

## Dear fellow shareholder,

2017 was an exciting year for Vostok Emerging Finance and one where we continued to grow and mature across many key metrics. Our portfolio grew in size to 11 holdings by YE17 and by value to c. USD 200 mln of NAV, while our core team continued to deepen and diversify. As important and with one eye on the future, we remain well funded and positioned for continued value creation in our focus EM fintech space.

Similar to 2016 trends, VEF continued in its path of shareholder value creation. Our NAV per share upped from SEK 1.98 to SEK 2.48 YoY, an increase of 25%, while VEF Share price was up 28% YoY from SEK 1.66 to SEK 2.13. The uptrend was principally a result of the continued rise of Tinkoff Credit Systems share price, our largest and most fruitful holding to date and an up-valuation round in two of our earliest portfolio company investments REVO/Sorsdata.

As stated, we closed 2017 with 11 portfolio holdings, spread across numerous scale emerging markets and different lines of financial services, adding five new companies to the portfolio over the year. Specifically it is worth mentioning:

> Brazil was a market that received a lot of our time and capital, with four new investments in that market alone. Specifically, the Q4 announcements of our latest and largest transactions to date, a USD 30 mln investment into GuiaBolso in Brazil, followed by the USD 25 mln

investment into Creditas are landmark events for VEF and reflects our growing confidence and ability to attract the larger later stage quality deals to our portfolio.

> Our largest holding, Tinkoff Bank once again delivered stellar results through 2017, with RoAE averaging north of 50% and continued to combine a strong share price performance (+79% YoY) with generous dividend flows where VEF received USD 3.8 mln during the year. Irrespective of our on-going 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 capital gains from it, to greater return fresh opportunities within our core mandate. Hence we began to gradually reduce our holding in Tinkoff Bank through 2017.

> On the cash front, with a USD 15 mln cash and liquid assets, coupled with our "listed" investment into Tinkoff, we are well positioned for follow on financial support to our current portfolio companies as well as for potential new additions to the portfolio. Pipeline continues to keep us busy, with real potential to put more capital to work through 2018 and add to the portfolio depth, diversity and quality.

Global macro hasn't been this uniformly positive since the mid 2000s. While we invest in winning structural growth stories that should create value irrespective of the point in the macro cycle, this is clearly a strong,

positive tailwind for everything we do. On the markets front, we have been through many cycles in the past and look to benefit from this point in the cycle to ensure first and foremost that our portfolio companies are funded to both take advantage of future opportunities and to weather any potential storms that lie ahead.

Looking to 2018, we are as well positioned as we have ever been at VEF, with a strong portfolio of leading EM fintech companies, growing experience and reputation, plus a strong network of partners across our regions of focus and a well funded balance sheet to support ongoing value creation. As important, the VEF team, inclusive of our supportive board is fully built out and focused on the successful path ahead.

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. 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. Encouraged by our success to date, we remain focused for the long exciting journey ahead.