



Vostok Emerging Finance

Financial Report for the Fourth Quarter 2016 and the Period January 1, 2016–December 31, 2016

Financial Result

- > Net result for 4Q16 was USD 21.4 million (mln) (4Q15: USD 9.2 mln). Earnings per share were USD 0.03 (4Q15: USD 0.04).
- > Net result for the twelve-months period was USD 48.7 mln. Earnings per share were USD 0.07.
- > The positive net result over the period is primarily driven by the positive share price development in Tinkoff Bank.

Net Asset Value

- > The net asset value of Vostok Emerging Finance (“VEF” or the “Company”) was USD 144.3 mln as at December 31, 2016 (December 31, 2015: USD 95.5 mln).
- > Net asset value per share was USD 0.22 (December 31, 2015: USD 0.14).
- > Based on the period end USD/SEK exchange rate of 9.10 (December 31, 2015: 8.35), it was SEK 1,313 mln (December 31, 2015: SEK 798 mln) and SEK 1.99 per share (December 31, 2015: SEK 1.21 per share), respectively.

Key Events during the Fourth Quarter

- > In December 2016, VEF invested an additional USD 1.57 mln in JUMO.
- > Tinkoff Bank’s share price recovery continued, +44.5% quarter on quarter (QoQ) to USD 10.55 as at end of December. The shares were up 246% to USD 10.55 over the year 2016.

Key Events after the end of 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 Technologies and Sorsdata. This is the third investment by VEF into the companies, following on an earlier round in late 2015.
- > As at February 28, 2017, VEF’s net asset value was USD 148.2 mln (SEK 1,340.2 mln at a USD/SEK exchange rate of 9.0402), or USD 0.22 per share (SEK 2.03).

>02 Management report

Dear fellow shareholder,
If we were to describe how we feel at VEF post 2016, our first full year of operation, we would use two words; proud and ambitious. We are very proud of what we have achieved to date, inclusive of setting up and listing the company, raising capital, making our first investments, watching them grow and our Net Asset Value and share price along with it. Our ambition comes from the fact that despite what we have achieved to date, we feel we are only at the start of our journey and believe we are in a strong place in terms of investment opportunity set, coupled with our position to take advantage of it. If we could add one more sentiment, it would be grateful. We are very grateful to the support our shareholders have shown us on our journey so far and happy that we have been able to repay that faith with healthy returns on investment thus far.

Reflecting on 2016, we summarise our key achievements...

- > We began the year on the front foot having just closed a successful rights issue in December 2015, raising SEK 588 mln for our focused mandate.
- > Having started the year with four portfolio companies across two geographies, we ended 2016 with seven portfolio companies across five geographies, and have added another since.
- > Of most importance, we continue to meet our rights issue investor promises of building out a diversified portfolio of quality fintech holdings across a number of different lines of financial services and across a number of different scalable emerging geographies.

- > Deepened our experience and position in the emerging fintech ecosystem through travel and closer integrations with fintech players across numerous emerging markets, all while deepening the team bench at VEF.
- > Our NAV per share and share price continue to grow and reflect all of aforementioned factors.

...and have followed this up with an eventful and positive start to 2017:

- > We have made follow on investments into portfolio companies Jumo and REVO/Sorsdata.
- > The REVO/Sorsdata transaction was a benchmark transaction as we welcome Baring Vostok, Russia's leading PE house, who led a USD 20 mln funding round for the company.
- > We announced our latest portfolio investment, a USD 9 mln investment into Iyzico, Turkey's leading online payments player.
- > 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.

On the portfolio front, focusing more on the last quarter of 2016 and the start of 2017, key highlights included the Iyzico transaction, the REVO/Sorsdata follow on funding deal and Tinkoff Q3 2016 numbers and dividend announcement.

- > In January 2017, we announced our eighth portfolio investment, into Iyzico, an online Turkish payments play. VEF made an investment of USD 9 mln and holds a sizeable minority position. The company currently supports thousands of merchants, both Turkish and International, to accept online payments from Turkish citizens safely and efficiently. As well as being

one of the larger emerging market economies and populations, Turkey is Europe's largest consumer card market, but remains vastly under-penetrated in the fast growth online payment space. Turkey has unique card market dynamics which, coupled with the importance of the growing share of e-commerce transactions leaves us very positive on the market opportunity in front of Iyzico. There is a wealth of experience in the Iyzico management team, which is what really drew us to this opportunity.

- > VEF also announced in January 2017 that it agreed to invest up to USD 5 mln over a number of tranches in REVO/Sorsdata as part of a broader funding round, totalling up to USD 20 mln. The new round was led by Baring Vostok, a leading private equity firm operating in Russia and the CIS. This is a third investment by VEF into the companies, following on an earlier round in late 2015.
- > Tinkoff once again delivered stellar results for 4Q/12M 2016, where it delivered a RoAE of 42.5% on strong balance sheet/revenue growth and lower cost of risk. They followed this up with positive outlook for 2017 for the business and a new dividend policy announced for 2017 (VEF netted USD 2.4 mln in dividend payments from TCS through 2016). As previously mentioned, 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.

On the cash front, with a USD 55 mln cash and liquid asset balance at YE16, c. USD 40 mln today, VEF is well positioned for follow on financial support to our portfolio companies as well as additions of new holdings for the near future.

While it is always nice to speak about strategy and portfolio evolution in our quarterly letters, nothing speaks louder to investors than delivery in our NAV per share and share price. In this regard, 2016 was a very successful year for VEF, as we saw our NAV per share and share price rise 57% and 54% YoY respectively. In Q4 those movements were 16% and 31% QoQ. Over the year, the uptrend was principally a result of the gradual continued rise of Tinkoff Credit Systems share price, our largest and most fruitful holding to date. Arguably, of more importance to our future value creation is that we have now seen up-valuation rounds in two of our earliest portfolio company investments, JUMO and REVO/Sorsdata. We are especially very proud of the performance from REVO/Sorsdata in Russia and are not surprised that we were able to attract blue chip local PE investor Baring Vostok into the cap table, as part of a broader funding round that we were more than happy to support.

Looking ahead, we remain encouraged by the opportunity set that is emerging market's fintech and how we are very well positioned to take advantage of it. We continue to unearth quality opportunities across a number of different fintech segments and geographic markets. Specifically, of late, we are doing a lot of work and seeing multiple opportunities in the accounting software as a service (SaaS) and payroll spaces, while Mexico, Egypt and India are on our current geographic focus radar. With the capital we have, the target has always been and remains to build a quality portfolio of 10 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. As we continue to invest, and reduce

our investable cash position, we will continue to review the opportunity set in front of us before making decisions on any further capital needs of the business as we go.

As always, I would like to close off my comments by thanking my supportive board of directors and the deepening team at Vostok Emerging Finance for all their input and efforts over the period. To fellow shareholders, we appreciate your on-going support. As a listed investment company, our shareholder base continues to evolve and we welcome those new shareholders to the story while thanking those who have moved on. At VEF, we remain committed to delivering shareholder value through a focused approach on increasing the NAV per share, coupled with healthy level of company transparency and investor communication as we go. We take a long-term view on our company, investments and indeed life, which is a necessary positive when investing in the space that we do. Encouraged by our success to date, we remain focused for the long exciting journey ahead.

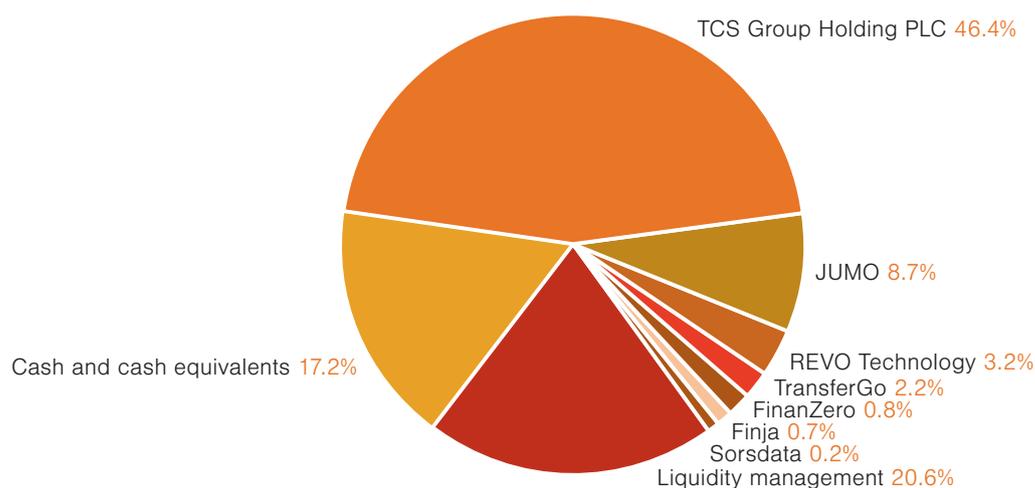
March 2017,
David Nangle

>04 Portfolio structure – Net Asset Value

The investment portfolio stated at market value as at December 31, 2016 is shown to the right.

Number of shares Company	Fair value, USD Dec 31, 2016	Percentage weight	Fair value, USD Dec 31, 2015	Valuation change per share, 2016
6,379,794 TCS Group Holding PLC (Tinkoff Bank) ²	67,306,827	46.4%	19,458,372	246% ¹
1,994 JUMO ³	12,705,768	8.7%	10,309,704	8% ¹
3,584 REVO Technology ³	4,700,000	3.2%	4,700,000	– ¹
601,202 TransferGo ³	3,154,798	2.2%		-7% ^{1,4}
13,600 FinanZero ³	1,099,245	0.8%		-9% ^{1,4}
Finja ³	1,000,985	0.7%		– ¹
882 Sorsdata ³	300,000	0.2%	300,000	– ¹
Liquidity management ^{1,2}	29,887,284	20.6%		
Cash and cash equivalents	24,997,933	17.2%	62,301,599	
Total investment portfolio	145,152,840	100.0%	97,069,675	
Other net liabilities	-826,501		-1,521,757	
Total Net Asset Value	144,326,339		95,547,918	

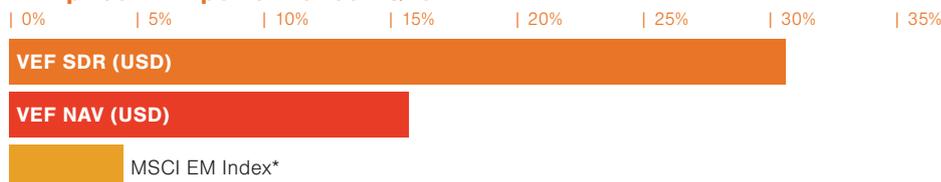
1. This investment is shown in the balance sheet as financial asset at fair value through profit or loss.
2. Level 1 of financial asset at fair value through profit or loss
3. Level 2 of financial asset at fair value through profit or loss
4. Attributable to currency exchange differences



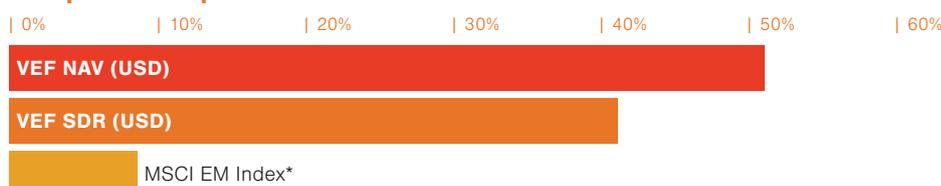
Portfolio development

Vostok Emerging Finance's net asset value (NAV) per share increased by 15.8% in USD over the fourth quarter 2016. During the same period the MSCI Emerging Markets index increased by 4.6% in USD terms. Vostok Emerging Finance's SDR price increased by 30.7% in USD over the fourth quarter 2016.

VEF price/NAV performance 4Q16



VEF price/NAV performance 12M16



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 Dec 31, 2016	6,379,794
Total Value as at Dec 31, 2016 (USD)	67,306,827
Share of total portfolio	46.4%
Share of total shares outstanding	3.5%
Value development Jan 1–Dec 31, 2016 (in USD)	246%

Website: tinkoff.ru/eng/

Key financial highlights full year 2016*

- > Net interest income was RUB 34.0 bln (2015: RUB 24.6 bln)
- > Profit before tax amounted to RUB 14.6 bln (2015: RUB 2.6 bln)
- > Net income amounted to RUB 11 bln (2015: RUB 1.9 bln)
- > Net interest margin at 26.2% (2015: 25.1%)
- > Total assets increased by 25.6% to RUB 175.4 bln (YE15: RUB 139.7 bln)
- > Share of non-performing loans (NPLs) down to 10.2% (YE15: 12.4%)
- > Customer accounts increased by 39.4% to RUB 124.6 bln (YE15: RUB 89.3 bln)
- > Solid capitalization with CBR N1 capital adequacy ratio at 11.1% at the end of 2016

* Source: 4Q16 report of TCS Group Holding PLC

Tinkoff Bank is an innovative provider of online retail financial services operating in Russia through a high-tech branch-less platform. Since its launch in 2007 by Mr Oleg Tinkov, a renowned Russian entrepreneur with a long track record of creating successful businesses, Tinkoff Bank has grown into a leader in the Russian credit card market as well as being at the forefront of innovation in delivery of online consumer financial services. The low-cost, innovation driven business model is flexible with a proven ability to rapidly grow and contract given the cyclical nature of the Russian marketplace. Tinkoff Bank's senior management consists of a team of experienced professionals formerly employed by Visa, McKinsey and several top Russian banks, widely regarded to be the foremost management team in the Russian financial services space today.

According to research published by TCS on February 20, 2017, Tinkoff Bank is the number 2 credit card issuer in Russia with 10.3% market share in 2016. In addition to a market-leading credit card offering, Tinkoff Bank has developed a successful online retail deposits programme. Tinkoff Bank's other innovative lines of business include Tinkoff Online Insurance, which enables Tinkoff Bank to underwrite and sell its own innovative online insurance products, and in October 2015, Tinkoff Bank announced the launch of brokerage services for its customers based on BCS Broker solution. The new offering enables Tinkoff Bank's customers to open brokerage accounts and purchase securities online. More recently, the company announced the launch of Tinkoff.ru, a consumer financial services marketplace where Russians will have the ability to access a variety of financial products from Tinkoff Bank as well as third party providers, from one online marketplace.

Tinkoff Bank was listed on the main list of London Stock Exchange on October 25, 2013.

Vostok Emerging Finance owns

3.5% of Tinkoff Bank (TCS Group Holding PLC).

In the second quarter 2016, Tinkoff Bank continued its upward quarterly earnings trajectory from a 1Q15 low. 2Q16 RoAE was 41.5% (1Q16 32.3%), with the recovery primarily driven by improved asset quality. The ongoing and continued improvement in financial performance is all the more impressive given the challenging macro backdrop in which they are operating.

On March 1, 2016, Tinkoff Bank adopted a new dividend policy taking effect from March 2, 2016. Under the policy Tinkoff Bank could declare and pay dividends provided that the banks current and projected N1 capital adequacy ratio remained at or above 10.5%. Tinkoff Bank proceeded to announce its first interim dividend on May 16, 2016. On March 14, 2017, together with its 4Q16 results, the bank announced a new dividend policy. Tinkoff Bank now plans to distribute surplus capital quarterly, as determined by the board, with a target dividend payout of 50% of the preceding quarter's net income.

In April 2016, Tinkoff Bank launched its financial supermarket offering brokered products such as retail securities and mortgages as well as proprietary products including insurance and SME services. This one stop approach to financial services helps to better serve Tinkoff Bank's fast growing user base and is underpinned by an individual's 'Tinkoff ID', leveraging the rich pool of user information.

On March 14, 2017 Tinkoff upgraded its guidance for FY2017. Tinkoff expects net income for FY2017 to amount to RUB14 bln and a cautious cost of risk at 9–10% for 2017.

On November 11, 2016, Fitch Ratings upgraded Tinkoff Bank's Long-Term IDRs reflecting its performance through the credit cycle, relative to peers, and solid capital position.

On November 30, 2016 Tinkoff Bank announced its second interim dividend.

>06 JUMO



JUMO World Limited

Vostok Emerging Finance's number of shares as at Dec 31, 2016	1,994
Total Value as at Dec 31, 2016 (USD)	12,705,768
Share of total portfolio	8.7%
Share of total shares outstanding	7.6%
Value development Jan 1–Dec 31, 2016 (in USD)	8%

Website: jumo.world

JUMO World Limited is a mobile money marketplace for people, small businesses and mobile network operators operating across Africa but headquartered out of Cape Town. Through partnerships with mobile network operators, 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. JUMO has found that all three of these constituents have limited access to financial choices so they built their first product, Access, which solves short-term working capital requirements.

2016 has been an important year for JUMO with monthly disbursements more than doubling year-on-year and growing their bench of engineering talent. JUMO has also experienced strong interest from established, global, Mobile Network Operators and Financial Service Providers to partner in Africa and beyond. As a result, 2016 will see JUMO's first marketplace transactions, marking a milestone in the development of the business. 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 during the fourth quarters of 2015 and 2016. An initial investment of USD 4 mln was completed in October, an additional USD 6 mln in December 2015 and USD 1.6 mln in December 2016. All investments were for newly issued shares. As per December 31, 2016, 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.



REVO and Sorsdata were founded in December 2012. REVO was formed to address unmet needs of leading Russian merchants in purchase financing leveraging newest available mobile and cloud technologies. Sorsdata, REVO's sister company, is a data analytics and consumer marketing/loyalty company, which collaborates closely with REVO.

Vostok Emerging Finance owns 25% of both companies, following exercising its option in December 2015 to acquire an additional 12.5% of each company at the same terms as in VEF's initial investment in late September 2015.

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. The strategy is to capture and analyse consumer data to drive growth and profitability of merchants. The company is focused on lower ticket retail categories with over USD 100 billion in annual turnover, including apparel, toys, footwear, sporting goods, housewares, cosmetics, medical services and others. REVO is the first mover in the Russian market to deliver small ticket instalment plans for consumers in a paperless way at merchant's cash registers. This model is similar in many ways to that of Klarna in Sweden and Affirm in the US.

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 in many ways to that of Aimia in Canada.

In 2015, REVO's business experienced another strong year of growth as it continues to sign up new merchants, both at a regional and federal level, increase store rollout within existent merchant partners and improve store penetration within existent merchant agreements, all while building its consumer customer base with rising repeat rates and decreasing default payments. Online merchant acquisition has started to show early traction, while 4Q15 was the first full quarter of profitability for the business, a key milestone for any young growing company. Sorsdata is at an earlier stage of product roll out with a number of pilot projects currently in progress at partner retail chains.

During 2016, 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 on an operating profit level.

As per December 31, 2016, VEF has invested a total of USD 4.7 mln in the company. REVO is valued on the basis of the latest transaction in the company when VEF exercised its option to double its ownership stake to 25%. VEF closed the second tranche of the investment on December 16, 2015.

REVO Technology

Vostok Emerging Finance's number of shares as at Dec 31, 2016	3,584
Total Value as at Dec 31, 2016 (USD)	4,700,000
Share of total portfolio	3.2%
Share of total shares outstanding	25.0%
Value development Jan 1–Dec 31, 2016 (in USD)	–

Sorsdata

Vostok Emerging Finance's number of shares as at Dec 31, 2016	882
Total Value as at Dec 31, 2016 (USD)	300,000
Share of total portfolio	0.2%
Share of total shares outstanding	25.0%
Value development Jan 1–Dec 31, 2016 (in USD)	–

Website: revoplus.ru

REVO Operational Development*

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

* Source: Company data received from REVO Technology

>08 TransferGo



TransferGo

Vostok Emerging Finance's number of shares as at Dec 31, 2016	601,202
Total Value as at Dec 31, 2016 (USD)	3,154,798
Share of total portfolio	2.2%
Share of total shares outstanding	9.8%
Value development Jan 1–Dec 31, 2016 (in USD)	-7%*

* Attributable to currency exchange differences

Website: 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 works, 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.

Vostok Emerging Finance has invested a total of USD 3.4 mln in TransferGo during the second quarter of 2016. As per December 31, 2016, TransferGo is valued on the basis of this transaction.

TransferGo Metrics*

	Sep 2015	Dec 2015	Mar 2016	June 2016	Sep 2016	Dec 2016
No. of active users (transacted over last 90 days)	22,300	27,800	32,522	37,645	40,461	51,792
Money flow (GBP mln)	6.3	7.1	9.8	15.3	14.4	19.1
Avg. ticket size (GBP)	270	240	269	370	328	336

* Source: Company data received from TransferGo

FinanZero



FinanZero

Vostok Emerging Finance's number of shares as at Dec 31, 2016	13,600
Total Value as at Dec 31, 2016 (USD)	1,099,245
Share of total portfolio	0.8%
Share of total shares outstanding	20%
Value development Jan 1–Dec 31, 2016 (in USD)	-9%*

* Attributable to currency exchange differences

Website: 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 December 31, 2016, FinanZero is valued on the basis of this transaction.



Finja

Vostok Emerging Finance's number of shares as at Dec 31, 2016	-
Total Value as at Dec 31, 2016 (USD)	1,000,985
Share of total portfolio	0.7%
Share of total shares outstanding	-
Value development Jan 1–Dec 31, 2016 (in USD)	-

Website: 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 was founded by tech and banking industry veterans Qasif Shahid, Monis Rahman and Umer Munawar.

As per December 31, 2016, VEF has agreed to invest USD 1.0 mln in Finja over three equal tranches, where each tranche is conditional upon specific deliverables. If all tranches are complete, the total stake in the company would be 22.5%. As per December 31, 2016 Finja is valued on the basis of this transaction, the first tranche being invested in the form of a convertible note which will automatically be converted to shares in July 2017, at the latest.

Investments

During the twelve months period of 2016, gross investments in financial assets were USD 36.56 mln, of which USD 6.51 mln concern new investments in FinanZero, TransferGo, Finja and JUMO, and USD 30.1 concern liquidity placements. During the fourth quarter, gross investments in financial assets were USD 1.57 mln and concern JUMO.

Group – results for the twelve-months period and net asset value

During 12M16, the result from financial assets at fair value through profit or loss amounted to USD 48.14 mln, mainly due to the share price appreciation in Tinkoff Bank. Dividend income from Tinkoff Bank was USD 2.42 mln.

Net operating expenses amounted to USD -2.03 mln.

Net financial items were USD -0.48 mln.

Net result for the period was USD 48.66 mln.

Total shareholders' equity amounted to USD 144.33 mln on December 31, 2016.

Group – results for the fourth quarter and net asset value

During 4Q16, the result from financial assets at fair value through profit or loss amounted to USD 20.84 mln (4Q15: 8.61), mainly coming from the share price appreciation in Tinkoff Bank. Dividend income from Tinkoff Bank was USD 1.34 mln.

Net operating expenses amounted to USD -0.66 mln (4Q15: 0.38).

Net financial items were USD -0.35 mln (4Q15: 0.99).

Net result for the quarter was USD 21.44 mln (4Q15: 9.21).

Liquid assets

The liquid assets of the Group, defined as cash and bank deposits, amounted to USD 25.00 mln on December 31, 2016.

Financial and Operating risks

The Company's risks and risk management are described in detail in Note 4 of the Company's Annual Report 2015.

>10 Income Statements – Group

(Expressed in USD thousand)	Jan 1, 2016– Dec 31, 2016	May 28, 2015– Dec 31, 2015	Oct 1, 2016– Dec 31, 2016	Oct 1, 2015– Dec 31, 2015
Result from financial assets at fair value through profit or loss ¹	48,141	758	20,847	8,605
Dividend and coupon income	3,031	–	1,601	–
Total operating income	51,172	758	22,448	8,605
Operating expenses	-2,031	-698	-658	-382
Operating result	49,141	60	21,790	8,223
Financial income and expenses				
Interest income	1	8	–	–
Interest expense	–	985	–	990
Currency exchange gains/losses, net	-484	–	-350	990
Net financial items	-483	993	-350	990
Result before tax	48,657	1,053	21,440	9,213
Taxation	-1	–	-1	–
Net result for the period	48,656	1,053	21,439	9,213
Earnings per share (in USD)	0.07	0.01	0.03	0.04
Diluted earnings per share (in USD)	0.07	0.01	0.03	0.04

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, 2016– Dec 31, 2016	May 28, 2015– Dec 31, 2015	Oct 1, 2016– Dec 31, 2016	Oct 1, 2015– Dec 31, 2015
Net result for the period	48,656	1,053	21,439	9,213
Other comprehensive income for the period:				
<i>Items that may be classified subsequently to profit or loss:</i>				
Currency translation differences	-2	–	-2	–
Total other comprehensive income for the period	-2	–	-2	–
Total comprehensive income for the period	48,654	1,053	21,437	9,213

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

Balance Sheets – Group

>11

(Expressed in USD thousand)	Dec 31, 2016	Dec 31, 2015
Non-current assets		
<i>Financial non-current assets</i>		
Financial assets at fair value through profit or loss	120,155	34,768
Total financial non-current assets	120,155	34,768
Current assets		
Cash and cash equivalents	24,998	62,302
Tax receivables	1	–
Other current receivables	28	25
Total current assets	25,027	62,327
TOTAL ASSETS	145,182	97,095
SHAREHOLDERS' EQUITY (including net result for the financial period)	144,326	95,548
Current liabilities		
<i>Non-interest bearing current liabilities</i>		
Trade payables	–	1,491
Other current liabilities	732	21
Accrued expenses	124	34
Total current liabilities	856	1,547
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	145,182	97,095

>12 Statement of changes in equity – Group

(Expressed in USD thousand)	Share Capital	Additional paid in capital	Other reserves	Retained earnings	Total
Balance at May 28, 2015	–	–	–	–	–
Issuance of share capital	735	26,322	–	–	27,057
Net result for the period May 28, 2015 to December 31, 2015	–	–	–	1,053	1,053
Total comprehensive income for the period May 28, 2015 to December 31, 2015	–	–	–	1,053	1,053
<i>Transactions with owners</i>					
Proceeds from share issue	5,880	63,198	–	–	69,078
Transaction costs share issue	–	-1,648	–	–	-1,648
Share based compensation	–	7	–	–	7
Balance at December 31, 2015	6,615	87,880	–	1,053	95,548
Balance at January 1, 2016	6,615	87,880	–	1,053	95,548
Net result for the period January 1, 2016 to December 31, 2016	–	–	–	48,656	48,656
<i>Other comprehensive income for the period</i>					
Currency translation difference	–	–	-2	–	-2
Total comprehensive income for the period January 1, 2016 to December 31, 2016	–	–	-2	48,656	48,654
<i>Transactions with owners</i>					
Transaction costs share issue	–	-42	–	–	-42
Value of employee services:					
- Employee share option scheme	–	45	–	–	45
- Share based long-term incentive program	–	120	–	–	120
Balance at December 31, 2016	6,615	88,003	-2	49,710	144,326

Statement of cash flows – Group

>13

(Expressed in USD thousand)	Jan 1, 2016– Dec 31, 2016	May 28, 2015– Dec 31, 2015	Oct 1, 2016– Dec 31, 2016	Oct 1, 2015– Dec 31, 2015
Operating activities				
Result before tax	48,657	1,053	21,439	9,213
<i>Adjustment for non-cash items:</i>				
Interest income and expense, net	-1	-8	–	–
Currency exchange gains/-losses	-484	-985	-618	-990
Result from financial assets at fair value through profit or loss	-48,141	-758	-20,847	-8,605
Other non-cash items affecting profit or loss	-2,860	7	-1,847	5
Change in current receivables	-7	-25	-16	-17
Change in current liabilities	-1,153	71	452	-20
Net cash used in operating activities	-3,988	-645	-1,438	-414
Investments in financial assets	-36,559	-14,998	-11,647	-12,498
Dividend and coupon income	3,031	–	1,946	–
Sales of financial assets	–	8,046	–	–
Interest received	1	8	–	–
Tax paid	-1	–	-1	–
Net cash flow used in/from operating activities	-37,516	-7,589	-11,140	-12,911
FINANCING ACTIVITIES				
Proceeds from rights issue, net of transaction costs	-42	68,880	–	68,880
Net cash flow used in/from financing activities	-42	68,880	–	68,880
Change in cash and cash equivalents	-37,559	61,291	-11,140	55,969
Cash and cash equivalents at beginning of the period	62,302	–	35,988	5,318
Exchange gains/losses on cash and cash equivalents	255	1,011	150	1,015
Cash and cash equivalents at end of period	24,998	62,302	24,998	62,302

>14 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, 2016– Dec 31, 2016	May 28, 2015– Dec 31, 2015
Return on capital employed, % ¹	40.57	2.2
Equity ratio, % ²	99.41	98.40
Shareholders' equity/share, USD ³	0.22	0.14
Earnings/share, USD ⁴	0.07	0.01
Diluted earnings/share, USD ⁵	0.07	0.01
Net asset value/share, USD ⁶	0.22	0.14
Net asset value/share, SEK ⁶	1.99	1.21
Net asset value, SEK	1,313,012,535	798,054,872
Weighted average number of shares for the financial period	661,495,995	193,316,971
Weighted average number of shares for the financial period (fully diluted)	661,495,995	193,507,831
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.

Income Statement – Parent Company

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(Expressed in USD thousand)	Jan 1, 2016– Dec 31, 2016	May 28, 2015– Dec 31, 2015	Oct 1, 2016– Dec 31, 2016	Oct 1, 2015– Dec 31, 2015
Result from financial assets at fair value through profit or loss	46,836	758	19,542	8,605
Dividend and coupon income	1,692	–	262	–
Total operating income	48,527	758	19,804	8,605
Operating expenses	-2,025	-698	-652	-382
Operating result	46,502	60	19,151	8,223
Financial income and expenses				
Interest income	210	8	209	–
Interest expense	–	985	–	990
Currency exchange gains/losses, net	-489	–	-355	990
Net financial items	-279	993	-146	990
Result before tax	46,223	1,053	19,005	9,213
Taxation	–	–	–	–
Net result for the period	46,223	1,053	19,005	9,213
Earnings per share (in USD)	0.07	0.01	0.03	0.04
Diluted earnings per share (in USD)	0.07	0.01	0.03	0.04

Statement of comprehensive income

(Expressed in USD thousand)	Jan 1, 2016– Dec 31, 2016	May 28, 2015– Dec 31, 2015	Oct 1, 2016– Dec 31, 2016	Oct 1, 2015– Dec 31, 2015
Net result for the period	46,223	1,053	19,005	9,213
Total other comprehensive income for the period	–	–	–	–
Total comprehensive income for the period	46,223	1,053	19,005	9,213

>16 Balance Sheets – Parent Company

(Expressed in USD thousand)	Dec 31, 2016	Dec 31, 2015
Non-current assets		
<i>Financial non-current assets</i>		
Shares in subsidiaries	16	–
Financial assets at fair value through profit or loss	35,142	34,768
Receivables from Group companies	82,667	–
Total financial non-current assets	117,825	34,768
Current assets		
Cash and cash equivalents	24,888	62,302
Other current receivables	24	25
Total current assets	24,912	62,327
TOTAL ASSETS	142,737	97,095
SHAREHOLDERS' EQUITY (including net result for the financial period)	141,893	95,548
Current liabilities		
<i>Non-interest bearing current liabilities</i>		
Trade payables	–	1,491
Other current liabilities	724	21
Accrued expenses	120	34
Total current liabilities	844	1,547
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	142,737	97,095

Statement of changes in equity – Parent Company

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(Expressed in USD thousand)	Attributable to owners of the company			Total
	Share Capital	Additional paid in capital	Retained earnings	
Balance at May 28, 2015	–	–	–	–
Issuance of share capital	735	26,322	–	27,057
Net result for the period May 28, 2015 to December 31, 2015	–	–	1,053	1,053
Total comprehensive income for the period May 28, 2015 to December 31, 2015	–	–	1,053	1,053
<i>Transactions with owners</i>				
Proceeds from rights issue	5,880	63,198	–	69,078
Transaction costs	–	-1,648	–	-1,648
Share based compensation	–	7	–	7
Balance at December 31, 2015	6,615	87,880	1,053	95,548
Balance at January 1, 2016	6,615	87,880	1,053	95,548
Net result for the period January 1, 2016 to December 31, 2016	–	–	46,223	46,223
Total comprehensive income for the period January 1, 2016 to December 31, 2016	–	–	46,223	46,223
<i>Transactions with owners</i>				
Transaction costs	–	-42	–	-42
Value of employee services:				
- Employee share option scheme	–	45	–	45
- Share based long-term incentive program	–	120	–	120
Balance at December 31, 2016	6,615	88,002	47,276	141,893

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 2015, with the additions of the following accounting principles:

Principles of consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations.

Acquisition-related costs are expensed as incurred.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

In accordance with IFRS 10 Consolidated Financial Statements the Group values its investments (portfolio companies) at fair value. Vostok Emerging Finance falls within the classification of an investment company as its business concept is to use experience, expertise and a widespread network to identify and invest in assets with considerable potential for value appreciation and obtain a return.

The Company's 2015 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	
	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Key management and Board of Directors*	783	267	-	-

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

The costs for a new long term incentive program (LTIP 2016) for the management amounted to USD 0.12 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 2015.

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 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

The following table presents the Company's assets that are measured at fair value at December 31, 2015.

	Level 1	Level 2	Level 3	Total balance
Financial assets at fair value through profit or loss	19,458	15,310	–	34,768
Total assets	19,458	15,310	–	34,768

As per December 31, 2016, 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. REVO, Sorsdata, the investments in 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 2015 or the first nine months of 2016. 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 December 31, 2016.

JUMO

As per December 31, 2016, 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. The transaction values VEF's stake at USD 12.7 mln. As per December 31, 2016, JUMO is valued on the basis of this transaction and is categorized as a level 2 investment.

REVO

As per December 31, 2016, VEF has a 25% ownership in REVO and has invested a total of USD 4.7 mln in the company. REVO is valued on the basis of the latest transaction in the company when VEF exercised its option to double its ownership stake to 25%. VEF closed the second tranche of the investment on December 16, 2015. REVO is valued at USD 18.8 mln post-money and VEF's stake is duly valued at USD 4.7 mln as a level 2 investment. VEF owns 3,584 shares in REVO.

TransferGo

As per December 31, 2016, VEF owns 9.8% in TransferGo and has invested a total of USD 3.2 mln in the company in June 2016. As per December 31, 2016, TransferGo is valued on the basis of this transaction and is categorized as a level 2 investment.

FinanZero

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

Finja

As per December 31, 2016, VEF has agreed to invest USD 1.0 mln in Finja over three equal tranches, where each tranche is conditional upon specific deliverables. If all tranches are complete, the total stake in the company would be 22.5%. As per December 31, 2016, 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 will automatically be converted to shares in July 2017, at the latest, is categorized as a level 2 investment.

Sorsdata

As per December 31, 2016, VEF owns 25% of Sorsdata and has invested a total of USD 300k in the company. Sorsdata is valued on the basis of the latest transaction in the company, when VEF exercised its option to double its holding. VEF closed this (second) tranche of the investment on December 16, 2015. Sorsdata is duly valued at USD 1.2 mln post-money and VEF's stake is valued at USD 300k as level 2 investment. VEF owns 882 shares in Sorsdata.

Change in financial assets at fair value through profit or loss

Company	Opening balance Jan 1, 2016	Investments/ (disposals), net, USD	FV change	Closing balance Dec 31, 2016	Percentage weight of total portfolio
Tinkoff Bank	19,458,372	-	47,848,455	67,306,827	46.4%
JUMO	10,309,704	1,567,512	828,552	12,705,768	8.7%
REVO	4,700,000	-	-	4,700,000	3.2%
TransferGo	-	3,403,288	-248,490	3,154,798	2.2%
FinanZero	-	1,206,513	-107,268	1,099,245	0.8%
Finja	-	1,000,000	985	1,000,985	0.7%
Sorsdata	300,000	-	-	300,000	0.2%
Liquidity management	-	30,049,168	-161,884	29,887,284	20.6%
Total	34,768,076	37,226,481	48,160,350	120,154,907	82.8%

Note 4 Employee share-option program

<i>Outstanding options</i>	<i>Dec 31, 2016</i>
Beginning of the period	1,905,000
Granted during June 2016	1,000,000
Granted during August 2016	500,000
Outstanding at the end of the period	3,405,000

Per December 31, 2016 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 9 in Annual Report 2015 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 fourth quarter 2016, the reported costs for the program amounted to USD 0.12 million.

On January 19, 2017, Vostok Emerging Finance announced that it agreed to invest USD 9 mln into the Turkish payments company lyzico, leading a broader Series C USD 13 mln investment round. VEF is joined by existing investors, IFC, a member of the world bank and 212, one of the foremost VC funds in Turkey, in the round. Post the transaction VEF holds a sizeable minority position and board representation in the company.

lyzico is a leading Turkish payment solution provider for online retailers. 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. Founded in 2013, lyzico is based in Turkey and licensed as a Turkish payment institution by the Bankacilik Düzenleme ve Denetleme Kurumu (BDDK).

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. 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.

On January 20, 2017, Vostok Emerging Finance announced that it agreed to invest up to a further USD 5 mln at a higher valuation in REVO Technologies and Sorsdata as part of a broader funding round, totalling up to USD 20 mln. The new round is led by Baring Vostok, a leading Private Equity firm operating in Russia and the CIS. This is a third investment by VEF into the companies, following on an earlier round in late 2015.

>22 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 December 31, 2016, 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.

Parent company

The parent company's business is to act as the holding company for the Group and therefore own, manage and finance the holdings in its

wholly-owned Cypriot subsidiary, Vostok Emerging Finance (Cyprus) Limited. Vostok Emerging Finance (Cyprus) Limited is responsible for the Group's portfolio, and Vostok Emerging Finance AB provides business support services to the parent company. The net result for the year was USD 46.22 mln.

Upcoming Reporting Dates

Vostok Emerging Finance's financial report for the period January 1, 2017–March 31, 2017 will be published on May 17, 2017.

Annual General Meeting and Annual Report 2016

The annual general meeting of Vostok Emerging Finance Ltd is planned to take place on Thursday, May 18, 2017. The annual report will be available on the Company's website (www.vostokemergingfinance.com) from April 19, 2017.

March 15, 2017

David Nangle
Managing Director

For further information contact David Nangle or Björn von Sivers: tel: +46 8 545 015 50.

www.vostokemergingfinance.com

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

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Vostok Emerging Finance

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda
www.vostokemergingfinance.com