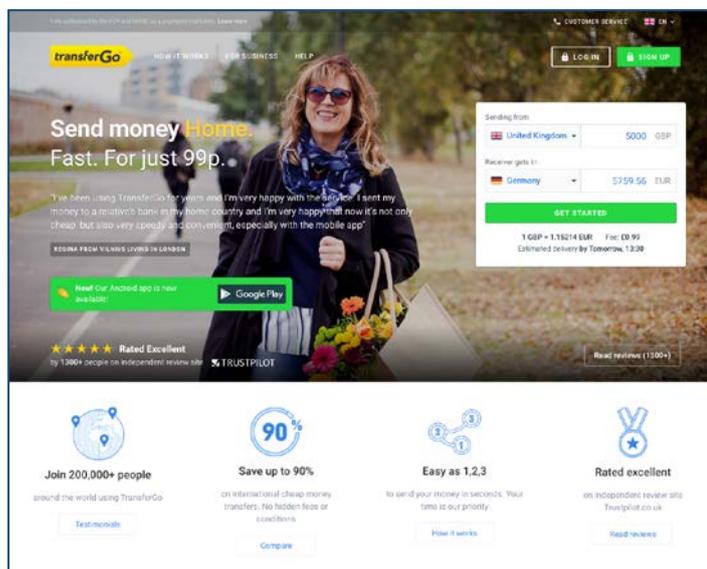
Share of total portfolio **3.5%**

Share of total shares outstanding **9.8%**

Value development January 1–September 30, 2017 (in USD) **11%\***

\* Attributable to currency exchange differences

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



TransferGo is a fast growing 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 workers, 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 for 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. 2016 marked a successful year for TransferGo, and the first nine months of 2017 have shown continuously strong unit economics, and a consistent positive development on relevant KPIs.

Vostok Emerging Finance invested an additional EUR 2.5 mln in TransferGo via a 2-year convertible loan note in Q2 2017 to add to its initial USD 3.4 mln (EUR 3.0 mln) investment in Q2 2016. As per September 30, 2017, VEF's ownership of 9.8% in TransferGo, coupled with the value inherent in the convertible note, is valued at 6.6 mln USD (EUR 5.6 mln).

**TransferGo Metrics**

	Mar 2016	Jun 2016	Sep 2016	Dec 2016	Mar 2017	Jun 2017	Sep 2017
No. of active users (transacted over last 90 days)	32,522	37,645	40,461	51,792	54,001	59,253	69,094
Money flow (GBP mln)	9.8	15.3	14.4	19.1	21.3	23.6	29.8
Avg. ticket size (GBP)	269	370	328	336	349	370	398

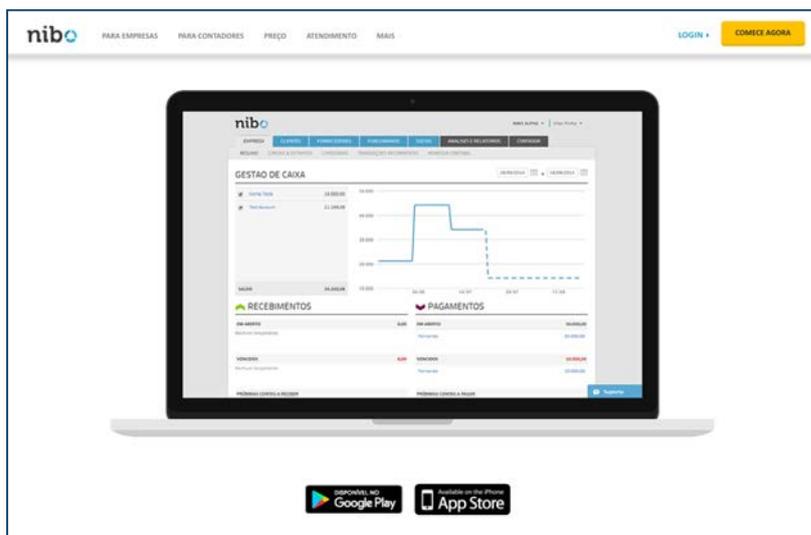
Source: Company data received from TransferGo



**Nibo**

Vostok Emerging Finance's number of shares as at September 30, 2017	1,198,493
Total Value as at September 30, 2017 (USD)	3,299,998
Share of total portfolio	1.8%
Share of total shares outstanding	15.5%
Value development January 1–September 30, 2017 (in USD)	0%

> [nibo.com.br](http://nibo.com.br)



Nibo is a leading Brazilian accounting SaaS (software as a service) provider, transforming the way accountants and SMBs interact. The company was founded in 2012 by Gabriel Gaspar and is based in Rio de Janeiro, Brazil.

The Brazilian accounting and tax environment is amongst the most complex markets in the world to comply with, and Brazil has over 400 thousand individual accountants servicing a market of 10 million SMBs that are legally required to have an accountant. By leveraging Nibo's innovative technology solutions, accountants across Brazil are positioned to empower their SMB customers by providing fast, accurate and end-user friendly data, whilst massively increasing their productivity. The Nibo platform offers a suite of products including accounts and bank reconciliation, payment of bills, cash flow projection tools and issuance of invoices and boletos.

During the second quarter of 2017, Vostok Emerging Finance has invested a total of 3.3 mln USD into Nibo. Following the investment round, totaling USD 4.3 mln, which was led by Vostok Emerging Finance and joined by existing shareholders Redpoint E Ventures and Valor, VEF holds 15.5% of the company. As per September 30, Vostok Emerging Finance's ownership of 15.5% is valued at 3.3 mln USD on the basis of this transaction.



**Magnetis**

Vostok Emerging Finance's number of shares as at September 30, 2017	479,723
Total Value as at September 30, 2017 (USD)	2,999,996
Share of total portfolio	1.6%
Share of total shares outstanding	16.9%
Value development January 1–September 30, 2017 (in USD)	–

> [magnetis.com.br](http://magnetis.com.br)



Magnetis is a leading Brazilian digital investment advisor, offering tailor made and highly automated wealth management products to the younger Brazilian audience with limited financial expertise or time. Using the individual’s specific risk preferences, Magnetis builds and manages a tailored portfolio of money market, insured fixed income, hedge funds and equity ETFs at the click of a button. Founded in early 2015, Magnetis is based in Sao Paolo, Brazil. Brazil represents a unique combination of high real interest rates, a deep pool of active wealth and a high level of financial markets and consumer technology adoption.

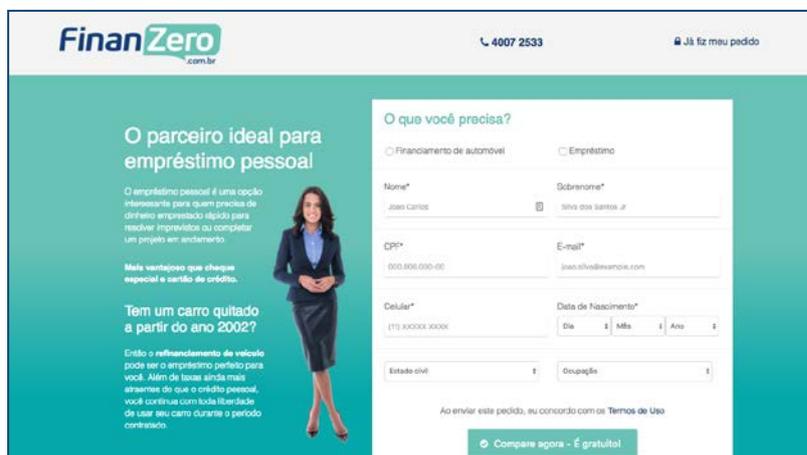
During the third quarter of 2017, Vostok Emerging Finance has invested a total of 3.0 mln USD into Magnetis, leading a broader financing round totalling USD 4.0 mln. Vostok Emerging Finance was joined by existing Brazil focused investor, Monashees Capital in the round. VEF holds 16.9% of the company. As per September 30, Vostok Emerging Finance’s ownership of 16.9% is valued at 3.0 mln USD on the basis of this transaction.



**FinanZero**

Vostok Emerging Finance's number of shares as at September 30, 2017	17,227
Total Value as at September 30, 2017 (USD)	2,109,068
Share of total portfolio	1.1%
Share of total shares outstanding	23.8%
Value development January 1–September 30, 2017 (in USD)	35%

> [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 integrated into FinanZero's system. The business combines aspects of comparison, lead generation and consumer loan brokerage and is very similar to the Lendo business model in Scandinavia.

Vostok Emerging Finance initially invested a total of USD 1.2 mln in FinanZero during the first quarter of 2016. During the second quarter of 2017, Vostok Emerging Finance invested an additional USD 0.4 mln into FinanZero, leading the investment round totalling USD 0.5 mln. Vostok Emerging Finance was joined in this round by existing shareholders, Webrock Brazil 1 AB and Zentro Global Consulting AB. Following this transaction, Vostok Emerging Finance holds 23.8% of the shares in the company. As per September 30, 2017, VEF's ownership in FinanZero is valued at 2.1 mln USD on the basis of this transaction.



**Finja**

Vostok Emerging Finance's number of shares as at September 30, 2017	2,878,735
Total Value as at September 30, 2017 (USD)	1,151,494
Share of total portfolio	0.6%
Share of total shares outstanding	22.9%
Value development January 1–September 30, 2017 (in USD)	0%

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



Finja is a leading fintech company in Pakistan with the mission to offer free, frictionless and real-time payments through its mobile wallet. Applying its freemium model, Finja offers innovative financial services to Pakistan's rapidly growing digitally literate population by displacing cash. Finja have developed and operate one of the leading wallets, SimSim, with over 100k customers signed up, and growing rapidly.

Pakistan is a scale market with a population of over 200 million, with a fast-growing middle class. The smart phone penetration is growing fast by the day, which is one of the fundamental key aspects to scaling the number of users and merchants. Finja has had a strong first nine months of 2017 with double digit growth numbers on the Finja mobile wallet and a suite of services launched or in

pipeline including payroll services, Mobile top-up, merchant and P2P payments, QR-code payments, ticketing and insurance. Finja currently operates in collaboration with quality partner Finca Micro Finance bank, and has managed to attract local investor Descon Group. Finja was founded by tech and banking industry veterans Qasif Shahid, Monis Rahman and Umer Munawar.

As per September 30, 2017, Vostok Emerging Finance has invested a total of USD 1 mln into Finja over three tranches. During the second quarter of 2017, Vostok Emerging Finance executed the payment of the second and third, and consequently holds a 22.9% ownership in the company. As per September 30, 2017, VEF's stake in the company is valued at USD 1.15 mln on the basis of this transaction.

## Investments

During the nine months period of 2017, gross investments in financial assets were USD 24.44 mln (2016: 24.91), of which USD 9 mln concern a new investment in Iyzico, USD 3.3 mln relates to a new investment in Nibo and USD 4.94 mln is attributable to additional investments in TransferGo, REVO, FinanZero and Sorsdata. Also, USD 4.2 mln concern liquidity placements. During the quarter, gross investments in financial assets were USD 3.0 mln (2016: 0.33). Investments refer to a new investment in Magnetis during the quarter and liquidity placements.

## Group – results for the period and net asset value

During the period, the result from financial assets at fair value through profit or loss amounted to USD 41.47 mln (2016: 27.29), mainly due to the share price appreciation in Tinkoff Bank and the mark up in valuation of REVO and Sorsdata following the 1Q17 transaction.

Net operating expenses amounted to USD -2.59 mln (2016: -1.37).

Net financial items were USD 0.7 mln (2016: -0.13).

Net result for the period was USD 42.16 mln (2016: 27.22).

Total shareholders' equity amounted to USD 186.89 mln on September 30, 2017 (December 31, 2016: 144.33).

## Group – results for the quarter

During the quarter, the result from financial assets at fair value through profit or loss amounted to USD 26.9 mln (2016: 14.56), mainly coming from share price appreciation in Tinkoff Bank.

Net operating expenses amounted to USD -0.82 mln (2016: -0.54).

Net financial items were USD 0.2 mln (2016: -0.10).

Net result for the quarter was USD 27.48 mln (2016: 13.99).

## Liquid assets

The liquid assets of the Group, defined as cash and bank deposits, amounted to USD 37.77 mln on September 30, 2017 (December 31, 2016: 25.00).

## Financial and Operating risks

The Company's risks and risk management are described in detail in Note 4 of the Company's Annual Report 2016.

## >15 Income Statements – Group

(Expressed in USD thousand)	Jan 1, 2017– Sep 30, 2017	Jan 1, 2016– Sep 30, 2016	Jul 1, 2017– Sep 30, 2017	Jul 1, 2016– Sep 30, 2016
Result from financial assets at fair value through profit or loss <sup>1</sup>	41,470	27,294	26,897	14,559
Dividend and coupon income	2,579	1,430	1,184	77
<b>Total operating income</b>	<b>44,049</b>	<b>28,724</b>	<b>28,081</b>	<b>14,636</b>
Operating expenses	-2,586	-1,373	-821	-542
<b>Operating result</b>	<b>41,463</b>	<b>27,351</b>	<b>27,260</b>	<b>14,094</b>
<b>Financial income and expenses</b>				
Interest income	–	1	–	–
Currency exchange gains/losses, net	701	-134	224	-103
<b>Net financial items</b>	<b>701</b>	<b>-133</b>	<b>224</b>	<b>-103</b>
<b>Result before tax</b>	<b>42,164</b>	<b>27,218</b>	<b>27,484</b>	<b>13,991</b>
Taxation	–	–	–	–
<b>Net result for the period</b>	<b>42,164</b>	<b>27,218</b>	<b>27,484</b>	<b>13,991</b>
Earnings per share (in USD)	0.06	0.04	0.04	0.02
Diluted earnings per share (in USD)	0.06	0.04	0.04	0.02

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 is 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)	Jan 1, 2017– Sep 30, 2017	Jan 1, 2016– Sep 30, 2016	Jul 1, 2017– Sep 30, 2017	Jul 1, 2016– Sep 30, 2016
<b>Net result for the period</b>	<b>42,164</b>	<b>27,218</b>	<b>27,484</b>	<b>13,991</b>
<b>Other comprehensive income for the period:</b>				
<i>Items that may be classified subsequently to profit or loss:</i>				
Currency translation differences	3	–	3	–
<b>Total other comprehensive income for the period</b>	<b>3</b>	<b>–</b>	<b>3</b>	<b>–</b>
<b>Total comprehensive income for the period</b>	<b>42,167</b>	<b>27,218</b>	<b>27,487</b>	<b>13,991</b>

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

## >16 Balance Sheets – Group

(Expressed in USD thousand)	Sep 30, 2017	Sep 30, 2016	Dec 31, 2016
<b>NON-CURRENT ASSETS</b>			
<i>Financial non-current assets</i>			
Financial assets at fair value through profit or loss	149,436	86,974	120,155
Other financial assets	10	–	–
<b>Total financial non-current assets</b>	<b>149,446</b>	<b>86,974</b>	<b>120,155</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	37,769	35,988	24,998
Tax receivables	4	–	1
Other current receivables	18	14	28
<b>Total current assets</b>	<b>37,791</b>	<b>36,002</b>	<b>25,027</b>
<b>TOTAL ASSETS</b>	<b>187,237</b>	<b>122,976</b>	<b>145,182</b>
<b>SHAREHOLDERS' EQUITY (including net result for the financial period)</b>	<b>186,887</b>	<b>122,795</b>	<b>144,326</b>
<b>CURRENT LIABILITIES</b>			
<i>Non-interest bearing current liabilities</i>			
Other current liabilities	89	111	732
Accrued expenses	261	70	124
<b>Total current liabilities</b>	<b>350</b>	<b>181</b>	<b>856</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>187,237</b>	<b>122,976</b>	<b>145,182</b>

## >17 Statement of changes in equity – Group

(Expressed in USD thousand)	Share Capital	Additional paid in capital	Other reserves	Retained earnings	Total
<b>Balance at January 1, 2016</b>	<b>6,615</b>	<b>87,880</b>	<b>–</b>	<b>1,053</b>	<b>95,548</b>
Net result 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>–</b>	<b>–</b>	<b>–</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>–</b>	<b>28,271</b>	<b>122,795</b>
<b>Balance at January 1, 2017</b>	<b>6,615</b>	<b>88,003</b>	<b>-2</b>	<b>49,710</b>	<b>144,326</b>
Net result for the period January 1, 2017 to September 30, 2017	–	–	–	42,164	42,164
<i>Other comprehensive income for the period</i>					
Currency translation difference	–	–	3	–	3
<b>Total comprehensive income for the period January 1, 2017 to September 30, 2017</b>	<b>–</b>	<b>–</b>	<b>3</b>	<b>42,164</b>	<b>42,167</b>
Value of employee services:					
- Employee share option scheme	–	10	–	–	10
- Share based long-term incentive program	–	383	–	–	383
<b>Balance at September 30, 2017</b>	<b>6,615</b>	<b>88,396</b>	<b>3</b>	<b>91,874</b>	<b>186,887</b>

## >18 Statement of cash flows – Group

(Expressed in USD thousand)	Jan 1, 2017– Sep 30, 2017	Jan 1, 2016– Sep 30, 2016	Jul 1, 2017– Sep 30, 2017	Jul 1, 2016– Sep 30, 2016
<b>OPERATING ACTIVITIES</b>				
Result before tax	42,164	27,218	27,484	13,991
<i>Adjustment for non-cash items:</i>				
Interest income and expense, net	–	-1	–	–
Currency exchange gains/-losses	702	134	225	103
Result from financial assets at fair value through profit or loss	-41,470	-27,294	-26,897	-14,559
Other non-cash items affecting profit or loss	-2,185	-1,013	-1,013	33
Change in current receivables	11	11	-6	13
Change in current liabilities	-488	-1,605	-76	97
<b>Net cash used in operating activities</b>	<b>-1,266</b>	<b>-2,550</b>	<b>-283</b>	<b>-322</b>
Investments in financial assets	-3,689	-24,912	9,132	-333
Dividend and coupon income	2,579	1,085	1,184	–
Sales of financial assets	15,868	–	15,868	–
Interest received	–	1	–	–
Tax paid	1	–	7	–
<b>Net cash flow used in/from operating activities</b>	<b>13,492</b>	<b>-26,376</b>	<b>25,907</b>	<b>-655</b>
<b>FINANCING ACTIVITIES</b>				
Transaction costs rights issue	–	-42	–	–
<b>Net cash flow used in/from financing activities</b>	<b>–</b>	<b>-42</b>	<b>–</b>	<b>–</b>
<b>Change in cash and cash equivalents</b>	<b>13,492</b>	<b>-26,418</b>	<b>25,907</b>	<b>-655</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>24,998</b>	<b>62,302</b>	<b>12,097</b>	<b>36,748</b>
Exchange gains/losses on cash and cash equivalents	-721	104	-234	-105
<b>Cash and cash equivalents at end of period</b>	<b>37,769</b>	<b>35,988</b>	<b>37,769</b>	<b>35,988</b>

## >19 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.

	Jan 1, 2017– Sep 30, 2017	Jan 1, 2016– Sep 30, 2016
Return on capital employed, % <sup>1</sup>	25.46%	24.91%
Equity ratio, % <sup>2</sup>	99.81%	99.9%
Shareholders' equity/share, USD <sup>3</sup>	0.28	0.19
Earnings/share, USD <sup>4</sup>	0.06	0.04
Diluted earnings/share, USD <sup>5</sup>	0.06	0.04
Net asset value/share, USD <sup>6</sup>	0.28	0.19
Net asset value/share, SEK <sup>6</sup>	2.29	1.60
Net asset value, SEK	1,515,393,560	1,058,330,960
Weighted average number of shares for the financial period	661,495,995	661,495,995
Weighted average number of shares for the financial period (fully diluted)	669,076,851	661,495,995
Number of shares at balance sheet date	661,495,995	661,495,995

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.

# >20 Income Statement – Parent Company

(Expressed in USD thousand)	Jan 1, 2017– Sep 30, 2017	Jan 1, 2016– Sep 30, 2016	Jul 1, 2017– Sep 30, 2017	Jul 1, 2016– Sep 30, 2016
Result from financial assets at fair value through profit or loss	372	27,294	216	14,559
Dividend and coupon income	433	1,430	123	77
<b>Total operating income</b>	<b>805</b>	<b>28,724</b>	<b>339</b>	<b>14,636</b>
Operating expenses	-2,586	-1,373	-829	-542
<b>Operating result</b>	<b>-1,781</b>	<b>27,351</b>	<b>-490</b>	<b>14,094</b>
<b>Financial income and expenses</b>				
Interest income	4,004	1	963	–
Currency exchange gains/losses, net	1,028	-134	218	-103
<b>Net financial items</b>	<b>5,033</b>	<b>-133</b>	<b>1,181</b>	<b>-103</b>
<b>Result before tax</b>	<b>3,251</b>	<b>27,218</b>	<b>691</b>	<b>13,991</b>
Taxation	–	–	–	–
<b>Net result for the period</b>	<b>3,251</b>	<b>27,218</b>	<b>691</b>	<b>13,991</b>

## Statement of comprehensive income

(Expressed in USD thousand)	Jan 1, 2017– Sep 30, 2017	Jan 1, 2016– Sep 30, 2016	Jul 1, 2017– Sep 30, 2017	Jul 1, 2016– Sep 30, 2016
<b>Net result for the period</b>	<b>3,251</b>	<b>27,218</b>	<b>691</b>	<b>13,991</b>
<b>Other comprehensive income for the period:</b>				
<i>Items that may be classified subsequently to profit or loss:</i>				
Currency translation differences	–	–	–	–
<b>Total other comprehensive income for the period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total comprehensive income for the period</b>	<b>3,251</b>	<b>27,218</b>	<b>691</b>	<b>13,991</b>

# >21 Balance Sheet – Parent Company

(Expressed in USD thousand)	Sep 30, 2017	Sep 30, 2016	Dec 31, 2016
<b>NON-CURRENT ASSETS</b>			
<i>Financial non-current assets</i>			
Shares in subsidiaries	16	–	16
Financial assets at fair value through profit or loss	27,378	86,974	35,142
Receivables from Group companies	111,030	–	82,667
Other financial assets	10	–	–
<b>Total financial non-current assets</b>	<b>138,434</b>	<b>86,974</b>	<b>117,825</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7,412	35,988	24,888
Other current receivables	–	14	24
<b>Total current assets</b>	<b>7,412</b>	<b>36,002</b>	<b>24,912</b>
<b>TOTAL ASSETS</b>	<b>145,845</b>	<b>122,976</b>	<b>142,737</b>
<b>SHAREHOLDERS' EQUITY</b> <b>(including net result for the financial period)</b>	<b>145,538</b>	<b>122,795</b>	<b>141,893</b>
<b>CURRENT LIABILITIES</b>			
<i>Non-interest bearing current liabilities</i>			
Other current liabilities	56	111	724
Accrued expenses	251	70	120
<b>Total current liabilities</b>	<b>307</b>	<b>181</b>	<b>844</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>145,845</b>	<b>122,976</b>	<b>142,737</b>

## >22 Statement of changes in equity – Parent Company

(Expressed in USD thousand)	Attributable to owners of the company				Total
	Share Capital	Additional paid in capital	Other reserves	Retained earnings	
<b>Balance at January 1, 2016</b>	<b>6,615</b>	<b>87,880</b>	<b>–</b>	<b>1,053</b>	<b>95,548</b>
Net result for the period					
January 1, 2016 to September 30, 2016	–	–	–	27,218	27,218
<b>Total comprehensive income for the period</b>					
<b>January 1, 2016 to September 30, 2016</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>27,218</b>	<b>27,218</b>
<i>Transactions with owners</i>					
Transaction costs share 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>–</b>	<b>27,218</b>	<b>122,795</b>
<b>Balance at January 1, 2017</b>	<b>6,615</b>	<b>88,002</b>	<b>–</b>	<b>47,276</b>	<b>141,893</b>
Net result for the period					
January 1, 2017 to September 30, 2017	–	–	–	3,251	3,251
<i>Other comprehensive income for the period</i>					
Currency translation difference	–	–	–	–	–
<b>Total comprehensive income for the period</b>					
<b>January 1, 2017 to September 30, 2017</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3,251</b>	<b>3,251</b>
Value of employee services:					
- Employee share option scheme	–	10	–	–	10
- Share based long-term incentive program	–	383	–	–	383
<b>Balance at September 30, 2017</b>	<b>6,615</b>	<b>88,397</b>	<b>–</b>	<b>50,527</b>	<b>145,538</b>

**NOTE 1**  
**ACCOUNTING PRINCIPLES**

This consolidated interim report is prepared in accordance with IAS 34 Interim Financial Reporting. The same accounting principles and methods of calculations have been applied for the Group as for the preparations of the accounts for the Company 2016. The Company's 2016 annual report is available at the Company's website: <http://www.vostokemergingfinance.com/en/investor-relations/financial-reports/>

**NOTE 2**  
**RELATED PARTY TRANSACTIONS**

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

(USD thousand)	Operating expenses		Current liabilities	
	9M 2017	9M 2016	9M 2017	9M 2016
Key management and Board of Directors*	1,179	526	56	74

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

The costs for the long-term incentive programs (LTIP 2016 and LTIP 2017) for the management amounted to USD 0.27 and 0.09 mln respectively, excluding social taxes. See details of LTIP 2016 and LTIP 2017 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 2016.

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, 2017.

	Level 1	Level 2	Level 3	Total balance
Financial assets at fair value through profit or loss	97,417	45,417	6,602	149,436
Total assets	97,417	45,417	6,602	149,436

The following table presents the Company's assets that are measured at fair value at December 31, 2016.

	Level 1	Level 2	Level 3	Total balance
Financial assets at fair value through profit or loss	97,194	22,961	-	120,155
Total assets	97,194	22,961	-	120,155

The following table presents the Group's changes of financial assets in level 3.

	Level 3
Opening balance January 1, 2017	-
Transfers to level 3	6,049
Change in fair value and other	553
Closing balance September 30, 2017	6,602

During the first nine months of 2017, there has been one transfer between level 2 and 3. As per September 30, 2017, 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. The investments in Iyzico, REVO, Sorsdata, JUMO, FinanZero, Finja, Nibo and Magnetis are all valued as level 2 on the basis of the valuations in their respective latest transaction which all closed in late 2016 and throughout 2017. TransferGo is classified as level 3 investment based on the latest transaction. 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, 2017.

**REVO**

As per September 30, 2017, VEF has a 25% ownership in REVO and has invested a total of USD 6.25 mln in the company. REVO is valued on the basis of the latest transaction, whereby the company is valued at USD 52.7 mln post-money and VEF's stake is valued at USD 13.2 mln as a level 2 investment. In the latest funding round, VEF agreed to provide debt to the company in the amount of up to USD 3.1 mln. VEF owns 4,062 shares in REVO.

## >24 JUMO

As per September 30, 2017, VEF owns 1,994 shares or 7.6% 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 December 2016 and VEF's stake is valued at USD 12.7 mln as per September 30, 2017. JUMO is categorized as a level 2 investment.

### lyzico

As per September 30, 2017, VEF owns 20.1% in lyzico and has invested a total of USD 9.0 mln during the first quarter of 2017. As per September 30, 2017, lyzico is valued on the basis of this transaction and is categorized as a level 2 investment.

### TransferGo

As per September 30, 2017, VEF owns 9.8% in TransferGo and has during June 2017 invested USD 2.9 mln (EUR 2.5 mln) via a two-year convertible loan note to add to its initial investment of USD 3.4 mln (EUR 3.0 mln). As per September 30, 2017, TransferGo is valued on the basis of this transaction and is categorized as a level 3 investment.

Sensitivity analysis exit valuation						
-15%	-10%	-5%	0%	+5%	+10%	+15%
5,611,381	5,941,463	6,271,544	6,601,625	6,931,706	7,261,788	7,591,869

Sensitivity analysis currency						
-15%	-10%	-5%	0%	+5%	+10%	+15%
5,740,544	6,001,477	6,287,262	6,601,625	6,949,079	7,335,139	7,766,618

### Nibo

As per September 30, 2017, VEF owns 15.5% in Nibo and has invested a total of USD 3.3 mln during the second quarter of 2017. As per September 30, 2017, Nibo is valued on the basis of this transaction and is categorized as a level 2 investment.

### Magnetis

As per September 30, 2017, VEF owns 16.9% in Magnetis and has invested a total of USD 3.0 mln during the third quarter of 2017. As per September 30, 2017, Magnetis is valued on the basis of this transaction and is categorized as a level 2 investment.

### FinanZero

As per September 30, 2017, VEF owns 17,227 shares in FinanZero following an additional investment of approximately USD 0.4 mln in April 2017. As per September 30, 2017, FinanZero is valued on the basis of this transaction and is categorized as a level 2 investment.

### Finja

As per September 30, 2017, Vostok Emerging Finance has invested a total of 1 mln USD into Finja over three tranches. During the second quarter of 2017, Vostok Emerging Finance executed the payment of the second and third and consequently holds a 22.9% ownership in the company. As per September 30, 2017, VEF's stake in the company is valued at 1.1 mln USD on the basis of this transaction.

### Sorsdata

As per September 30, 2017, VEF owns 25.0% of Sorsdata and has invested a total of USD 0.41 mln in the company. Sorsdata is valued on the basis of the latest transaction, whereby the company is valued at USD 4.0 mln post-money and VEF's stake is valued at USD 0.98 mln as level 2 investment. In the latest funding round, VEF agreed to provide debt to the company in the amount of up to USD 0.2 mln. VEF owns 999 shares in Sorsdata.

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

Company	Opening balance Jan 1, 2017	Investments/ (disposals), net, USD	FV change	Closing balance Sep 30, 2017	Percentage weight of total portfolio
Tinkoff Bank	67,306,827	-4,693,500	16,425,534	79,038,861	42.2%
REVO	4,700,000	1,550,000	6,925,000	13,175,000	7.0%
JUMO	12,705,768	-	-	12,705,768	6.8%
lyzico	-	9,000,000	-	9,000,000	4.8%
TransferGo	3,154,798	2,893,716	553,111	6,601,625	3.5%
Nibo	-	3,299,998	-	3,299,998	1.8%
Magnetis	-	2,999,996	-	2,999,996	1.6%
FinanZero	1,099,245	433,934	575,889	2,109,068	1.1%
Finja	1,000,985	-	150,509	1,151,494	0.6%
Sorsdata	300,000	114,333	561,798	976,131	0.5%
Liquidity management	29,887,284	-11,919,374	410,424	18,378,334	9.8%
Total	120,154,907	3,679,103	25,602,265	149,436,275	79.8%

#### **NOTE 4** **EMPLOYEE SHARE-OPTION PROGRAM**

##### *Outstanding Options*

	Sep 30, 2017
Beginning of the period	3,405,000
Outstanding at the end of the period	3,405,000

Per September 30, 2017, 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 2016 the market value is SEK 0.26/option. Significant inputs into the model for options granted in June were 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 2016 the market value is SEK 0.14/option. Significant inputs into the model for options granted in August were 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 10 in Annual Report 2016 for more details.

#### **NOTE 5** **LONG-TERM INCENTIVE PROGRAM**

##### *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 of 2017, the reported costs for the program amounted to USD 0.09 million.

##### *LTIP 2017*

At the 2017 annual general meeting held on May 18, 2017, 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, 2017 through March 31, 2020, and encompasses a maximum of 8,035,700 shares, corresponding to a dilution of 1.21% 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 May 18, 2017 through December 31, 2019. During the third quarter of 2017, the reported costs for the program amounted to USD 0.08 million.

#### **NOTE 6** **EVENTS AFTER THE REPORTING PERIOD**

On October 18, 2017, VEF announced that it had made a series D investment of USD 30 mln into leading Brazilian Personal Finance Platform, GuiaBolso, taking the lead in a broader investment round of close to USD 40 mln. VEF is joined in the round by new investor Endeavor Catalyst and existing shareholders Ribbit Capital and IFC (International Finance Corporation), amongst others. Post the transaction VEF holds a minority position and board representation in the company.

On November 10, 2017, VEF invested an additional USD 98.7k in FinanZero via a two-year convertible loan note.

After the end of the period, VEF has sold 586,536 shares GDRs in Tinkoff Bank, approximately 12% of its position, yielding USD 10.4 mln.

## >26 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.

In October 2016, two subsidiaries to Vostok Emerging Finance Ltd. were established. One Cypriot subsidiary, Vostok Emerging Finance (Cyprus) Limited, for managing the investment portfolio and one Swedish subsidiary, Vostok Emerging Finance AB, which provides business support services to the parent company.

As of September 30, 2017, the Vostok Emerging Finance Ltd Group consists of the Bermudian parent company Vostok Emerging Finance Ltd; one wholly-owned Cypriot subsidiary, Vostok Emerging Finance (Cyprus) Limited; and one wholly-owned Swedish subsidiary, Vostok Emerging Finance AB.

## Upcoming Reporting Dates

Vostok Emerging Finance's financial report for the period January 1, 2017–December 31, 2017 will be published on March 7, 2018.

November 29, 2017

David Nangle  
*Managing Director*

## 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 September 30, 2017 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 29, 2017

PricewaterhouseCoopers AB

Ulrika Ramsvik  
*Authorized Public Accountant*  
*Auditor in charge*

Bo Hjalmarsson  
*Authorized Public Accountant*

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