

**ZAMBEZI B.V.**

Amsterdam, the Netherlands

**ANNUAL REPORT FOR THE YEAR 2018**

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**ZAMBEZI B.V.**

**BALANCE SHEET  
AS PER DECEMBER 31, 2018**

(expressed in USD and before appropriation of results)

	Notes	December 31, 2018 USD	December 31, 2017 USD
<b>Assets</b>			
<b>Financial fixed assets</b>			
Investment held to maturity	1	9.871.760	3.161.152
Amounts due from third parties	2	169.450.121	137.600.878
Prepayments	3	1.808.224	2.617.997
<i>Total financial fixed assets</i>		181.130.105	143.380.027
<b>Current assets</b>			
Receivables	4	6.796.595	8.750.368
Accrued income	5	301.990	546.085
Cash and cash equivalents	6	529.681	1.303.476
<i>Total current assets</i>		7.628.266	10.599.929
<b>Total assets</b>		188.758.371	153.979.956
<b>Shareholder's equity and liabilities</b>			
<b>Shareholder's equity</b>	7		
Issued share capital		1	1
Retained Earnings		11.477	7.340
Unappropriated result		7.289	4.137
<i>Total shareholder's equity</i>		18.767	11.478
<b>Long term liabilities</b>			
Credit linked notes	8	156.559.860	137.600.878
Amounts due to third parties	9	22.762.021	3.161.152
Accrual and deferred income	10	1.731.596	2.503.391
<i>Total long term liabilities</i>		181.053.477	143.265.421
<b>Current Liabilities</b>			
Amounts due to third parties	11	1.536.275	1.857.230
Creditors	12	172.288	114.621
Accruals and deferred income	13	5.977.565	8.731.207
<i>Total current liabilities</i>		7.686.127	10.703.058
<b>Total shareholder's equity and liabilities</b>		188.758.371	153.979.956

**ZAMBEZI B.V.****PROFIT AND LOSS**  
**for the financial year ended December 31, 2018**  
(in USD)

	Notes	2018 USD	2017 USD
<b>Financial income and expenses</b>			
Interest income	14	17.770.722	7.369.046
Interest expenses	15	(17.770.815)	(7.369.046)
<i>Total financial income and expenses</i>		(93)	--
<b>Other net result on financial instruments</b>	16	3.815.761	771.796
		3.815.668	771.796
<b>Other operating income and expenses</b>	17	(3.830.666)	(760.138)
		(14.998)	11.658
<b>Other financial income and expenses</b>	18	24.108	(6.487)
<b>Net Result before Taxation</b>		9.111	5.171
<b>Taxation</b>	19	(1.822)	(1.034)
<b>NET RESULT AFTER TAXATION</b>		7.289	4.137

## ZAMBEZI B.V.

### Notes to the Balance Sheet and Profit and Loss account as at December 31, 2018

#### GENERAL

The company was incorporated as a limited liability company under the laws of the Netherlands on 10 October 2014. The company's registered address is Prins Hendriklaan 26 in Amsterdam, The Netherlands.

The company has its seat in Amsterdam and is registered at Chamber of Commerce with registry file number 61652482.

#### Activities

The Company is a special purpose vehicle and a bankruptcy remote vehicle. Under a Limited Recourse Debt Issuance Program, the Company issues Credit Linked Notes. The net proceeds of the Series CLNs have been issued by the Company to purchase underlying Series Assets, which in each case represent debt instruments that are issued by sovereign and corporate borrowers in the emerging and frontier markets. The Company bears virtually no financial risk because of the limited recourse debt issuance program.

#### PRINCIPLES OF VALUATION OF ASSETS AND LIABILITIES

##### General principles

The financial statements are prepared in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9, Book 2, of the Dutch Civil Code and the firm pronouncements in the Guidelines for Annual Reporting as issued by the Dutch Accounting Standards Board, taking into account the exemptions offered by the Dutch Accounting Standards Board.

Income and expenses are accounted for on an accrual basis. Profit is only included when realized on into account if they have become known before preparation of the financial statements.

Assets and liabilities are stated at the amounts at which they were incurred or current value. If not specifically stated otherwise, they are recognized at the amounts at which they were acquired or incurred.

##### Going concern

The financial statements have been prepared on a going concern basis, which basis for valuation and determination of results assumes that the Company will be able to realize its assets and discharge its liabilities, contingent obligations and commitments will occur in the ordinary course of business.

##### Comparison with previous year

The principles of valuation and determination of result remained unchanged compared to the previous year.

##### Functional and reporting currency

Due to the fact that the majority of the operations consist of USD transactions, the Company has adopted the USD as its functional and reporting currency.

##### Foreign currencies

All assets and liabilities denominated in currencies other than USD have been translated at the rates of exchange on balance sheet date. All transactions in foreign currencies have been translated into USD at rates of exchange approximating those prevailing on the dates of the transaction. Unless otherwise indicated, any resulting exchange differences are included in the profit and loss accounts. Income and expenses are translated at the average rates of exchange during the year.

The year end closing exchange rates used for translation purposes are as follows, 1 USD equals:

		12.31.2018	12.31.2017
EUR	Euro	0,8734	0,8347
GBP	Pound Sterling	0,7871	0,7411
GEL	Georgian Lari	2,6766	2,5836
GMD	Gambia Dalasi	48,9261	47,3465
KGS	Kyrgyzstan Som	69,8500	-
MWK	Malawi Kwacha	720,0300	715,4850
PYG	Paraguay Guarani	5.960,5400	5.533,4700
TZS	Tanzanian Shilling	2.281,2300	-
TJS	Tajikistan Somoni	9,4296	-

\* source for 2018 exchange rates is a respective central bank for each country

## **ZAMBEZI B.V.**

### **Notes to the Balance Sheet and Profit and Loss account as at December 31, 2018**

#### **Financial assets held to maturity**

Financial assets held to maturity are recognized at fair value initially and subsequently measured at amortized cost using effective interest rate method. Any discount or premium arising on acquisition of a financial asset carried at amortized cost should be amortized using effective interest rate method. The Company makes an assessment at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

#### **Receivables**

Unless differently stated the receivables are recorded at face value upon initial recognition and subsequently valued at the amortized cost. Provisions deemed necessary for doubtful accounts are deducted. These provisions are determined by individual assesment of the receivables.

#### **Cash and cash equivalents**

The cash is valued at face value. If cash equivalents are not freely disposable, then this has been taken into account in the valuation.

#### **Credit Linked Notes**

Notes are initially recognised at fair value, normally being the amount received taking into account premium or discount less transaction costs. The notes are subsequently stated at amortised cost, being the amount received taking into account of any premium or discount less any adjustments for attribution of impairment to noteholders and the estimated diminution in the value of the Notes.

#### **Non-current liabilities**

Liabilities are valued at face value, unless determined and disclosed differently

#### **Current liabilities**

Current liabilities are recognised initally at fair value. All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due its short term character

### **PRINCIPLES OF DETERMINATION OF RESULT**

#### **General**

Income from transactions is recognised in the year in which it is realised. Losses are recognised when foreseen.

#### **Revenue recognition**

The result is determined based upon the difference between the net interest gain, other net gains from financial instruments and the costs and other expenses taking into account the aforementioned valuation principles.

#### **Exchange rate differences**

Exchange rate differences arising upon the settlement of monetary items are recognised in the profit and loss accounts in the period that they arise. Exchange rate differences on long-term loans relating to the financing of foreign participations are recognised in the profit and loss accounts in the period they arise.

#### **Financial income and expenses**

Interest paid and received are time apportioned. Income arising on the financial assets, together with bank interest is recognised on an accrual basis. All income and expenditures from the financial assets, notes issued, swaps and other finance activities that have the character of interest payments received and/or paid are recognised as interest income or interest expenses respectively. Expenses are based on the historical cost conventions and attributed to the financial year to which they pertain.

#### **Taxation**

Corporate Income tax is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profit calculated according to the financial statements and profit calculated for taxation purposes, and with which deferred tax assets (if applicable) are solely measured insofar as their realisation is likely.

## **ZAMBEZI B.V.**

### **Notes to the Balance Sheet and Profit and Loss account as at December 31, 2018**

#### **CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Application of the accounting policies in the preparation of the financial statements requires the management of the Company to exercise judgement involving assumptions and estimates concerning future results or other developments, including the likelihood, timing or amount of future transactions or events. There can be no assurance that actual results will not differ materially from those estimates.

Those accounting policies that are critical to the financial statement presentation and that require complex estimates or significant judgement are described below

In the opinion of the directors, the critical accounting judgements and key sources of estimation uncertainty are derived from the Company's indirect exposure to the valuation of the financial assets and financial liabilities (i.e. using valuation parameters that are not based on observable market data). The principal uncertainties concern the valuation of various types of structured credit derivatives. The values of unobservable parameters result from hypotheses and/or correlations that are not based on either transaction prices observable on the same instrument on the valuation date, or observable market data available on such date. Changes in the fair value of financial assets and/or financial liabilities resulting from such unobservable parameters would be matched by an equivalent change in the fair value of the CLN. Therefore, any such changes have no overall effect on either the profit or the financial position of the Company. Consequently, the Company bears no material risk in relation to any such estimation uncertainties.

#### **Financial instruments, risk management and hedging**

The Company's principal financial instruments during the year comprised of investments financed with CLN. The main purpose of these financial instruments is to finance the Company's operations, to manage the interest rate risk arising from the financial assets and to minimise the impact of fluctuations in the exchange rates on future cash flows. The Company has other financial instruments such as short term debtors and creditors which arise directly from its operations.

The Company is exposed to a variety of financial risks: credit and counterparty risk, market risk (including interest rate risk and currency risk), and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

All financial risks are passed onto the noteholders as the notes are limited recourse obligations of the Company.

The amount payable for each CLN is limited to the amounts of principal and interest received by or on behalf of the Company from the respective financial assets which are used to secure the relevant CLN. The net proceeds of the realisation financial assets should be sufficient to pay all amounts due to the noteholders.

The key financial instrument risks are classified as credit and counterparty risk, market risk and liquidity risk.

#### **Credit and counterparty risk**

The Company is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due. Credit risk arises predominantly with respect to the charged assets. Credit losses may arise from deterioration in credit worthiness of an obligor, including ultimately its failure to meet payment obligations (repayment of principal and interest)

Adverse changes in the financial condition of obligors or in general economic conditions, or both, may impair the ability of the obligator, as the case may be, to make payments of principal or interest. This may ultimately impair the ability of the relevant obligator, as the case may be, to make payments of principal or interest. The company does not use any form of external credit enhancement. Overall the credit risk of the company will be passed on to the noteholders.

#### **Market risk**

The Company is exposed to the risk of reductions in earnings and/or value, arising from unexpected changes in interest rates and exchange rates.

##### **a) Currency risk**

The Company's accounts are denominated in USD. The financial assets are denominated in MWK, GEL, PYG, GMD and in USD and the CLN's are denominated in USD. The company is therefore exposed to currency risk, as there may be a mismatch between the amounts receivable to the Company in respect of the investment portfolio and the amounts payable by the Company in respect of the CLN's, in a certain currency.

##### **b) Interest rate risk**

The financial assets may bear interest either on basis of the same rates or a lower interest rate for the CLN. Under the programme documentation the interest collected from the financial assets is equal or higher then the interest payable to the Noteholders, such due on or around the same payment dates. Therefore, the Company does not have interest rate risk exposure.

## **ZAMBEZI B.V.**

### **Notes to the Balance Sheet and Profit and Loss account as at December 31, 2018**

#### **Liquidity risk**

Liquidity risk is the risk that the Company will be unable to meet its payment obligations towards the Noteholders as they become due. The financial assets will be subjected to additional liquidity risk and are not generally traded in organized exchange markets nor traded by banks and other Institutional investors. The liquidity risk is minimised by matching the cash flows and the maturity dates of a asset or group of assets with a specific CLN.



# ZAMBEZI B.V.

## Notes to the Balance Sheet and Profit and Loss account as at December 31, 2018

	12.31.2018 USD	12.31.2017 USD
<b>1 Investment held to maturity</b>		
JSC Subordinated debt	-	2.000.000
BIG Loan	-	1.161.152
Serie 11 Tanzania	9.871.760	-
	<u>9.871.760</u>	<u>3.161.152</u>

The investment held to maturity represents acquisition of financial assets matched with CLN's and can be specified as follows:

### JSC Subordinated Debt

The Company purchased Subordinated debt from JSC Liberty Bank in Georgia for an amount of USD 2.000.000 with an annual interest rate of 13 % and maturity date April 23, 2021.

The Company entered into an agreement with Frontera Capital B.V. (FCBV), where FCBV agreed to pay the purchase price of the financial asset and the Company agreed to pay FCBV the received interest and the principal amount at the maturity date.

The asset had an early redemption on March 29, 2018 for a full amount of USD 2,000,000.

### BIG Loan

The Company entered into an unsecured term loan facility agreement with B.I.G. (Business Investment Group) LLC in Georgia for a total amount of GEL 5,000,000 with an annual interest rate of 20% and with a final repayment date on August 30, 2022.

The Company entered into an agreement with Frontera Capital B.V. (FCBV), where FCBV agreed to pay the purchase price of the financial asset and the Company agreed to pay FCBV the received interest and the principal amount at the maturity date.

The agreement was terminated on August 16, 2018.

### Serie 11

The Company entered into a Loan agreement with Bayport Financial Services (T) Limited in Tanzania for a total amount of USD 10,000,000 equivalent to TZS 22,519,761,500 as per exchange rate on the date of the deal with an annual interest rate of 19.8% and with a final repayment date on April 9, 2021.

The Company entered into an agreement with Frontera Capital B.V. (FCBV), where FCBV agreed to pay the purchase price of the financial asset and the Company agreed to pay FCBV the received interest and the principal amount at the maturity date.

## **2 Amounts due from third parties**

Frontera Capital BV	111.638.236	112.893.031
Baobab Securities Ltd	18.004.690	24.707.847
Frontier Market Advisory FZE	39.807.195	-
	<u>169.450.121</u>	<u>137.600.878</u>

### Frontera Capital BV

Serie 2	33.660.461
Serie 5	17.199.784
Serie 6	17.791.228
Serie 7	17.000.000
Serie 8	15.257.905
Serie 11	10.728.858
	<u>111.638.236</u>

The amount of USD 14,500,000 is to be received within one year as a scheduled repayment of the principal. The amount of USD 67.980.027 has a repayment schedule longer than 5 years.

### Serie 2

The Company entered into a Payment agreement with Frontera Capital B.V. for an amount of USD 32,880,867 in 2015. Frontera Capital B.V. is held to the issuing terms of the CLN under the limited recourse debt insurance programme as issued by the Company for a total aggregate notional amount ("Principal amount") of USD 34,500,000. Interest is paid semi-annually in arrears at the annual rates of respectively 8.25% and 8,50%. The Principal amounts are repayable in full at maturity date.

## ZAMBEZI B.V.

### Notes to the Balance Sheet and Profit and Loss account as at December 31, 2018

#### 2 Amounts due from third parties (continued)

##### Serie 5

The Company entered into a Payment agreement with Frontera Capital B.V. for an amount of PYG 102,520,000,000 in June 16, 2017. Frontera Capital B.V. is held to the issuing terms of the CLN under the limited recourse debt insurance programme as issued by the Company for a total aggregate notional amount ("Principal amount") of PYG 102,520,000,000. Interest is paid semi-annually at the annual rate of 11%. The Principal amount is repayable in three instalments on March 25, 2025, March 23, 2026 and March 23, 2027.

##### Serie 6

The Company entered into a Payment agreement with Frontera Capital B.V. for an amount of GEL 47,620,000 in July 3, 2017. Frontera Capital B.V. is held to the issuing terms of the CLN under the limited recourse debt insurance programme as issued by the Company for a total aggregate notional amount ("Principal amount") of GEL 47,620,000. Interest is paid semi-annually at the annual rate of 9.5%. The Principal amount is repayable in full on the maturity date, August 9, 2022.

##### Serie 7

The Company entered into a Payment agreement with Frontera Capital B.V. for an amount of USD 17,000,000 in July 31, 2017. Frontera Capital B.V. is held to the issuing terms of the CLN under the limited recourse debt insurance programme as issued by the Company for a total aggregate notional amount ("Principal amount") of USD 17,000,000. Interest is paid semi-annually at the annual rate of 6.75%. The Principal amount is repayable in full on the maturity date, August 5, 2022.

##### Serie 8

The Company entered into a Payment agreement with Frontera Capital B.V. for an amount of GMD 1,218,758,041 in August 10, 2017. Frontera Capital B.V. is held to the issuing terms of the CLN under the limited recourse debt insurance programme as issued by the Company for a total aggregate notional amount ("Principal amount") of GMD 1,218,758,041. Interest is paid semi-annually according to the payment schedule. The Principal amount is repayable in five instalments on November 9, 2017, February 8, 2018 and August 9, 2018, August 9, 2019 and August 9, 2021.

##### Serie 11

The Company entered into a Payment agreement with Frontera Capital B.V. for an amount of TZS 24,475,000,000 in April 9, 2018. Frontera Capital B.V. is held to the issuing terms of the CLN under the limited recourse debt insurance programme as issued by the Company for a total aggregate notional amount ("Principal amount") of TZS 24,475,000,000. Interest is paid semi-annually according to the payment schedule. The Principal amount is repayable in 3 instalments on April 23, 2020, October 23, 2020 and April 23, 2021.

##### Baobab Securities Ltd

Serie 9	18.004.690
	<u>18.004.690</u>

##### Serie 9

The Company entered into a Payment agreement with Baobab Securitit Limited for an amount of MWK 13,554,789,536 October 5, 2017. Baobab Securitit Limited is held to the issuing terms of the CLN under the limited recourse debt insurance programme as issued by the Company for a total aggregate notional amount ("Principal amount") of MWK 13,554,789,536. Interest is paid semi-annually at the annual rate of 12% The Principal amount is repayable in full on the maturity date, October 8, 2020.

##### Frontier Markets Advisory FZE

Serie 12	26.916.935
Frontera Capital Serie 26	12.890.260
	<u>39.807.195</u>

##### Serie 12

The Company entered into a Payment agreement with Frontier Markets Advisory FZE ("FMA") for an amount of KGS 2,150,000,000 on April 18, 2018. FMA is held to the issuing terms of the CLN under the limited recourse debt insurance programme as issued by the Company for a total aggregate notional amount ("Principal amount") of KGS 2,150,000,000. Interest is paid semi-annually according to the payment schedule. The Principal amount is repayable in full on the maturity date, April 13, 2028.

##### Frontera Capital Serie 26

The Company entered into a Payment agreement with Frontier Markets Advisory FZE ("FMA") for an amount of TJS 121,550,000 on August 27, 2018. FMA is held to the issuing terms of the CLN under the limited recourse debt insurance programme as issued by Frontera Capital B.V. for a total aggregate notional amount ("Principal amount") of TJS 121,550,000. Interest is paid semi-annually according to the payment schedule. The Principal amount is repayable in 8 installments on March 16, 2020, September 15, 2020, December 15, 2020, March 15, 2021, June 15, 2021, September 15, 2021, March 15, 2022 and February 15, 2023.

# ZAMBEZI B.V.

## Notes to the Balance Sheet and Profit and Loss account as at December 31, 2018

	12.31.2018 USD	12.31.2017 USD
<b>3 Prepayments</b>		
Prepaid Expense FMA	1.808.224	2.617.997
	<u>1.808.224</u>	<u>2.617.997</u>

The Company made a prepayment of the arrangement fees based on an unrealised gain of the CLN Series 2. The prepayment is amortised over the life time of the Serie.

## 4 Receivables

C/A Baobab Securities	604.144	-
VAT receivable	27.449	41.953
C/A Stichting Zambezi	13.416	13.416
Interest receivable	6.151.587	8.694.999
	<u>6.796.595</u>	<u>8.750.368</u>

### VAT receivable

The Company is considered to be an entrepreneur for value added tax purposes

### Interest Receivable

Frontera Capital BV	4.088.286
Baobab Securities Ltd	519.888
Frontier Market Advisory FZE	1.133.735
Serie 11	409.678
	<u>6.151.587</u>

## 5 Accrued income

Accrual FMA fee	301.990	301.990
Accrual FCGL fee	-	244.095
	<u>301.990</u>	<u>546.085</u>

## 6 Cash and cash equivalents

<u>Banks</u>	<u>Currency</u>	<u>Amount in foreign currency</u>		
United International Bank N.V.	USD		76	1.290.141
United International Bank N.V.	EUR	EUR 53	61	13.335
ING	USD		514.533	-
ING	EUR	EUR 13.110	15.011	-
			<u>529.681</u>	<u>1.303.476</u>

All cash and cash equivalents are at the Company's free disposal.

## ZAMBEZI B.V.

### Notes to the Balance Sheet and Profit and Loss account as at December 31, 2018

#### 7 Shareholder's equity

The Company's authorised share capital amounts to EUR 1 and consists of 1 ordinary share with a nominal value of EUR1 each.

	Issued share capital	Retained earnings	Unappropriated result	Total
Balance as per January 1, 2017	1	-	7.340	7.341
Transfer	-	7.340	7.340	-
Result for the year	-	-	4.137	4.137
Balance as per December 31, 2017	1	7.340	4.137	11.478
Transfer	-	4.137	4.137	-
Result for the year	-	-	7.289	7.289
Balance as per December 31, 2018	1	11.477	7.289	18.767

#### Appropriation of result

The Board of Managing Directors proposes to add the net result for the year to the other reserves. This proposed allocation of result has been incorporated in the financial statements, and is subject to the approval of the General Meeting of Shareholders.

#### 8 Credit linked notes

	12.31.2018 USD	12.31.2017 USD
Series 2	33.660.461	33.449.304
Series 5	17.199.784	18.527.253
Series 6	17.791.228	18.431.360
Series 7	17.000.000	17.000.000
Series 8	15.257.905	25.485.114
Series 9	18.004.690	17.743.287
Series 10	-	6.964.559
Series 11	10.728.858	-
Series 12	26.916.935	-
	<u>156.559.860</u>	<u>137.600.878</u>

The Company issued the following Credit Linked Notes (CLN) in multiple tranches under a combined Regulation S offering outside the United States and Rule 144A offering inside the United States. All CLN are issued under the limited recourse debt issuance program. The amount of USD 14,500,000 is to be paid within one year as a scheduled repayment of the principal. The amount of USD 67.980.027,29 has a repayment schedule longer than 5 years. The CLN can be specified as follows:

##### Series 2

The Company issued Credit Linked Notes for a total aggregate notional amount ("Principal amount") of USD 37.800.000 in November 2014. Interest is paid semi-annually at the annual rate of 8.25% and 8,50%. The Principal amount is repayable in full at maturity date: USD 14,500,000 on April 2019 and USD 20,000,000 on April 2024.

In November 2014, the Company entered into the agreement with Frontera Capital B.V., where the liability was transferred for a total agreed amount of USD 32.880.867. The result was recognised as unrealised gain and it is amortised over the life span of the serie.

##### Series 5

The Company issued Credit Linked Notes for a total aggregate notional amount ("Principal amount") of PYG 102,520,000,000 in June 16, 2017. Interest is paid semi-annually at the annual rate of 11%. The Principal amount is repayable in three instalments on March 25, 2025, March 23, 2026 and March 23, 2027.

##### Series 6

The Company issued Credit Linked Notes for a total aggregate notional amount ("Principal amount") of GEL 47,620,000 in July 3, 2017. Interest is paid semi-annually at the annual rate of 9.5%. The Principal amount is repayable in full on the maturity date, August 9, 2022.

##### Series 7

The Company issued Credit Linked Notes for a total aggregate notional amount ("Principal amount") of USD 17,000,000 in July 31, 2017. Interest is paid semi-annually at the annual rate of 6.75%. The Principal amount is repayable in full on the maturity date, August 5, 2022.

##### Series 8

The Company issued Credit Linked Notes for a total aggregate notional amount ("Principal amount") of GMD 1,218,758,041 in August 10, 2017. Interest is paid semi-annually according to the payment schedule. The Principal amount is repayable in five instalments on November 9, 2017, February 8, 2018 and August 9, 2018, August 9, 2019 and August 9, 2021.

# ZAMBEZI B.V.

## Notes to the Balance Sheet and Profit and Loss account as at December 31, 2018

### 8 Credit linked notes (Continued)

#### Series 9

The Company issued Credit Linked Notes for a total aggregate notional amount ("Principal amount") of MWK 13,554,789,536 in October 5, 2017. Interest is paid semi-annually at the annual rate of 12%. The Principal amount is repayable in full on the maturity date, October 8, 2020.

#### Series 11

The Company issued Credit Linked Notes for a total aggregate notional amount ("Principal amount") of TZS 24,475,000,000 in April 12, 2018. Interest is paid semi-annually at the annual rate of 8.65%. The Principal amount is repayable in full on the maturity date, April 23, 2021.

#### Series 12

The Company issued Credit Linked Notes for a total aggregate notional amount ("Principal amount") of KGS 2,150,000,000 in April 18, 2018. Interest is paid semi-annually at the annual rate of 10%. The Principal amount is repayable in full on the maturity date, April 13, 2028.

### 9 Amounts due to third parties, non-current

	12.31.2018 USD	12.31.2017 USD
Frontera Capital B.V.	22.762.021	3.161.152
	<u>22.762.021</u>	<u>3.161.152</u>

#### Frontera Capital B.V.

Series 11	9.871.760
Frontera Capital Serie 26	12.890.260
	<u>22.762.021</u>

#### Series 11

The Company entered into a Payment agreement with Frontera Capital B.V. for an amount of TZS 22,519,761,500 in April 9, 2018. The Company is held to the issuing terms of the Loan agreement under as issued by Bayport Financial Services (T) Limited for a total aggregate notional amount ("Principal amount") of TZS 22,519,761,500. Interest is paid semi-annually according to the payment schedule. The Principal amount is repayable in 3 instalments on April 9, 2020, October 9, 2020 and April 9, 2021.

#### Frontera Capital Serie 26

The Company entered into a Payment agreement with Frontera Capital B.V. for an amount of TJS 121,550,000 on August 27, 2018. The Company is held to the issuing terms of the CLN under the limited recourse debt insurance programme as issued by Frontera Capital B.V. for a total aggregate notional amount ("Principal amount") of TJS 121,550,000. Interest is paid semi-annually according to the payment schedule. The Principal amount is repayable in 8 installments on March 16, 2020, September 15, 2020, December 15, 2020, March 15, 2021, June 15, 2021, September 15, 2021, March 15, 2022 and February 15, 2023.

### 10 Accruals and deferred income, non-current

	12.31.2018 USD	12.31.2017 USD
Prepaid income Serie 2	1.731.596	2.503.391
	<u>1.731.596</u>	<u>2.503.391</u>

# ZAMBEZI B.V.

## Notes to the Balance Sheet and Profit and Loss account as at December 31, 2018

		<b>12.31.2018</b>	<b>12.31.2017</b>
		<b>USD</b>	<b>USD</b>
<b>11 Amounts due to third parties, current</b>			
Frontera Capital B.V.		1.536.275	1.857.230
		<u>1.536.275</u>	<u>1.857.230</u>
<u>Frontera Capital B.V.</u>			
C/A Frontera Capital B.V.	650.716		
Interest Serie 11	409.678		
Interest Frontera Capital Serie 26	475.880		
	<u>1.536.275</u>		
<b>12 Creditors</b>		<b>12.31.2018</b>	<b>12.31.2017</b>
		<b>USD</b>	<b>USD</b>
Baker Tilly Berk		7.288	-
De Koerier		-	64
DLA Piper Nederland		-	25.227
ING Fiscal agent		165.000	60.233
Trustmoore Netherlands		-	17.688
United International Management		-	11.409
		<u>172.288</u>	<u>114.621</u>
<b>13 Accruals and deferred income, current</b>			
Interest payable		5.265.944	8.671.729
Accrued audit fee		30.341	56.607
Accrued expenses professional fees		13.739	-
Accrual FCGL		664.685	-
Corporate income tax		2.856	2.870
		<u>5.977.565</u>	<u>8.731.207</u>
<u>Interest Payable</u>			
Serie 2	860.279		
Serie 5	990.048		
Serie 6	666.806		
Serie 7	481.007		
Serie 8	914.707		
Serie 9	519.888		
Serie 11	175.439		
Serie 12	657.770		
	<u>5.265.944</u>		

# ZAMBEZI B.V.

## Notes to the Balance Sheet and Profit and Loss account as at December 31, 2018

	2018 USD	2017 USD
<b>14 Interest income</b>		
Serie 2	3.107.408	2.979.850
Serie 5	1.939.666	1.105.544
Serie 6	1.777.107	868.294
Serie 7	1.147.500	481.007
Serie 8	1.343.609	791.690
Serie 9	2.631.734	619.824
Serie 10	684.212	205.196
Serie 11	1.315.668	-
Serie 12	2.377.373	-
Subordinated Debt	63.602	259.860
BIG Loan	236.754	57.781
Serie 11 from Frontera Capital	670.068	-
Frontera Capital Serie 26	476.020	-
<i>Total interest income</i>	<u>17.770.722</u>	<u>7.369.046</u>
<b>15 Interest expenses</b>		
Serie 2	(3.107.408)	(2.979.850)
Serie 5	(1.939.666)	(1.105.544)
Serie 6	(1.777.107)	(868.294)
Serie 7	(1.147.500)	(481.007)
Serie 8	(1.343.609)	(791.690)
Serie 9	(2.631.734)	(619.824)
Serie 10	(684.212)	(205.196)
Serie 11	(670.068)	-
Serie 12	(2.377.373)	-
Subordinated Debt	(63.695)	(259.860)
BIG Loan	(236.754)	(57.781)
Serie 11 to Frontera Capital	(1.315.668)	-
Frontera Capital Serie 26	(476.020)	-
<i>Total interest expenses</i>	<u>(17.770.815)</u>	<u>(7.369.046)</u>
<b>16 Other Net result on financial instruments</b>		
Serie 2	771.795	771.796
Serie 11	100.000	-
Serie 12	2.943.966	-
	<u>3.815.761</u>	<u>771.796</u>
Serie 12		
The Company entered into a Payment agreement with Frontier Markets Advisory FZE ("FMA") on April 18, 2018, whereby an immediate profit of USD 2.943.966 was realised in 2018.		
<b>17 Other operating income and expenses</b>		
Audit fee	(48.642)	(22.310)
Fiscal agent fee	(136.364)	(85.477)
Legal fee	(28.052)	(32.373)
Postage fee	(123)	(64)
Professional Fee	(91.109)	(51.715)
Structuring and arrangement fee	(2.809.773)	(809.772)
C/A FMA Interest expense	12.710	(2.523)
Other expenses	(39.210)	-
FCGL accrual	(664.685)	244.095
	<u>(3.830.666)</u>	<u>(760.138)</u>

## ZAMBEZI B.V.

### Notes to the Balance Sheet and Profit and Loss account as at December 31, 2018

#### 18 Other financial income and expenses

Bank charges	(5.085)	(2.287)
Foreign exchange differences	29.193	(4.200)
	<u>24.108</u>	<u>(6.487)</u>

#### 19 Income Tax Expense

The effective interest rate of the corporate income tax of 20% is equal to the prevailing tax rates for 2018 in the Netherlands (20% over profits up to and including Eur 200,0000).

#### 20 Board of Management

Trustmoore Netherlands B.V has been appointed as a managing director of the Company on May 17, 2018.  
Damian Rozo has resigned as a managing director of the Company on August 24, 2018.  
Steven Melkman has been appointed as a managing director of the Company on September 4, 2018.

#### 21 Number of employees

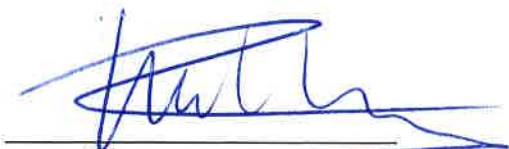
The Company has not employed any employees during the current financial year.

#### 22 Subsequent events

Management is not aware of any subsequent event which may have a material impact on these financial statements.

Amsterdam  
March 18, 2019

Managing Director,



Steven Melkman

Amsterdam  
March 18, 2019

Managing Director,



Trustmoore Netherlands B.V.

Ms. T.M. van Dijk LLM  
Legal Counsel





