>EF
Vostok Emerging Finance

Investing in some of the most exciting fintech companies in developing markets

Annual Report
May 28, 2015–December 31, 2015

Content

Upcoming Reporting Dates

Vostok Emerging Finance shall issue the following reports:

Interim report for the first three months
May 18, 2016

Interim report for the first six months
August 31, 2016

Interim report for the first nine months
November 30, 2016

Financial accounts bulletin
March 15, 2017

Annual report and account
March/April 2017

General meeting of shareholders 2016
May 19, 2016

Managing Director's introduction

Dear fellow shareholder,

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

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

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

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

> Tinkoff Bank remains an anchor holding for VEF. We couldn't ask for more from this management team during the current difficult Russian macro backdrop, as they continue to gain market share, add quality to the management bench, roll out new lines of business and all while delivering a solid return on shareholder capital (RoAE 4Q15 was 16.7%). Tinkoff Bank remains the best fintech play in Russia, in our view, and one we see emerging in a stronger position into a Russian economic recovery.

> REVO continues to deliver fast growth in its merchant payments business in Russia, continuously adding a diverse array of new regional and nationwide merchant partners while making inroads to grow their online merchant product. 4Q15 saw their first quarterly profit, a significant milestone for any early stage company. The difficult macro backdrop is partly supportive of business scale-up as merchants look for additional avenues to support sales, while competition in this field remains muted. REVO's business has many aspects of Klarna in Sweden and Affirm in the US, which clearly excites us and a major reason for our initial backing.

> JUMO, our most recent investment, is a mobile money marketplace for people, small businesses and mobile network operators across Africa. Their first product, Access, solves short-term working capital

requirements for Africans while savings solutions plan to be rolled out in 2016. JUMO continued to grow at a strong clip through 2015 and are now operating (or soon to be operating) across 6 countries of Sub-Sahara Africa. The team has grown to 100+, while the business delivered over 6 million individual loans through 2015.

> Our final asset, and a key one in this volatile environment, is our strong cash balance post our recent rights issues. This leaves VEF in a very strong position to support our current portfolio holdings and add to them with new investments as we go through 2016.

The good news is that there is no shortage of investment pipeline in our region/segment of focus, and we are engaged on an ongoing basis with potential investments, ranging from first conversations to final round due diligence. Picking the winners from the opportunity set remains our key challenge, as opposed to finding them. Specifically, we have focused our energies on mapping out and looking at opportunities in the CEMEA and Latam time-zones and are very confident that from the opportunity set we see and those names we have decided to carry out deeper work on, there are some future names that we hope to be announcing to the market as part of the VEF portfolio in 2016. We maintain our investment out look that we are looking to build a portfolio of approximately ten holdings across a number of different strains of financial services and across a number of different scalable developing markets, adding one holding on average every quarter.

On March 24, 2016, we concluded our first investment of 2016 and our first in Latin America into FinanZero.com.br. We invested USD 1.2 mln for a minority stake of the company. 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.

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

I would like to close off my comments by thanking my Board of Directors and the team at Vostok Emerging Finance for all their input and efforts through an extremely busy and often challenging 2015 and for positioning us very much on the front foot for 2016 and the road ahead. To fellow shareholders, we appreciate your ongoing support, and remain committed to delivering shareholder value through a focused approached on increasing the NAV per share, coupled with healthy level of company transparency and investor communication.

April 2016,
David Nangle

>06 Company information

Background

Vostok Emerging Finance Ltd (VEF) is an investment company with the goal of investing in early stage modern financial services companies across emerging and frontier markets.

VEF will look to invest in those companies coming through in the financial sector that are disrupting the playing field via innovation and carving out a piece of the sector profits in the process. VEF will look to invest in businesses led by entrepreneurs with proven track records and in companies that it believes have viable concepts, strategies and early track records that are scalable and can deliver fast growth. From a segmental viewpoint, VEF will be looking at businesses from all walks of financial services, inclusive of consumer lenders, payments providers, remittance businesses, wealth managers, savings and lending clubs, debt collectors and all forms of financial marketplaces. The prime geographic focus will be on emerging and frontier markets, with a natural bias for markets with sizeable populations and growth profile and where modern financial services are already nascent and proving successful. VEF will predominantly, but not exclusively, focus on investing in private companies and will invest along the capital spectrum, but with a prime focus on equity investments. VEF will aim at ideally attaining sizeable minority stakes and look for board representation where appropriate in its portfolio companies. VEF may also make investments in other parts of the capital structure, such as debt, to support targeted companies' growth and also ensure that investment funds are working while seeking future equity investment opportunities.

VEF was incorporated and registered with the Bermuda Registrar of Companies on May 28, 2015 with registered number 50298 as a wholly owned subsidiary of Vostok New Ventures Ltd (VNV). There were no business activities in the Company between May 28, 2015 and June 9, 2015.

A Special General Meeting of the shareholders of VNV on June 9, 2015 resolved in accordance with the Board of Directors' proposed transfer of its holding in TCS Group Holding PLC (Tinkoff Bank) to the shareholders through the spin-off of VEF. On July 16, 2015 the shares in VEF, which held the VNV group's stake in Tinkoff Bank (9,079,794 SDRs), were distributed to VNV's shareholders by way of a mandatory redemption program.

From July 16, 2015 the Swedish Depository Receipts (SDR) of Vostok Emerging Finance Ltd are traded on First North, with the ticker VEMF SDB.

In December 2015, the Company raised its first external capital through a fully subscribed rights issue, which brought in gross proceeds of USD 69 mln.

The first financial year comprises the period May 28, 2015–December 31, 2015. Thereafter the financial year is January 1–December 31.

Organisation of activities

The Board of Directors meets in person at least twice a year and more frequently if needed. In addition to this, meetings are conducted by telephone conference when necessary. Between meetings, the Managing Director has regular contact with the Chairman of the Board and the other Board members. The Board of Directors adopts decisions on overall issues affecting Vostok Emerging Finance.

The Managing Director manages the company's day-to-day activities and prepares investment recommendations in cooperation with the other members of the Board of Directors.

The Board of Directors are responsible for deciding on new investments for the entity.

Results for the period and net asset value

The result from financial assets at fair value through profit or loss amounted to USD 0.76 mln, mainly coming from share price appreciation in TCS Group.

Net operating expenses amounted to USD 0.70 mln.

Net financial items were USD 0.99 mln.

Net result for the period was USD 1.05 mln.

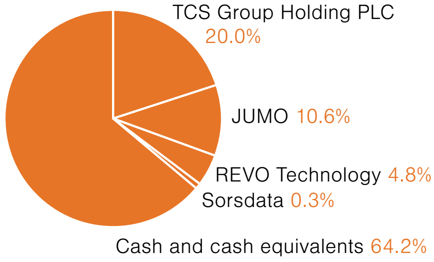
Total shareholders' equity amounted to USD 95.55 mln on December 31, 2015.

The Vostok Emerging Finance investment portfolio

The Vostok Emerging Finance investment portfolio as per December 31, 2015

Number of shares	Company	Fair value, USD Dec 31, 2015	Percentage weight	Value per share, USD Dec 31, 2015
6,379,794	TCS Group Holding PLC (Tinkoff Bank)[2]	19,458,372	20.0%	3.1 [1]
1,748	JUMO[3]	10,309,704	10.6%	5,898.0 [1]
3,584	REVO Technology[3]	4,700,000	4.8%	1,311.4 [1]
882	Sorsdata[3]	300,000	0.3%	340.1 [1]
	Cash and cash equivalents	62,301,599	64.2%	
	Total	**97,069,675**	**100.0%**	

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

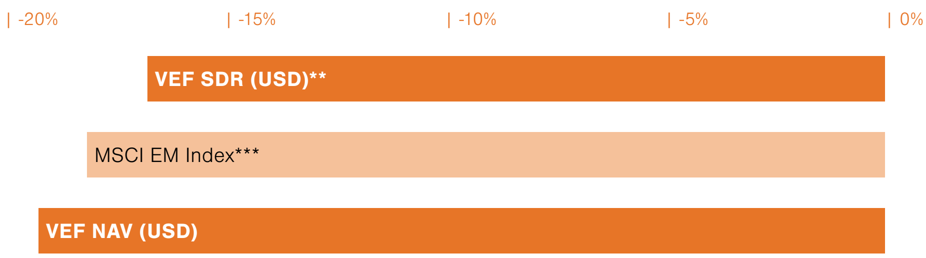


Portfolio development

Vostok Emerging Finance's net asset value (NAV) per share, adjusted for the preferential rights issue completed in December 2015, decreased by 19.3% in USD over the period June 9, 2015–December 31, 2015. During the same period the MSCI Emerging Markets index decreased by 18.2% in USD terms.

It is important to note that in 2015, NAV per share was partly affected by the discounted rights issue carried out by the company in 4Q15.

Percentage of development* June 9, 2015–December 31, 2015
(last price paid on relevant stock exchange)



* VEF SDR and NAV development adjusted for the preferential rights issue completed in December 2015 with the adjustment factor of 0.49 based on the last closing price (November 13, 2015) before the SDR went ex. rights.

** July 16, 2015–December 31, 2015

*** The MSCI Emerging Markets Index is a free float weighted equity index that consists of indices in 26 emerging economies.

>08 TCS Group Holding PLC (Tinkoff Bank)

TCS Group Holding PLC

Vostok Emerging Finance's number of shares as at December 31, 2015	6,379,794
Total Value as at December 31, 2015 (USD)	19,458,372
Share of total portfolio	20.0%
Share of total shares outstanding	3.5%
Value development June 9–December 31, 2015 (in USD)	10.9%

Website: tinkoff.ru/eng/

Key financial highlights full year 2015*

> Net interest income was RUB 28.1 bln (2014: RUB 30.8 bln)

> Profit before tax amounted to RUB 2.6 bln (2014: RUB 4.9 bln)

> Net income amounted to RUB 1.9 bln (2014: RUB 3.4 bln)

> Net interest margin at 28.6% (2014: 34.8%)

> Total assets increased by 28% to RUB 139.7 bln (YE2014: RUB 108.8 bln)

> Share of non-performing loans (NPLs) down at 12.4% (YE2014: 14.5%)

> Customer accounts increased by 106% to RUB 89.3 bln (YE2014: RUB 43.4 bln)

> Solid capitalization with CBR N1 capital adequacy ratio at 13.0% at the end of 2015

* Source: 4Q15 report of TCS Group Holding PLC

Tinkoff Bank is an innovative provider of online retail financial services operating in Russia through a high-tech branchless 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 cyclicality 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.

As of December 31, 2015, Tinkoff Bank is the number 2 credit card issuer in Russia with 8.3% market share. 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 will enable Tinkoff'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 obtain a number of different financial products from different financial services companies (including Tinkoff Bank), from the 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 fourth quarter 2015, Tinkoff Bank continued its 2015 upward quarterly earnings trajectory from a 1Q15 low. 4Q15 RoAE was 16.7% (4Q14 10.9%), 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.

Overall, the business remained on the up through 2015, with Tinkoff Bank being one of the only consumer lending players in Russia to expand their loan book (organic and inorganic) and duly moving up to the no 2 spot in the credit card market by market share. Furthermore, the business continued to roll out new lines of business, added to the senior management bench and generally remained on the front foot through this difficult economic period for the country.

On March 1, 2016, the bank adopted a new dividend policy taking effect from March 2, 2016. Under the new policy Tinkoff Bank can now declare and pay dividends provided that the banks current and projected N1 capital adequacy ratio remains at or above 10.5%.

Tinkoff expects net income for FY2016 to amount to RUB 3–4 bln and a cautious cost of risk at 15% for 2016.

REVO Technology and Sorsdata

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 existing 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.

REVO Technology

Vostok Emerging Finance's number of shares as at December 31, 2015	3,584
Total Value as at December 31, 2015 (USD)	4,700,000
Share of total portfolio	4.8%
Share of total shares outstanding	25.0%
Value development June 9–December 31, 2015 (in USD)	–

Sorsdata

Vostok Emerging Finance's number of shares as at December 31, 2015	882
Total Value as at December 31, 2015 (USD)	300,000
Share of total portfolio	0.3%
Share of total shares outstanding	25.0%
Value development June 9–December 31, 2015 (in USD)	–

Website: revoplus.ru

REVO Operational Development*

	Dec 2013	Dec 2014	Dec 2015
No. of active stores	67	572	1,623
No. of instalments granted (cumulative)	6,402	9,969	41,217
Avg. instalment plan (Rub)	2,442	3,852	4,103
Avg. duration of instalment plan (months)	4.5	4.9	4.6
Avg. APR of instalment plans	64.2%	83.8%	95.9%

* Source: Company data received from REVO Technology

JUMO

JUMO World Limited

Vostok Emerging Finance's number of shares as at December 31, 2015	1,748
Total Value as at December 31, 2015 (USD)	10,309,704
Share of total portfolio	10.6%
Share of total shares outstanding	7.6%
Value development June 9–December 31, 2015 (in USD)	3.1%

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. JUMO issued approx. 6 mln individual loans in 2015. Savings solutions plan to be rolled out in 2016.

JUMO has grown in 2015 from a team of 7 to 100+, rolling out their products across Kenya, Tanzania and Zambia, with their partners, Airtel, Tigo and MTN, with more in the pipeline for 2016.

Vostok Emerging Finance has invested a total of USD 10 mln during the fourth quarter of 2015. An initial investment of USD 4 mln in October and an additional USD 6 mln in December 2015. Both investments were for newly issued shares. As per December 31, 2015 JUMO is valued on the basis of the latest funding round in December 2015 with a valuation of USD 10.3 mln for VEF's 7.6% ownership in the company.

The Vostok Emerging Finance share

Share information

All the shares carry one vote each. The shares are traded as depository receipts (SDR) in Stockholm, where Pareto Securities AB is the custodian bank. A depository receipt carries the same dividend entitlement as the underlying share and the holder of a depository receipt has a corresponding voting right at shareholders meetings. The holder of a depository receipt must, however, follow certain instructions from the custodian bank in order to have the right to participate in shareholders meetings.

Dividends

No dividend has been proposed for the year.

Information about the net asset value

As VEF's investment portfolio consists of unlisted assets with the exception of TCS Group, the valuation of which typically is more static than listed assets which are actively traded, the Company has concluded that monthly Net Asset Value (NAV) reports do not provide meaningful information to the market. For this reason, the Company has decided to publish its NAV exclusively in connection with the Company's interim reports.

Share turnover

The average daily turnover during the period July 16, 2015 to December 31, 2015, was 460,000 shares. Trading has been conducted 100 percent of the time.

Major shareholders

As per December 31, 2015	Holding, SDRs	Holding, %
Libra Fund	114,494,221	17.3%
Swedbank Robur Funds	64,716,939	9.8%
Alecta Pension Insurance	60,750,000	9.2%
Finstar	54,653,068	8.3%
Goldman Sachs & Co	41,576,184	6.3%
Ruane Cunniff	32,967,270	5.0%
State Street Bank & Trust	28,877,738	4.4%
Svenska Handelsbanken AB	20,736,000	3.1%
Bank Julius Baer & Co	18,354,000	2.8%
Fidelity Funds	17,295,923	2.6%
10 major holders	**454,421,343**	**68.7%**
Other holders	207,074,652	31.3%
Total	**661,495,995**	**100.0%**

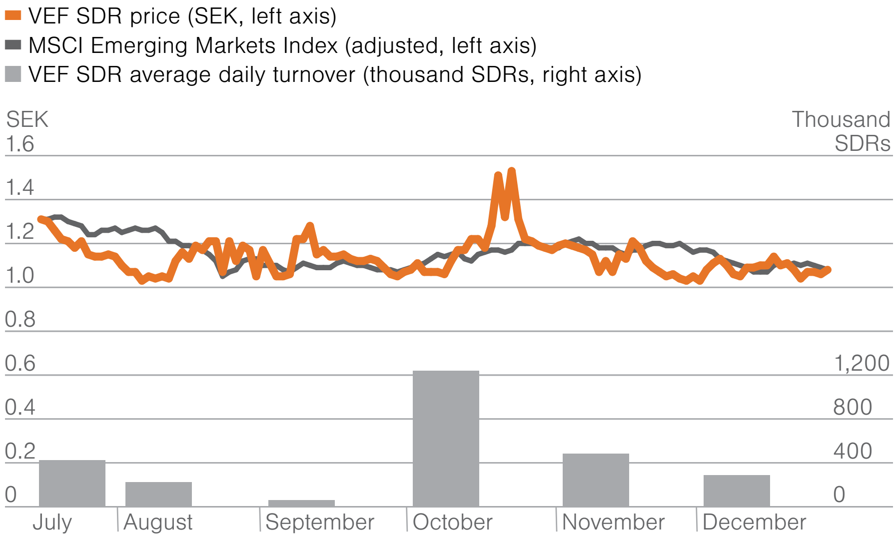
* Based on Euroclear Sweden AB data and holdings known to the company. Including foreign nominees.

The market

VEF's share (SDR) is traded on Nasdaq First North, since July 16, 2015, with the ticker VEMF SDB. Recent and historic quotes for VEF's share are easily accessible on a number of business portals as well as via professional financial and real-time market data providers. To the right are some of the symbols and codes under which the VEF SDR can be found.

ISIN Code	SE0007192018
Nasdaq First North short name (ticker)	VEMF SDB
Bloomberg	VEMFSDB:SS
Financial Times	VEMF SDB:STO
Yahoo Finance	VEMF-SDB.ST

VEF share price development July 16, 2015–December 31, 2015*



* Adjusted for rights issue 2015.
Source: Nasdaq First North

Financial summary

Statement of comprehensive income in brief

(Expressed in USD thousand)	May 28, 2015– December 31, 2015
Result from financial assets at fair value through profit or loss	758
Total income	**758**
Other operating expenses	-698
Operating result	**60**
Net financial items	993
Result before tax	**1,053**
Tax	–
Profit for the financial period	**1,053**
Total other comprehensive income for the period	**–**
Total comprehensive income for the period	**1,053**

Statement of financial position in brief

(Expressed in USD thousand)	December 31, 2015
Non-current financial assets	34,768
Current receivables	25
Cash and cash equivalents	62,302
Total assets	**97,095**
Equity	95,548
Current liabilities	1,546
Total equity and liabilities	**97,095**

Cash flow statement in brief

(Expressed in USD thousand)	May 28, 2015– December 31, 2015
Cash flow used in/from operating activities	-7,589
Cash flow used in/from investing activities	–
Cash flow used in/from financing activities	68,880
Cash flow for the period	**61,291**
Cash and cash equivalents at the beginning of the period	–
Exchange rate differences in cash and cash equivalents	1,011
Cash and cash equivalents at the end of the period	**62,302**

Key financial ratios

	December 31, 2015
Return on capital employed, %	2.2%
Equity ratio, %	98.4%
Shareholders' equity/share, USD	0.14
Net asset value, USD	95,547,917
Exchange rate at balance sheet date, SEK/USD	8.35
Net asset value, SEK	798,054,872
Proposed dividend	–
Share data	
Earnings/share, USD	0.01
Diluted earnings/share, USD	0.01
Net asset value/share, USD	0.14
Net asset value/share, SEK	1.21
Weighted average number of shares outstanding	193,316,971
Weighted average number of shares outstanding (fully diluted)	193,316,971
Number of shares at balance sheet date	661,495,995

Definitions of key financial ratios

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.

Equity ratio is defined as shareholders' equity in relation to total assets.

Shareholders' equity/share is defined as shareholders' equity divided by total number of shares.

Net asset value is defined as shareholders' equity.

Earnings/share is defined as result for the period divided by average weighted number of shares for the period.

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.

Net asset value/share is defined as shareholders' equity divided by total number of shares.

Board, management and auditors

Board of Directors

Lars O Grönstedt

Chairman of the Board

Swedish citizen, born 1954. Member of the board since 2015. Lars O Grönstedt holds a BA in languages and literature from Stockholm University, and an MBA from Stockholm School of Economics. Lars O Grönstedt has spent most of his professional life at Handelsbanken. He was Managing Director of the bank 2001–2006, and Chairman 2006–2008. Today he is, among other things, senior advisor to Nord Stream, chairman of Scypho, East Capital Explorer and Vostok New Ventures Ltd, vice chairman of the Swedish National Debt Office, speaker of the elected body of representatives of Trygg Foundation, and sits on the boards of the IT company Pro4U and the Institute of International Economics at Stockholm University. Holdings in VEF: 13,500 depository receipts.

Milena Ivanova

Board member

Bulgarian citizen, born 1975. Member of the board since 2015. Professional and educational background: Milena Ivanova served as the Deputy Head of Equity Research for Renaissance Capital and the firm's Strategist for Russia, based in Moscow until the end of 2012. She joined Renaissance Capital in early 2008 as the banks analyst for Central Asia based in Almaty, and subsequently served as Head for Research and Equities for Central Asia. Previously, Milena Ivanova has among other things worked for UniCredit Markets & Investment Banking (CAIB) as an Analyst in the equity research banking team, responsible for CEE regional financial sector coverage and individual banking stocks. Milena Ivanova holds a MBA from INSEAD, France and a bachelor in European Business from University of Lincolnshire and Humberside, UK. Holdings in VEF: 600,000 depository receipts.

Per Brilioth

Board member

Swedish citizen, born 1969. Member of the board since 2015. Professional and educational background: Between 1994 and 2000, Per Brilioth was head of the Emerging Markets section at Hagströmer & Qviberg and he has worked close to the Russian stock market for a number of years. Currently Per Brilioth is the Managing Director of Vostok New Ventures Ltd. Per Brilioth is a graduate of Stockholm University and holds a Master of Finance from the London Business School. Other significant board assignments: Chairman of the board of Pomegranate Investment AB, member of the boards of Vostok New Ventures Ltd, RusForest AB, Tethys Oil AB and LeoVegas AB. Holdings in VEF: 2,790,000 depository receipts.

David Nangle

Managing Director and Board member

Irish citizen, born 1975. Member of the board and Managing Director since 2015. Professional and educational background: David Nangle has focused on the emerging markets financials sector and was part of the ING Baring's Emerging Markets Research team between 2000 and 2006. David then joined Renaissance Capital and has helped the firm develop and grow their financials and research footprint from a strong Russia base to a leading pan-EMEA and frontiers franchise. David Nangle holds a degree in B. Comm International (French) from University College Dublin, Ireland. Holdings in VEF: 1,425,000 depository receipts and 1,905,000 call options.

Group management

David Nangle

Managing Director.

See also heading "Board of Directors" above.

Nadja Borisova

Chief Financial Officer.

Swedish and Russian Citizen, born 1968. Holdings in VEF: 13,302 depository receipts.

Anders F. Börjesson

General Counsel.

Swedish citizen, born 1971. Holdings in VEF: 200,000 depository receipts.

Auditors

PricewaterhouseCoopers AB

Ulrika Ramsvik

Born 1973. *Authorised public accountant, Auditor in charge.* Auditor in the Company since 2015. PricewaterhouseCoopers AB, Gothenburg, Sweden.

Bo Hjalmarsson

Born 1960. *Authorised public accountant, Co-signing auditor.* Auditor in the Company since 2015. PricewaterhouseCoopers AB, Stockholm, Sweden.

Financial statements

Statement of profit or loss

(Expressed in USD thousand)	Note	May 28, 2015–December 31, 2015
Result from financial assets at fair value through profit or loss[1]	5,7	758
Dividend and coupon income		–
Total operating income		**758**
Operating expenses	6,8,9	-698
Operating result		**60**
Financial income and expenses		
Interest income		8
Currency exchange gains/losses, net		985
Net financial items		**993**
Result before tax		**1,053**
Taxation	10	–
Profit for the period		**1,053**
Earnings per share (in USD)	11	0.01
Diluted earnings per share (in USD)	11	0.01

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 are 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)	May 28, 2015–December 31, 2015
Profit for the period	**1,053**
Total other comprehensive income for the period	**–**
Total comprehensive income for the period	**1,053**

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

Statement of financial position

(Expressed in USD thousand)	Note	December 31, 2015
Non-current assets		
Financial non-current assets		
Financial assets at fair value through profit or loss	12,13	34,768
Total financial non-current assets		**34,768**
Current assets		
Other current receivables		25
Cash and cash equivalents	13,14	62,302
Total current assets		**62,327**
TOTAL ASSETS		**97,095**
Equity		
– Attributable to owners of the company	15	
Share capital		6,615
Additional paid in capital		87,880
Retained earnings		1,053
Total equity		**95,548**
Current liabilities		
Non-interest bearing current liabilities		
Trade payables	12	1,491
Other current liabilities		21
Accrued expenses		34
Total current liabilities		**1,547**
TOTAL EQUITY AND LIABILITIES		**97,095**

Statement of changes in equity

(Expressed in USD thousand)	Attributable to owners of the parent Share Capital	Additional paid in capital	Retained earnings	Total
Balance at May 28, 2015	**–**	**–**	**–**	**–**
Issuance of share capital	735	26,322	–	27,057
Profit 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**
Transactions with owners				
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**

See note 15 for a description of the different components within equity.

Statement of cash flows

(Expressed in USD thousand)	Note	2015
Operating activities		
Result before tax		1,053
Adjustment for non-cash items:		
Interest income		-8
Currency exchange gains/-losses		-985
Result from financial assets at fair value through profit or loss		-758
Other		7
Investments in financial assets		-14,998
Sales of financial assets		8,046
Interest received		8
Net cash flow from operating activities before changes in working capital		**-7,635**
Change in current receivables		-25
Change in current liabilities		71
Net cash flow from operating activities		**-7,589**
Investing activities		
Net cash flow from investing activities		**–**
Financing activities		
Proceeds from rights issue, net of transaction costs		68,880
Net cash flow from financing activities		**68,880**
Change in cash and cash equivalents		**61,291**
Cash and cash equivalents at beginning of the period		**–**
Exchange gains/losses on cash and cash equivalents		1,011
Cash and cash equivalents at end of period	14	**62,302**

Notes to the financial statements

(Expressed in USD thousand unless indicated otherwise)

Note 1 General information

Vostok Emerging Finance Ltd ("VEF" or "the Company") was incorporated and registered with the Bermuda Registrar of Companies on May 28, 2015 with registered number 50298. The registered office of the Company is in Hamilton, Bermuda (Clarendon House, 2 Church Street, Hamilton, Bermuda). There were no business activities in the Company between May 28, 2015 and June 9, 2015.

VEF is an investment company with the business concept of using experience, expertise and a widespread network to identify and invest in assets with considerable potential for value appreciation, with the focus on emerging companies.

The financial statements were authorised for issue by the Board of Directors on April 13, 2016.

The principal accounting policies adopted in the preparation of these financial statements are set out below.

Note 2 Significant accounting principles

Accounting basis

The financial statements are prepared in accordance with International Financial Reporting Standards, IFRS, as adopted by EU, as at December 31, 2015. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit and loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

As the Company was incorporated on May 28, 2015, no previous financial statements have been prepared.

New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after January 1, 2016, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the hedged ratio to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted. The Company will start an assessment the coming year to review the effects of the new standard.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker in the same way as for a Swedish company governed by the Swedish Companies Act and the Swedish Corporate Governance Code. The board of directors of an investment company is by necessity deeply involved in investment decisions and monitoring portfolio companies' performance. The Board has therefore been identified as the chief operating decision maker of the Company for purposes of internal reporting. In the internal reporting of the Company, there is only one operating segment.

Foreign currency translation

The Company does not have any subsidiaries per reporting date. The Company values its investments (portfolio companies) at fair value. VEF falls within the classification of an investment company as it's an investment company with the goal of investing in early stage modern financial services companies across emerging and frontier markets that can deliver high rates of growth.

(a) The functional and presentational currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency of the Company is USD, which is also the presentational currency. All amounts are stated in USD thousands if not otherwise stated.

(b) Transactions and balances

Transactions in currencies other than USD are translated into USD at the rate of exchange that was in effect at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at rates of exchange prevailing at the balance sheet date. Realized and unrealized exchange gains/losses on portfolio investments, which include loan receivables, investments in associated companies, and financial assets at fair value through profit or loss are recognized in profit or loss as part of the result from each of the categories of financial assets, which are included in the investment portfolio. Realized and unrealized exchange gains/losses on other assets and liabilities are reported among financial items.

Financial Assets

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Purchases and sales of financial assets are recognized on trade-date – the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. See Note 12 for more details.

Financial assets at fair value through profit or loss

This category has two subcategories:

> Designated. The first includes any financial asset that is designated on initial recognition as one to be measured at fair value with fair value changes in profit or loss.
> Held for trading. The second category includes financial assets that are held for trading. All derivatives (except those designated as hedging instruments) and financial assets acquired or held for the purpose of selling in the short term or for which there is a recent pattern of short-term profit taking are held for trading.

The financial assets that are classified as financial assets at fair value through profit or loss are all classified by the Company in the subcategory designated. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current. Financial assets are securities held in listed and unlisted companies.

Financial assets carried at fair value through profit or loss is initially recognized at fair value and transaction costs are expensed in the income statement. Thereafter they are subsequently 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 are presented in the income statement within 'Result from financial assets at fair value through profit or loss' in the period in which they arise. Dividend income from financial assets at fair value through profit of loss is recognized in the income statement as "Dividend income" when the Company's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques.

These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity specific inputs.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not traded in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Company's loans and receivables comprise 'Cash and cash equivalents' in the balance sheet.

Investments in loans and receivables are initially recognized at fair value plus transaction costs. Loans and receivables are carried at amortized cost using the effective interest method. Interest on loan receivables which are considered parts of the investment portfolio is presented in the income statement as 'Result from loan receivables' among operating income items. Interest on other loans and receivables is presented in the income statement as 'Interest income' among financial items.

A financial asset or group of assets is impaired, and impairment losses are recognised, only if there is objective evidence as a result of one or more events that occurred after the initial recognition of the asset. An entity is required to assess at each balance sheet date whether there is any objective evidence of impairment. If any such evidence exists, the entity is required to do a detailed impairment calculation to determine whether an impairment loss should be recognised.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the financial asset's original effective interest rate. Impairment losses on portfolio investments are presented in the income statement within 'Result from loan receivables'. Impairment losses on other financial assets are recognized in the income statement as 'Other financial expenses' among financial items.

Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value.

Financial liabilities

The Company classifies its financial liabilities in the following category: other financial liabilities. Management determines the classification of its financial liabilities at initial recognition. See Note 12 for more details.

Other financial liabilities

Other financial liabilities include trade payables and are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

Cash and cash equivalents

Cash and cash equivalents include cash and bank balances and other short-term highly liquid investments with original maturities of three months or less.

Share capital

Ordinary shares are classified as equity. Share issue costs associated with the issuance of new equity are treated as a direct reduction of the proceeds.

Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. The Company currently has no temporary differences and has no deferred income tax recognised.

Employee benefits

Pension obligations

The Company has a defined contribution pension plan which is based on the market practice. The Company has no further obligations once the contributions have been paid. The contributions are reported as a cost recognised as employee benefit pension expense in profit or loss when they are due.

Share-based compensation

The Company operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognizes the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and additional paid in capital when the options are exercised.

See Note 9 for more details.

Revenue recognition

Revenue comprises the fair value of the consideration received in the ordinary course of the Company's activities.

For investments held at both the start and end of year, the change in value consists of the difference in the market value between these dates. For investments acquired during the year, the change in value consists of the difference between cost and the market value at the end of the year. For investments sold during the year, the change in value consists of the difference between the sales price received and the value of investments at the start of the year. All changes in value are reported in the income statement within 'Result from financial assets at fair value through profit or loss' or 'Result from loan receivables', depending on from what category of assets the changes in value relate.

Dividend income is recognised when the right to receive payment is established. Furthermore, dividend income is accounted for inclusive of withholding taxes. These withholding taxes are shown either as an expense in the income statement, or as a current receivable, depending on whether or not the withholding tax is refundable.

Interest income on non-current loan receivables is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired non-current loan receivables is recognised using the original effective interest rate.

Interest income on current loan receivables and other receivables is recognised taking into account accrued interest on the balance sheet date.

Other consideration received in the ordinary course of the Company's activities is reported as "other income" in the income statement.

Cash flow statement

The cash flow statement is presented in accordance with the indirect method. The Company's business consists of investments in portfolio companies. Therefore, the investments are classified as the Company's operating activities and not investment activities.

Note 3 Significant estimates and judgements

The management of Vostok Emerging Finance Ltd has to make estimates and judgements when preparing the Financial Statements of the Company. Uncertainties in the estimates and judgements could have an impact on the carrying amount of assets and liabilities and the Company's result. The most important estimates and judgements in relation thereto are:

Fair value of unlisted financial assets

The estimates and judgements when assessing the fair value of unlisted investments in financial assets at fair value through profit or loss are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. For further information on fair value estimation, see Note 5 below.

Note 4 Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risks (including foreign exchange risk, price risk and interest rate risk), credit risk, liquidity risk and cash flow interest-rate risk.

Risk management is carried out by management under policies approved by the Board of Directors.

Market related risks

Emerging and frontier markets risks

Vostok Emerging Finance is subject to risks associated with ownership and management of investments and in particular to risks of ownership and management in emerging and frontier markets. As these countries are still, from an economic point of view, in a phase of development, investments are affected by unusually large fluctuations in profit and loss and other factors outside the Company's control that may have an adverse impact on the value of Vostok Emerging Finance's adjusted equity. Investing in emerging and frontier markets entails a high level of risk and requires special consideration of factors, including those mentioned here, which are usually not associated with investment in shares in more developed countries. Unstable state administration could have an adverse impact on investments.

None of the emerging or frontier markets has a fully developed legal system comparable to that in more developed countries. Existing laws and regulations are sometimes applied inconsistently and both the independence and efficiency of the court system constitute a significant risk. Statutory changes have taken place and will probably continue to take place at a rapid pace, and it remains difficult to predict the effect of legislative changes and legislative decisions for companies. It could be more difficult to obtain redress or exercise one's rights in emerging and frontier markets than in more mature legal systems. Vostok Emerging Finance continuously monitors these risk areas through various channels including third party research reports and through knowledge and expertise within the Company's network. The Company evaluates any significant findings from above mentioned monitoring and if needed takes action in order to mitigate identified risk areas.

Exposure to financial services companies in emerging and frontier markets

Vostok Emerging Finance is subject to risks associated with ownership and management of investments in financial services companies in emerging and frontier markets. Therefore, the Company's business, operating results, financial condition and prospects may be affected by the materialization of such risks, which include, but may not limited to, the following:

> Regulatory risks – most financial services companies in emerging and frontier markets are subject to extensive regulatory requirements. Such requirements, or the interpretation by competent authorities of such, may change rapidly. Failure to adapt to the relevant requirements may lead to sanctions or loss of business opportunities, which in turn could have a material adverse effect on the business, results of operations, financial condition and prospects of the Company's investments.
> Operational risk – financial services companies in emerging and frontier markets are exposed to operational risk, including the risk of fraud by employees, customers or outsiders, mismanagement, unauthorized transactions by employees and operational errors. Any failure to properly mitigate operational risk could have a material adverse effect on the business, results of operations, financial condition and prospects of the Company's investments.
> Reputational risk – consumer behaviour may be negatively impacted by negative publicity in traditional media as well as in social media. Any loss or reputation could have a material adverse effect on the business, results of operations, financial condition and prospects of the Company's investments.
> IT risk – financial services companies are likely to be dependent on IT systems and any disruption that affects the operations of critical systems could have a material adverse effect on the business, results of operations, financial condition and prospects of the Company's investments.

Vostok Emerging Finance works, primarily through board representation, to ensure that each portfolio company has appropriate internal control processes to handle these business-related risks.

Exposure to Russia

The major parts of the Company's investments, which operate in Russia, consist of the ownerships of shares in TCS Group (20.0% of the portfolio), REVO (4.8% of the portfolio) and Sorsdata (0.3% of the portfolio). Russia has been undergoing deep political and social change in recent years. The value of these investments may be affected by uncertainties such as political and diplomatic developments, social or religious instability, changes in government policy, tax and interest rates, restrictions on the political and economic development of laws and regulations in Russia, major policy changes or lack of internal consensus between leaders, executive and decision-making bodies and strong economic groups. These risks entail in particular expropriation, nationalisation, confiscation of assets and legislative changes relating to the level of foreign ownership. In addition, political changes may be less predictable in a growth country such as Russia than in other more developed countries. Such instability may in some cases have an adverse impact on both the operations and SDR price of the Company. Since the collapse of the Soviet Union in 1991, the Russian economy has, from time to time, shown

> significant decline in GDP
> weak banking system with limited supply of liquidity to foreign companies
> growing black and grey economic markets
> high flight of capital
> high level of corruption and increased organised economic crime
> hyperinflation
> significant rise in unemployment

The Russian economy is largely dependent on the production and export of oil and natural gas, which makes it vulnerable to fluctuations in the oil and gas market. A downturn in the oil and gas market may have a significant adverse impact on the Russian economy. Vostok Emerging Finance continuously monitors the macroeconomic and socioeconomic development in Russia through various channels including third party research reports and through knowledge and expertise within the Company's network. The

Company evaluates any significant findings in order to mitigate any adverse impact on the Company's operations.

Business related risks

Acquisition and disposal risk

Acquisitions and disposals are by definition a natural element in Vostok Emerging Finance's activities. All acquisitions and disposals are subject to uncertainty. The Company's explicit exit strategy is to sell its holdings to strategic investors or via the market. There are no guarantees that the Company will succeed in selling its participations and portfolio investments at the price the shares are being traded at on the market at the time of the disposal or valued at the balance sheet. Vostok Emerging Finance may therefore fail to sell its holdings in a portfolio company or be forced to do so at less than its maximum value or at a loss. If Vostok Emerging Finance disposes of the whole or parts of an investment in a portfolio company, the Company may receive less than the potential value of the participations, and the Company may receive less than the sum invested. Vostok Emerging Finance operates in a market that may be subject to competition with regard to investment opportunities. Other investors may thus compete with Vostok Emerging Finance in the future for the type of investments the Company intends to make. There is no guarantee that Vostok Emerging Finance will not in the future be subject to competition which might have a detrimental impact on the Company's return from investments. The Company can partially counter this risk by being an active financial owner in the companies.

Vostok Emerging Finance invests in and consequently supply added value in the form of expertise and networks. Despite the Company considering that there will be opportunities for beneficial acquisitions for Vostok Emerging Finance in the future, there is no guarantee that such opportunities for acquisition will ever arise or that the Company, in the event that such opportunities for acquisition arose, would have sufficient resources to complete such acquisitions.

Accounting practice and other information

Practice in accounting, financial reporting and auditing in emerging and frontier markets cannot be compared with the corresponding practices that exist in the Western World. This is principally due to the fact that accounting and reporting have only been a function of adaptation to tax legislation. In addition, access to external analysis, reliable statistics and historical data is inadequate. The effects of inflation can, moreover, be difficult for external observers to analyse. Although special expanded accounts are prepared and auditing is undertaken in accordance with international standard, no guarantees can be given with regard to the completeness or dependability of the information that relates to the Company's investments and potential investments. Inadequate information and weak accounting standards may adversely affect Vostok Emerging Finance in future investment decisions.

Corporate governance risk

Misuse of corporate governance remains a problem in emerging and frontier markets. Minority shareholders may be badly treated in various ways, for instance in the sale of assets, transfer pricing, dilution, limited access to Annual General Meetings and restrictions on seats on boards of directors for external investors. In addition, sale of assets and transactions with related parties are common. Transfer pricing is generally applied by companies for transfer of value from subsidiaries and external investors to various types of holding companies. It happens that companies neglect to comply with the rules that govern share issues such as prior notification in sufficient time for the exercise of right of pre-emption. Prevention of registration of shares is also widespread. Despite the fact that independent authorised registrars have to keep most share registers, some are still in the hands of the company management, which may thus lead to register manipulation. A company management would be able to take extensive strategic measures without proper consent from the shareholders. The possibility of shareholders exercising their right to express views and take decisions is made considerably more difficult. Inadequate accounting rules and standards have hindered the development of an effective system for uncovering fraud and increasing insight.

Shareholders can conceal their ownership by acquiring shares through shell company structures based abroad which are not demonstrably connected to the beneficiary, which leads to self-serving transactions, insider deals and conflicts of interest. Deficiencies in legislation on corporate governance, judicial enforcement and corporate legislation may lead to hostile takeovers, where the rights of minority shareholders are disregarded or abused, which could affect Vostok Emerging Finance in a detrimental manner.

To minimise this risk, as much due diligence is carried out on management and fellow shareholders as it is the business itself and Vostok Emerging Finance looks to attain board representation. Both internal and external counsel is applied with respect to legal due diligence to help ensure our rights are upheld in the majority of investments.

Dependence on key individuals

Vostok Emerging Finance is dependent on its senior executives and board members. It cannot be ruled out that Vostok Emerging Finance might be seriously affected if any of the senior executives left the Company or if the Company is not able to recruit relevant people in the future.

Financial related risks

Investments in growth markets

Investments in growth markets entail a number of legal, economic and political risks. Many of these risks cannot be quantified or predicted, neither are they usually associated with investments in developed economies.

International capital flows

Economic unrest in a growth market tends also to have an adverse impact on the equity market in other growth countries or the share price of companies operating in such countries, as investors opt to re-allocate their investment flows to more stable and developed markets. The SDR price may be adversely affected during such periods. Financial problems or an increase in perceived risk related to a growth market may inhibit foreign investments in these markets and have a negative impact on the country's economy. The Company's operations, turnover and profit development may also be adversely affected in the event of such an economic downturn.

Foreign exchange risk

The Company's accounting currency is USD. The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, mainly with respect to the Swedish Krona (SEK). The total exchange exposure for the Company is shown in the table below. An increase (decrease) of 10% of the USD towards SEK would affect the Company's equity by USD -3.4 mln (4.1 mln).

Exposure to foreign exchange (MUSD)	Gross assets December 31, 2015	Gross liabilities December 31, 2015
SEK	37.2	1.5
Other	0.7	–
Total	**37.9**	**1.5**

Price risk

The Company is exposed to listed equity securities price risk because of investments held by the Company and classified on the balance sheet as financial assets at fair value through profit or loss. The price risk associated with VEF's portfolio may be illustrated by stating that a 15.0% decrease in the price of the quoted shares in the Company's portfolio at December 31, 2015 would have affected post-tax profit and equity by approximately USD 2.9 mln.

Liquidity risk

Liquidity risk refers to the risk that liquidity will not be available to meet payments commitments due to the fact that the Company cannot divest its holdings quickly or without considerable extra costs. Although, this risk may be relatively low as long as the Company has significant cash balance and the core investment, class A shares in TCS Group, which may readily be converted into GDRs listed on the London Stock Exchange, it may increase in the future if the portfolio changes focus to private equity investments which are less liquid than listed holdings. The table below shows the Company's contracted financial cash flows for the coming periods.

Contracted cash flows	December 31, 2015 Trade payables
< 3 months	1,491
3–12 months	–
1–5 years	–
> 5 years	–

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to pay for its obligation.

The Company is exposed to counterparty credit risk on cash and cash equivalents and deposits with banks and financial institutions. Per December 31, 2015 the cash is placed in bank accounts, within financial institutions. The majority of the Company's cash was placed in financial institutions with a credit quality step 1. Therefore, the Company considers the credit risk to be limited.

Credit Quality Step	Moody's	Fitch	S&P's
1	Aaa – Aa3	AAA – AA-	AAA – AA-
2	A1 – A3	A+ – A-	A+ – A-
3	Baa1 – Baa3	BBB+ – BBB-	BBB+ – BBB-
4	Ba1 – Ba3	BB+ – BB-	BB+ – BB-
5	B1 – B3	B+ – B-	B+ – B-
6	worse than B3	worse than B-	CCC+ and worse

Maximum credit risk exposure (MUSD)	December 31, 2015
Lending to financial institutions	
- Credit Quality step 1	48,169
- No rating	14,133
Total	**62,302**

Capital risk management

The Company's objectives when managing capital are to

- safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company has recently completed a right issue and raised USD 68 mln and therefore capital risk is considered limited. No dividend has been proposed for the year.

Note 5 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Company, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Investments in assets that are not traded on any market will be held at fair value determined by recent transactions made at prevailing market conditions or different valuation models depending on the characteristics of the company as well as the nature and risks of the investment. These different techniques may include discounted cash flow valuation (DCF), exit-multiple valuation also referred to as Leveraged Buyout (LBO) valuation, asset based valuation as well as forward looking multiples valuation based on comparable traded companies. Usually, transaction-based valuations are kept unchanged for a period of 12 months unless there is cause for a significant change in valuation. After 12 months, the Company will normally derive fair value for non-traded assets through any of the models described above. 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 valuations are adjusted accordingly.

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, 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, 2015 the Company's holding in TCS Group is classified as a level 1 investment as its GDRs are trading on London Stock Exchange. REVO which is owned through the parent company Souxou and Sorsdata which is owned through the parent company Mouxou and the investment in JUMO are all valued as level 2 on the basis of the valuations in their each respective latest transaction which all closed in December 2015.

TCS Group

As per December 31, 2015, VEF owns 3.5% of the outstanding shares in TCS Group. TCS Group is valued as per the latest closing price on December 31, 2015 of USD 3.05 per GDR. VEF owns 6,379,794 shares in TCS Group.

REVO

As per December 31, 2015, VEF has a 25% ownership 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.

Sorsdata

As of December 31, 2015, 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.

JUMO

As per December 31, 2015, VEF owns 1,748 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 2015. VEF participated among other investors in this round and subscribed for approx. USD 6 mln worth of new shares in JUMO. The transaction values VEF's stake to USD 10.3 mln. As per December 31, 2015, JUMO is valued on the basis of this transaction and categorized as a level 2 investment.

Change in financial assets at fair value through profit or loss

Company	Opening balance May 28, 2015	Shareholder's in-kind payment for new shares issued, June 9, 2015	Investments/ (disposals), net, USD	FV change	Closing balance Dec 31, 2015	Percentage weight of total portfolio
TCS Group Holding PLC	–	27,057,786	-8,046,000	446,586	19,458,372	20.0%
REVO	–	–	4,700,000	–	4,700,000	4.8%
Sorsdata	–	–	300,000	–	300,000	0.3%
JUMO	–	–	9,998,298	311,406	10,309,704	10.6%

Note 6 Segment information

For management purposes, the Company is organised into one main operating segment, which invests in equity securities. All of the Company's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

Note 7 Result from financial assets at fair value through profit or loss

	May 28, 2015–December 31, 2015
Proceeds from sale of financial assets at fair value through profit or loss	8,046
Acquisition value of sold financial assets at fair value through profit or loss	–8,046
Change in fair value of remaining financial assets at fair value through profit or loss	758
Result from financial assets at fair value through profit or loss	**758**

During 2015 result from financial assets at fair value through profit or loss comprises the result from fair value changes of financial assets that have been designated on initial recognition as assets to be measured at fair value with fair value changes in profit or loss.

Note 8 Operating expenses by nature

	May 28, 2015–December 31, 2015
Employee benefit expense (Note 9)	-323
Other expenses	-375
Total operating expenses	**-698**

Note 9 Employee benefit expense

May 28, 2015–December 31, 2015	Base salaries/ Board fee	Pension expenses	Share based compensation	Total
Lars O Grönstedt, Chairman of the Board	15	–	–	15
Milena Ivanova, Board member	3	–	–	3
Josh Blachman, Board member[1]	3	–	–	3
Keith Richman, Board member[1]	3	–	–	3
Per Brilioth, Board member[2]	32	–	–	32
David Nangle, Board member and Managing Director[3]	158	17	7	182
Key management personnel[4]	46	–	–	46
Total	**260**	**17**	**7**	**284**

1. The remunerations for Josh Blachman and Keith Richman relates to the board fee they received in their roles as Board Members during the period July 1, 2015–November 9, 2015.
2. The remuneration includes the salary that Per Brilioth received in his role as the Company's Managing Director during the period June 1, 2015–August 31, 2015 and in his role as Board member from September 1, 2015.
3. David Nangle was appointed Managing Director and Board member September 1, 2015.
4. The key management personnel relates to the CFO and the legal counsel.

Decisions regarding remuneration to managers are made by the Board of Directors. The Managing Director has the right to 12 months' salary in the event of the termination of appointment on part of the company. He must himself observe 6 months' notice of termination. The rest of the management has a notice period of three months, which also applies to the company in the event of termination on part of the company. No notice period applies to the Board of Directors.

In addition to the personnel stated in the table above, the Company has one additional employee.

The Incentive Program

The incentive program, that was authorised by a Special General Meeting in Vostok New Ventures on June 9, 2015 and adopted by resolution of the Sole Member of the Company on the same day, entitles present and future employees to be allocated call options to acquire shares represented by SDRs in the Company ("Options").

Principal Conditions and Guidelines

> The exercise price for the Options shall correspond to 120 percent of the market value of the SDRs of the Company at the time of the granting of the Options.
> The Options may be exercised during an exercise period of three months starting five years from the time of the grant.
> For employees resident outside of Sweden, no premium shall be paid for the Options and the Options may only be exercised if the holder is still employed within the group at the time of exercise.
> For employees resident in Sweden, the employees may elect either of the following alternatives:
  a) No premium shall be paid for the Options and the Options may only be exercised if the holder is still employed within the group at the time of exercise (same as for employees resident outside of Sweden);
  or
  b) The Options shall be offered to the employee at a purchase price corresponding to the market value of the Options at the time of the offer. The Options shall be fully transferable and will thereby be considered as securities. This also means that Options granted under this option (b) are not contingent upon employment and will not lapse should the employee leave his or her position within the group.
> Options may be issued by the Company or by other group companies.

Preparation and Administration

The Board of Directors of the Company, or a designated committee appointed by the Board of Directors, shall be authorized to determine the detailed terms and conditions for the Options in accordance with the principal conditions and guidelines set forth above. The Board of Directors of the Company may make necessary adjustments to satisfy certain regulations or market conditions abroad. The Board of Directors of the Company shall also be authorized to resolve on other adjustments in conjunction with material changes affecting the group or its business environment, which would mean that the described conditions for the incentive plan would no longer be appropriate.

Allocation

The incentive plan includes granting of not more than 2,000,000 (post rights issue: 5,080,000) Options. Allocation of Options to the Managing Director of the Company shall not exceed 1,000,000 (post rights issue: 2,540,000) Options and allocation to each member of the executive management or to other key employees of the Company shall not exceed 400,000 (post rights issue: 1,016,000) Options.

The allocation of Options shall be decided by the Board of Directors of the Company or by a designated subcommittee thereof, taking into consideration, among other things, the performance of the employee and his or her importance to the group. Specific criteria to be considered include the employee's ability to manage and develop the existing portfolio and to identify new investment opportunities and evaluate conditions of new investments as well as return on capital or estimated return on capital in investment targets. The employees will not initially be offered the maximum allocation of Options and a performance-related allocation system will be maintained since allocation of additional Options will require fulfilment of stipulated requirements and targets. The Board of Directors of the Company, or a designated subcommittee thereof, shall be responsible for the evaluation of the performance of the employees. The outcome of stipulated targets shall, if possible, be reported afterwards. Directors who are not employed by the group shall not be able to participate in the plan.

Bonus for employees resident in Sweden under option (b)

In order to stimulate the participation in the plan by employees resident in Sweden electing option (b) above, the Company intends to subsidize participation by way of a bonus payment which after tax corresponds to the Option premium. Half of the bonus will be paid in connection with the purchase of the Options and the remaining half at exercise of the Options, or, if the Options are not exercised, at maturity. In order to emulate the vesting mechanism offered by the employment requirement under option (a) above, the second bonus payment is subject to the requirement that the holder is still an employee of the group at the time of exercise or maturity, as the case may be. Thus, for employees in Sweden who choose option (b), the participation in the plan includes an element of risk.

Dilution and costs

In the event all 2,000,000 (post rights issue: 5,080,000) Options are fully exercised, the holders will acquire shares represented by SDRs corresponding to a maximum of approximately 2.7 (post rights issue: 0.8) percent of the share capital. The total negative cash flow impact for the bonus payments described above is estimated to approximately SEK 11,000,000 over the life of the incentive plan, provided that all Options are offered to employees resident in Sweden, that all such employees choose to purchase the Options under option (b) above, and that all Option holders are still employed by the Company at the time of exercise or maturity of the Options. Currently, there is no similar option (b) for employees resident outside of Sweden provided in the incentive plan 2015 and the only negative cash flow under option (a) relates to the social security contributions at the time of exercise of the Options. Other costs for the incentive plan, including fees to external advisors and administrative costs for the plan are estimated to amount to approximately SEK 250,000 for the duration of the Options. Social security contributions in respect of outstanding Options granted to the Managing Director who is resident outside of Sweden amount to approximately USD 46,000.

Purpose

The purpose of the proposed incentive plan is to create conditions that will enable the Company to retain and recruit competent employees to the group as well as to promote long-term interests of the Company by offering its employees the opportunity to participate in any favourable developments in the value of the Company.

Rights issue

During December 2015 the Company conducted a rights issue. The Board has subsequently adjusted the terms for the options, as required under the terms of the 2015 share-based incentive program. The original terms of the incentive plan included granting of not more than 2,000,000 Options where options to the Managing Director of the Company was not to exceed 1,000,000 Options and to each member of the executive management or to other key employees of the Company was not to exceed 400,000 Options. If all 2,000,000 Options fully were exercised, the holders were to acquire shares represented by SDRs corresponding to a maximum of approximately 2.7 percent of the share capital.

Before the rights issue a total of 750,000 Options with an exercise price of SEK 3.70 was granted to the Managing Director, David Nangle. Under the revised terms, each option issued 2015 entitled the holder of one option to subscribe for a total of 2.54 options, which lead to a total of 1,905,000 outstanding Options. The new exercise price of the Options is SEK 1.46.

Outstanding Options

	December 31, 2015
Beginning of the period	–
Granted during the period	1,905,000
Outstanding at the end of the period	**1,905,000**
Exercisable at the end of the period	–

Per December 31, 2015 a total of 1,905,000 Options were outstanding to the Managing Director.

The market value of the options is SEK 0.67/option and was calculated with the help of the Black & Scholes options valuation model. The significant inputs into the model were share price as at December 30, 2015 (SEK 1.08), exercise price (SEK 1.46), standard deviation of expected share price returns based on an analysis of historical share prices (39.9 per cent), option life until September 8, 2020, the Swedish market interest rate as at December 30, 2015 (0.30 per cent); and a dividend yield of 0 per cent.

Note 10 Tax

The Company is exempted and therefore not liable for tax in Bermuda.

Note 11 Earnings per share

Basic earnings per share have been calculated by dividing the net result for the financial period by the weighted average number of shares in issue during the period.

Diluted earnings per share have been calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive ordinary shares. Share options are the only category of dilutive potential ordinary shares for the company. For the share options, a calculation is made in order to determine the number of shares that would have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the options. Since the options were not in the money per December 31, 2015 no dilution exists at year end.

	December 31, 2015
Profit attributable to the equity holders of the company	1,053
Weighted average number of ordinary shares on issue	193,316,971
Earnings per share, basic	**0.01**
Adjustment for dilution effect of incentive options	–
Weighted average number of ordinary shares fully diluted	193,316,971
Earnings per share, diluted	**0.01**

Note 12 Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

December 31, 2015

	Assets at fair value through profit and loss	Loans and receivables	Financial liabilities measured at amortised cost	Total
Assets				
Financial assets at fair value through profit or loss	34,768			34,768
Cash and cash equivalents		62,302		62,302
Total	**34,768**	**62,302**	**–**	**97,070**
Liabilities				
Trade payables			-1,491	-1,491
Total	–	–	-1,491	-1,491

The carrying value for cash and cash equivalents as well as for the trade payables is considered consistent with the fair value.

Note 13 Non-current financial assets at fair value through profit or loss

	December 31, 2015
Beginning of the period	–
Additions (Shareholder's in-kind contribution: TCS Group Holding PLC)	27,058
Additions (new investments)	14,998
Disposal value	-8,046
Change in fair value for the period	758
End of the period	**34,768**

The assets specified in the table above are investments in financial assets at fair value through profit or loss. TCS Group is valued on the basis of the closing bid price as per the balance sheet date. All other assets are valued on the basis of the latest transaction. See note 5 for further information.

Security/Company name	Currency	Number of shares held December 31, 2015	Fair value (USD), December 31, 2015	Ownership share %
TCS Group Holding PLC	USD	6,379,794	19,458,372	3.5%
REVO Technologies	USD	3,584	4,700,000	25.0%
Sorsdata	USD	882	300,000	25.0%
JUMO	USD	1,748	10,309,704	7.6%
Total non-current financial assets at fair value through profit or loss			**34,768,076**	

Note 14 Cash and cash equivalents

The cash and cash equivalents of the Company, defined as cash and bank deposits adjusted for concluded but not yet settled share transactions, amounted to USD 62.30 mln on December 31, 2015.

Note 15 Share capital and additional paid in capital

	Number of shares held	Share capital	Additional paid in capital
At May 28, 2015	–	–	–
New shares issued	73,449,555	735	26,322
Proceeds from rights issue	587,996,440	5,880	63,198
Transaction costs		–	-1,648
Employees share option scheme:			
– value of employee services		–	7
At December 31, 2015	**661,495,995**	**6,615**	**87,880**

Rights issue
On November 17, 2015 the company invited its shareholders to subscribe to a rights issue of 587,996,440 SDRs at an issue price of SEK 1.00 per SDR on the basis of 8 SDRs for every SDR held. The issue was fully subscribed.

Employee share option scheme
There are currently 1,905,000 ordinary shares available under the employee share option scheme. Each option entitles the holder to one new share (SDR) in Vostok Emerging Finance Ltd. For more information on the options, see Note 9.

Share capital
The authorised share capital of the Company is USD 10,000 mln divided into 1,000 mln shares of USD 0.01 par value, each carrying one vote. All issued redeemable shares are fully paid. The Company does not possess any own shares.

Additional paid in capital
Additional paid in capital consist of share premiums regarding new shares issued and share based compensation.

Note 16 Pledged assets and contingent liabilities

The Company had no contingent liabilities or pledged assets as per December 31, 2015.

Note 17 Related party transactions

During the period Vostok Emerging Finance has recognized the following related party transactions:

	Operating expenses	Current liabilities
Key management and Board of Directors*	267	–

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

See note 9 for information on remuneration to the Board of Directors, the Managing Director and Key Management Personnel.

Note 18 Events after the balance sheet date

In March 2016, Vostok Emerging Finance announced a USD 1.2 mln investment into FinanZero, a marketplace for consumer loans in Brazil. FinanZero 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.

Note 19 Adoption of annual report

The annual report has been submitted by the Board of Directors on April 13, 2016, see page 35. The balance sheet and profit and loss accounts are to be adopted by the company's shareholders at the annual general meeting on May 19, 2016.

Declaration

The Board of Directors and the Managing Director declare that the financial statements have been prepared in accordance with IFRS as adopted by the EU and give a true and fair view of the Company's financial position and results of operations.

April 13, 2016

Lars O Grönstedt
Chairrman of the Board

Milena Ivanova
Board member

Per Brilioth
Board member

David Nangle
Board member and
Managing Director

Our auditor's report was submitted on April 14, 2016

PricewaterhouseCoopers AB

Ulrika Ramsvik
Authorised public accountant
Auditor in charge

Bo Hjalmarsson
Authorised public accountant

Independent Auditors' Report

To the Annual general meeting in Vostok Emerging Finance Ltd

We have audited the accompanying financial statements of Vostok Emerging Finance Ltd, appearing on pages 15 to 35, which comprise the balance sheet as at December 31, 2015, and income statement, statement of changes in equity and cash flow statements for the period May 28, 2015 to December 31, 2015, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Vostok Emerging Finance Ltd as of December 31, 2015, and of its financial performance and its cash flows for the period May 28, 2015 to December 31, 2015 in accordance with International Financial Reporting Standards as adopted by the EU.

Stockholm, April 14, 2016
PricewaterhouseCoopers AB

Ulrika Ramsvik
Authorised public accountant
Auditor in charge

Bo Hjalmarsson
Authorised public accountant

Glossary of terms and acronyms used in the annual report

APR	Annual percentage rate
CBR	The Central Bank of the Russian Federation
CEMEA	Central Europe, Middle East & Africa
CIS	Commonwealth of Independent States (former Soviet Union)
E	Estimate
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
EV	Enterprise Value, i.e. stock exchange value + net liability
EUR	Euro
F	Forecast
FX	Foreign exchange rate
GDP	Gross Domestic Product
GDR	Global Depository receipt
IPO	Initial Public Offering
IRR	Internal Rate of Return
k	Thousand
Latam	Latin America
mln	Million
NAV	Net Asset Value
N1	Capital adequacy ratio The bank equity capital adequacy ratio (N1) is established as the ratio of the bank's equity capital to the overall risk-weighted assets minus the sum of the reserves created for depreciation of securities and possible losses on Risk Groups 3–5 loans
n/a	Not available
NPL	Non performing loans: defined as loans overdue over 90 days
P/B	Price-to-Book, i.e. the relationship between the stock exchange value and book value
RoAE	Return on average equity
RoE	Return on Equity
RTS	Russian Trading System, the leading trading place for Russian shares
RUB	Russian Rubles
SDR	Swedish Depository Receipt
SEC	Securities and Exchange Commission
SEK	Swedish Kronor
T	Thousand
USD	United States Dollars
Y-o-Y	Year-on-Year

>EF
Vostok Emerging Finance

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