

>02 Management report

2015 marked the creation of Vostok Emerging Finance (VEF) and despite our young existence; we are very proud of our achievements in 2H15 and are very well positioned for 2016.

VEF was formed in the summer of 2015 following the split of Vostok New Ventures into 2 separate listed investment companies. Through an extremely busy 2H15 we passed many key milestones including raising SEK 588 mln via a successful rights issue and making our first (and follow on investments) into REVO/Sorsdata and JUMO, accompanying the core Tinkoff Bank holding in our portfolio. Early days for our firm, but we are very proud of our achievements to date and very well positioned to create value in 2016 and beyond.

As a reminder, Vostok Emerging Finance invests in modern financial services or fintech companies across emerging and frontier markets. We take minority stakes and seek board representation in some of the most exiting fast growth fintech companies in the developing world. The opportunity for VEF is as clear as ever as new generation financial services companies continue to evolve and eat into the market share and revenue streams of incumbent bell-weather financial institutions. The trend has moved quickly to and through emerging and frontier markets – and unlike in developed markets, a lot quicker than the capital arriving to support such early stage ventures. This is the opportunity we see at Vostok Emerging Finance and for us to create value for our shareholders.

On the portfolio front, we closed 2015 with four principal holdings 1) a 3.5% stake in Tinkoff Bank, 2) a 25% holding in REVO, 3) a 25% holding in Sorsdata, and 4) a 7.6% position in JUMO, as well as cash balance of USD 62 mln.

- > Tinkoff Bank remains an anchor holding for VEF. We couldn't ask for more from this management team during the current difficult Russian macro backdrop, as they continue to gain market share, add quality to the management bench, roll out new lines of business and all while delivering a solid return on shareholder capital (RoAE 4Q15 was 16.7%). Tinkoff Bank remains the best fintech play in Russia, in our view, and one we see emerging in a stronger position into a Russian economic recovery.
- > REVO continues to deliver fast growth in its merchant payments business in Russia, continuously adding a diverse array of new regional and nationwide merchant partners while making inroads to grow their online merchant product. 4Q15 saw their first quarterly profit, a significant milestone for any early stage company. The difficult macro backdrop is partly supportive of business scale-up as merchants look for avenues to support sales and competition in this field remains muted. REVO's business has many aspects

of Klarna in Sweden and Affirm in the US, which clearly excites us and a major reason for our initial backing.

- > JUMO, our most recent investment, is a mobile money marketplace for people, small businesses and mobile network operators across Africa. Their first product, Access, solves short-term working capital requirements for Africans while savings solutions plan to be rolled out in 2016. JUMO continued to grow at a strong clip through 2015 and are now operating (or soon to be operating) across 6 countries of Sub-Saharan Africa. The team has grown to 100+, while the business delivered over 6 million individual loans through 2015.
- > Our final asset, and a key one in this volatile environment, is our strong cash balance post our recent rights issues. This leaves VEF in a very strong position to support our current portfolio holdings and add to them with new investments as we go through 2016.

The good news is that there is no shortage of investment pipeline in our region / segment of focus, and we are engaged on an ongoing basis with potential investments, ranging from first conversations to final round due diligence. Picking the winners from the opportunity set remains our key challenge, as opposed to finding them.

We at VEF are all too aware of the challenging global macro and market backdrop in which we are operating, with many of our focus geographies affected directly by contracting economies, weakening currencies and volatile politics to name just a few of the implications. At one level, this backdrop only sharpens our focus and raises the investment bar regarding any potential incremental investments. On another level, VEF's strategy is to invest in fintech companies whose business model success is, in large part, due to structural market changes underway in the financial services sector across scalable markets. Hence, irrespective of the ups and downs of economic cycles, we continue to invest with a strong supportive structural tailwind behind us.

I would like to close off my report by thanking my board of directors and the team at Vostok Emerging Finance for all their input and efforts through an extremely busy and often challenging 2015 and for positioning us very much on the front foot for 2016 and the road ahead. To fellow shareholders, we appreciate your ongoing 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.

March 2016,
David Nangle