

Dear fellow shareholder,

2017 started where 2016 left off with a very busy and successful start to proceedings, as current portfolio holdings continue to deliver and our pipeline continues to grow and give us plenty of reasons to be optimistic for the year ahead. Follow on investments into three of our portfolio companies and two new portfolio additions all attest to this. Specifically, YTD 2017, we carried out follow on investments in REVO/Sorsdata, FinanZero and Finja, while closing deals in new portfolio names, lyzico and Nibo. Of less excitement has been our share price performance, flattish YTD, but following on from a stellar 2016 (+54% YoY), we see this as a natural market pause. At VEF, we continue to focus on increasing NAV per share (5% YTD) and are upping our investor relations' efforts, both factors we are very aware are key to supporting long term share price performance.

From a geographic perspective, 2017 has been spent broader afield from our, to date, core EMEA investment base. Brazil continues to be one of the most fruitful fintech markets we have experienced and we see real potential to add to our two current Brazilian portfolio holdings, FinanZero and Nibo. Beyond Brazil we spent time in Mexico with the local investment community and some of the Mexican fintech leaders across a number of different financial spheres. Of note we liked the Mexican SME credit and offline payments spaces, both of which we have firmly on investment radar and we continue our workings. Segment wise, there remain no one sub-segment of fintech we are tied to. We have found that the individual market characteristics and backdrops we look at are so different

across geographies that we prioritise a broader investment theme of looking to invest in the best fintech company(ies) in each geography we focus on, irrespective of what sub-segment that company is in.

As mentioned above, YTD we have been busy both adding new holdings to our portfolio and also providing follow on investments/support to current holdings where appropriate.

On the new front, we have written much on our investment into lyzico (USD 9 mln in January 2017), Turkey's leading online payments player. What we especially love at VEF is when a new portfolio company hits the ground running and for us lyzico has just done that, delivering monthly numbers YTD ahead of budget while adding international flagship merchants like H&M and Samsung as it goes and ahead of schedule. More recently, we led an investment round into Nibo, a leading player on the Brazilian Accounting SaaS space. Nibo provides online financial management software solutions to accountants and businesses. Brazil has one of the most regulated and highly enforced tax systems, globally and Nibo's solutions are designed to help the 10 million Brazilian SMEs and their accountants more efficiently comply with regulation, automate historically manual processes and empower decision making with data. A very clear growth space, where areas like payments and credit to underserved SMEs will eventually flow from. We are very excited to make our first foray into this space.

We have made follow on investments into portfolio companies REVO/Sorsdata, FinanZero and Finja. The REVO/Sorsdata transaction was a benchmark transaction as we welcomed Baring Vostok, Russia's

leading private equity house, who led a USD 20 mln funding round for the company. FinanZero was a small internal round, which we lead, improving our holding position in what is still an early stage play on Brazilian marketplace lending. At Finja, we are excited to be joined in the cap table by the Descon group, one of Pakistan's pre-eminent industrial groups and one which adds a lot of value beyond just capital to the business on the ground.

With eight names now in the VEF portfolio, four stand out in terms of relative size and as such are more obvious drivers of near term NAV value; Tinkoff, JUMO, REVO and lyzico. Having spoken about REVO and lyzico already, let me provide brief updates on Tinkoff and JUMO.

As previously communicated, Tinkoff once again delivered stellar results for FY16, RoAE 43% and RoAA 7% and followed this up with positive outlook for 2017. Also, well worth mentioning again, 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. Keep an eye on their SME business line as an example of new business line value creation. JUMO continues to grow and deliver, and will launch a savings and duration credit product this month to compliment the bullet loan product. We remain very excited about the potential for the business in the sub-continent and all eyes are on the recent pilot launch in Pakistan with Telenor.

Our pipeline continues to keep us busy, as we are advanced with a couple of opportunities, with real potential to put more money to work and add to the portfolio depth, diversity and quality.

Post the transactions we closed as per end of April, we now have a USD 39 mln cash and liquid asset balance, from our current NAV of c. USD 150 mln. With the capital we have, the target has always been and remains to build a quality portfolio of holdings across a number of different segments of fintech and across a number of different scalable emerging markets, and we are well on our way to achieving this goal.

We always look at VEF through three fundamental filters – 1) investors, 2) investments and 3) building a business. VEF is nothing without its investor base, while investing well is everything. The third pillar is key for firm and business success longevity and key to this is continually building and strengthening the VEF team bench. In this regard, I would like to formally welcome Henrik Stenlund to the role of CFO/COO and Helena Caan Mattsson to the role of Chief Legal Counsel. Henrik is a great addition to the team and has vast experience across a number of senior management roles within Modern Times Group. Helena joins us from Cederquist law firm after a career spanning both domestic and international deal law experience to fill a key seat for the firm. We are very excited to have both with us on our journey and are comfortable that we have the right senior bench to continue to drive value for the long run at VEF.

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

May 2017,
David Nangle