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Vostok Emerging Finance Financial Report for the First Quarter 2017

Financial Result

- > Net result for 1Q17 was USD 7.06 million (mln) (1Q16: USD 2.45 mln). Earnings per share were USD 0.01 (1Q16: USD 0.0037).
- > The positive net result over the period is primarily driven by the revaluation of REVO Technology and Sorsdata.

Net Asset Value

- > The net asset value of Vostok Emerging Finance (“VEF” or the “Company”) was USD 151.5 mln as at March 31, 2017 (December 31, 2016: USD 144.3 mln).
- > Net asset value per share was USD 0.23 (December 31, 2016: USD 0.22).
- > Based on the period end USD/SEK exchange rate of 8.93 (December 31, 2016: 9.10), it was SEK 1,353 mln (December 31, 2016: SEK 1,313 mln) and SEK 2.05 per share (December 31, 2016: SEK 1.99 per share), respectively.

Key Events during the Period

- > On January 19, 2017, VEF announced an investment of USD 9 mln into Iyzico, a leading Turkish payment solution provider.
- > VEF announced on January 20, 2017, that it had agreed to additionally invest up to USD 5 mln in REVO Technology and Sorsdata.

Key Events after the end of the Period

- > On April 20, 2017, VEF agreed to invest an additional USD 0.4 mln into FinanZero, leading the investment round totalling USD 0.5 mln.
- > On April 21, 2017, the Company concluded the second and third tranche pertaining to the agreed total investment of USD 1 mln into Finja.
- > On May 15, 2017, the Company announced an investment of USD 3.3 mln into Nibo, a leading player on the Brazilian Accounting SaaS space, connecting SMBs and accountants on the Nibo platform.
- > As at April 30, 2017, VEF’s net asset value was USD 154.6 mln (SEK 1,366.2 mln at a USD/SEK exchange rate of 8.84), or USD 0.23 per share (SEK 2.07).

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.

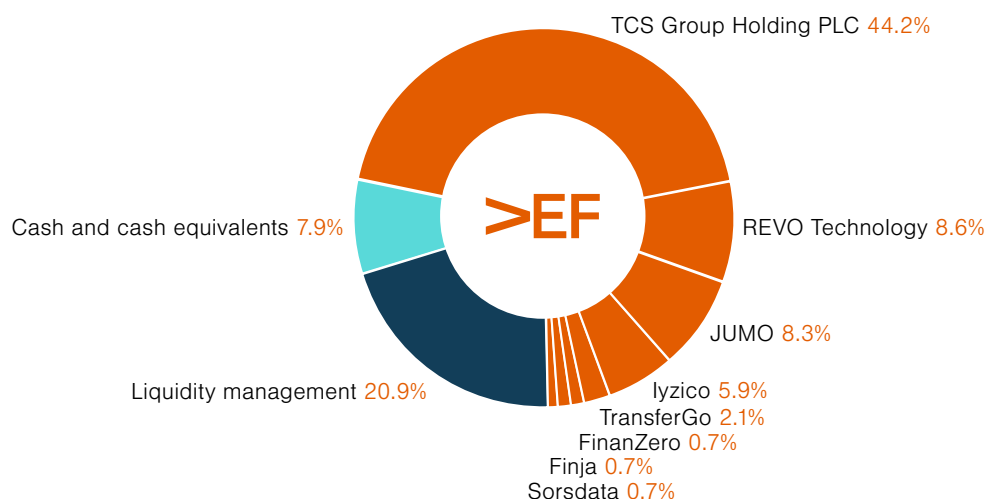
May 2017,
David Nangle

Portfolio structure – Net Asset Value

The investment portfolio stated at market value as at March 31, 2017, is shown to the right.

Number of shares	Company	Fair value, USD	Percentage weight	Fair value, USD	Valuation change per USD share, year to date 2017
		Mar 31, 2017		Dec 31, 2016	
6,379,794	TCS Group Holding PLC (Tinkoff Bank) ²	67,306,827	44.2%	67,306,827	0% ¹
4,062	REVO Technology ³	13,175,000	8.6%	4,700,000	147% ¹
1,994	JUMO ³	12,705,768	8.3%	12,705,768	0% ¹
2,083,951	lyzico ³	9,000,000	5.9%	–	– ¹
601,202	TransferGo ³	3,205,798	2.1%	3,154,798	2% ^{1,4}
13,600	FinanZero ³	1,119,388	0.7%	1,099,245	2% ^{1,4}
	Finja ³	1,001,576	0.7%	1,000,985	0% ¹
999	Sorsdata ³	991,083	0.7%	300,000	192% ¹
	Liquidity management ^{1,2}	31,894,879	20.9%	29,887,284	
	Cash and cash equivalents	11,971,974	7.9%	24,997,933	
Total investment portfolio		152,372,293	100.0%	145,152,840	
Other net liabilities		-895,310		-826,501	
Total Net Asset Value		151,476,983		144,326,339	

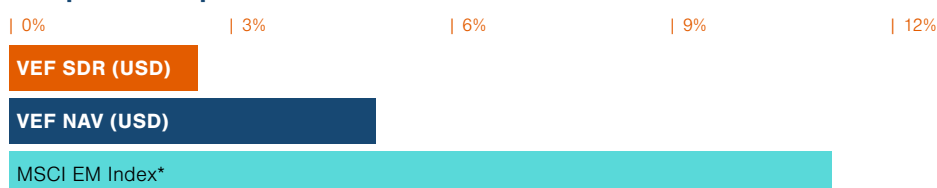
1. This investment is shown in the balance sheet as financial asset at fair value through profit or loss.
2. Level 1 of financial asset at fair value through profit or loss
3. Level 2 of financial asset at fair value through profit or loss
4. Attributable to currency exchange differences



Portfolio development

Vostok Emerging Finance's net asset value (NAV) per share increased by 5.0% in USD over the first quarter 2017. During the same period the MSCI Emerging Markets index increased by 11.1% in USD terms. Vostok Emerging Finance's SDR price increased by 2.5% in USD over the first quarter 2017.

VEF price/NAV performance 1Q17



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

Mar 31, 2017 6,379,794

Total Value as at

Mar 31, 2017 (USD) 67,306,827

Share of total portfolio 44.2%

Share of total shares outstanding

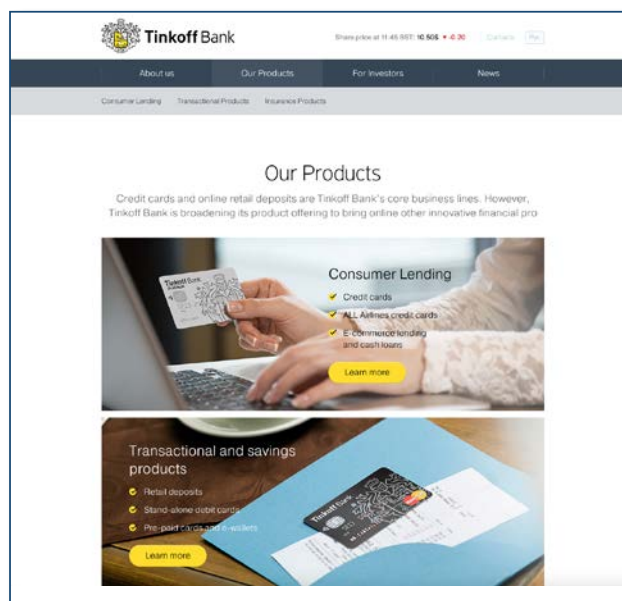
3.5%

Value development

Jan 1–Mar 31, 2017

(in USD) 0%

> tinkoff.ru/eng/



Tinkoff Bank was founded in 2007 and has since established itself at the forefront of innovation in delivery of online consumer and SME financial services. A core strength of Tinkoff Bank's success has been its deep and loyal senior management bench, which consists of a team of experienced professionals formerly employed by the likes of Visa, McKinsey and several top Russian banks and tech companies.

Tinkoff Bank was listed on the main list of London Stock Exchange on October 25, 2013. In its core credit card business, Tinkoff Bank is the number 2 credit card issuer in Russia with 10.3% market share in 2016, second only to Sberbank. Tinkoff Bank has, amongst other initiatives, developed a successful online retail deposits programme, branded Tinkoff Black, which now has +2 mln customers. Tinkoff Bank's other innovative 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 they ended the year with 60k customers and growing from 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.

During the first quarter of 2017 the bank announced a new dividend policy, planning to distribute surplus capital quarterly, as determined by the board, with a target dividend payout of 50% of the preceding quarter's net income. During the first quarter of 2017 Tinkoff upgraded its guidance for FY2017, expecting net income and cost of risk to amount to RUB 14 bln and 9–10% respectively.

As per March 31, 2017 VEF owns 3.5% of Tinkoff Bank (TCS Group Holding PLC).



REVO Technology

Vostok Emerging Finance's number of shares as at Mar 31, 2017 **4,062**

Total Value as at Mar 31, 2017 (USD) **13,175,000**

Share of total portfolio **8.6%**

Share of total shares outstanding **25.0%**

Value development Jan 1–Mar 31, 2017 (in USD) **147%**

> revoplus.ru



Sorsdata

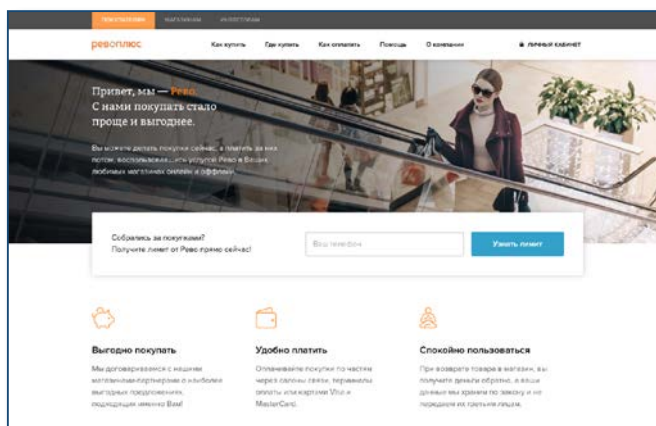
Vostok Emerging Finance's number of shares as at Mar 31, 2017 **999**

Total Value as at Mar 31, 2017 (USD) **991,083**

Share of total portfolio **0.7%**

Share of total shares outstanding **25.0%**

Value development Jan 1–Mar 31, 2017 (in USD) **192%**



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 customers staggered-payment solutions at the time of purchase. This model is similar in many ways to that of Klarna in Sweden and Affirm in the US. The company is focused on lower ticket retail categories which represents more than USD 100 billion in annual turnover, 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. This model is similar to that of Aimia in Canada.

During 2016 and throughout the first quarter 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 profit level. During 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 agreed to invest up to a further USD 5 mln.

As per March 31, 2017, VEF owns 25% of both companies and had invested a total of USD 6.25 mln and USD 0.41 mln into REVO and Sorsdata respectively, and per the end of the quarter, the companies are valued on the basis of the latest transaction in the first quarter of 2017.

REVO Operational Development

	Dec 2013	Dec 2014	Dec 2015	Dec 2016	Mar 2017
No. of active stores	67	572	1,623	1,778	1,637
No. of instalment plans issued (monthly)	6,402	9,969	41,217	40,146	47,916
Avg. instalment plan (Rub)	2,442	3,852	4,103	4,913	5,142
Avg. duration of instalment plan (months)	4.5	4.9	4.6	4.9	4.6
Avg. APR of instalment plans	64%	84%	96%	72%	69%

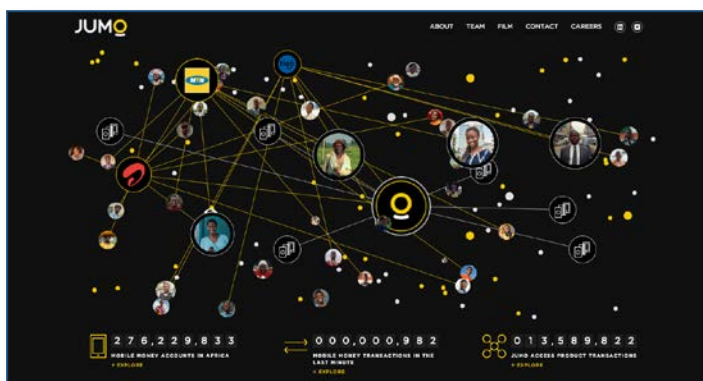
Source: Company data received from REVO Technology



JUMO

Vostok Emerging Finance's number of shares as at Mar 31, 2017	1,994
Total Value as at Mar 31, 2017 (USD)	12,705,768
Share of total portfolio	8.3%
Share of total shares outstanding	7.6%
Value development Jan 1–Mar 31, 2017 (in USD)	0%

> jumo.world



JUMO is a mobile money marketplace for people, small businesses, mobile network operators and financial service providers. JUMO operates across Africa but is headquartered out of Cape Town. Through partnerships with mobile network operators and a variety of financial service providers, 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. In its early days JUMO found that all three of these constituents had limited access to financial choices so they built their first product, Access, which solves short-term working capital requirements. 2016 was an important year for JUMO, making strong progress operationally, geographically and financially.

Financially, monthly disbursements more than doubled year-on-year. Operationally, JUMO has successfully completed the transition to a marketplace and away from a simple balance sheet credit provider. Having signed up several financial service providers

to the model and completing their first marketplace transactions, this marks a milestone in the development of the business. JUMO has also succeeded in growing their bench of engineering talent, now employing more than 200 people. Geographically, JUMO has experienced strong interest from established, global, Mobile Network Operators and Financial Service Providers to partner across Africa and beyond. As important, on the product diversification front, JUMO is launching a savings product through integration with financial service providers in 2017 to complement the existing and growing suite of credit products. The focus for 2017 will be on scaling and driving momentum on the marketplace as well as looking beyond Africa.

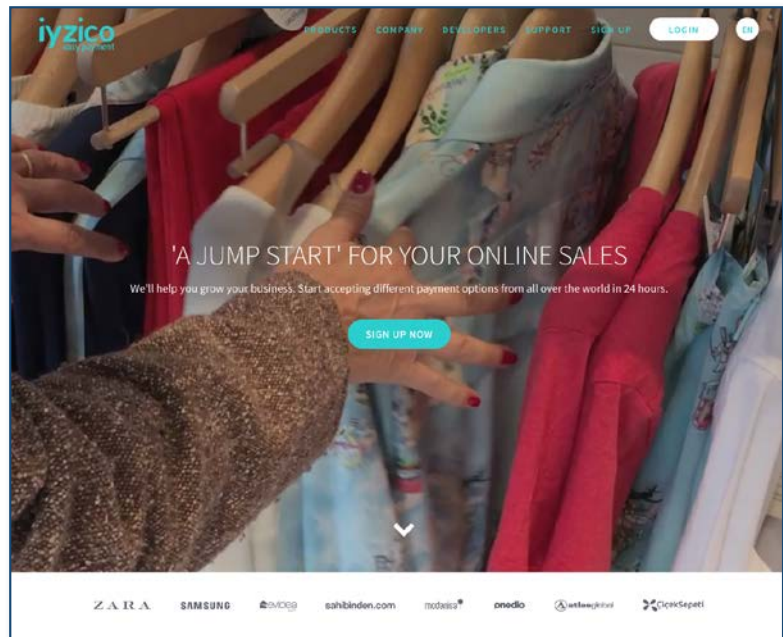
Vostok Emerging Finance has invested a total of USD 11.6 mln over the course of three funding rounds, where the latest investment of USD 1.6 mln was concluded in December 2016. As per March 31, 2017, JUMO is valued on the basis of the latest funding round which occurred in December 2016, with a valuation of USD 12.7 mln for VEF's 7.6% ownership in the company.



lyzico

Vostok Emerging Finance's number of shares as at Mar 31, 2017	2,083,951
Total Value as at Mar 31, 2017 (USD)	9,000,000
Share of total portfolio	5.9%
Share of total shares outstanding	20.1%
Value development Jan 1–Mar 31, 2017 (in USD)	0%

> lyzico.com



Founded in 2013, lyzico is a leading Turkish payment solution provider for online retailers. The company currently serves thousands of merchants as well as online marketplaces. Their suite of products allow their clients to complete e-commerce transactions. The company currently has over 8,500 live merchants and 160,000 seller accounts under marketplaces and is one of the fastest growing financial technology companies in the region. lyzico's business model is similar 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 lyzico's to accept e-commerce card payments from across the variety of card families in the market. lyzico 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 lyzico.

During the first quarter of 2017, Vostok Emerging Finance has invested a total of 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 March 31, 2017, VEF's 20.1% ownership in lyzico is valued on the basis of this transaction.



TransferGo

Vostok Emerging Finance's number of shares as at Mar 31, 2017 **601,202**

Total Value as at Mar 31, 2017 (USD) **3,205,798**

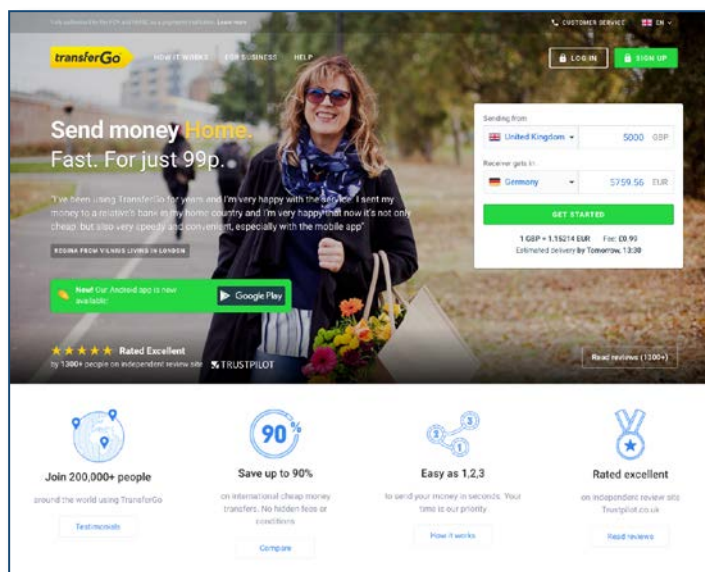
Share of total portfolio **2.1%**

Share of total shares outstanding **9.8%**

Value development Jan 1–Mar 31, 2017 (in USD) **2%***

* Attributable to currency exchange differences

> 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 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 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. 2016 marked a successful year for TransferGo which was focused on increasing the penetration of new products across their growing active user base and growing market share meaningfully in their core corridors.

Vostok Emerging Finance has invested a total of USD 3.4 mln (EUR 3.0 mln) in TransferGo during the second quarter of 2016. As per March 31, 2017, VEF's 9.8% ownership of TransferGo is valued at USD 3.2 mln (EUR 3.0 mln) on the basis of this transaction.

TransferGo Metrics

	Dec 2015	Mar 2016	June 2016	Sep 2016	Dec 2016	Mar 2017
No. of active users (transacted over last 90 days)	27,800	32,522	37,645	40,461	51,792	54,001
Money flow (GBP mln)	7.1	9.8	15.3	14.4	19.1	21.3
Avg. ticket size (GBP)	240	269	370	328	336	349

Source: Company data received from TransferGo

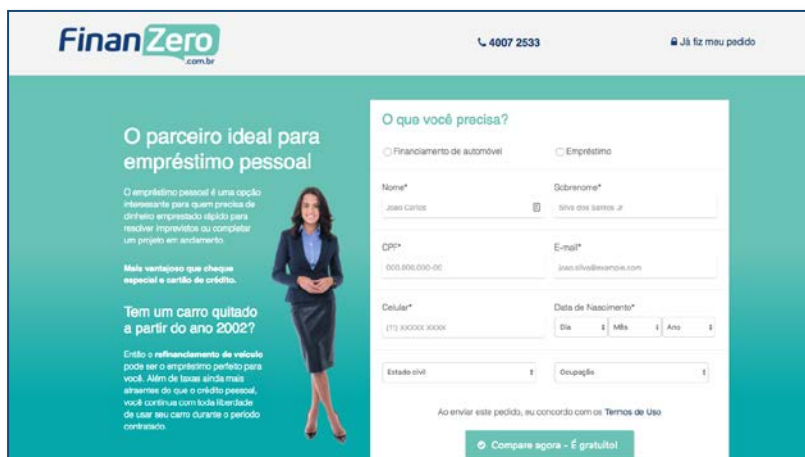


FinanZero

Vostok Emerging Finance's number of shares as at Mar 31, 2017	13,600
Total Value as at Mar 31, 2017 (USD)	1,119,388
Share of total portfolio	0.7%
Share of total shares outstanding	20%
Value development Jan 1–Mar 31, 2017 (in USD)	2%*

* Attributable to currency exchange differences

> 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 March 31, 2017, FinanZero is valued on the basis of this transaction.

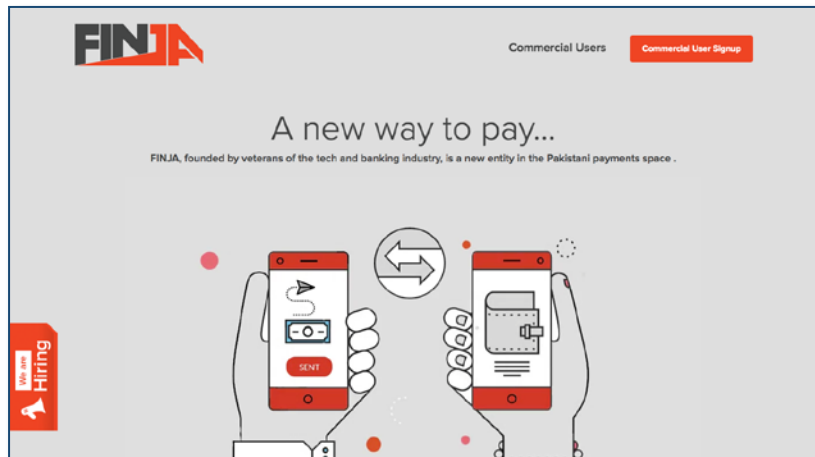
In April VEF agreed to invest an additional USD 0.4 mln into FinanZero, leading the investment round totalling USD 0.5 mln.



Finja

Vostok Emerging Finance's number of shares as at Mar 31, 2017	-
Total Value as at Mar 31, 2017 (USD)	1,001,576
Share of total portfolio	0.7%
Share of total shares outstanding	-
Value development Jan 1-Mar 31, 2017 (in USD)	0%

> 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 has had a strong start 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 topup, merchant and P2P payments. Finja was founded by tech and banking industry veterans Qasif Shahid, Monis Rahman and Umer Munawar.

As per March 31, 2017, VEF has agreed to invest a total of up to USD 1.0 mln in Finja over three tranches, where each tranche is conditional upon specific deliverables. Upon completion of all three tranches, the total stake in the company will be 22.4%. As per March 31, 2017, Finja is valued on the basis of this transaction. The second and third tranches were executed after the period end in April 2017.

Investments

During the first quarter 2017, gross investments in financial assets were USD 12.68 mln (2016: 21.18), of which USD 10.66 mln concern new investment of USD 9 mln in Iyzico and additional investments of USD 1.66 mln in REVO and Sorsdata, and USD 2.02 concern 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 7.57 mln (2016: 2.52), mainly due to the revaluation of REVO and Sorsdata. Dividend and coupon income was USD 0.08 mln (2016: 0.07).

Net operating expenses amounted to USD -0.71 mln (2016: -0.37).

Net financial items were 0.11 mln (2016: 0.22).

Net result for the period was USD 7.06 mln (2016: 2.45).

Total shareholders' equity amounted to USD 151.48 mln (December 31, 2016: 144.33).

Liquid assets

The liquid assets of the Group, defined as cash and bank deposits, amounted to USD 12.0 mln on March 31, 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.

>13 Income Statements – Group

(Expressed in USD thousand)	Jan 1, 2017– Mar 31, 2017	Jan 1, 2016– Mar 31, 2016
Result from financial assets at fair value through profit or loss ¹	7,568	2,525
Dividend and coupon income	79	73
Total operating income	7,647	2,598
Operating expenses	-705	-373
Operating result	6,942	2,225
Financial income and expenses		
Interest income	–	1
Interest expense	–	–
Currency exchange gains/losses, net	115	223
Net financial items	115	224
Result before tax	7,056	2,449
Taxation	–	–
Net result for the period	7,056	2,449
Earnings per share (in USD)	0.01	0.0037
Diluted earnings per share (in USD)	0.01	0.0037

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– Mar 31, 2017	Jan 1, 2016– Mar 31, 2016
Net result for the period	7,056	2,449
Other comprehensive income for the period:		
<i>Items that may be classified subsequently to profit or loss:</i>		
Currency translation differences	–	–
Total other comprehensive income for the period	–	–
Total comprehensive income for the period	7,056	2,449

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

>14 Balance Sheets – Group

(Expressed in USD thousand)	Mar 31, 2017	Dec 31, 2016
NON-CURRENT ASSETS		
<i>Financial non-current assets</i>		
Financial assets at fair value through profit or loss	140,400	120,155
Other financial assets	10	–
Total financial non-current assets	140,410	120,155
CURRENT ASSETS		
Cash and cash equivalents	11,972	24,998
Tax receivables	13	1
Other current receivables	7	28
Total current assets	11,991	25,027
TOTAL ASSETS	152,401	145,182
SHAREHOLDERS' EQUITY (including net result for the financial period)	151,477	144,326
CURRENT LIABILITIES		
<i>Non-interest bearing current liabilities</i>		
Other current liabilities	788	732
Accrued expenses	136	124
Total current liabilities	925	856
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	152,401	145,182

>15 Statement of changes in equity – Group

(Expressed in USD thousand)	Share Capital	Additional paid in capital	Other reserves	Retained earnings	Total
Balance at January 1, 2016	6,615	87,880	–	1,053	95,548
Net result for the period					
January 1, 2016 to March 31, 2016	–	–	–	2,449	2,449
<i>Other comprehensive income for the period</i>					
Currency translation difference	–	–	–	–	–
Total comprehensive income for the period	–	–	–	2,449	2,449
<i>Transactions with owners</i>					
Transaction costs rights issue	–	-42	–	–	-42
Value of employee services:					
- Employee share option scheme	–	3	–	–	3
- Share based long-term incentive program	–	–	–	–	–
Balance at March 31, 2016	6,615	8,841	–	3,502	97,958
Balance at January 1, 2017	6,615	88,003	-2	49,710	144,326
Net result for the period					
January 1, 2017 to March 31, 2017	–	–	–	7,056	7,056
<i>Other comprehensive income for the period</i>					
Currency translation difference	–	–	2	–	2
Total comprehensive income for the period	–	–	2	7,056	7,058
<i>Transactions with owners</i>					
Transaction costs rights issue	–	–	–	–	–
Value of employee services:					
- Employee share option scheme	–	3	–	–	3
- Share based long-term incentive program	–	90	–	–	90
Balance at March 31, 2017	6,615	88,096	–	56,766	151,477

>16 Statement of cash flows – Group

(Expressed in USD thousand)	Jan 1, 2017– Mar 31, 2017	Jan 1, 2016– Mar 31, 2016
Operating activities		
Result before tax	7,056	2,449
<i>Adjustment for non-cash items:</i>		
Interest income and expense, net	–	-1
Currency exchange gains/-losses	115	-223
Result from financial assets at fair value through profit or loss	-7,568	-2,525
Other non-cash items affecting profit or loss	14	3
Change in current receivables	12	30
Change in current liabilities	69	-1,426
Net cash used in operating activities	-301	-1,692
Investments in financial assets	-12,687	-21,175
Dividend and coupon income	79	–
Interest received	–	1
Tax paid	-3	–
Net cash flow used in operating activities	-12,912	-22,866
Financing activities		
Proceeds from rights issue, net of transaction costs	–	-42
Net cash flow used in financing activities	–	-42
Change in cash and cash equivalents	-12,912	-22,908
Cash and cash equivalents at beginning of the period	24,998	62,302
Exchange gains/losses on cash and cash equivalents	-114	193
Cash and cash equivalents at end of period	11,972	39,586

>17 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– Mar 31, 2017	Jan 1, 2016– Mar 31, 2016
Return on capital employed, % ¹	4.77	2.53
Equity ratio, % ²	99.39	99.91
Shareholders' equity/share, USD ³	0.23	0.15
Earnings/share, USD ⁴	0.01	0.0037
Diluted earnings/share, USD ⁵	0.01	0.0037
Net asset value/share, USD ⁶	0.23	0.15
Net asset value/share, SEK ⁶	2.05	1.21
Net asset value, SEK	1,353,210,082	798,054,872
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)	666,988,514	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.

>18 Income Statement – Parent Company

(Expressed in USD thousand)	Jan 1, 2017– Mar 31, 2017	Jan 1, 2016– Mar 31, 2016
Result from financial assets at fair value through profit or loss	63	2,525
Dividend and coupon income	79	73
Total operating income	142	2,598
Operating expenses	-679	-373
Operating result	-537	2,225
Financial income and expenses		
Interest income	1,222	1
Currency exchange gains/losses, net	118	223
Net financial items	1,339	224
Result before tax	803	2,449
Taxation	–	–
Net result for the period	803	2,449
Earnings per share (in USD)	0.0012	0.0037
Diluted earnings per share (in USD)	0.0012	0.0037

Statement of comprehensive income

(Expressed in USD thousand)	Jan 1, 2017– Mar 31, 2017	Jan 1, 2016– Mar 31, 2016
Net result for the period	803	2,449
Other comprehensive income for the period:		
<i>Items that may be classified subsequently to profit or loss:</i>		
Currency translation differences	–	–
Total other comprehensive income for the period	–	–
Total comprehensive income for the period	803	2,449

>19 Balance Sheet – Parent Company

(Expressed in USD thousand)	Mar 31, 2017	Dec 31, 2016
NON-CURRENT ASSETS		
<i>Financial non-current assets</i>		
Shares in subsidiaries	16	16
Financial assets at fair value through profit or loss	41,896	35,142
Receivables from Group companies	90,097	82,667
Other financial assets	10	–
Total financial non-current assets	132,019	117,825
CURRENT ASSETS		
Cash and cash equivalents	11,660	24,888
Other current receivables	8	24
Total current assets	11,667	24,912
TOTAL ASSETS	143,687	142,737
SHAREHOLDERS' EQUITY (including net result for the financial period)	142,789	141,893
CURRENT LIABILITIES		
<i>Non-interest bearing current liabilities</i>		
Other current liabilities	764	724
Accrued expenses	133	120
Total current liabilities	897	844
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	143,687	142,737

>20 Statement of changes in equity – Parent Company

(Expressed in USD thousand)	Attributable to owners of the company			Total
	Share Capital	Additional paid in capital	Retained earnings	
Balance at January 1, 2016	6,615	87,880	1,053	95,548
Net result for the period				
January 1, 2016 to March 31, 2016	-	-	2,449	2,449
Other comprehensive income for the period				
Currency translation difference	-	-	-	-
Total comprehensive income for the period January 1, 2016 to March 31, 2016	-	-	2,449	2,449
<i>Transactions with owners</i>				
Transaction costs share issue	-	-42	-	-42
Value of employee services:				
- Employee share option scheme	-	3	-	3
- Share based long-term incentive program	-	-	-	-
Balance at March 31, 2016	6,615	8,841	3,502	97,958
Balance at January 1, 2017	6,615	88,002	47,276	141,893
Net result for the period				
January 1, 2017 to March 31, 2017	-	-	803	803
Other comprehensive income for the period				
Currency translation difference	-	-	-	-
Total comprehensive income for the period January 1, 2017 to March 31, 2017	-	-	803	803
<i>Transactions with owners</i>				
Transaction costs share issue	-	-	-	-
Value of employee services:				
- Employee share option scheme	-	3	-	3
- Share based long-term incentive program	-	90	-	90
Balance at March 31, 2017	6,615	88,095	48,079	142,790

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	
	1Q 2017	1Q 2016	1Q 2017	1Q 2016
Key management and Board of Directors*	268	158	28	24

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

The costs for the long-term incentive program (LTIP 2016) for the management amounted to USD 0.09 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 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 March 31, 2017.

	Level 1	Level 2	Level 3	Total balance
Financial assets at fair value through profit or loss	99,202	41,198	-	140,400
Total assets	99,202	41,198	-	140,400

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

As per March 31, 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, 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 2016 and throughout 2017. 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 March 31, 2017.

REVO

As per March 31, 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. VEF owns 4,062 shares in REVO.

JUMO

As per March 31, 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 March 31, 2017. JUMO is categorized as a level 2 investment.

>22 lyzico

As per March 31, 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 March 31, 2017, lyzico is valued on the basis of this transaction and is categorized as a level 2 investment.

TransferGo

As per March 31, 2017, VEF owns 9.8% in TransferGo and has invested a total of USD 3.4 mln (EUR 3.0 mln) in the company in June 2016. As per March 31, 2017, TransferGo is valued on the basis of this transaction (EUR 3.0 mln) and is categorized as a level 2 investment.

FinanZero

As per March 31, 2017, VEF owns 13,600 shares in FinanZero following an investment in primary capital of approximately USD 1.2 mln in March 2016. As per March 31, 2017, FinanZero is valued on the basis of this transaction and is categorized as a level 2 investment.

Finja

As per March 31, 2017, VEF has agreed to invest USD 1.0 mln in Finja over three equal tranches, where each tranche is conditional upon specific deliverables. When all tranches are complete, the total stake in the company will be 22.4%. As per March 31, 2017, 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 was converted to shares in April 2017, is categorized as a level 2 investment. The remaining payments were executed after the period end in April 2017 and therefore included in the investment as well as a liability as per March 31, 2017.

Sorsdata

As per March 31, 2017, VEF owns 24.6% of Sorsdata and has invested a total of USD 414 k 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 976k as level 2 investment. 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 Mar 31, 2017	Percentage weight of total portfolio
Tinkoff Bank	67,306,827	–	–	67,306,827	44.2%
REVO	4,700,000	1,550,000	6,925,000	13,175,000	8.6%
JUMO	12,705,768	–	–	12,705,768	8.3%
lyzico	–	9,000,000	–	9,000,000	5.9%
TransferGo	3,154,798	–	51,000	3,205,798	2.1%
FinanZero	1,099,245	–	20,143	1,119,388	0.7%
Finja	1,000,985	–	591	1,001,576	0.7%
Sorsdata	300,000	114,333	576,750	991,083	0.7%
Liquidity management	29,887,284	2,013,188	-5,593	31,894,879	20.9%
Total	120,154,907	12,677,521	7,567,891	140,400,319	92.1%

>23 **NOTE 4**
EMPLOYEE SHARE-OPTION PROGRAM

Outstanding Options

	Mar 31, 2017
Beginning of the period	3,405,000
Outstanding at the end of the period	3,405,000

Per March 31, 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 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 2016 the market value is SEK 0.14/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 10 in Annual Report 2016 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 first quarter of 2017, the reported costs for the program amounted to USD 0.09 million.

NOTE 6
EVENTS AFTER THE REPORTING PERIOD

On April 20, 2017, Vostok Emerging Finance agreed to invest 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. Upon completion of this transaction, Vostok Emerging Finance holds 23.8% of the shares in the company.

On April 21, 2017, the Company concluded the second and third tranche pertaining to the agreed total investment of USD 1 mln into Finja.

On May 15, 2017, the Company announced an investment of USD 3.3 mln into Nibo, a leading player on the Brazilian Accounting SaaS space, connecting SMBs and accountants on the Nibo platform. Following completion of the investment round totalling USD 4.3 mln, which was led by Vostok Emerging Finance, VEF holds 15.5% of the company.

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 March 31, 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–June 30, 2017 will be published on August 30, 2017.

May 17, 2017

David Nangle
Managing Director

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> www.vostokemergingfinance.com

This report has not been subject to review by the Company's auditors.