Amsterdam, the Netherlands

# ANNUAL REPORT FOR THE YEAR 2019



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Amsterdam, the Netherlands

# ANNUAL REPORT FOR THE YEAR 2019

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# Amsterdam, the Netherlands

# **Director's report**

# **Director's report**

The management herewith presents the financial statements of Zambezi B.V. (hereinafter: the "Company") for the financial year ended 31 December 2019.

#### General

The Company is a limited liability company incorporated under the laws of the Netherlands on 10 October 2014 and acts as a securitisation special purpose vehicle. The Company has its statutory seat in Amsterdam. Stichting Zambezi is the sole shareholder of the Company.

## **Principal activities**

The Company is a part of the Frontera Capital Group, that is a boutique investment firm which focuses specifically on frontier markets (emerging markets that have not yet "graduated" to being formally recognised as such). The Group focuses on the financial intermediation role of matching the demand for yield of global asset managers with the funding needs of governments and corporates in frontier markets. The Company provides long-term local currency funding and FX hedging products to both lenders and borrowers, the transactions are recognised as investments in the financial statements. The Company issues the limited recourse Credit Linked Notes (hereinafter: the "CLN") to investors in respect of these investments.

#### **Limited Recourse**

The CLN are limited recourse obligations of the Company and are payable solely out of amount received by or on behalf of the Company in respect of the portfolio of the underlying assets. The net proceeds of the realization of the assets following an event of default may be insufficient to pay all amounts due to the Noteholders. In this event, the Company will not be obliged to make any further payments to the Noteholders and all claims against the Company will be extinguished.

#### Results

The Company intends to continue with the issuance of CLNs in the foreseeable future. The Directors believe that the Company will be able to meet all future payment obligations of the notes issued and associated interest.

The total carrying amount of the CLNs for the financial period until 31 December 2019 amounts to USD 160.094.416, of which USD 22.342.945 relates to the Payment agreements entered with the third parties. In 2019, compared to 2018, the Company saw a decrease in its turnover of USD 97.227 from USD 17.770.722 to USD 17.867.949. During the period under review, the Company recorded a profit of USD 8.612, which is set out in detail in the attached profit and loss account.

# 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.

#### **Risk Management**

The Board of Management is responsible for the internal control and the management of risks within the Company and for the assessment of the effectiveness of the internal control systems. The main risk areas: currency, interest, liquidity and credit risks.



#### **Directors' report**

# Currency risk

The Company's accounts are denominated in USD. The financial instruments (assets and Notes) are denominated in local currencies, such MWK, GMD, NIO, GEL, PYG, KGS, TZS. The company is therefore exposed to currency risk, as there is a risk that the changes of foreign exchange rate will affect the Company's result or the value of the financial instruments. The objective of currency risk management is to manage and control currency risk exposure within acceptable parameters while optimising the return on risks. Any currency risks which are not covered by the Company's transactions will be borne by the Noteholders.

#### 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 program documentation the interest collected from the financial assets is equal or higher than 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.

#### 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 Company's policy is to manage liquidity risk by the investment restrictions and criteria, which amongst other put limitations on the interest payments frequency and maturity of the assets in the portfolio, aligning these with the characteristics of the Notes issued. There were no liquidity issues experienced by the Company in respect to meeting its obligations to holders of the Notes. The Company did not default on any of its contractual commitments during the year 2019.

# 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 investments. 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. To mitigate the counterparty credit risk of the financial instruments, the Company has a policy of only entering into contracts with carefully selected major financial institutions base upon their credit ratings. Overall the credit risk of the company will be passed on to the noteholders.

## **Related Parties**

The directors who held office on December 31, 2019 did not hold any shares in the Company at that date, or during the year. There were no contracts of any significance in relation to the business of the Company in which the directors had any interest at any time during the year.

#### **Future outlook**

The management is of the opinion that the present level of activities will be maintained in the near future and no changes in financing or employees are expected.

## Subsequent events

As per January 2020, the Company has not issued any new Series.

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections. Measures taken by various governments to contain the virus have affected economic activity. At this stage, the impact on our business and results is limited. We will continue to follow the various national institutes policies and advice and in parallel will do our utmost to continue our operations in the best and safest way possible. No other major post balance sheet events affecting the financial statements have occurred to date.

Amsterdam May 26, 2020

Managing Director,

Steven Melkman

Amsterdam, May 26, 2020 Managing Director, H.P.C. Mourits M. van dijk

Trustmoore Netherlands B.V.



# BALANCE SHEET AS PER DECEMBER 31, 2019

(expressed in USD and before appropriation of results)

Assets         USD         USD           Financial fixed assets         Investment held to maturity         1         9.795.460         9.871.760           Amounts due from third parties         2         147.277.726         169.450.121           Prepayments         3         1.355.637         1.808.224           Total financial fixed assets         158.428.823         181.130.105           Current assets         79.282         -           Amounts due from third parties         4         7.660.744         -           Prepayments         79.282         -         -           Receivables         5         5.741.111         6.796.595         301.990           Cash and cash equivalents         7         103.319         529.681         7.628.266           Total current assets         166.983.524         188.756.371         7.628.266           Total assets         166.983.524         188.756.371         7.628.266           Shareholder's equity         8         1         1         1           Retained Earnings         1         1         1         1           Unappropriated result         7.282         7.27379         18.767           Long term liabilities         10         1.272		Notes	December 31, 2019	December 31, 2018
Investment held to maturity       1       9.795.460       9.871.760         Amounts due from third parties       2       147.277.726       169.450.121         Prepayments       3       1.355.637       1.808.224         Total financial fixed assets       158.428.823       181.130.105         Current assets       -       -       -         Amounts due from third parties       4       1.660.744       -         Prepayments       79.262       -       -         Receivables       5       5.741.111       6.796.595         Accrued income       6       970.245       301.990         Cash and cash equivalents       7       103.319       522.6681         Total assets       166.983.524       188.758.371         Shareholder's equity       8       1       1         Reteined Earnings       1       1       1         Unappropriated result       8.612       7.229       -         Total assets       9       134.730.241       156.559.860         Credit linked notes       9       134.730.241       156.559.860         Credit behault Swaps       10       1.722.25       -         Accrual and deferred income       12       1.	Assets		USD	USD
Investment held to maturity       1       9.795.460       9.871.760         Amounts due from third parties       2       147.277.726       169.450.121         Prepayments       3       .1355.637       1.806.224         Total financial fixed assets       158.428.823       181.130.105         Current assets       79.282       -         Amounts due from third parties       4       .1.660.744       -         Prepayments       79.282       -       -         Receivables       5       5.741.11       6.796.595         Accrued income       6       970.245       301.990         Cash and cash equivalents       7       .103.319       522.4681         Total assets       166.983.524       188.758.371         Shareholder's equity       8       1       1         Reteined Eamings       1       1       1         Unappropriated result       7.225       -       -         Total assets       9       134.730.241       156.559.860         Credit linked notes       9       1.722.225       -         Amounts due to third parties       11       2.342.945       12.73.596         Total ashareholder's equity       1       .22.342.945 <th>Financial fixed assets</th> <th></th> <th></th> <th></th>	Financial fixed assets			
Amounts due from third parties       2       147.277.726       169.450.121         Prepayments       3       1.355.637       1.808.224         Total financial fixed assets       158.428.823       181.130.105         Current assets       4       1.660.744       -         Amounts due from third parties       4       79.282       -         Receivables       5       5.741.111       6.796.595         Accrued income       6       970.245       301.990         Cash and cash equivalents       7       103.319       529.681         Total current assets       166.983.524       188.758.371         Shareholder's equity and liabilities       8       1       1         Shareholder's equity and liabilities       1       1       1         Shareholder's equity       8       1       1       1         Insued share capital       1       1       1       1       1         Retained Earnings       10       1.722.25       -       2		1	9 795 460	9 871 760
Prepayments         3         1.355.637         1.808.224           Total financial fixed assets         158.428.823         181.130.105           Current assets         4         1.660.744         -           Prepayments         79.282         -         -           Receivables         5         5.741.111         6.796.595         -           Accrued income         6         970.245         301.990         -           Cash and cash equivalents         7         103.319         529.681         -           Total current assets         8.554.701         7.628.266         -         -           Total assets         166.983.524         188.758.371         -         -           Shareholder's equity and liabilities         8         -         -         -           Shareholder's equity         8         1         1         1           Retained Earnings         1         1         1         -           Unappropriated result         8.612         7.289         -         -           Total sheeholder's equity         1         1.22.342.945         22.762.021         -           Credit linked notes         9         134.730.241         156.559.860         - <td></td> <td></td> <td></td> <td></td>				
Total financial fixed assets       158.428.823       181.130.105         Current assets       79.282       -         Amounts due from third parties       4       1.660.744       -         Prepayments       79.282       -         Receivables       5       5.741.111       6.796.595         Accrued income       6       970.245       301.990         Cash and cash equivalents       7       103.319       529.681         Total current assets       8.554.701       7.628.266       7.628.266         Total assets       166.983.524       188.758.371       7.628.266         Shareholder's equity and liabilities       8       1       1       1         Shareholder's equity and liabilities       8       1       1.87.66       11.477         Unappropriated result       7.289       7.289       7.289       7.289         Total shareholder's equity       8       1       1.477       1.65.559.860         Credit linked notes       9       134.730.241       156.559.860       1.722.225       -         Credit binked notes       9       1.299.005       1.731.596       1.731.596         Total ong term liabilities       10       1.722.225       -       1.60.094.				
Current assets         4         1.660.744         -           Prepayments         79.282         -           Receivables         5         5.741.111         6.796.595           Accrued income         6         970.245         301.990           Cash and cash equivalents         7         103.319         529.681           Total current assets         8.554.701         7.628.266           Total assets         166.983.524         188.758.371           Shareholder's equity and liabilities         1         1           Shareholder's equity and liabilities         8         1         1           Shareholder's equity         8         1         1         1           Retained Earnings         1         1         1         1           Unappropriated result         8.612         7.289         1         1           Total shareholder's equity         1         1.22.26         -         1           Amounts due to third parties         1         1.722.225         -         -           Amounts due to third parties         11         22.342.945         22.762.021         1         22.020.1         Accrual and deferred income         12         1.299.005         1.731.596		5		
Amounts due from third parties       4       1.660.744       -         Prepayments       79.282       -         Receivables       5       5.741.111       6.796.595         Accrued income       6       970.245       301.990         Cash and cash equivalents       7       103.319       529.681         Total current assets       8.554.701       7.628.266         Total assets       166.983.524       188.758.371         Shareholder's equity and liabilities       8       1       1         Shareholder's equity       8       1       1       1         Retained Earnings       18.766       11.477       108.766       11.477         Unappropriated result       8.612       7.289       7.289         Total shareholder's equity       8       1       1       1         Recrue linked notes       9       134.730.241       156.559.860       160.094.416       181.053.477         Long term liabilities       11       22.342.945       22.762.021       Accrual and deferred income       12       1.299.005       1.731.596         Total long term liabilities       11       2.403.558       1.536.275       1.731.596         Total long term liabilities       13 </td <td></td> <td></td> <td>150.420.025</td> <td>101.150.105</td>			150.420.025	101.150.105
Prepayments       79.282       -         Receivables       5       5.741.111       6.796.595         Accrued income       6       970.245       301.990         Cash and cash equivalents       7       103.319       529.681         Total current assets       8.554.701       7.628.266         Total assets       166.983.524       188.758.371         Shareholder's equity and liabilities       1       1         Shareholder's equity       8       188.758.371         Issued share capital       1       1         Retained Earnings       18.766       11.477         Unappropriated result       8.612       7.289         Total shareholder's equity       8       18.767         Long term liabilities       9       134.730.241       156.559.860         Credit linked notes       9       134.730.241       156.559.860         Credit befault Swaps       10       1.722.225       -         Amounts due to third parties       11       22.342.945       22.762.021         Accrual and deferred income       12       1.299.005       1.731.596         Total long term liabilities       160.094.416       181.053.477       122.342.945         Acrual and defer	Current assets			
Receivables         5         5.741.111         6.796.595           Acrued income         6         970.245         301.990           Cash and cash equivalents         7         .03.319         529.681           Total current assets         8.554.701         7.628.266           Total current assets         166.983.524         188.758.371           Shareholder's equity and liabilities         1         1           Shareholder's equity         8         1         1           Retained Earnings         1         1.7.289         7.379         18.767           Long term liabilities         27.379         18.767         1.7.289         7.628.206           Credit linked notes         9         134.730.241         156.559.860         1.722.225         -           Credit linked notes         1         1.722.225         -         -         2.342.945         22.762.021           Accrual and deferred income         12         1.299.005         1.731.596         1.731.596           Total labilities         11         2.403.558         1.536.275         1.731.596           Credit link due to third parties         13         2.403.558         1.536.275           Total liabilities         14         15.982<	Amounts due from third parties	4	1.660.744	-
Accrued income         6         970.245         301.990           Cash and cash equivalents         7         103.319         529.681           Total current assets         8.554.701         7.628.266           Total assets         166.983.524         188.758.371           Shareholder's equity and liabilities         1         1           Shareholder's equity         8         1         1           Retained Earnings         1         1         1           Unappropriated result         7.289         7.289         7.289           Total solder's equity         8         8.612         7.289           Total solder's equity         27.379         18.767         18.767           Long term liabilities         9         134.730.241         156.559.860           Credit Inked notes         9         1.722.225         -           Amounts due to third parties         11         22.342.945         22.762.021           Accrual and deferred income         12         1.299.005         1.731.596           Total long term liabilities         13         2.403.558         1.536.275           Credit Default Swaps         13         2.403.558         1.536.275           Total long term liabilities	Prepayments		79.282	-
Cash and cash equivalents         7         103.319         529.681           Total current assets         8.554.701         7.628.266           Total assets         166.983.524         188.758.371           Shareholder's equity and liabilities         8         1         1           Shareholder's equity         8         1         1         1           Retained Earnings         1         1         1         1           Unappropriated result         8.612         7.239         7.289           Total shareholder's equity         27.379         18.766         11.477           Unappropriated result         8.612         7.289         7.289           Total shareholder's equity         27.379         18.767         18.767           Long term liabilities         1         2.342.945         22.762.021           Credit Default Swaps         10         1.722.225         -           Amounts due to third parties         11         22.342.945         22.762.021           Accrual and deferred income         12         1.299.005         1.731.596           Total labilities         160.094.416         181.053.477         15.962           Current Liabilities         15.962         1.72.288         1	Receivables	5	5.741.111	6.796.595
Total current assets       8.554.701       7.628.266         Total assets       166.983.524       188.758.371         Shareholder's equity and liabilities       1       1         Shareholder's equity       8       1       1         Retained Earnings       1       1       1         Unappropriated result       8.612       7.289         Total shareholder's equity       8.612       7.289         Total shareholder's equity       27.379       18.767         Long term liabilities       1       1.22.342.945       22.762.021         Amounts due to third parties       1       2.342.945       22.762.021         Accrual and deferred income       12       1.299.005       1.731.596         Total long term liabilities       160.094.416       181.053.477         Current Liabilities       13       2.403.558       1.536.275         Creditors       14       15.982       172.288         Accruals and deferred income       15       4.442.189       5.977.565         Total current liabilities       6.861.729       7.686.127	Accrued income	6	970.245	301.990
Total assets         166.983.524         188.758.371           Shareholder's equity and liabilities         8         1         1         1           Shareholder's equity         8         1         1         1           Stareholder's equity         8         1         1         1           Retained Earnings         1         1         1         1           Unappropriated result         3         1         1         1           Total shareholder's equity         8         2         7.289         1           Total shareholder's equity         27.379         18.766         11.477         2.8612         7.289           Total shareholder's equity         2         2.7379         18.767         1         1.66.759.860           Credit Default Swaps         10         1.722.225         -         -           Amounts due to third parties         11         22.342.945         22.762.021           Accrual and deferred income         12         1.299.005         1.731.596           Total long term liabilities         13         2.403.558         1.536.275           Creditors         14         15.982         172.288         3.977.565           Creditors         14 <td>Cash and cash equivalents</td> <td>7</td> <td>103.319</td> <td>529.681</td>	Cash and cash equivalents	7	103.319	529.681
Shareholder's equity and liabilities           Shareholder's equity         8           Issued share capital         1         1           Retained Earnings         18.766         11.477           Unappropriated result         8.612         7.289           Total shareholder's equity         27.379         18.767           Long term liabilities         9         134.730.241         156.559.860           Credit linked notes         9         1.4.722.225         -           Amounts due to third parties         11         22.342.945         22.762.021           Accrual and deferred income         12         1.299.005         1.731.596           Total long term liabilities         160.094.416         181.053.477           Current Liabilities         13         2.403.558         1.536.275           Creditors         14         15.982         172.288           Accruals and deferred income         15         4.442.189         5.977.565           Total current liabilities         6.861.729         7.686.127	Total current assets		8.554.701	7.628.266
Shareholder's equity and liabilities           Shareholder's equity         8           Issued share capital         1         1           Retained Earnings         18.766         11.477           Unappropriated result         8.612         7.289           Total shareholder's equity         27.379         18.767           Long term liabilities         9         134.730.241         156.559.860           Credit linked notes         9         1.4.722.225         -           Amounts due to third parties         11         22.342.945         22.762.021           Accrual and deferred income         12         1.299.005         1.731.596           Total long term liabilities         160.094.416         181.053.477           Current Liabilities         13         2.403.558         1.536.275           Creditors         14         15.982         172.288           Accruals and deferred income         15         4.442.189         5.977.565           Total current liabilities         6.861.729         7.686.127				
Shareholder's equity       8         Issued share capital       1       1         Retained Earnings       18.766       11.477         Unappropriated result       8.612       7.289         Total shareholder's equity       27.379       18.767         Long term liabilities       9       134.730.241       156.559.860         Credit linked notes       9       134.730.241       156.559.860         Credit Default Swaps       10       1.722.225       -         Amounts due to third parties       11       22.342.945       22.762.021         Accrual and deferred income       12       1.299.005       1.731.596         Total long term liabilities       13       2.403.558       1.536.275         Creditors       14       15.982       172.288         Accruals and deferred income       15       4.442.189       5.977.565         Creditors       14       15.982       172.288         Accruals and deferred income       15       4.442.189       5.977.565         Total current liabilities       6.861.729       7.686.127	Total assets		166.983.524	188.758.371
Shareholder's equity       8         Issued share capital       1       1         Retained Earnings       18.766       11.477         Unappropriated result       8.612       7.289         Total shareholder's equity       27.379       18.767         Long term liabilities       9       134.730.241       156.559.860         Credit linked notes       9       134.730.241       156.559.860         Credit Default Swaps       10       1.722.225       -         Amounts due to third parties       11       22.342.945       22.762.021         Accrual and deferred income       12       1.299.005       1.731.596         Total long term liabilities       13       2.403.558       1.536.275         Creditors       14       15.982       172.288         Accruals and deferred income       15       4.442.189       5.977.565         Creditors       14       15.982       172.288         Accruals and deferred income       15       4.442.189       5.977.565         Total current liabilities       6.861.729       7.686.127				
Issued share capital       1       1         Retained Earnings       18.766       11.477         Unappropriated result       8.612       7.289         Total shareholder's equity       27.379       18.767         Long term liabilities       9       134.730.241       156.559.860         Credit linked notes       9       134.730.241       156.559.860         Credit linked notes       9       1.722.225       -         Amounts due to third parties       11       22.342.945       22.762.021         Accrual and deferred income       12       1.299.005       1.731.596         Total long term liabilities       160.094.416       181.053.477         Current Liabilities       14       15.982       172.288         Accruals and deferred income       15       4.442.189       5.977.565         Total current liabilities       6.861.729       7.686.127	Shareholder's equity and liabilities			
Issued share capital       1       1         Retained Earnings       18.766       11.477         Unappropriated result       8.612       7.289         Total shareholder's equity       27.379       18.767         Long term liabilities       9       134.730.241       156.559.860         Credit linked notes       9       134.730.241       156.559.860         Credit linked notes       9       1.722.225       -         Amounts due to third parties       11       22.342.945       22.762.021         Accrual and deferred income       12       1.299.005       1.731.596         Total long term liabilities       160.094.416       181.053.477         Current Liabilities       14       15.982       172.288         Accruals and deferred income       15       4.442.189       5.977.565         Total current liabilities       6.861.729       7.686.127		0		
Retained Earnings       18.766       11.477         Unappropriated result       8.612       7.289         Total shareholder's equity       27.379       18.767         Long term liabilities       9       134.730.241       156.559.860         Credit linked notes       9       134.730.241       156.559.860         Credit Default Swaps       10       1.722.225       -         Amounts due to third parties       11       22.342.945       22.762.021         Accrual and deferred income       12       1.299.005       1.731.596         Total long term liabilities       160.094.416       181.053.477         Current Liabilities       14       15.982       172.288         Accruals and deferred income       15       4.442.189       5.977.565         Total current liabilities       15       6.861.729       7.686.127		8	1	1
Unappropriated result $8.612$ $7.289$ Total shareholder's equity $27.379$ $18.767$ Long term liabilities $27.379$ $18.767$ Credit linked notes $9$ $134.730.241$ $156.559.860$ Credit Default Swaps $10$ $1.722.225$ $-$ Amounts due to third parties $11$ $22.342.945$ $22.762.021$ Accrual and deferred income $12$ $1.299.005$ $1.731.596$ Total long term liabilities $160.094.416$ $181.053.477$ Current Liabilities $13$ $2.403.558$ $1.536.275$ Creditors $14$ $15.982$ $172.288$ Accruals and deferred income $15$ $4.442.189$ $5.977.565$ Total current liabilities $6.861.729$ $7.686.127$			_	_
Total shareholder's equity       27.379       18.767         Long term liabilities       9       134.730.241       156.559.860         Credit Default Swaps       10       1.722.225       -         Amounts due to third parties       11       22.342.945       22.762.021         Accrual and deferred income       12       1.299.005       1.731.596         Total long term liabilities       13       2.403.558       1.536.275         Creditors       14       15.982       172.288         Accruals and deferred income       15       4.442.189       5.977.565         Total current liabilities       6.861.729       7.686.127				
Long term liabilities         Credit linked notes       9       134.730.241       156.559.860         Credit Default Swaps       10       1.722.225       -         Amounts due to third parties       11       22.342.945       22.762.021         Accrual and deferred income       12       1.299.005       1.731.596         Total long term liabilities       160.094.416       181.053.477         Current Liabilities       12       2.403.558       1.536.275         Creditors       14       15.982       172.288         Accruals and deferred income       15       4.442.189       5.977.565         Total current liabilities       6.861.729       7.686.127				
Credit linked notes       9       134.730.241       156.559.860         Credit Default Swaps       10       1.722.225       -         Amounts due to third parties       11       22.342.945       22.762.021         Accrual and deferred income       12       1.299.005       1.731.596         Total long term liabilities       160.094.416       181.053.477         Current Liabilities         Amounts due to third parties       13       2.403.558       1.536.275         Creditors       14       15.982       172.288         Accruals and deferred income       15       4.442.189       5.977.565         Total current liabilities       6.861.729       7.686.127	lotal snarenoider's equity		27.379	18.767
Credit Default Swaps       10       1.722.225       -         Amounts due to third parties       11       22.342.945       22.762.021         Accrual and deferred income       12       1.299.005       1.731.596         Total long term liabilities       160.094.416       181.053.477         Current Liabilities         Amounts due to third parties       13       2.403.558       1.536.275         Creditors       14       15.982       172.288         Accruals and deferred income       15       4.442.189       5.977.565         Total current liabilities       6.861.729       7.686.127	Long term liabilities			
Amounts due to third parties       11       22.342.945       22.762.021         Accrual and deferred income       12       1.299.005       1.731.596         Total long term liabilities       160.094.416       181.053.477         Current Liabilities       13       2.403.558       1.536.275         Creditors       14       15.982       172.288         Accruals and deferred income       15       4.442.189       5.977.565         Total current liabilities       6.861.729       7.686.127	Credit linked notes	9	134.730.241	156.559.860
Accrual and deferred income       12       1.299.005       1.731.596         Total long term liabilities       160.094.416       181.053.477         Current Liabilities       2.403.558       1.536.275         Amounts due to third parties       13       2.403.558       1.536.275         Creditors       14       15.982       172.288         Accruals and deferred income       15       4.442.189       5.977.565         Total current liabilities       6.861.729       7.686.127	Credit Default Swaps	10	1.722.225	-
Total long term liabilities       160.094.416       181.053.477         Current Liabilities       2.403.558       1.536.275         Amounts due to third parties       13       2.403.558       1.536.275         Creditors       14       15.982       172.288         Accruals and deferred income       15       4.442.189       5.977.565         Total current liabilities       6.861.729       7.686.127	Amounts due to third parties	11	22.342.945	22.762.021
Current Liabilities       13       2.403.558       1.536.275         Amounts due to third parties       14       15.982       172.288         Accruals and deferred income       15       4.442.189       5.977.565         Total current liabilities       6.861.729       7.686.127	Accrual and deferred income	12	1.299.005	1.731.596
Amounts due to third parties       13       2.403.558       1.536.275         Creditors       14       15.982       172.288         Accruals and deferred income       15       4.442.189       5.977.565         Total current liabilities       6.861.729       7.686.127	Total long term liabilities		160.094.416	181.053.477
Amounts due to third parties       13       2.403.558       1.536.275         Creditors       14       15.982       172.288         Accruals and deferred income       15       4.442.189       5.977.565         Total current liabilities       6.861.729       7.686.127	Current Liabilities			
Creditors         14         15.982         172.288           Accruals and deferred income         15         4.442.189         5.977.565           Total current liabilities         6.861.729         7.686.127		13	2 403 558	1 536 275
Accruals and deferred income         15         4.442.189         5.977.565           Total current liabilities         6.861.729         7.686.127	-			
Total current liabilities         6.861.729         7.686.127				
		10		
Total shareholder's equity and liabilities166.983.524188.758.371			0.001.729	,
I otal snarenoider's equity and liabilities         166.983.524         188.758.371				100 750 271
	i otal shareholder's equity and liabilities		166.983.524	188.758.371



# PROFIT AND LOSS for the financial year ended December 31, 2019

(in USD)

	Notes	2019	2018
		USD	USD
Financial income and expenses			
Interest income	16	17.867.949	17.770.722
Interest expense	17	(17.745.690)	(17.770.815)
CDS Premium	18	(154.984)	-
Total financial income and expenses		(32.725)	(93)
Other net result on financial instruments	19	372.407	3.815.761
		339.682	3.815.668
Other operating income and expenses	20	(262.722)	(3.830.666)
		76.960	(14.998)
Other financial income and expenses	21	(66.195)	24.108
Net Result before Taxation		10.765	9.111
Taxation	22	(2.153)	(1.822)
NET RESULT AFTER TAXATION		8.612	7.289



# **CASH FLOW STATEMENT**

# for the year ended December 31, 2019

(expressed in USD)

	2019	2018
	USD	USD
CASHFLOWS FROM OPERATIONAL ACTIVITIES		
Interest received	15.043.588	10.715.661
Interest Paid	(15.128.889)	(12.214.049)
Other Financial Income / Expense	(134.912)	240.000
Corporate Income Tax Paid	(3.709)	(2.203)
Administrative expenses	(943.808)	(2.035.245)
Paid/Received from third parties (Current accounts)	632.387	(7.622.585)
Net cash (used in) operating activities	(535.343)	(10.918.421)
CASHFLOWS FROM INVESTMENT ACTIVITIES		
Redemption of Investments	-	3.956.148
Acquisition of Investments	-	(10.810.012)
Paid/Received from third parties (Investments)	18.817.304	16.461.985
Derivatives		
Net cash (used in) investment activities	18.817.304	9.608.121
CASHFLOWS FROM FINANCING ACTIVITIES		
Issuance of CLN	-	10.000.000
Redemption of CLN	(18.648.690)	(9.462.060)
Paid/Received from third parties (CLN)	-	-
Net cash from financing activities	(18.648.690)	537.940
Effects of exchange rate on cash and cash equivalents	(59.633)	(1.436)
Increase in cash and cash equivalents	(426.361)	(773.796)
	(420.301)	(773.790)
The movements of funds is as follows:		
Balance as at January 1	529.680	1.303.476
Movement for the year	(426.361)	(773.796)
Balance as at December 31	103.319	529.680



# Notes to the Balance Sheet and Profit and Loss Account as at December 31, 2019

# 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:

		12.31.2019	12.31.2018
FUR	Firm	0.0000	0.0724
EUR	Euro	0,8902	0,8734
GBP	Pound Sterling	0,7623	0,7871
GEL	Georgian Lari	2,8677	2,6766
GMD	Gambia Dalasi	50,9332	48,9261
KGS	Kyrgyzstan Som	69,7939	69,8500
MWK	Malawi Kwacha	743,6920	720,0300
PYG	Paraguay Guarani	6.465,0000	5.960,5400
TZS	Tanzanian Shilling	2.299,0000	2.281,2300
TJS	Tajikistan Somoni	9,6872	9,4296

\* source for 2019 exchange rates is a respective central bank for each country



## Notes to the Balance Sheet and Profit and Loss Account as at December 31, 2019

## 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.

# **Credit Default Transactions**

The Credit Default Transactions are recorded at face value upon initial recognition and subsequently revalued at the mark to market position, taking into consideration the economical development of the market and the currency involved.

## 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 assessment 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 initially 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.



#### Notes to the Balance Sheet and Profit and Loss Account as at December 31, 2019

#### 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.



# Notes to the Balance Sheet and Profit and Loss Account as at December 31, 2019

# 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.



# Notes to the Balance Sheet and Profit and Loss Account as at December 31, 2019

	12.31.2019 USD	12.31.2018 USD
1 Investment held to maturity		
Serie 11 Tanzania	9.795.460	9.871.760
	9.795.460	9.871.760

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

# 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.

9.871.760

9.795.460

(76.300)

The movement can be specified as follows: Opening balance FX revaluation 2019 Ending balance

2 Amounts due from third parties, non - current	<u>12.31.2019</u> USD	12.31.2018 USD
Frontera Capital BV Baobab Securities Ltd Frontier Market Advisory FZE	89.690.736 17.857.986 39.729.004	111.638.236 18.004.690 39.807.195
	147.277.726	169.450.121
Frontera Capital BV		

Serie 2	19.311.611
Serie 5	15.857.695
Serie 6	16.605.642
Serie 7	17.000.000
Serie 8	10.269.855
Serie 11	10.645.933
	89.690.736

The amount of USD 23,256,494 is to be received within one year as a scheduled repayment of the principal. The amount of USD 15,886,840 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.

The movement can be specified as follows:33.660.461Opening balance33.660.461Maturity of 10Y bond(14.500.000)Amortization151.150Ending balance19.311.611



# Notes to the Balance Sheet and Profit and Loss Account as at December 31, 2019

## 2 Amounts due from third parties, non - current (conitnued)

## 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.

The movement can be specified as follows:	
Opening balance	17.199.784
FX revaluation 2019	(1.342.089)
Ending balance	15.857.695

#### 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.

17.791.228

(1.185.586)

16.605.642

The movement can be specified as follows: Opening balance FX revaluation 2019 Ending balance

## 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.

17.000.000

17,000,000

The movement can be specified as follows: Opening balance Ending balance

## 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.

The movement can be specified as follows:15.257.905Opening balance15.257.905Redemption(4.389.004)FX revaluation 2019(599.046)Ending balance10.269.855

#### 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.



#### Notes to the Balance Sheet and Profit and Loss Account as at December 31, 2019

## 2 Amounts due from third parties, non - current (conitnued)

Baobab Securities Ltd	
Serie 9	17.857.987
	17.857.987

<u>Serie 9</u>

The Company entered into a Payment agreement with Baobab Securitis Limited for an amount of MWK 13,554,789,536 Ocotber 5, 2017. Baobab Securitis 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.

The movement can be specified as follows: Opening balance Amortization FX revaluation 2019 Ending balance	18.004.690 420.944 (567.648) 17.857.987
Erontier Markets Advisory FZE	
Serie 12 Frontera Capital Serie 26	27.181.519 12.547.485

The amount of USD 4,389,004 is to be received within one year as a scheduled repayment of the principal.

39,729,004

#### 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.

The movement can be specified as follows:	
Opening balance	26.916.935
Amortization	243.375
FX revaluation 2019	21.209
Ending balance	27.181.519

#### 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.

12.890.260

12.547.485

(342.775)

The movement can be specified as follows: Opening balance FX revaluation 2019 Ending balance



# Notes to the Balance Sheet and Profit and Loss Account as at December 31, 2019

	12.31.2019	12.31.2018
3 Prepayments, non - current	USD	USD
S rrepayments, non current		
Prepaid Expense FMA	1.355.637	1.808.224
	1.355.637	1.808.224

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.

1.808.224

(452.587) 1.355.637

The movement can be specified as follows: Opening balance Release of accrual Ending balance

4	Amounts due from third parties, current	<u>12.31.2019</u> USD	<u>12.31.2018</u> USD
F	Frontera Capital Market Opportunities Limited (FCFMO)	1.660.744	-
		1.660.744	-

The Company entered into a Credit Derivative Transaction with Frontera Capital Frontier Market Opportunities Limited. Frontera Capital Frontier Market Opportunities Limited acquired the mark to market risk from the Company associated with the difference between the receivable from assets/securities and respective obligations related to a number of Series. In exchange, the Company will transfer Fixed Payment Amounts on the relevant Fixed Payment Dates, disclosed in the agreement. The Company will have its CLN liabilities fully and exactly matched creating a neutral cash flow situation for the Company.

5 Prepayments, current	<u>    12.31.2019     </u> USD	12.31.2018 USD
Prepaid insurance S11	79.282	-
	79.282	-

The Company made a prepayment of the insurance premium related to Serie 11 Bayport insurance.

The movement can be specified as follows: Opening balance -Prepayment of insurance 79.282 Ending balance 79.282

5 Receivables	<u>12.31.2019</u> USD	12.31.2018 USD
C/A Frontera Markets Advisor FZE C/A Baobab Securities VAT receivable C/A Stichting Zambezi	501.306 - 32.262 13.416	- 604.144 27.448 13.416
Interest receivable	5.194.127	6.151.587
	5.741.111	6.796.595

VAT receivable

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

Interest Receivable	
Frontera Capital BV	3.107.190
Baobab Securities Ltd	503.347
Frontier Market Advisory FZE	1.177.078
Serie 11	406.512
	5.194.127

These balances represent accrued coupon interest as calculated from the last coupon receipt dates till year end. The balances are due within one year.



# Notes to the Balance Sheet and Profit and Loss Account as at December 31, 2019

6 Accrued income		12.31.2019 USD	12.31.2018 USD
Accrual FMA fee Accrual FCGL fee		301.990 668.255	301.990 -
		970.245	301.990
7 Cash and cash equivalents		12.31.2019 USD	12.31.2018 USD
Banks Currence	Amount in foreign v currency		
United International Bank N.V. USD United International Bank N.V. EUR ING USD	-EUR 0,11	785 - 97.691	76 61 514.533
ING EUR	EUR 4.311	4.843	15.011
		103.319	529.681

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

# 8 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.

	share capital	Retained earnings	Unappropriated result	Total
Balance as per January 1, 2018	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
Transfer		7.289	(7.289)	-
Result for the year			8.612	8.612
Balance as per December 31, 2019	1	18.766	8.612	27.379

9 Credit linked notes	<u>12.31.2019</u> USD	12.31.2018 USD
Series 2 Series 5 Series 6 Series 7 Series 8 Series 9 Series 11 Series 12	19.311.611 15.857.695 16.605.642 17.000.000 10.269.855 17.857.986 10.645.933 27.181.519	33.660.461 17.199.784 17.791.228 17.000.000 15.257.905 18.004.689 10.728.858 26.916.935
	134.730.241	156.559.860

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 programm. The amount of USD 35,225,130 is to be paid within one year as a scheduled repayment of the principal. The amount of USD 43,126,902 has a repayment schedule longer than 5 years. The CLN can be specified as follows:



# Notes to the Balance Sheet and Profit and Loss Account as at December 31, 2019

## 9 Credit linked notes (continued)

#### 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 spam of the serie.

The movement can be specified as follows:33.660.461Opening balance33.660.461Redemption(14.500.000)Amortization151.150Ending balance19.311.611

#### 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.

17 100 704
17.199.784
(1.342.089)
15.857.695
`

#### 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.

The movement can be specified as follows:17.791.228Opening balance17.791.228FX revaluation 2019(1.185.586)Ending balance16.605.642

#### 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.

The movement can be specified as follows:	
Opening balance	17.000.000
Ending balance	17.000.000

#### 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.

The movement can be specified as follows:Opening balance15.257.905Redemption(4.389.004)FX revaluation 2019(599.046)Ending balance10.269.855

#### Series 9

The Company issued Credit Linked Notes for a total aggregate notional amount ("Principal amount") of MWK 13,554,789,536 in Ocotber 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.

18.004.689
420.944
(567.647)
17.857.986



# Notes to the Balance Sheet and Profit and Loss Account as at December 31, 2019

# 9 Credit linked notes (continued)

# 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.

The movement can be specified as follows:

Opening balance	10.728.858
FX revaluation 2019	(82.925)
Ending balance	10.645.933

# 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.

The movement can be specified as follows: Opening balance Amortization FX revaluation 2019 Ending balance	26.916.935 243.375 21.209 27.181.519		
10 Credit Default Swaps		12.31.2019 USD	12.31.2018 USD
CDS Series KGS 3L		1.722.225	-
		1.722.225	-

## CDS Series KGS 3L

Ending balance

The Company entered into a Credit Derivative Transaction with Frontera Capital Frontier Market Opportunities Limited on January 1, 2019 for a total amount of USD 1,660,744, equivalent to KGS 116,000,306, with a maturity date on April 10, 2028. Frontera Capital Frontier Market Opportunities Limited acquired the mark to market risk from the Company associated with the difference between the receivable from assets/securities and respective obligations related to Series 12. In exchange, the Company will transfer Fixed Payment Amounts on the relevant Fixed Payment Dates, disclosed in the agreement.

The movement can be specified as follows: Opening balance Acquisition Fair Value adjustment FX revaluation 2019

11 Amounts due to third parties, non-current	<u>    12.31.2019    </u> USD	12.31.2018 USD
Frontera Capital B.V.	22.342.945	22.762.021
	22.342.945	22.762.021

22.342.945

1.660.744 60.184

1.722.225

1.297

The amount of USD 4,389,004 is to be paid within one year as a scheduled repayment of the principal.

#### Frontera Capital B.V.

Serie 11	9.795.460
Frontera Capital Serie 26	12.547.485

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# Notes to the Balance Sheet and Profit and Loss Account as at December 31, 2019

# 11 Amounts due to third parties, non-current (continued)

#### Serie 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.

The movement can be specified as follows:	
Opening balance	9.871.760
FX revaluation 2019	(76.300)
Ending balance	9.795.460

## 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.

12.890.260 (342.775)

2.547.485

The movement can be specified as follows: Opening balance FX revaluation 2019 Ending balance

			<u> </u>	12.31.2018 USD
12	Accruals and deferred income, non-current	:		
	Prepaid income Serie 2		1.299.005	1.731.596
			1.299.005	1.731.596
	The movement can be specified as follows: Opening balance Release of gain Ending balance	1.731.596 (432.591) 1.299.005		
			12.31.2019	12.31.2018
13	Amounts due to third parties, current		USD	USD
13	Amounts due to third parties, current			
	Frontera Capital B.V.		2.403.558	1.536.275
			2.403.558	1.536.275
	Frontera Capital B.V.			
	C/A Frontera Capital B.V. Interest Serie 11 Interest Frontera Capital Serie 26	1.600.525 406.512 396.521		
		2.403.558		
14	Creditors		12.31.2019 USD	12.31.2018 USD
			005	
	Baker Tilly Berk ING Fiscal agent		- 15.982	7.288 165.000
	5		15.982	172.288
			13.902	1/2.200



15 Accruals and deferred income, current		12.31.2019 USD	12.31.2018 USD
Interest payable		4.268.835	5.265.944
CDS Premium payable Series KGS 3L		156.425	-
Accrued audit fee		15.614	30.341
Accrued expenses professional fees		-	13.739
Accrual FCGL		-	664.685
Corporate income tax		1.315	2.856
		4.442.189	5.977.565
Interest Payable Serie 2 Serie 5 Serie 6 Serie 7 Serie 8 Serie 9 Serie 11 Serie 12	562.036 912.795 622.371 481.006 354.899 503.347 174.083 658.298 4.268.835		
	4.208.835		

# Notes to the Balance Sheet and Profit and Loss Account as at December 31, 2019

These balances represent accrued coupon interest as calculated from the last coupon receipt dates till year end. The balances are due within one year.



# Notes to the Balance Sheet and Profit and Loss Account as at December 31, 2019

16         USD         USD           16         Interest income         2,149,394         3,107,408           Serie 2         1,389,686         1,777,107           Serie 3         1,389,686         1,777,107           Serie 4         1,389,686         1,777,107           Serie 7         1,147,500         1,147,500           Serie 10         1,668,957         1,313,669           Serie 11         3,451,529         2,363,734           Serie 11         5,347,147         1,315,669           Serie 11         5,347,147         2,315,649           Serie 11         5,347,147         2,315,649           Serie 11         1,770,722         4,766,020           Total interest income         1,786,7349         1,777,70,722           17         Interest expense         1,776,702         1,777,70,722           17         Interest income         1,786,7349         1,777,707,722           17         Interest expense         1,777,70,722         1,777,707,723           17         Interest income         1,786,7349         1,777,707,723           17         Interest expense         1,777,707,737         1,777,707,737           15         Serie 1         (2,581,7		2019	2018
Serie 2         2.149.394         3.107.408           Serie 5         1.789.219         1.939.666         1.777.107           Serie 7         1.147.500         1.147.500         1.143.693           Serie 8         2.581.66         1.777.107           Serie 10         2.581.66         1.777.107           Serie 11         1.755.219         1.663.627           Serie 11         1.755.68         567.11.335.668           Serie 11 from Fronters Capital         -2.58.74         -2.53.73.73           Serie 11 from Fronters Capital         -2.58.74         -2.58.74           Forter a Capital Serie 2         1.770.722         -2.57.949           17 Interest income         1.286.7949         1.770.722           17 Interest expense         (1.47.500)         (1.47.500)           Serie 2         (2.149.394)         (3.107.408)           Serie 3         (2.149.394)         (3.107.408)           Serie 4         (2.149.394)         (1.147.500)           Serie 5         (1.280.666)         (1.77.107)           Serie 6         (1.580.666)         (1.77.107)           Serie 11         (1.68.673)         (1.63.692)           Serie 11         (2.501.166)         (2.507.173)			
Serie 5         1.789.219         1.339.666           Serie 6         1.589.666         1.777.177           Serie 7         1.147.500         1.147.500           Serie 8         2.581.146         2.31.743           Serie 11         1.795.17         165.428           Serie 12         1.795.17         165.428           Serie 13         1.795.17         165.428           Serie 14         1.795.17         165.428           Serie 13         1.795.17         165.428           Serie 11 from Frontera Capital         2.94.863         670.068           Fronters Capital Serie 25         1.370.238         476.020           Total interest income         12.786.7949         12.770.722           17 Interest expense         1.147.500         1.147.500         11.793.2491           Serie 2         1.147.500         1.147.500         11.939.666           Serie 5         1.147.500         11.147.500         11.939.666           Serie 6         1.147.500         11.147.500         11.147.500           Serie 11         1.147.500         11.147.500         11.147.500           Serie 11         1.147.500         11.147.500         11.147.500           Serie 11         1.14	16 Interest income		
Serie 6         1.599.686         1.777.107           Serie 7         1.147.500         1.147.500           Serie 8         1.068.957         1.343.609           Serie 10         -         644.212           Serie 11         3.451.22         2.581.146         2.631.734           Serie 11         5.795.417         1.315.669         3.451.22         2.362.754           Stip Licon         -         2.26.754         3.640         -         2.26.754           Serie 11 from Frontera Capital         9.24.863         670.068         -         2.26.754           Frontera Capital Serie 26         1.370.238         476.020         -         2.26.754           Total Interest income         11.786.7949         17.770.722         17         Interest expense         -         2.63.032           Serie 2         (2.149.394)         (3.107.408)         (3.107.408)         1.139.6063         3.670.068           Serie 12         (2.149.394)         (1.397.605)         (1.177.50)         1.147.500         1.147.500         1.147.500         1.147.500         1.147.500         1.147.500         1.147.500         1.147.500         1.147.500         1.147.500         1.147.500         1.147.500         1.147.500         1.147.500			
Serie 7         1.147.500         1.147.500           Serie 8         1.068.957         1.334.609           Serie 10         2.581.146         2.631.734           Serie 11         1.795.417         1.315.668           Serie 12         3.451.529         2.377.373           Subordinated Debt         3.451.529         2.377.373           Subordinated Debt         9.24.63         2.36.688           Fronters Capital Serie 26         1.370.238         476.020           Total Interest income         17.867.949         17.270.722           17 Interest expense         (2.149.394)         (3.107.408)           Serie 2         (1.379.219)         (1.339.666)           Serie 3         (1.789.219)         (1.339.666)           Serie 4         (2.31.734)         (5.602)           Serie 5         (1.789.219)         (1.339.666)           Serie 6         (1.479.01)         (1.147.500)           Serie 1         (3.22.270)         (2.31.734)           Serie 1         (3.22.270)         (2.37.237)           Subordinated Debt         (2.32.477)         (3.30.760)           Serie 11         (7.60.602)         (1.2770.727)           Serie 11         (7.67.603)         (2.3			
Serie 8         1.068.957         1.343.609           Serie 9         2.581.146         2.631.734           Serie 10         1.795.417         1.315.668           Serie 11         3.451.529         2.377.373           Subordinated Debt         1.795.417         1.315.668           Serie 11         1.700.722         2.377.373           Subordinated Debt         9.4.663         670.068           Frontera Capital Serie 25         1.370.238         476.020           Total Interest income         17.867.949         17.770.722           17 Interest expense         1.147.500 (1.147.500)         1.147.500 (1.147.500)           Serie 2         2.1.999.666 (1.1.777.107)         5erie 5         1.147.500 (1.147.500)           Serie 5         1.1390.633 (670.668)         1.147.500 (1.147.500)         1.147.500)           Serie 10         2.581.146 (2.531.734)         1.1370.238 (670.668)         1.177.107)           Serie 11         (1.924.663) (1.577.107)         1.1370.238 (670.668)         1.177.107)           Serie 10         (2.581.146) (2.531.744)         1.638.697) (1.1370.398)         (670.668)           Serie 11         (1.924.663) (1.2770.373)         Subordinated Debt         1.370.238) (470.600)         1.370.238)           Frontera Cap			
Serie 9         2.581.146         2.331.734           Serie 10         -         664.212           Serie 11         1.795.129         2.377.373           Subordinated Debt         -         63.602           BG Loan         -         63.602           BG Loan         -         63.602           BG Loan         -         63.602           BG Loan         -         63.602           Fortera Capital         9.26.63         670.066           Frontera Capital         9.26.63         670.066           Serie 2         1.790.722         17           Interest expense         (1.789.219)         (1.177.0.722           17         Interest expense         (1.147.500)         (1.147.500)           Serie 3         (2.149.394)         (3.107.408)           Serie 4         (2.61.731)         (1.437.609)           Serie 1         (9.24.663)         (69.122)           Serie 1         (9.24.663)         (69.122)           Serie 1         (2.61.731)         (1.337.669)           Serie 1         (1.77.7.07)         (23.73.73)           Subordinated Debt         (2.37.373)         (23.695)           Serie 1         (2.61.731)			
Serie 10         -         684.212           Serie 11         1.795.417         1.315.668           Serie 12         3.451.529         2.377.373           Subordinated Debt         -         2.367.54           Serie 11 from Frontera Capital         924.863         670.068           Frontera Capital Serie 28         1.370.238         476.020           Total Interest income         17.867.949         17.770.722           17 Interest expense         (2.149.394)         (3.107.408)           Serie 2         (2.149.394)         (1.309.866)           Serie 3         (1.168.979)         (1.377.017)           Serie 5         (1.289.463)         (6.1777.107)           Serie 7         (1.147.500)         (1.147.500)           Serie 8         (1.168.957)         (1.343.609)           Serie 10         (2.289.146)         (2.277.373)           Subordinated Debt         (2.277.373)			
Serie 12         3.451.529         2.377.373           Subordinated Debt         -         23.653           Serie 11 from Frontera Capital         924.863         670.068           Frontera Capital Serie 25         1.370.238         476.020           Total Interest income         17.867.949         17.770.722           17 Interest expense         (2.149.394)         (3.107.408)           Serie 2         (2.149.394)         (3.107.408)           Serie 3         (1.789.219)         (1.393.666)           Serie 4         (2.581.146)         (2.631.771.07)           Serie 5         (1.147.500)         (1.147.500)           Serie 10         -         (684.212)           Serie 11         (924.863)         (670.066)           Serie 11         (1.259.466)         (7.737.373)           Stationiated Debt         -         (684.212)           Serie 11         (1.258.124)         (2.631.734)           Serie 11         (1.259.466)         (7.737.373)           Stationiated Debt         -         (684.212)           Serie 11         (1.275.4590)         (1.177.373)           Serie 11         (1.279.411)         (1.250.200)           Total Interest expenses         (1.277.251		-	
Subordinated Debt         -         63.602           BIG Loan         -         236.754           Serie 11 from Frontera Capital         924.863         670.068           Frontera Capital Serie 2         17.707.722         770.722           17 Interest expense         2         17.867.949         17.770.722           17 Interest expense         (2.149.394)         (3.107.408)         5876.5           Serie 2         (2.149.394)         (3.107.408)         5876.5           Serie 5         (1.783.219)         (1.393.666)         5876.5           Serie 6         (1.779.107)         5876.5         (1.147.500)         51.145           Serie 10         (2.581.146)         (1.233.731)         5876.5         51.146         51.533.6660           Serie 11         (924.863)         (670.068)         5876.6         53.92.70)         52.373.733           Subordinated Debt         (1.329.270)         (1.273.733)         51.65.1140         53.65.62           Serie 11 to Frontera Capital         (1.795.417)         (1.315.668)         57.011         53.55.75.00           18 ODS Premium         2         432.591         771.785         58.61.1         -         2.943.960         -         2.943.960         - <t< td=""><td>Serie 11</td><td>1.795.417</td><td>1.315.668</td></t<>	Serie 11	1.795.417	1.315.668
BIG Lean         -         -         -         236,754           Serie 11 from Frontera Capital         924,863         670,068         670,068           Frontera Capital Serie 26         1.370,238         476,020           Total Interest income         17.867,949         17.770,722           17 Interest expense         (2.149,394)         (3.107,408)           Serie 2         (2.149,394)         (1.307,408)           Serie 5         (1.589,666)         (1.777,175)           Serie 6         (1.589,666)         (1.777,1075)           Serie 10         -         (664,212)           Serie 11         (924,863)         (670,066)           Serie 12         (2.307,373)         (1.376,669)           Serie 11         (1.075,417)         (1.337,63)           Serie 11         (1.075,417)         (1.337,63)           Serie 11         (1.775,417)         (1.337,63)           Serie 11         (1.774,560)         (1.770,815)           IB CDS Premium         (154,984)         -           CDS PremiumSeries KGS 3 L         (112,770,815)         (100,000)           Serie 11         2.2,943,966         -         2,943,966           CDS Fair Value Series KGS 3 L         (102,749)		3.451.529	
Serie 11 from Frontera Capital         924.863         670.068           Frontera Capital Serie 25         1.370.238         476.020           Total Interest income         17.867.949         17.70.722           17 Interest expense         (2.149.394)         (3.107.408)           Serie 2         (2.149.394)         (1.1939.666)         (1.177.107)           Serie 5         (1.589.666)         (1.777.07)           Serie 7         (1.147.500)         (1.147.500)           Serie 8         (2.51.146)         (2.63.1734)           Serie 10         (2.33.270)         (2.37.373)           Serie 11         (9.44.863)         (670.068)           Serie 12         (2.37.373)         (2.37.373)           Subordinated Debt         -         (63.695)           BIG Loan         -         (2.63.754)           Frontera Capital         (1.770.612)         (1.370.238)           I8 CDS Premium         -         (1.370.238)         (476.020)           Total Interest expenses         (1.127.25.690)         (17.770.815)           18 CDS Premium         -         -         100.000           Serie 1         -         100.000         -           Serie 1         -         -		-	
Frontera Capital Serie 26       1.370.238       476.020         Total Interest income       17.867.949       17.770.722         17 Interest expense       (2.149.394)       (3.107.408)         Serie 2       (2.149.394)       (3.107.408)         Serie 5       (1.177.107)       (1.139.209)         Serie 6       (1.589.206)       (1.147.500)         Serie 7       (1.147.500)       (1.147.500)         Serie 10       (2.581.146)       (2.68.1734)         Serie 11       (924.663)       (670.068)         Serie 12       (3.329.270)       (2.377.373)         Subordinated Debt       (1.370.238)       (476.020)         BiG Loan       -       (236.754)         Serie 11 to Frontera Capital       (1.795.417)       (1.3170.238)         Serie 11 to Frontera Capital       (1.770.815)       (1370.238)         I8 CDS Premium       (154.994)       -       -         Total Interest expenses       (1.12.726.690)       (17.770.815)         19 Other net result on financial instruments       Serie 1       -       100.000         Serie 1       2       432.591       771.795       Serie 11       -       100.000         Serie 1       -       100.000 <td< td=""><td></td><td>-</td><td></td></td<>		-	
Total Interest Income         17.867.949         17.770.722           17 Interest expense         (2.149.394)         (3.107.408)           Serie 5         (1.789.680)         (1.793.666)           Serie 6         (1.789.610)         (1.147.500)           Serie 7         (1.147.500)         (1.147.500)           Serie 8         (2.581.146)         (2.631.734)           Serie 10         (2.581.146)         (2.631.734)           Serie 11         (9.4863)         (670.068)           Serie 12         (2.329.200)         (2.377.373)           Subordinated Debt         -         (2.63.754)           BIG Loan         -         (2.63.754)           Frontera Capital         (1.792.480)         -           Total Interest expenses         (11.770.615)         (11.770.615)           18 CDS Premium         (154.984)         -         -           Total CDS Premiums         (154.984)         -         -           19 Other net result on financial instruments         (154.984)         -         -           Serie 1         -         (100.000)         -         -         2.943.966           CDS Frain Value Series KGS 3 L         (60.184)         -         -         -			
17 Interest expense         Serie 2         Serie 5       (2.149.394)       (3.107.408)         Serie 5       (1.789.219)       (1.303.666)         Serie 7       (1.147.500)       (1.147.500)         Serie 8       (2.581.146)       (2.631.734)         Serie 10       (2.581.146)       (2.631.734)         Serie 11       (924.863)       (670.068)         Serie 12       (3.329.270)       (2.377.373)         Subordinated Debt       (3.239.270)       (2.377.373)         Serie 11 to Frontera Capital       (1.795.417)       (1.316.689)         Frontera Capital Serie 26       (1.370.238)       (476.020)         Total Interest expenses       (12.770.815)       13         18 CDS Premium       (154.984)       -         CDS Premiums       (154.984)       -         19 Other net result on financial instruments       -       100.000         Serie 1       -       100.000       -         Serie 20       -       -       100.000         Serie 1       -       -       100.000         Serie 1       -       -       100.000         Serie 20       -       -       100.000         Serie 21		1.57 0.250	170.020
Serie 2         (2.149.394)         (3.107.408)           Serie 5         (1.789.219)         (1.933.666)           Serie 6         (1.789.219)         (1.147.500)           Serie 7         (1.147.500)         (1.147.500)           Serie 8         (2.581.146)         (2.631.734)           Serie 10         (2.581.146)         (2.631.734)           Serie 11         (924.863)         (670.068)           Serie 12         (3.232.70)         (2.377.373)           Subordinated Debt         (3.267.54)         (1.795.417)           Serie 11 to Frontera Capital Serie 26         (1.795.417)         (1.315.668)           Frontera Capital Serie 26         (1.7745.690)         (12.770.815)           13 CDS Premium         (154.984)         -           CDS Premiums         (154.984)         -           19 Other net result on financial instruments         (154.984)         -           Serie 11         -         100.000         -           Serie 12         -         -         3.815.761           20 Other operating income and expenses         (105.241)         (135.348)         -           20 Other operating income and expenses         (105.241)         (135.364)         -           20 Other op	Total interest income	17.867.949	17.770.722
Serie 5       (1.789.219)       (1.939.666)         Serie 7       (1.147.500)       (1.147.500)         Serie 8       (1.068.957)       (1.343.609)         Serie 9       (2.581.146)       (2.631.734)         Serie 10       -       (684.212)         Serie 11       (924.663)       (670.066)         Serie 12       (3.292.270)       (2.377.373)         Serie 11       (1.795.417)       (1.315.668)         Frontera Capital Serie 26       (1.370.238)       (476.020)         Total interest expenses       (12.745.690)       (12.770.815)         18       CDS Premium       -       100.000         Serie 1       9       -       100.000         Serie 1       -       100.000       -         Serie 1       -       100.000       -         Serie 1       -       -       100.000         Serie 1       - <t< td=""><td>17 Interest expense</td><td></td><td></td></t<>	17 Interest expense		
Serie 5       (1.789.219)       (1.939.666)         Serie 7       (1.147.500)       (1.147.500)         Serie 8       (1.068.957)       (1.343.609)         Serie 9       (2.581.146)       (2.631.734)         Serie 10       -       (684.212)         Serie 11       (924.663)       (670.066)         Serie 12       (3.292.270)       (2.377.373)         Serie 11       (1.795.417)       (1.315.668)         Frontera Capital Serie 26       (1.370.238)       (476.020)         Total interest expenses       (12.745.690)       (12.770.815)         18       CDS Premium       -       100.000         Serie 1       9       -       100.000         Serie 1       -       100.000       -         Serie 1       -       100.000       -         Serie 1       -       -       100.000         Serie 1       - <t< td=""><td>Serie 2</td><td>(2,149,394)</td><td>(3 107 408)</td></t<>	Serie 2	(2,149,394)	(3 107 408)
Serie 7       (1.147.500)       (1.147.500)         Serie 8       (1.068.957)       (1.33.609)         Serie 10       -       (684.212)         Serie 11       (1.147.500)       (1.147.500)         Serie 12       (1.33.609)       (2.581.146)       (2.631.734)         Serie 11       (1.147.500)       (1.147.500)       (1.147.500)         Serie 12       (1.320.270)       (2.377.373)       (2.367.34)         Serie 11       (1.1795.417)       (1.135.668)       (1.267.74)         Serie 11       (1.1795.417)       (1.135.668)       (1.1770.815)         18       CDS Premium       (1.154.984)       -         CDS Premiums       (1.154.984)       -         19       Other net result on financial instruments       -       2.943.966         Serie 1       -       -       100.000       -         Serie 11       -       -       2.943.966       -         CDS Fair Value Series KGS 3 L       (152.411)       (48.642)       -         20       Other operating income and expenses       -       2.943.966       -         20       Other operating income and expenses       -       1.230.280.5761       -         20       Other	Serie 5		
Serie 8       (1.068.957)       (1.343.609)         Serie 9       (2.581.146)       (2.631.734)         Serie 10       (924.863)       (670.068)         Serie 11       (924.863)       (670.068)         Serie 12       (3.29.270)       (2.377.373)         Subordinated Debt       -       (63.695)         BIG Loan       -       (26.655)         Frontera Capital       (1.779.417)       (1.315.668)         Frontera Capital Serie 26       (1.370.238)       (476.020)         Total interest expenses       (1.7745.690)       (12.770.815)         18 CDS Premium       (154.984)       -         CDS Premiums       (154.984)       -         19 Other net result on financial instruments       -       2.943.966         Serie 2       432.591       771.795         Serie 11       -       -       2.943.966         CDS Fair Value Series KGS 3 L       (60.184)       -         -       2.943.966       -       2.943.966         CDS Fair Value Series KGS 3 L       (60.184)       -       -         20 Other operating income and expenses       (105.241)       (48.642)       -         Audit fee       (105.241)       (136.364) <t< td=""><td></td><td></td><td>(1.777.107)</td></t<>			(1.777.107)
Serie 9       (2.581.146)       (2.531.734)         Serie 10       - (64.23)       (670.068)         Serie 11       (924.863)       (670.068)         Subordinated Debt       - (63.695)       (2.581.146)       (2.531.734)         Serie 11       (1.795.417)       (1.310.685)       (1.326.754)         Serie 11       to Frontera Capital       (1.795.417)       (1.310.626)         Frontera Capital Serie 26       (1.370.238)       (476.020)         Total Interest expenses       (17.745.690)       (12.770.815)         18 CDS Premium       (154.984)       -         CDS Premiums       (154.984)       -         Total CDS Premiums       (154.984)       -         19 Other net result on financial instruments       -       100.000         Serie 11       -       -       100.000         Serie 12       -       -       100.000         CDS Fair Value Series KGS 3 L       -       -       -         20 Other operating income and expenses       -       -       100.000         Audit fee       (105.241)       (136.364)       -         Fiscal agent fee       (9.363)       (28.052)       Portage fee       (58)       (28.057)		· · /	
Serie 10			
Serie 11         (924.863)         (670.068)           Serie 12         (3.329.270)         (2.377.373)           Subordinated Debt         -         (63.695)           BIG Loan         -         (236.754)           Serie 11 to Frontera Capital         (1.795.417)         (1.315.668)           Frontera Capital Serie 26         (1.370.238)         (476.020)           Total Interest expenses         (17.745.690)         (17.770.815)           18 CDS Premium         (154.984)         -           CDS Premium Series KGS 3 L         (154.984)         -           Total CDS Premiums         (154.984)         -           19 Other net result on financial instruments         -         100.000           Serie 11         -         -         100.000           Serie 12         -         -         105.2411		(2.581.146)	
Serie 12       (3.329.270)       (2.377.373)         Subordinated Debt       -       (63.695)         BIG Loan       -       (236.754)         Serie 11 to Frontera Capital       (1.795.417)       (1.315.668)         Frontera Capital Serie 26       (1.370.238)       (476.020)         Total Interest expenses       (12.745.690)       (17.770.815)         18 CDS Premium       (154.984)       -         CDS Premium Series KGS 3 L       (154.984)       -         Total CDS Premiums       (154.984)       -         19 Other net result on financial instruments       -       100.000         Serie 1       -       100.000       -         Serie 12       -       2.943.966       -         CDS Fair Value Series KGS 3 L       (60.184)       -       -         20 Other operating income and expenses       (105.241)       (136.364)       -         20 Other operating income and expenses       (58)       (123)       (28.052)         Postage fee       (58)       (123) <td></td> <td>- (924 863)</td> <td></td>		- (924 863)	
Subordinated Debt       -       -       (63.695)         BIG Loan       -       (236.754)         Serie 11 to Frontera Capital Serie 26       (1.795.417)       (1.315.688)         Frontera Capital Serie 26       (13.70.238)       (476.020)         Total Interest expenses       (17.745.690)       (17.770.815)         18 CDS Premium       (154.984)       -         Total CDS Premiums       (154.984)       -         19 Other net result on financial instruments       -       100.000         Serie 2       432.591       771.795         Serie 11       -       100.000         Serie 12       -       2.943.966         CDS Fair Value Series KGS 3 L       (60.184)       -         20 Other operating income and expenses       (135.364)       -         Audit fee       (105.241)       (136.364)         Fiscal agent fee       (107.649)       (21.10)         Leggl fee       (58)       (123)         Professional Fee       (107.649)       (21.10)         Structuring and arrangement fee       (30.935)       (12.710)         CDS Fair Value Series S       (136.420)       (136.357)       (2.609.773)         C/A FMA Interest expense       (30.935)       <			
BIG Loan       -       (236,754)         Serie 11 to Frontera Capital       (1.795,417)       (1.315,668)         Frontera Capital Serie 26       (1.370,238)       (476,020)         Total interest expenses       (17,745,690)       (17,770,815)         18 CDS Premium       (154,984)       -         Total CDS Premiums       (154,984)       -         Total CDS Premiums       (154,984)       -         19 Other net result on financial instruments       -       100,000         Serie 1       -       100,000         Serie 12       -       2.943,966         CDS Fair Value Series KGS 3 L       (60,184)       -         20 Other operating income and expenses       (105,241)       (136,364)         Audit fee       (105,241)       (136,364)         Fiscal agent fee       (137,2407       3.815,761         20 Other operating income and expenses       (105,241)       (136,364)         Audit fee       (105,241)       (136,364)         Fiscal agent fee       (137,233)       (12,31)         Professional Fee       (130,331)       (28,052)         Postage fee       (30,933)       (12,710)         Other expenses       (30,933)       (12,710)		-	
Frontera Capital Serie 26       (1.370.238)       (476.020)         Total interest expenses       (12.745.690)       (12.720.815)         18 CDS Premium       CDS Premium Series KGS 3 L       (154.984)       -         Total CDS Premiums       (154.984)       -         19 Other net result on financial instruments       (154.984)       -         Serie 2       432.591       771.795         Serie 11       -       100.000         Serie 12       -       100.000         CDS Fair Value Series KGS 3 L       (60.184)       -         20 Other operating income and expenses       (105.241)       (136.344)         Audit fee       (105.241)       (136.346)         Fiscal agent fee       (58)       (123)         Professional Fee       (107.49)       (91.103)         Professional Fee       (107.649)       (91.103)         Professional Fee       (30.935)       (12.710)         Charlenee expense       (30.935)       (12.700)         Classense       (13.4466)       (39.210)         Professional Fee       (107.649)       (12.700)         Structuring and arrangement fee       (125.587)       (2.809.773)         C/A FMA Interest expense       (130.935) <t< td=""><td></td><td>-</td><td></td></t<>		-	
Total interest expenses       (17.745.690)       (17.720.815)         18 CDS Premium       CDS Premium Series KGS 3 L       (154.984)       -         Total CDS Premiums       (154.984)       -         19 Other net result on financial instruments       432.591       771.795         Serie 1       -       100.000         Serie 12       -       2.943.966         CDS Fair Value Series KGS 3 L       (60.184)       -         372.407       3.815.761       372.407         20 Other operating income and expenses       (105.241)       (136.364)         Legal fee       (105.241)       (136.364)         Legal fee       (105.242)       (28.052)         Postage fee       (58)       (123)         Professional Fee       (107.49)       (91.109)         Structuring and arrangement fee       (452.587)       (2.809.773)         C/A FMA Interest expense       (30.935)       (12.710)         Other operating       668.255       (664.685)         Insurance premium S11       (181.687)       -			
18 CDS Premium         CDS Premium Series KGS 3 L       (154.984)         Total CDS Premiums       (154.984)         19 Other net result on financial instruments         Serie 2       432.591         Serie 1       -         Serie 12       -         CDS Fair Value Series KGS 3 L       (60.184)         -       -         20 Other operating income and expenses       (152.411)         Audit fee       (105.241)         Fiscal agent fee       (105.241)         Legal fee       (105.241)         Postage fee       (105.241)         Postage fee       (107.649)         Structuring and arrangement fee       (452.587)         (2.809.773)       (12.100)         Other expenses       (138.446)         (107.649)       (12.100)         Other expenses       (138.446) <td< td=""><td>Frontera Capital Serie 26</td><td>(1.370.238)</td><td>(476.020)</td></td<>	Frontera Capital Serie 26	(1.370.238)	(476.020)
CDS Premium Series KGS 3 L       (154.984)       -         Total CDS Premiums       (154.984)       -         19 Other net result on financial instruments       432.591       771.795         Serie 1       -       100.000         Serie 12       -       100.000         CDS Fair Value Series KGS 3 L       (60.184)       -         20 Other operating income and expenses       (105.241)       (136.364)         Legal fee       (105.241)       (136.364)         Legal fee       (105.241)       (136.364)         Postage fee       (107.649)       (91.109)         Structuring and arrangement fee       (130.935)       (12.703)         C/A FMA Interest expense       (30.935)       (12.703)         Other expenses       (134.466)       (39.210)         FCGL accrual       668.255       (664.685)         Insurance premium S11       (181.687)       -	Total interest expenses	(17.745.690)	(17.770.815)
Total CDS Premiums       (154.984)       -         19 Other net result on financial instruments       432.591       771.795         Serie 1       -       100.000         Serie 12       -       100.000         CDS Fair Value Series KGS 3 L       (60.184)       -         20 Other operating income and expenses       372.407       3.815.761         20 Other operating income and expenses       (105.241)       (136.364)         Legal fee       (9.363)       (28.052)         Postage fee       (107.649)       (91.109)         Structuring and arrangement fee       (452.587)       (2.809.773)         C/A FMA Interset expense       (30.935)       (12.710)         Other expenses       (18.446)       (39.210)         FCGL accrual       668.255       (664.685)         Insurance premium S11       (181.687)       -	18 CDS Premium		
19 Other net result on financial instruments         Serie 2       432.591       771.795         Serie 11       -       100.000         Serie 12       -       2.943.966         CDS Fair Value Series KGS 3 L       (60.184)       -         372.407       3.815.761         20 Other operating income and expenses         Audit fee       (105.241)       (136.364)         Fiscal agent fee       (9.363)       (28.052)         Postage fee       (58)       (123)         Professional Fee       (107.649)       (91.109)         Structuring and arrangement fee       (452.587)       (2.809.773)         C/A FMA Interest expense       (30.935)       (12.710)         Other expenses       (18.446)       (39.210)         FCGL accrual       668.255       (664.685)         Insurance premium S11       (181.687)       -	CDS Premium Series KGS 3 L	(154.984)	-
19 Other net result on financial instruments         Serie 2       432.591       771.795         Serie 11       -       100.000         Serie 12       -       2.943.966         CDS Fair Value Series KGS 3 L       (60.184)       -         372.407       3.815.761         20 Other operating income and expenses         Audit fee       (105.241)       (136.364)         Fiscal agent fee       (9.363)       (28.052)         Postage fee       (58)       (123)         Professional Fee       (107.649)       (9.1.09)         Structuring and arrangement fee       (30.935)       (12.710)         Other expenses       (18.446)       (39.210)         FCGL accrual       668.255       (664.685)         Insurance premium S11       (181.687)       -	Total CDS Premiums	(154,984)	
Serie 2       432.591       771.795         Serie 11       100.000         Serie 12       2.943.966         CDS Fair Value Series KGS 3 L       (60.184)       -         372.407       3.815.761         20 Other operating income and expenses         Audit fee       (105.241)       (136.364)         Fiscal agent fee       (9.363)       (28.052)         Postage fee       (58)       (123)         Professional Fee       (107.649)       (91.109)         Structuring and arrangement fee       (30.935)       (12.710)         Other expenses       (18.446)       (39.210)         FCGL accrual       668.255       (664.685)         Insurance premium S11       -       -			
Serie 11       -       100.000         Serie 12       -       2.943.966         CDS Fair Value Series KGS 3 L       (60.184)       -         372.407       3.815.761         20 Other operating income and expenses         Audit fee       (25.011)       (48.642)         Fiscal agent fee       (105.241)       (136.364)         Legal fee       (9.363)       (28.052)         Postage fee       (58)       (123)         Professional Fee       (107.649)       (91.109)         Structuring and arrangement fee       (452.587)       (2.809.773)         C/A FMA Interest expense       (30.935)       (12.710)         Other expenses       (18.446)       (39.210)         FCGL accrual       668.255       (664.685)         Insurance premium S11       -       -	19 Other net result on financial instruments		
Serie 11       -       100.000         Serie 12       -       2.943.966         CDS Fair Value Series KGS 3 L       (60.184)       -         372.407       3.815.761         20 Other operating income and expenses         Audit fee       (25.011)       (48.642)         Fiscal agent fee       (105.241)       (136.364)         Legal fee       (9.363)       (28.052)         Postage fee       (58)       (123)         Professional Fee       (107.649)       (91.109)         Structuring and arrangement fee       (452.587)       (2.809.773)         C/A FMA Interest expense       (30.935)       (12.710)         Other expenses       (18.446)       (39.210)         FCGL accrual       668.255       (664.685)         Insurance premium S11       -       -	Serie 2	432 591	771 795
Serie 12       -       2.943.966         CDS Fair Value Series KGS 3 L       (60.184)       -         372.407       3.815.761         20 Other operating income and expenses         Audit fee       (25.011)       (48.642)         Fiscal agent fee       (105.241)       (136.364)         Legal fee       (9.363)       (28.052)         Postage fee       (58)       (123)         Professional Fee       (107.649)       (91.109)         Structuring and arrangement fee       (452.587)       (2.809.773)         C/A FMA Interest expense       (18.446)       (39.210)         Other expenses       (18.446)       (39.210)         FCGL accrual       668.255       (664.685)         Insurance premium S11       (181.687)       -		-	
(1000 y)         372.407         3.815.761         20 Other operating income and expenses         Audit fee       (25.011)       (48.642)         Fiscal agent fee       (105.241)       (136.364)         Legal fee       (9.363)       (28.052)         Postage fee       (58)       (123)         Professional Fee       (107.649)       (91.109)         Structuring and arrangement fee       (452.587)       (2.809.773)         C/A FMA Interest expense       (30.935)       (12.710)         Other expenses       (18.446)       (39.210)         FCGL accrual       668.255       (664.685)         Insurance premium S11       (181.687)       -	Serie 12	-	2.943.966
20 Other operating income and expenses         Audit fee       (25.01)       (48.642)         Fiscal agent fee       (105.241)       (136.364)         Legal fee       (9.363)       (28.052)         Postage fee       (58)       (123)         Professional Fee       (107.649)       (91.109)         Structuring and arrangement fee       (452.587)       (2.809.773)         C/A FMA Interest expense       (30.935)       (12.710)         Other expenses       (18.446)       (39.210)         FCGL accrual       668.255       (664.685)         Insurance premium S11       -       -	CDS Fair Value Series KGS 3 L	(60.184)	-
20 Other operating income and expenses         Audit fee       (25.01)       (48.642)         Fiscal agent fee       (105.241)       (136.364)         Legal fee       (9.363)       (28.052)         Postage fee       (58)       (123)         Professional Fee       (107.649)       (91.109)         Structuring and arrangement fee       (452.587)       (2.809.773)         C/A FMA Interest expense       (30.935)       (12.710)         Other expenses       (18.446)       (39.210)         FCGL accrual       668.255       (664.685)         Insurance premium S11       -       -		372,407	3.815.761
Audit fee       (25.011)       (48.642)         Fiscal agent fee       (105.241)       (136.364)         Legal fee       (9.363)       (28.052)         Postage fee       (58)       (123)         Professional Fee       (107.649)       (91.109)         Structuring and arrangement fee       (452.587)       (2.809.773)         C/A FMA Interest expense       (30.935)       (12.710)         Other expenses       (18.446)       (39.210)         FCGL accrual       668.255       (664.685)         Insurance premium S11       -       -			
Fiscal agent fee       (105.241)       (136.364)         Legal fee       (9.363)       (28.052)         Postage fee       (58)       (123)         Professional Fee       (107.649)       (91.109)         Structuring and arrangement fee       (452.587)       (2.809.773)         C/A FMA Interest expense       (30.935)       (12.710)         Other expenses       (18.446)       (39.210)         FCGL accrual       668.255       (664.685)         Insurance premium S11       (181.687)       -	20 Other operating income and expenses		
Fiscal agent fee       (105.241)       (136.364)         Legal fee       (9.363)       (28.052)         Postage fee       (58)       (123)         Professional Fee       (107.649)       (91.109)         Structuring and arrangement fee       (452.587)       (2.809.773)         C/A FMA Interest expense       (30.935)       (12.710)         Other expenses       (18.446)       (39.210)         FCGL accrual       668.255       (664.685)         Insurance premium S11       (181.687)       -	Audit fee	(25.011)	(48.642)
Postage fee       (58)       (123)         Professional Fee       (107.649)       (91.109)         Structuring and arrangement fee       (452.587)       (2.809.773)         C/A FMA Interest expense       (30.935)       (12.710)         Other expenses       (18.446)       (39.210)         FCGL accrual       668.255       (664.685)         Insurance premium S11       -       -	Fiscal agent fee		
Professional Fee       (107.649)       (91.109)         Structuring and arrangement fee       (452.587)       (2.809.773)         C/A FMA Interest expense       (30.935)       (12.710)         Other expenses       (18.446)       (39.210)         FCGL accrual       668.255       (664.685)         Insurance premium S11       (181.687)       -		(9.363)	. ,
Structuring and arrangement fee       (452.587)       (2.809.773)         C/A FMA Interest expense       (30.935)       (12.710)         Other expenses       (18.446)       (39.210)         FCGL accrual       668.255       (664.685)         Insurance premium S11       (181.687)       -			
C/A FMA Interest expense       (30.935)       (12.710)         Other expenses       (18.446)       (39.210)         FCGL accrual       668.255       (664.685)         Insurance premium S11       (181.687)       -			
Other expenses         (18.446)         (39.210)           FCGL accrual         668.255         (664.685)           Insurance premium S11         (181.687)         -		. ,	. ,
FCGL accrual       668.255       (664.685)         Insurance premium S11       (181.687)       -			
Insurance premium S11 (181.687) -			
(262.722) (3.830.666)			-
		(262.722)	(3.830.666)



Notes to the Balance Sheet and Profit and Loss Account as at December 31, 20	019
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21 Other financial income and expenses	<u>2019</u> USD	2018 USD
Bank charges Foreign exchange differences	(6.930) (59.265)	(5.085) 29.193
	(66.195)	24.108

# 22 Income Tax Expense

The effective interest rate of the corporate income tax of 20% is equal to the prevailing tax rates for 2019 in the Netherlands (20% over profits up to and including Eur 200,0000).

# 23 Contingent Obligations

On September 28, 2015, the Company has issued Series 4 for a total amount of USD 2,000,000,000 due in 2022 and took a long position. On the same date Frontera Capital B.V. has issued Series 7 for a total amount of USD 2,000,000,000 due in 2022, and took a short position. These 2 Series form a so-called "FILM Notes" – Currency basket: The main reason for the currency basket is to give investors the opportunity to go long or short on a basket for currencies rather than single currency exposure. This issuance creates a contingent obligation of a Company towards Zambezi B.V., once an investor decides to take an opportunity to invest in the basket of currencies.

## 24 Board of Management

During the year under the review, the Company had 2 Managing Directors (2018: 2), who received no remuneration during the current financial year.

#### 25 Number of employees

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

# 26 Subsequent events

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections. Measures taken by various governments to contain the virus have affected economic activity. At this stage, the impact on our business and results is limited. We will continue to follow the various national institutes policies and advice and in parallel will do our utmost to continue our operations in the best and safest way possible. No other major post balance sheet events affecting the financial statements have occurred to date.

Amsterdam \_\_\_\_\_, 2020

Managing Director,

Steven Melkman

Amsterdam 2020 May 26 Managing Director, H.P.C. Mourits M. van dim

Trustmoore Netherlands B.V.



# Other information

# Statutory rules concerning appropriation of the reserves

According to Article of the Company's Articles of Association, the net reserve for the year shall be at disposal of the General meeting of Shareholders.

Subject to the provisions under Dutch law that no dividends can be declared until all losses have been cleared.

Furthermore, Dutch law prescribes that any profit distribution may only be made to the extent that the Shareholder's Equity exceeds the amount of the issued capital and the legal reserves.

# Proposed appropriation of result for the Financial Year 2019

The Board of Directors proposes to add the net profit 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.



# Independent auditor's report

The independent auditor's report is included on the next pages.

