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Vostok Emerging Finance

Financial Report for the Second Quarter 2017 and the Period January 1, 2017–June 30, 2017

Financial Result

- > Net result for 2Q17 was USD 7.6 million (mln) (2Q16: USD 10.8 mln). Earnings per share were USD 0.0039 (2Q16: USD 0.0163).
- > Net result for the six-months period was USD 14.7 mln (1H16: 13.2 mln). Earnings per share were USD 0.022 (1H16: 0.0200).
- > The positive net result over the period is primarily driven by the positive share price development in Vostok Emerging Finance's only listed equity holding, Tinkoff Bank, and the mark up in valuation of REVO and Sorsdata following the 1Q17 transaction.

Net Asset Value

- > The net asset value of Vostok Emerging Finance Ltd ("VEF" or the "Company") was USD 159.2 mln as at June 30, 2017 (December 31, 2016: USD 144.3 mln),
- > Net asset value per share was USD 0.24 (December 31, 2016: USD 0.22).
- > Based on the period end USD/SEK exchange rate of 8.47 (December 31, 2016: 9.10), it was SEK 1,349 mln (December 31, 2016: SEK 1,313 mln) and SEK 2.04 per share (December 31, 2016: SEK 1.99 per share), respectively.

Key Events during the Second Quarter

- > On April 20, 2017, VEF agreed to invest an additional USD 0.4 mln into FinanZero, leading an investment round totalling USD 0.5 mln.
- > On April 21, 2017, VEF concluded the second and third tranche pertaining to the agreed total investment of USD 1 mln into Finja.
- > On May 15, 2017, VEF announced an investment of USD 3.3 mln into Nibo, a leading player in the Brazilian Accounting SaaS space focusing on SMEs and accountants.
- > In June 2017, VEF invested an additional USD 2.9 mln in TransferGo via a two-year convertible loan note.

Key Events after the end of the Period

- > In July 2017, VEF sold 600k GDRs in Tinkoff Bank, approximately 10% of its position, yielding USD 6.9 mln.
- > In August 2017, VEF sold an additional 475k GDRs in Tinkoff Bank, approximately 8% of its position, yielding USD 6.2 mln.
- > As at July 31, 2017, VEF's net asset value was USD 168.7 mln (SEK 1,371.8 mln at a USD/SEK exchange rate of 8.1331), or USD 0.25 per share (SEK 2.07).

Dear fellow shareholder,

At VEF, we have always stated that we have two focus principles when it comes to creating value for our shareholders; 1) focus every day on growing our NAV per share and 2) accompany this with an on-going drive to reduce any traded discount between the share price and NAV per share. Duly, we are extremely satisfied that through 2Q17 and into the early part of 3Q17, we saw significant progress on both fronts. At the end of 2Q17 our NAV per share reached new highs of USD 0.24. While there are many factors (people, pipeline, investments etc.) that go into building a successful investment company over time, we remain acutely aware of these key benchmark factors and are happy that investors new and old have been able to partake in the value creation that has evolved in VEF to date.

Geographically, as we highlighted in our 1Q17 update, Latin America and more specifically Brazil has become a big focus for us at VEF. Apart from some of the larger Asian markets, we struggle to find a fintech market that is more exciting and ripe for investment than Brazil right now in the Emerging world for a number of reasons:

- > Scale – with over 200 mln inhabitants, Brazil is the kind of scale market we like to invest in.
- > Online – Brazil is one of the most “online” markets in the world with top 5 per capita usage across most top named social media sites and a very robust and growing e-commerce market.
- > Deep financial market – the Brazilian banking system is first world in many aspects and its populous is experienced and comfortable in the use in a broad array of financial products.

> Massively inefficient – a key factor for us, Brazil is one of the most beautifully inefficient financial systems we have engaged with, with generous interest rate spreads and payment terms ripe for disruption.

> People and ecosystem – we have found many strong entrepreneurs and teams in Brazil and also a very supportive VC and investment ecosystem into which to invest and partner.

In summary, 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.

On the deal front, 2Q17 continued our busy start to 2017. A lot of the travel, integrating, pipeline building and due diligence through 2015-16 has really started to culminate in investment conversion in this calendar year. Year to date we have closed new investments into Iyzico in Turkey and Nibo in Brazil, while providing follow on finance and support to current portfolio companies REVO, Sorsdata, FinanZero and Finja. At the end of the second quarter we provided a convertible debt facility to TransferGo, the EU focused digital cross border remittance company in our portfolio. Finally, on the exits front, post June 30, we sold approximately 17% of our holding in Tinkoff Bank in two separate transactions, yielding a total of USD 13 mln. While we continue to see Tinkoff as a core part of our portfolio, after a strong run in the share price, we took the opportunity to take some money off the table, with one eye on our cash position and another on the healthy pipeline we are working on.

We held our AGM and a productive board meeting in Stockholm in May and it was great to meet and interact with many of our shareholders at the event and get first hand feedback on all. One of the major changes from the AGM was an expansion of our board of directors to 6 members. In that regard, I would like to formally welcome Ranjan Tandon to the board of VEF. Ranjan runs Libra advisors, a very successful family office and previously investment fund in New York. His deep investment knowledge and emerging market experience can only be welcome news to our board's oversight of our business.

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.

August 2017,
David Nangle

Portfolio structure

– Net Asset Value

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

Number of shares	Company	Fair value, USD June 30, 2017	Percentage weight	Fair value, USD Dec 31, 2016	Valuation change per USD share, year to date 2017
6,379,794	TCS Group Holding PLC (Tinkoff Bank) ²	73,367,631	46.0%	67,306,827	9% ¹
4,062	REVO Technology ³	13,175,000	8.3%	4,700,000	147% ¹
1,994	JUMO ³	12,705,768	8.0%	12,705,768	0% ¹
2,083,951	Iyzico ³	9,000,000	5.6%	–	– ¹
601,202	TransferGo ³	6,282,098	3.9%	3,154,798	8% ^{1,4}
1,198,493	Nibo ³	3,299,998	2.1%	–	– ¹
17,227	FinanZero ³	2,019,316	1.3%	1,099,245	35% ^{1,4}
2,878,735	Finja ³	1,151,494	0.7%	1,000,985	0% ¹
999	Sorsdata ³	976,131	0.6%	300,000	187% ¹
	Liquidity management ^{1,2}	25,561,220	16.0%	29,887,284	
	Cash and cash equivalents	12,097,423	7.6%	24,997,933	
	Total investment portfolio	159,636,079	100.0%	145,152,840	
	Other net liabilities	-405,149		-826,501	
	Total Net Asset Value	159,230,930		144,326,339	

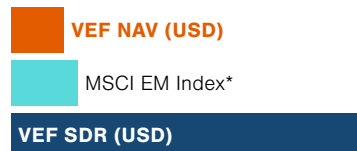
Portfolio development

Vostok Emerging Finance's net asset value (NAV) per share increased by 4.3% in USD over the second quarter 2017. During the same period, the MSCI Emerging Markets index increased by 5.5% in USD terms. Vostok Emerging Finance's SDR price increased by 28.9% in USD over the second quarter 2017.

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

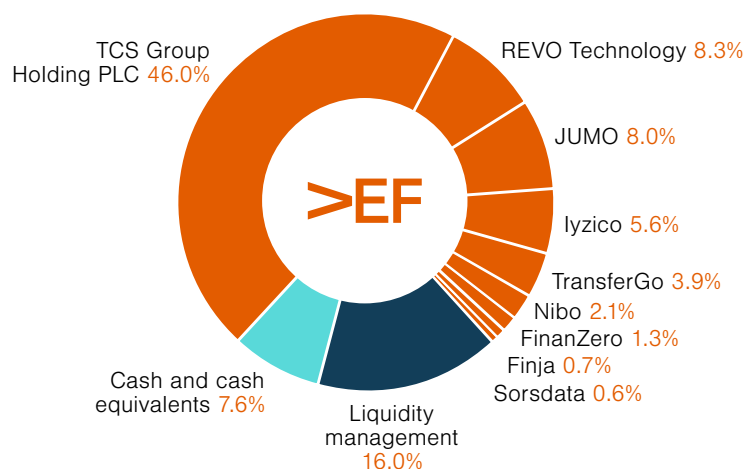
VEF price/NAV performance 2Q17

0% | 5% | 10% | 15% | 20% | 25% | 30% | 35%



VEF price/NAV performance 1H17

0% | 5% | 10% | 15% | 20% | 25% | 30% | 35%



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.

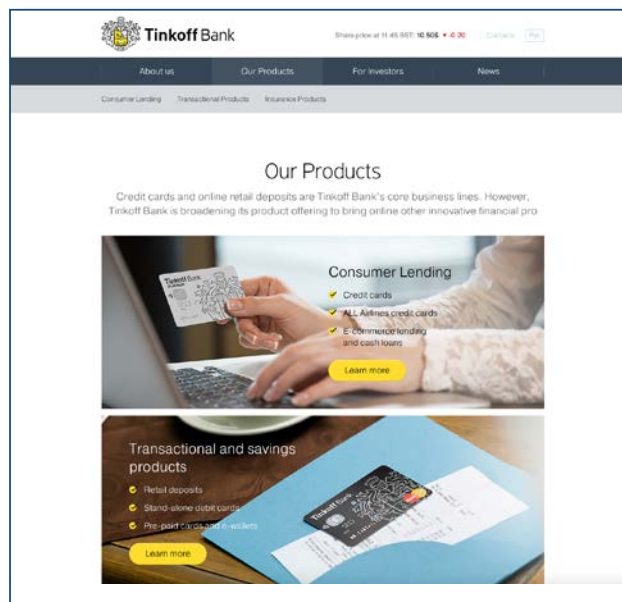


Tinkoff Bank

TCS Group Holding PLC

Vostok Emerging Finance's number of shares as at June 30, 2017	6,379,794
Total Value as at June 30, 2017 (USD)	73,367,631
Share of total portfolio	46.0%
Share of total shares outstanding	3.5%
Value development January 1–June 30, 2017 (in USD)	9%

> 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 the first quarter 2017, Tinkoff was the number 2 credit card issuer in Russia with close to a 11% 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 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 first quarter of 2017, they had 100k 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 first quarter of 2017 Tinkoff upgraded its financial guidance for FY2017, guiding for net income to reach at least RUB 14 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 payout of 50% of the preceding quarter's net income. Following the new dividend policy, VEF received a gross dividend of 0.17 USD per share from Tinkoff Bank in the second quarter of 2017.

As per June 30, 2017, VEF owns 3.5% of Tinkoff Bank (TCS Group Holding PLC).



REVO Technology

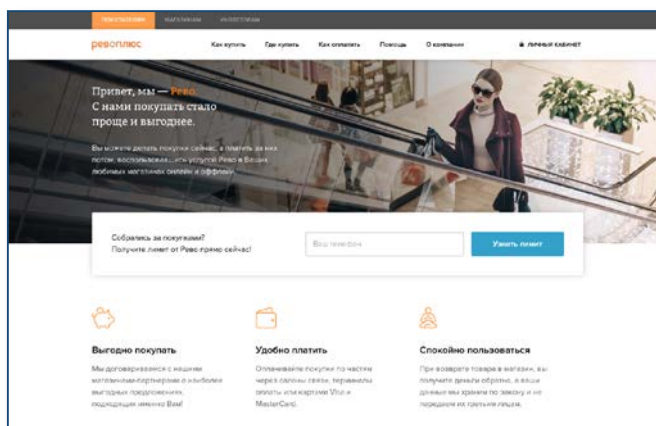
Vostok Emerging Finance's number of shares as at June 30, 2017	4,062
Total Value as at June 30, 2017 (USD)	13,175,000
Share of total portfolio	8.3%
Share of total shares outstanding	25.0%
Value development January 1–June 30, 2017 (in USD)	147%

> revoplus.ru



Sorsdata

Vostok Emerging Finance's number of shares as at June 30, 2017	999
Total Value as at June 30, 2017 (USD)	976,131
Share of total portfolio	0.6%
Share of total shares outstanding	25.0%
Value development January 1–June 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 six 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 agreed to invest up to a further USD 5 mln in the business.

As per June 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	Jun 2017
No. of active stores	67	572	1,623	1,778	2,235
No. of instalment plans issued (monthly)	6,402	9,969	41,217	40,146	24,885
Avg. instalment plan (Rub)	2,442	3,852	4,103	4,913	4,718
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%	64%

Source: Company data received from REVO Technology



JUMO

Vostok Emerging Finance's number of shares as at June 30, 2017	1,994
Total Value as at June 30, 2017 (USD)	12,705,768
Share of total portfolio	7.7%
Share of total shares outstanding	7.6%
Value development January 1–June 30, 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 mainly across Africa in Kenya, Tanzania, Ghana, Zambia, Uganda and Rwanda but is expanding into the sub-continent. Headquarters are in Cape Town, South Africa.

JUMO marketplace was set up to provide value and a service for three distinct partners in their ecosystem. First, it allows consumers 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 product 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 is close to launching its savings product to complement the existing and growing suite of credit products. During the second quarter of 2017, JUMO launched an instalment product, which marks an important step in widening the credit product portfolio. 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.

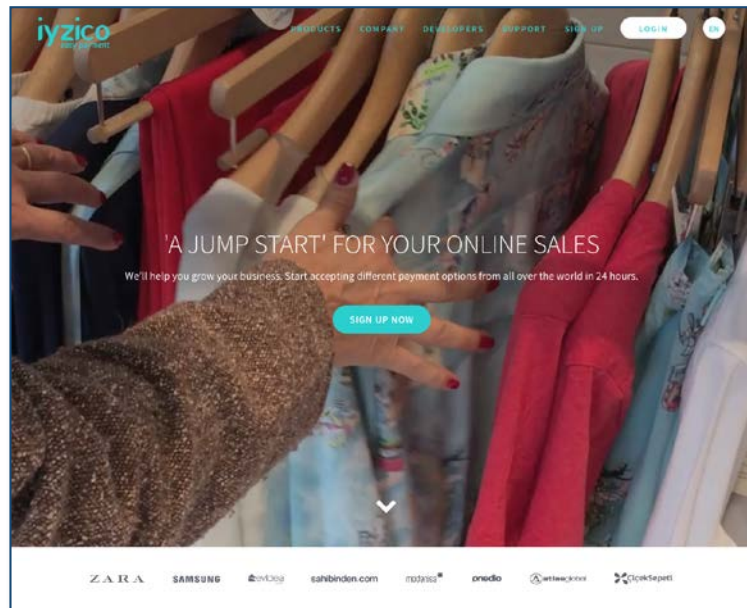
Vostok Emerging Finance has invested a total of USD 11.6 mln over the course of three funding rounds, where the latest investment of USD 1.6 mln was concluded in December 2016. As per June 30, 2017, JUMO is valued on the basis of the latest funding round, which occurred in December 2016, with a valuation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



lyzico

Vostok Emerging Finance's number of shares as at June 30, 2017	2,083,951
Total Value as at June 30, 2017 (USD)	9,000,000
Share of total portfolio	5.6%
Share of total shares outstanding	20.1%
Value development January 1–June 30, 2017 (in USD)	0%

> lyzico.com



Founded in 2013, lyzico is a leading Turkish payment solution provider, with a history and bias for online merchants but a growing diversification into the offline space. lyzico 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 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.

lyzico 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, lyzico 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. lyzico currently serves thousands of merchants as well as online marketplaces and processed over 2 mln transactions through the first quarter 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 June 30, 2017, VEF's ownership in lyzico is valued on the basis of this transaction.

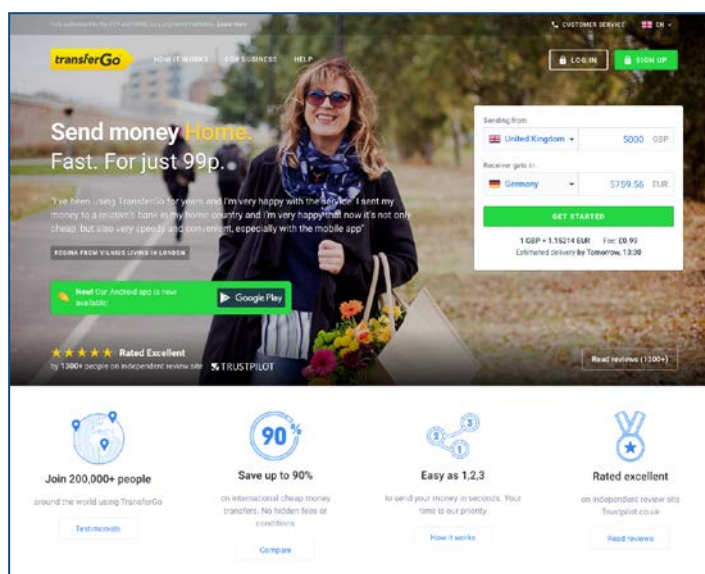


TransferGo

Vostok Emerging Finance's number of shares as at June 30, 2017	601,202
Total Value as at June 30, 2017 (USD)	6,282,098
Share of total portfolio	3.9%
Share of total shares outstanding	9.8%
Value development January 1–June 30, 2017 (in USD)	8%*

* Attributable to currency exchange differences

> 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. Totaling 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 half 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 June, 2017 to add to its initial USD 3.4 mln (EUR 3.0 mln) investment in June, 2016. As per June 30, 2017, VEF's ownership of 9.8% in TransferGo is valued at 6.3 mln USD (EUR 5.5 mln) on the basis of this transaction.

TransferGo Metrics

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

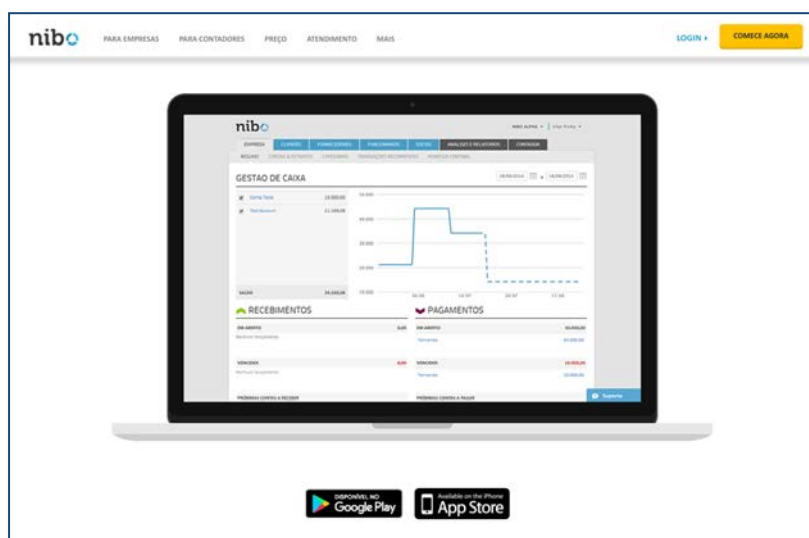
Source: Company data received from TransferGo



Nibo

Vostok Emerging Finance's number of shares as at June 30, 2017	1,198,493
Total Value as at June 30, 2017 (USD)	3,299,998
Share of total portfolio	2.0%
Share of total shares outstanding	15.5%
Value development January 1–June 30, 2017 (in USD)	0%

> nibo.com.br



Nibo is a leading Brazilian accounting SaaS (software as a service) provider, transforming the way accountants and SMBs (small and medium-sized businesses) 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. Nibo has over 2,000 accountants servicing thousands of their SMB customers, and growing.

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 June 30, Vostok Emerging Finance's ownership of 15.5% is valued at 3.3 mln USD on the basis of this transaction.

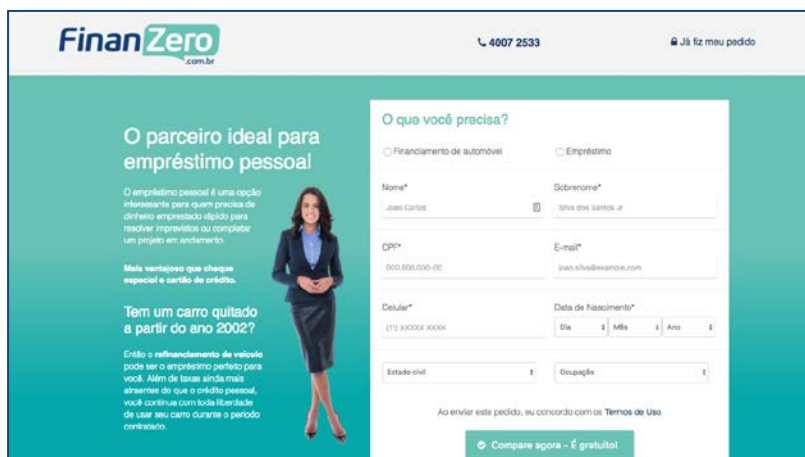


FinanZero

Vostok Emerging Finance's number of shares as at June 30, 2017	17,227
Total Value as at June 30, 2017 (USD)	2,019,316
Share of total portfolio	1.3%
Share of total shares outstanding	23.8%
Value development January 1–June 30, 2017 (in USD)	35%*

* 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 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.

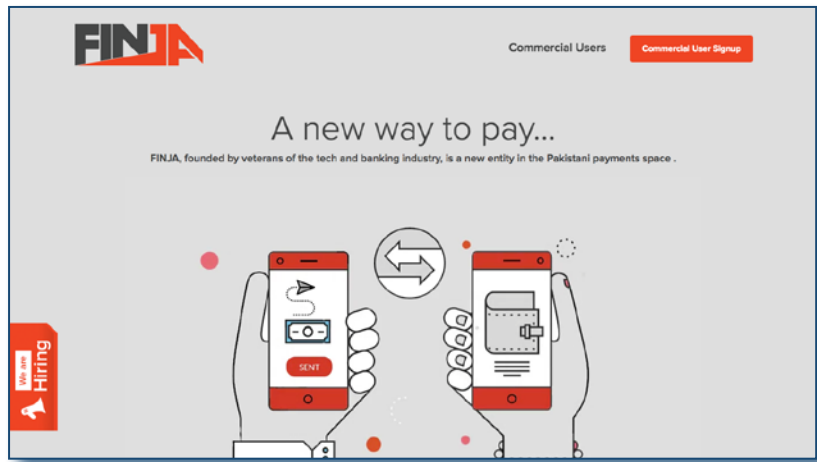
Vostok Emerging Finance initially invested a total of USD 1.2 mln in FinanZero during the first quarter of 2016. During the second quarter of 2017, Vostok Emerging Finance invested an additional USD 0.4 mln into FinanZero, leading the investment round totalling USD 0.5 mln. Vostok Emerging Finance was 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 June 30, 2017, VEF's ownership in FinanZero is valued at 2.0 mln USD on the basis of this transaction.



Finja

Vostok Emerging Finance's number of shares as at June 30, 2017	2,878,735
Total Value as at June 30, 2017 (USD)	1,151,494
Share of total portfolio	0.7%
Share of total shares outstanding	22.9%
Value development January 1–June 30, 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 top-up, merchant and P2P payments. Finja was founded by tech and banking industry veterans Qasif Shahid, Monis Rahman and Umer Munawar.

As per June 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 tranche and consequently holds a 22.9% ownership in the company. As per June 30, 2017, VEF's stake in the company is valued at 1.1 mln USD on the basis of this transaction.

Investments

During the six months period of 2017, gross investments in financial assets were USD 19.44 mln (2016: 24.58), 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 2.2 mln concern liquidity placements. During the quarter, gross investments in financial assets were USD 8.78 mln (2016: 3.4). Investments refer to new investments in Nibo (USD 3.3 mln) and additional investments via a two-year convertible loan in TransferGo (USD 2.9 mln) and FinanZero (USD 0.5 mln) 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 14.57 mln (2016: 12.74), 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 -1.77 mln (2016: -0.83).

Net financial items were USD 0.48 mln (2016: -0.03).

Net result for the period was USD 14.68 mln (2016: 13.23).

Total shareholders' equity amounted to USD 159.2 mln on June 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 7.01 mln (2016: 10.21), mainly coming from share price appreciation in Tinkoff Bank.

Net operating expenses amounted to USD -1.06 mln (2016: -0.46).

Net financial items were USD 0.36 mln (2016: -0.26).

Net result for the quarter was USD 7.62 mln (2016: 10.78).

Liquid assets

The liquid assets of the Group, defined as cash and bank deposits, amounted to USD 12.1 mln on June 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.

>13 Income Statements – Group

(Expressed in USD thousand)	Jan 1, 2017– Jun 30, 2017	Jan 1, 2016– Jun 30, 2016	Apr 1, 2017– Jun 30, 2017	Apr 1, 2016– Jun 30, 2016
Result from financial assets at fair value through profit or loss ¹	14,573	12,735	7,005	10,211
Dividend and coupon income	1,395	1,353	1,316	1,279
Total operating income	15,968	14,088	8,321	11,490
Operating expenses	-1,765	-831	-1,060	-458
Operating result	14,203	13,257	7,261	11,032
Financial income and expenses				
Interest income	–	1	–	–
Currency exchange gains/losses, net	477	-31	362	-255
Net financial items	477	-30	362	-255
Result before tax	14,680	13,227	7,623	10,777
Taxation	–	–	–	–
Net result for the period	14,680	13,227	7,623	10,777
Earnings per share (in USD)	0.0222	0.0200	0.0039	0.0163
Diluted earnings per share (in USD)	0.0220	0.0200	0.0038	0.0163

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– Jun 30, 2017	Jan 1, 2016– Jun 30, 2016	Apr 1, 2017– Jun 30, 2017	Apr 1, 2016– Jun 30, 2016
Net result for the period	14,680	13,227	7,623	10,777
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	14,680	13,227	7,623	10,777

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)	Jun 30, 2017	Jun 30, 2016	Dec 31, 2016
NON-CURRENT ASSETS			
<i>Financial non-current assets</i>			
Financial assets at fair value through profit or loss	147,539	72,082	120,155
Other financial assets	10	–	–
Total financial non-current assets	147,548	72,082	120,155
CURRENT ASSETS			
Cash and cash equivalents	12,097	36,748	24,998
Tax receivables	6	–	1
Other current receivables	13	27	28
Total current assets	12,116	36,775	25,027
TOTAL ASSETS	159,664	108,857	145,182
SHAREHOLDERS' EQUITY (including net result for the financial period)	159,231	108,770	144,326
CURRENT LIABILITIES			
<i>Non-interest bearing current liabilities</i>			
Trade payables	–	11	–
Other current liabilities	225	40	732
Accrued expenses	208	36	124
Total current liabilities	433	87	856
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	159,664	108,857	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 June 30, 2016	–	–	–	13,227	13,227
Total comprehensive income for the period January 1, 2016 to June 30, 2016	6,615	87,880	–	13,227	13,227
<i>Transactions with owners</i>					
Transaction costs rights issue	–	-42	–	–	-42
Value of employee services:					
- Employee share option scheme	–	38	–	–	38
Balance at June 30, 2016	6,615	87,876	–	14,280	108,770
Balance at January 1, 2017	6,615	88,003	-2	49,710	144,326
Net result for the period January 1, 2017 to June 30, 2017	–	–	–	14,680	14,680
<i>Other comprehensive income for the period</i>					
Currency translation difference	–	–	1	–	1
Total comprehensive income for the period January 1, 2017 to June 30, 2017	–	–	1	14,680	14,681
Value of employee services:					
- Employee share option scheme	–	7	–	–	7
- Share based long-term incentive program	–	216	–	–	216
Balance at June 30, 2017	6,615	88,226	-1	64,390	159,231

>16 Statement of cash flows – Group

(Expressed in USD thousand)	Jan 1, 2017– Jun 30, 2017	Jan 1, 2016– Jun 30, 2016	Apr 1, 2017– Jun 30, 2017	Apr 1, 2016– Jun 30, 2016
Operating activities				
Result before tax	14,680	13,227	7,624	10,778
<i>Adjustment for non-cash items:</i>				
Interest income and expense, net	–	-1	–	–
Currency exchange gains/-losses	477	31	362	254
Result from financial assets at fair value through profit or loss	-14,573	-12,735	-7,005	-10,210
Other non-cash items affecting profit or loss	-1,172	-1,047	-1,186	-1,050
Change in current receivables	17	-2	5	-32
Change in current liabilities	-412	-1,701	-481	-275
Net cash used in operating activities	-984	-2,228	-682	-535
Investments in financial assets	-12,821	-24,579	-133	-3,404
Dividend and coupon income	1,395	1,085	1,316	1,085
Interest received	–	1	–	–
Tax paid	-6	–	-3	–
Net cash flow used in/from operating activities	-12,415	-25,721	498	-2,854
Financing activities				
Proceeds from rights issue, net of transaction costs	–	-42	–	–
Net cash flow used in/from financing activities	–	-42	498	–
Change in cash and cash equivalents	-12,415	-25,764	498	-2,854
Cash and cash equivalents at beginning of the period	24,998	62,302	11,972	39,586
Exchange gains/losses on cash and cash equivalents	-486	210	-371	17
Cash and cash equivalents at end of period	12,097	36,748	12,097	36,748

>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– Jun 30, 2017	Jan 1, 2016– Jun 30, 2016
Return on capital employed, % ¹	9.67%	12.8%
Equity ratio, % ²	99.7%	99.9%
Shareholders' equity/share, USD ³	0.24	0.16
Earnings/share, USD ⁴	0.02	0.02
Diluted earnings/share, USD ⁵	0.02	0.02
Net asset value/share, USD ⁶	0.24	0.16
Net asset value/share, SEK ⁶	2.04	1.40
Net asset value, SEK	1,348,523,265	922,513,951
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)	668,045,897	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– Jun 30, 2017	Jan 1, 2016– Jun 30, 2016	Apr 1, 2017– Jun 30, 2017	Apr 1, 2016– Jun 30, 2016
Result from financial assets at fair value through profit or loss	156	12,735	93	10,211
Dividend and coupon income	310	1,353	231	1,279
Total operating income	466	14,088	324	11,490
Operating expenses	-1,757	-831	-1,078	-458
Operating result	-1,291	13,257	-754	11,032
Financial income and expenses				
Interest income	3,041	1	1,819	–
Currency exchange gains/losses, net	810	-31	692	-255
Net financial items	3,851	-30	2,511	-255
Result before tax	2,561	13,227	1,757	10,777
Taxation	–	–	–	–
Net result for the period	2,561	13,227	1,757	10,777
Earnings per share (in USD)	0.0039	0.0200	0.0027	0.0163
Diluted earnings per share (in USD)	0.0038	0.0200	0.0026	0.0163

Statement of comprehensive income

(Expressed in USD thousand)	Jan 1, 2017– Jun 30, 2017	Jan 1, 2016– Jun 30, 2016	Apr 1, 2017– Jun 30, 2017	Apr 1, 2016– Jun 30, 2016
Net result for the period	2,561	13,227	1,757	10,777
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	2,561	13,227	1,757	10,777

>19 Balance Sheet – Parent Company

(Expressed in USD thousand)	Jun 30, 2017	Jun 30, 2016	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	34,561	72,082	35,142
Receivables from Group companies	99,994	–	82,667
Other financial assets	10	–	–
Total financial non-current assets	134,581	72,082	117,825
CURRENT ASSETS			
Cash and cash equivalents	10,448	36,748	24,888
Other current receivables	–	27	24
Total current assets	10,448	36,775	24,912
TOTAL ASSETS	145,029	108,857	142,737
SHAREHOLDERS' EQUITY (including net result for the financial period)	144,677	108,770	141,893
CURRENT LIABILITIES			
<i>Non-interest bearing current liabilities</i>			
Trade payables	–	11	–
Other current liabilities	161	40	724
Accrued expenses	191	36	120
Total current liabilities	352	87	844
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	145,029	108,857	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	Other reserves	Retained earnings	
Balance at January 1, 2016	6,615	87,880	–	1,053	95,548
Net result for the period					
January 1, 2016 to June 30, 2016	–	–	–	13,227	13,227
Total comprehensive income for the period January 1, 2016 to June 30, 2016	–	–	–	13,227	13,227
<i>Transactions with owners</i>					
Transaction costs share issue	–	-42	–	–	-42
Value of employee services:					
- Employee share option scheme	–	38	–	–	38
Balance at June 30, 2016	6,615	87,876	–	14,280	108,770
Balance at January 1, 2017	6,615	88,002	–	47,276	141,893
Net result for the period					
January 1, 2017 to June 30, 2017	–	–	–	2,561	2,561
<i>Other comprehensive income for the period</i>					
Currency translation difference	–	–	-1	–	-1
Total comprehensive income for the period January 1, 2017 to June 30, 2017	–	–	-1	2,561	2,560
Value of employee services:					
- Employee share option scheme	–	7	–	–	7
- Share based long-term incentive program	–	216	–	–	216
Balance at June 30, 2017	6,615	88,225	-1	49,837	144,677

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	
	1H 2017	1H 2016	1H 2017	1H 2016
Key management and Board of Directors*	797	328	18	15

* 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 0.18 and 0.03 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 June 30, 2017.

	Level 1	Level 2	Level 3	Total balance
Financial assets at fair value through profit or loss	98,929	48,610	-	147,539
Total assets	98,929	48,610	-	147,539

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 June 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, TransferGo, FinanZero, Finja and Nibo 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 June 30, 2017.

REVO

As per June 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. VEF owns 4,062 shares in REVO.

JUMO

As per June 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 June 30, 2017. JUMO is categorized as a level 2 investment.

>22 lyzico

As per June 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 June 30, 2017, lyzico is valued on the basis of this transaction and is categorized as a level 2 investment.

TransferGo

As per June 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 June 30, 2017, TransferGo is valued on the basis of this transaction and is categorized as a level 2 investment.

Nibo

As per June 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 June 30, 2017, Nibo is valued on the basis of this transaction and is categorized as a level 2 investment.

FinanZero

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

Finja

As per June 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 June 30, 2017, VEF's stake in the company is valued at 1.1 mln USD on the basis of this transaction.

Sorsdata

As per June 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. 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 Jun 30, 2017	Percentage weight of total portfolio
Tinkoff Bank	67,306,827	–	6,060,804	73,367,631	46.0%
REVO	4,700,000	1,550,000	6,925,000	13,175,000	8.3%
JUMO	12,705,768	–	–	12,705,768	8.0%
lyzico	–	9,000,000	–	9,000,000	5.6%
TransferGo	3,154,798	2,855,500	271,800	6,282,098	3.9%
Nibo	–	3,299,998	–	3,299,998	2.1%
FinanZero	1,099,245	425,150	494,921	2,019,316	1.3%
Finja	1,000,985	–	150,509	1,151,494	0.7%
Sorsdata	300,000	114,333	561,798	976,131	0.6%
Liquidity management	29,887,284	-6,456,757	2,130,693	25,561,220	16.0%
Total	120,154,907	10,788,224	16,595,525	147,538,656	92.4%

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

Outstanding Options

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

Per June 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 second quarter of 2017, the reported costs for the program amounted to USD 0.18 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 second quarter of 2017, the reported costs for the program amounted to USD 0.03 million.

NOTE 6
EVENTS AFTER THE REPORTING PERIOD

In July 2017, VEF sold 600k GDRs in Tinkoff Bank, approximately 10% of its position, yielding USD 6.9 mln. In August 2017, VEF sold an additional 475k GDRs in Tinkoff Bank, approximately 8% of its position, yielding USD 6.2 mln.

>24 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 June 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–September 30, 2017 will be published on November 29, 2017.

August 30, 2017

David Nangle
Managing Director

The Board of Directors and the CEO certify that the half-year financial report gives a fair view of the performance of the business, position and profit or loss of the Company and the Group and that it describes the principal risks and uncertainties that the Company and the companies in the Group face.

Stockholm, August 30, 2017

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

>EF
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