

FRONTERA CAPITAL B.V.

Amsterdam, the Netherlands

ANNUAL REPORT FOR THE YEAR 2019

FRONTERA CAPITAL B.V.

Amsterdam, the Netherlands

ANNUAL REPORT FOR THE YEAR 2019

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FRONTERA CAPITAL B.V.

Amsterdam, the Netherlands

Directors' report

The management herewith presents the financial statements of Frontera Capital 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 28 January 2014 and acts as a securitisation special purpose vehicle. The Company has its statutory seat in Amsterdam. Stichting Frontera Capital 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 325.449.121, of which USD 107.237.060 relates to the Payment agreements entered with the third parties. In 2019, compared to 2018, the Company saw an increase in its turnover of USD 2,718,660 from USD 27.994.217 to USD 30.712.877. During the period under review, the Company recorded a profit of USD 16.467, 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.

FRONTERA CAPITAL B.V.

Directors' report

Currency risk

The Company's accounts are denominated in USD. The financial instruments (assets and Notes) are denominated in local currencies, such as MWK, GMD, NIO, GEL, PYG, AMD, KGS, TJS. 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 2018.

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 obligor, 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 based 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.

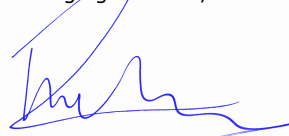
Subsequent events

As per January 31, 2019, the Company has issued the Credit Linked notes for a total amount of USD 15,508,684.

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.

Amsterdam, May 26, 2020

Managing Director,



Steven Melkman

Amsterdam, May 26, 2020

Managing Director,



T.W. van der Dijk

Trustmoore Netherlands B.V.

H.P.C. Mourits

FRONTERA CAPITAL B.V.

BALANCE SHEET AS PER DECEMBER 31, 2019

(expressed in USD and before appropriation of results)

	Notes	December 31, 2019 USD	December 31, 2018 USD
Assets			
Financial fixed assets			
Investment held to maturity	1	119.288.768	104.397.895
Credit Default Swaps	2	5.537.231	-
Derivatives	3	17.237.865	19.647.740
Amounts due from third parties	4	164.584.051	141.687.050
<i>Total non-current assets</i>		306.647.915	265.732.685
Current assets			
Investment held to maturity	5	12.852.382	
Amounts due from group companies	6	6.245	6.260
Amounts due from third parties	7	18.972.947	6.236.028
Prepayment and accrued income	8	8.349.328	6.676.763
Cash and cash equivalents	9	2.766.731	36.444.164
<i>Total current assets</i>		42.947.633	49.363.215
Total assets		<u>349.595.548</u>	<u>315.095.900</u>
Shareholder's equity and liabilities			
Shareholder's equity	10		
Issued share capital		1	1
Revaluation Reserve		2.649.327	4.398.917
Retained Earnings		41.871	28.063
Unappropriated result		16.467	13.806
<i>Total shareholder's equity</i>		2.707.666	4.440.787
Long term liabilities			
Credit linked notes	11	184.138.859	142.097.221
Credit Default Swaps	12	18.592.229	-
Derivatives	13	15.480.973	17.752.794
Amounts due to third parties	14	107.237.060	129.184.559
<i>Total long term liabilities</i>		325.449.121	289.034.575
Current Liabilities			
Amounts due to third parties	15	8.055.809	5.026.670
Creditors	16	97.944	167.438
Other liabilities	17	2.920	5.373
Accruals and deferred income	18	13.282.088	16.421.057
<i>Total current liabilities</i>		21.438.761	21.620.538
Total shareholder's equity and liabilities		<u>349.595.548</u>	<u>315.095.900</u>

FRONTERA CAPITAL B.V.

PROFIT AND LOSS ACCOUNT
for the year ended December 31, 2019
(expressed in USD)

	Notes	2019 USD	2018 USD
Financial income and expenses			
Interest income	19	30.712.877	27.994.217
Interest expenses	20	(28.276.946)	(29.237.050)
CDS Premium	21	(3.084.006)	-
<i>Total financial income and expenses</i>		(648.075)	(1.242.833)
Other net result on financial instruments	22	(4.999.814)	7.710.761
		(5.647.889)	6.467.928
Other operating income and expenses	23	(9.640.606)	(7.660.470)
		(15.288.495)	(1.192.542)
Other financial income and expenses	24	15.309.079	1.209.800
Net Result before taxation		20.584	17.257
Income tax expense	25	(4.117)	(3.451)
NET RESULT AFTER TAXATION		16.467	13.806

FRONTERA CAPITAL B.V.
CASH FLOW STATEMENT
for the year ended December 31, 2019
(expressed in USD)

	2019	2018
	USD	USD
CASHFLOWS FROM OPERATIONAL ACTIVITIES		
Interest received	24.034.589	18.181.649
Interest Paid	(25.180.737)	(19.351.513)
Other Financial Income / Expense	(399.696)	65.147
Corporate Income Tax Paid	(6.196)	(5.811)
Administrative expenses	(12.723.661)	(6.520.051)
Paid/Received from third parties (Current accounts)	2.651.927	(23.636.000)
Net cash (used in) operating activities	(11.623.774)	(31.266.579)
CASHFLOWS FROM INVESTMENT ACTIVITIES		
Redemption of Investments	18.194.662	28.729.124
Acquisition of Investments	(41.205.777)	(11.786.200)
Paid/Received from third parties (Investments)	(40.000.000)	(86.890.682)
Derivatives	(1.685.888)	547.059
Net cash (used in) investment activities	(64.697.003)	(69.400.699)
CASHFLOWS FROM FINANCING ACTIVITIES		
Issuance of CLN	100.165.384	101.786.865
Redemption of CLN	(52.768.069)	(41.905.699)
Paid/Received from third parties (CLN)	(4.317.304)	11.000.000
Net cash from financing activities	43.080.011	70.881.166
Effects of exchange rate on cash and cash equivalents	(436.667)	(217.207)
Increase in cash and cash equivalents	(33.677.433)	(30.003.319)
The movements of funds is as follows:		
Balance as at January 1	36.444.164	66.447.483
Movement for the year	(33.677.433)	(30.003.319)
Balance as at December 31	2.766.732	36.444.164

FRONTERA CAPITAL B.V.

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 28 January 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 853665230.

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
AMD	Armenian Dram	479,7000	483,7500
AZN	Azerbaijan Manat	1,7000	1,7000
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
NIO	Nicaragua Cordoba oro	33,3411	31,6760
PYG	Paraguay Guarani	6.465,0000	5.960,5400
TZS	Tanzanian Shilling	2.299,0000	2.281,2300
TJS	Tajikistan Somoni	9,6872	-
UZS	Uzbekistan Som	5.505,8100	-
EGP	Egyptian Pound	16,0416	-

*Source for 2019 exchange rates is a respective central bank for each country.

FRONTERA CAPITAL B.V.

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

Financial instruments held to maturity

Financial Instruments held to maturity are recognized at fair value initially, which normally is the consideration paid or received, and subsequently measured at amortized cost using effective interest rate method. Any discount or premium arising carried at amortized cost should be amortized using effective interest rate method. The Company assesses at each balance sheet date whether there is objective evidence that a financial instrument or a group of financial instruments is impaired.

The portfolio of financial assets is comprised of bonds, loans, subordinated debt, certificates of deposits. Generally, underlying contracts specify the timing of interests payments and the repayment of principal, both under normal conditions and in specific circumstances. Contracts may also include specific clauses on the payment of both interest and principal in case of default or breach of certain covenants. As such, the (re-) payment of both interest and principal (if any) include an element of uncertainty, with regards to both timing and amount.

Derivatives

Derivative contracts entered into by the Company are used as a hedging mechanism against its exposure to market risks. These instruments have been accounted for in the financial statement using the fair value method. Fair value of these financial instruments measured against the prevailing market conditions at a given date. Movements in the fair valuation are recognised through Revaluation reserve if positive and through Profit and Loss if negative.

Under the cross-currency swap agreements, the swap counterparty generally has no obligation to pay amounts to the Company prior to the receipt of amounts due by the Company. As terms of the swap contract mirror the terms of the underlying debt obligations, cashflows arising under the swap contract are certain upon the Company fulfilling its payment obligations to the swap counterparty.

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 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.

Non-current liabilities

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

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.

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.

Accounting policies for the cash flow statement

The Cash flow statement has been prepared using the direct method. The cash items disclosed in the cash flow statement comprise cash at banks. Cash flows in foreign currencies are translated at a spot rate. Exchange rate differences concerning finances are shown separately in the cash flow statement.

Interest received, interest paid, payments related to administrative expenses, payments of corporate income tax and other financial income and expenses has been recognised as cash used in operating activities. Acquisition and redemption of investments, also related to the payment agreements with third parties has been recognised as cash used in investing activities. Issuance and redemption of the Notes also related to the payment agreements with third parties has been recognised as cash from financing activities.

FRONTERA CAPITAL B.V.

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

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.

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.

FRONTERA CAPITAL B.V.

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

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 instruments (assets and Notes) are denominated in local currencies, such MWK, GMD, NIO, GEL, PYG and AMD. 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.

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.

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.

FRONTERA CAPITAL B.V.

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	119.288.768	104.397.896
	<u>119.288.768</u>	<u>104.397.896</u>

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

Investment FCGBV Serie 1	2.500.000	2.500.000
Investment Zambezi Serie 2	19.311.611	33.660.461
Investment Zambezi Serie 5	15.467.904	16.777.003
Investment Zambezi Serie 6	4.216.620	4.517.672
Investment Zambezi Serie 7	11.144.075	10.803.701
Investment Zambezi Serie 8	9.816.780	10.313.322
Serie 9	3.138.404	3.362.475
Serie 11	3.295.757	4.246.451
Serie 12	3.926.967	4.287.511
Serie 24	-	13.929.300
Serie 28	16.470.650	-
Serie 29	30.000.000	-
	<u>119.288.768</u>	<u>104.397.896</u>

The amount of USD 24.373.513 is to be received within one year as a scheduled repayment of the principal. The amount of USD 27.118.580 has a repayment schedule longer than 5 years.

Investment FCGBV Serie 1

The Company entered into a loan agreement with Bank Respublika OJSC in Azerbaijan for a total amount of USD 2,500,000, equivalent to AZN 4,250,000 with annual interest rate of 12% and maturity date on December 7, 2021.

The movement can be specified as follows:

Opening balance	2.500.000
Ending balance	<u>2.500.000</u>

Investment Zambezi Serie 2

The Company purchased the following bonds issued by Empresa Administradora de Aeropuerto in Nicaragua:

- 1 Bonds with series number EAAIBRADE_010409_3652_10_Series B_412.5_1 for a nominal amount of USD 14,500,000 with an annual interest rate of 8.25% and maturity date on April 1, 2019.
- 2 Bonds with series number EAAIBRADE_010409_5479_10_Series C_425_1 for a nominal amount of USD 20,000,000 with an annual interest rate of 8.50% and maturity date on April 1, 2024.

The movement can be specified as follows:

Opening balance	33.660.461
Amortization adjustment 2019	151.150
Maturity of 10Y Bond	<u>(14.500.000)</u>
Ending balance	<u>19.311.611</u>

Investment Zambezi Serie 5

The Company purchased the following bonds issued by Valores Casa de Bolsa S.A., Paraguay:

- 1 Bonds with series number PYMUA01F7830 for a nominal amount of PYG 25,000,000,000 with an annual interest rate of 14% and maturity date on June 15, 2025.
- 2 Bonds with series number PYMUA02F7847 for a nominal amount of PYG 25,000,000,000 with an annual interest rate of 14.5% and maturity date on June 15, 2026.
- 3 Bonds with series number PYMUA03F7853 for a nominal amount of PYG 50,000,000,000 with an annual interest rate of 14.75% and maturity date on June 15, 2027. The bond is valued at amortized costs till maturity date.

The movement can be specified as follows:

Opening balance	16.777.003
FX revaluation 2019	<u>(1.309.099)</u>
Ending balance	<u>15.467.904</u>

FRONTERA CAPITAL B.V.

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

1 Investment held to maturity (continued)

Investment Zambezi Serie 6

The Company entered into an unsecured term loan facility agreement with JSC Credo Bank in Georgia for a total amount of GEL 12,092,000 with an annual interest rate of 12.5% and with a final repayment date on August 31,

The movement can be specified as follows:

Opening balance	4.517.672
FX revaluation 2019	(301.052)
Ending balance	<u>4.216.620</u>

Investment Zambezi Serie 7

The Company purchased the following bonds issued by Bolsa de Valores in Nicaragua:

- 1 Bonds with series number MHCPBONO\$D_251015_1827_1_B-25-10-20 for a nominal amount of USD 1,000,000 with an annual interest rate of 5% and maturity date on October 25, 2020.
- 2 Bonds with series number MHCPBONO\$D_251015_1826_1_B-25-07-22 for a nominal amount of USD 11,000,000 with an annual interest rate of 5% and maturity date on July 25, 2022.

The movement can be specified as follows:

Opening balance	10.803.701
Amortization adjustment 2019	340.373
Ending balance	<u>11.144.075</u>

Investment Zambezi Serie 8

The Company purchased the following assets:

- 1 182 Day Treasury bill, issued by Ecobank Gambia Limited, for a total amount of GMD 210,000,000, at the discount price of 95.25%. It matured on January 25, 2018.
- 2 360 Day Treasury bill, issued by Ecobank Gambia Limited, for a total amount of GMD 220,000,000, at the discount price of 90.11%. It matured on July 26, 2018.
- 3 Bond with series number 20170830 (3 years) GG Treasury Bond for a nominal amount of GMD 500,000,000 with an annual interest rate of 12% and maturity date on August 29, 2020.

The movement can be specified as follows:

Opening balance	10.313.322
Recognition of Withholding tax 2017	(93.915)
FX revaluation 2019	(402.627)
Ending balance	<u>9.816.780</u>

Serie 9

The Company purchased the following financial assets at the JSC Liberty Bank in Georgia:

- 1 Certificate of Deposit for an amount of GEL 9,000,000 with an annual interest rate of 16 % and maturity date on April 23, 2021.
- 2 Subordinated debt for an amount of USD 3,000,000 with an annual interest rate of 13 %. It had an early redemption on March 29, 2018.

The movement can be specified as follows:

Opening balance	3.362.475
FX revaluation 2019	(224.071)
Ending balance	<u>3.138.404</u>

FRONTERA CAPITAL B.V.

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

1 Investment held to maturity (continued)

Serie 11

The Company purchased the following financial assets at the JSC Liberty Bank:

- 1 Certificate of Deposit for an amount of GEL 5,000,000 with an annual interest rate of 13.5 % and matures on July 22, 2021.
- 2 Certificate of Deposit for an amount of GEL 3,000,000 with an annual interest rate of 13 % and matures on July 22, 2020.
- 3 Certificate of Deposit for an amount of GEL 2,000,000 with an annual interest rate of 12.5 % and matures on July 22, 2019.
- 4 Bonds with ISIN code XS1387899427, issued by Georgian Oil & Gas for a total nominal amount of USD 1,550,000 with an annual interest rate of 5.60% and maturity date on August 4, 2018.
- 5 Bonds with ISIN code XS1319820384, issued by Georgian Oil & Gas for a total nominal amount of USD 500,000 with an annual interest rate of 6.75% and maturity date on April 26, 2021.

The movement can be specified as follows:

Opening balance	4.246.451
Maturity of 3Y CD	(694.662)
FX revaluation 2019	(251.729)
Amortization adjustment 2019	(4.303)
Ending balance	<u>3.295.757</u>

Serie 12

The Company purchased the following bonds issued by Municipalidad de Asuncion of Paraguay:

- 1 Bond with ISIN code PYMUA03F6749 for a total nominal amount of PYG 10,825,000,000 with an annual interest rate of 14.50% and maturity date on August 9, 2023.
- 2 Bond with ISIN code PYMUA02F6732 for a total nominal amount of PYG 4,555,000,000 with an annual interest rate of 13.50% and maturity date on August 9, 2021.
- 3 Bond with ISIN code PYMUA01F6725 for a total nominal amount of PYG 9,620,000,000 with an annual interest rate of 12.50% and maturity date on August 10, 2020.

The movement can be specified as follows:

Opening balance	4.287.511
Amortization adjustment 2019	(26.585)
FX revaluation 2019	(333.959)
Ending balance	<u>3.926.967</u>

Serie 24

The Company purchased a 364 Day Treasury bill issued by the Government of Zimbabwe for a total amount of USD 13,929,300 with an annual interest rate of 7.5% and maturity date on August 20, 2019. The Treasury Bill matured on August 20, 2019.

The movement can be specified as follows:

Opening balance	13.929.300
Maturity of 364d Tbill	<u>(13.929.300)</u>
Ending balance	<u>-</u>

FRONTERA CAPITAL B.V.

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

1 Investment held to maturity (continued)

Serie 28

The Company purchased the following bonds issued by Valores Casa de Bolsa S.A., Paraguay:

- 1 Bonds with series number PYMUA03F9172 for a nominal amount of PYG 50,000,000,000 with an annual interest rate of 14.5% and maturity date on February 12,2029.
- 2 Bonds with series number PYMUA02F9165 for a nominal amount of PYG 12,500,000,000 with an annual interest rate of 13.5% and maturity date on February 15,2027.
- 3 Bonds with series number PYMUA01F9158 for a nominal amount of PYG 12,500,000,000 with an annual interest rate of 12.50% and maturity date on February 13,2025. The bond is valued at amortized costs till maturity date.

The Company entered into loan agreement with Pasfin S.A.E.C.A for the total amount of USD 5,000,000, equivalent to PYG 31,482,750,000, with annual interest rate of 15.25% and maturity date on May 28,2024. The loan includes a "Conversion Option", that gives right to convert any portion of the outstanding disbursed Loan into single-voting ordinary shares of Pasfin. The option may be excersied depending on the aniversary date of the loan.

The movement can be specified as follows:

Opening balance	-
Acquisition	17.405.777
FX revaluation 2019	(935.127)
Ending balance	<u>16.470.650</u>

Serie 29

The Company purchased saving bonds worth USD 30,000,000 issued by Reserve Bank of Zimbabwe, with an interest rate of 13% and maturity date March 31,2021.

The movement can be specified as follows:

Opening balance	-
Acquisition	30.000.000
Ending balance	<u>30.000.000</u>

2 Credit Default Swaps

CDS Series KGS 6 A
CDS Series TZS 10 L

<u>12.31.2019</u>	<u>12.31.2018</u>
USD	USD
345.987	-
5.191.244	-
<u>5.537.231</u>	<u>-</u>

CDS Series KGS 6 A

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 534,718, equivalent to KGS 37,349,206, with a maturity date on February 19, 2025. 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 20. In exchange, the Company will transfer Fixed Payment Amounts on the relevant Fixed Payment Dates. as disclosed in the agreement.

The movement can be specified as follows:

Opening balance	--
Acquisition	534.718
Fair Value adjustment	(189.149)
FX revaluation 2019	418
Ending balance	<u>345.987</u>

FRONTERA CAPITAL B.V.

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

2 Credit Default Swaps (continued)

CDS Series TZS 10L

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 4,817,569, equivalent to TZS 11,044,662,000, with a maturity date on April 9, 2021. 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 Zambezi Series 11. In exchange, the Company will transfer Fixed Payment Amounts on the relevant Fixed Payment Dates, as disclosed in the agreement.

The movement can be specified as follows:

Opening balance	--
Acquisition	4.817.571
Fair Value adjustment	387.128
FX revaluation 2019	(13.455)
Ending balance	<u>5.191.244</u>

3 Derivatives

	<u>12.31.2019</u>	<u>12.31.2018</u>
	USD	USD
Independent Amount FCGBV Serie 1	10.165.882	10.165.882
MtM Forward Serie 9	2.085.191	3.130.275
Credo Zambezi Serie 6	370.000	-
MtM Credo Swap Zambezi Serie 6	-	309.030
Independent Amount Serie 17	4.066.353	5.082.941
MtM Swaps Serie 17	437.841	959.612
FMA FX Swap Serie 26	112.598	-
	<u>17.237.865</u>	<u>19.647.740</u>

FCGBV Serie 1

The Company entered into the following FX Swap Agreement with AccessBank CJSC:

- 1 A FX Swap Agreement with trade date May 8, 2017 and settlement date March 16, 2020 for an amount of USD 10,000,000.
- 2 A FX Swap Agreement with trade date May 8, 2017 and settlement date March 16, 2020 for an amount of AZN 17,282,000.

The Balance represents the Independent amount of AZN 17,282,000 as per Master Agreement entered with AccessBank CJSC on May 8, 2017.

The Fair Value of the FX Swaps are based on the weekly treasury yield curves of the USD for the period of 1 to 5 years and the exchange rates on the balance sheet date published by a Central Bank of United States of America. The treasury yield curves for AZN are not available, therefore the refinancing rates published from time to time by the Central bank of Azerbaijan is used instead.

The movement can be specified as follows:

Opening balance	<u>10.165.882</u>
Ending balance	<u>10.165.882</u>

Serie 9

The Company entered into the following FX Forward contracts with JSC Liberty Bank and Frontera Markets Advisory FZE as Calculating Agent:

- 1 A three year FX Forward Contract with trade date April 22, 2016 and settlement date April 26, 2019 for an amount of USD 2,000,000.
- 2 A four year FX Forward Contract with trade date April 22, 2016 and settlement date April 26, 2020 for an amount of USD 2,000,000.
- 3 A five year FX Forward Contract with trade date April 22, 2016 and settlement date April 26, 2021 for an amount of USD 10,000,000.
- 4 A five year FX Forward Contract with trade date September 15, 2017 and settlement date August 7, 2022 for an amount of USD 5,000,000.

As at the end of the year, taking into consideration the prevailing economic conditions, the Forward contracts were valued at USD 2.085.191

The Fair Value of the FX Forwards contracts are based on the weekly treasury yield curves exchange rates of the USD and GEL for the period of 1 to 5 years and the exchange rates on the balance sheet date published by a Central Bank of United States of America and the National Bank of Georgia.

The movement can be specified as follows:

Opening balance	3.130.275
MtM movements 2019	(1.045.084)
Ending balance	<u>2.085.191</u>

FRONTERA CAPITAL B.V.

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

3 Derivatives (continued)

Zambezi Serie 6

The Company entered into a FX Swap Agreement with trade date December 5, 2017 and settlement date August 9, 2022 for an amount of USD 5,000,000.

The balance represents the amount received due to margin call during the life time of the FX swap agreement.

The movement can be specified as follows:

Opening balance	(350.000)
MtM movements 2019	720.000
Ending balance	<u>370.000</u>

Serie 17

The Company entered into the following FX swap agreements for a total amount of AZN 39,925,000 (USD

3 year FX Swap, where the Company agreed to exchange USD 15,000,000 for AZN 23,955,000 at a maturity

1 date, October 14, 2019;

5 year FX Swap, where the Company agreed to exchange USD 5,000,000 for AZN 7,985,000 at a maturity date,

2 October 14, 2021.

The Balance represents the Independent amount of AZN 6,912,800 as per Master Agreement entered with AccessBank CJSC on April 11, 2017.

As at the end of the year, taking into consideration the prevailing economic conditions, the FX Swaps were valued at USD 437,841.

The Fair Value of the FX Swaps are based on the weekly treasury yield curves of the USD for the period of 1 to 5 years and the exchange rates on the balance sheet date published by a Central Bank of United States of America. The treasury yield curves for AZN are not available, therefore the refinancing rates published from time to time by the Central bank of Azerbaijan is used instead.

The movement of Independent Amount can be specified as follows:

Opening balance	5.082.941
Maturity of 2Y IA	(1.000.000)
FX revaluation 2019	(16.588)
Ending balance	<u>4.066.353</u>

The movement of MtM Swap can be specified as follows:

Opening balance	959.612
MtM movements 2019	(521.771)
Ending balance	<u>437.841</u>

Serie 26

The Company entered into 12 FX swap agreements with Frontier Markets Advisory F.Z.E. for a total amount of TJS 31,898,400 (EUR 3,000,000), mirroring the FX swap agreements with Eshkata bank, described under note 11.

As at the end of the year, taking into consideration the prevailing economic conditions, the FX Swaps were valued at USD 112,598.

The Fair Value of the FX Swaps is based on the 1-year NBT Securities (the benchmark in Tajikistan's TJS government risk market), an average is calculated based on the latest 12 auctions. The average is included in the model, taking into account the inflation trend, real rates and the evaluated risk premium, that resulted in a downward sloping discount of 10 base points per year.

The movement of MtM Swap can be specified as follows:

Opening balance	-
MtM movements 2019	112.598
Ending balance	<u>112.598</u>

FRONTERA CAPITAL B.V.

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

	12.31.2019	12.31.2018
	USD	USD
4 Amounts due from third parties, non-current		
Frontier Markets Advisory FZE	47.323.586	44.914.570
Zambezi B.V.	22.342.945	22.762.021
Aurora Australis B.V.	218.325	196.786
Baobab Securities Ltd.	39.659.956	19.997.729
Frontera Capital Group B.V.	17.500.000	17.500.000
Frontera Capital Mena S.P.C.	12.539.239	11.315.943
Frontera Capital Group Limited	25.000.000	25.000.000
	<u>164.584.051</u>	<u>141.687.049</u>

The amount of USD 3,678,930 is to be received within one year as a scheduled repayment of the principal. The amount of USD 41,832,337 has a repayment schedule longer than 5 years.

Frontier Market Advisory FZE

In 2018, the Company entered into payment agreements with Frontier Market Advisory FZE, related to the Series 18, 19, 20, 21, 23. In 2019 the Company entered into payment agreement with Frontier Market Advisory FZE related to Series 26 and 28.

The movement can be specified as follows:

Opening balance	44.914.570
Acquisition	2.066.079
Amortization	466.877
FX revaluation 2019	(123.940)
Ending balance	<u>47.323.586</u>

Zambezi B.V.

In 2018, the Company entered into a payment agreement with Zambezi B.V., related to the Serie 26 and Zambezi Serie 11.

The movement can be specified as follows:

Opening balance	22.762.021
FX revaluation 2019	(419.076)
Ending balance	<u>22.342.945</u>

Aurora Australis B.V.

The movement can be specified as follows:

Opening balance	196.786
Payment of the invoices o.b.o Aurora Australis	18.178
Interest 2019	4.161
Fx revaluation 2019	(800)
Ending balance	<u>218.325</u>

Baobab Securities Ltd

In 2019, the Company entered into payment agreements with Baobab Securities Ltd, related to the Series 30, 31, 32 and 33.

The movement can be specified as follows:

Opening balance	-
Acquisition	40.000.000
Amortization	(340.044)
Ending balance	<u>39.659.956</u>

Frontera Capital Mena S.P.C.

In 2018, the Company entered into Deed of Novation with Frontera Capital Mena S.P.C., related to the Serie 22.

The movement can be specified as follows:

Opening balance	11.315.943
Amortization	(93.770)
FX revaluation 2019	1.317.066
Ending balance	<u>12.539.239</u>

FRONTERA CAPITAL B.V.

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

	12.31.2019	12.31.2018
	USD	USD
5 Investment held to maturity		
Investment held to maturity	12.852.382	-
	<u>12.852.382</u>	<u>--</u>

Serie 29

In 2019, the Company entered into Settlement agreement with Reserve Bank of Zimbabwe for the amount of USD 27,852,382, with maturity date April 30, 2020. The amount is repaid in a number of installments as per payment schedule. In 2019, the Company received one installment amount in October, 2019. The installments from November and December were not received, therefore the management made a decision to make a provision for an amount of USD 6,000,000, equal to a receivable in November and December 2019.

In March 2020, the Company entered into an agreement that represented rescheduling of the repayments by Reserve Bank of Zimbabwe. The total amount to be paid and the maturity date remain the same.

	12.31.2019	12.31.2018
	USD	USD
6 Amounts due from group companies		
C/A Stichting Frontera Capital	6.245	6.260
	<u>6.245</u>	<u>6.260</u>

	12.31.2019	12.31.2018
	USD	USD
7 Amounts due from third parties, current		
Frontera Group B.V.	2.403	2.454
C/A Zambezi	1.600.525	650.716
C/A Okavango	-	775.799
C/A FCFMO	11.159.577	-
VAT receivable	61.855	39.312
Interest receivable	5.005.907	4.770.746
FCFMO Premium receivable	1.142.680	-
	<u>18.972.947</u>	<u>6.239.028</u>

VAT receivable

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

Interest receivable

Frontier Market Advisory FZE	2.772.880
Zambezi B.V.	803.033
Baobab Securities	295.644
Frontera Capital Mena S.P.C.	1.134.350
	<u>5.005.907</u>

These balances represent accrued coupon interest as calculated from the last coupon receipt dates till year end.

C/A FCFMO

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.

FCFMO Premium receivable

FCFMO Premium KGS 5 A	--
FCFMO Premium TZS 10 L	1.100.853
FCFMO Premium PYG 12 A	41.827
	<u>1.142.680</u>

FRONTERA CAPITAL B.V.

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

8 Prepayment and accrued income	12.31.2019	12.31.2018
	USD	USD
Interest receivable from investments	7.136.611	6.676.763
FCGL interest receivable	672.017	-
Accrued FCGL fee	540.700	-
	8.349.328	6.676.763
The interest receivable from investment can be specified as follows:		
FCGBV Serie 1	1.413.283	1.413.283
Zambezi CLN Serie 2	560.397	860.278
Zambezi CLN Serie 5	1.210.522	1.326.303
Zambezi CLN Serie 6	311.628	333.877
Zambezi CLN Serie 7	250.923	309.915
Zambezi CLN Serie 8	398.015	414.343
Serie 9	5.500	67.419
Serie 11	14.891	17.793
Serie 12	206.692	222.628
Serie 17	714.049	1.309.120
Serie 24	-	401.806
Serie 26 Eshkata FX Swap	13.893	-
Serie 28	682.851	-
Serie 29	1.353.967	-
	7.136.611	6.676.763

These balances represent accrued coupon interest as calculated from the last coupon receipt dates till year end.

				12.31.2019	12.31.2018
				USD	USD
<u>Banks</u>	<u>Countries</u>	<u>Currency</u>	<u>Bank balances in foreign currencies</u>		
ING Bank N.V.	The Netherlands	USD		1.771.682	31.150.695
ING Bank N.V.	The Netherlands	EUR	EUR 635.947	714.387	30.739
Bank of Georgia	Georgia	GEL	GEL 0	-	-
Bank of Georgia	Georgia	USD		65.748	42.801
EcoBank Gambia Ltd	Gambia	GMD	GMD 50.933	479	3.859.139
EcoBank Gambia Ltd	Gambia	EUR	EUR 24.402	2	1.162.108
EcoBank Gambia Ltd	Gambia	USD		(23)	23
First Merchant Bank Limited	Malawi	MWK	MWK 13.238.616	17.801	17.879
JSC Liberty Bank	Georgia	GEL	GEL 543.418	189.496	173.200
JSC Liberty Bank	Georgia	USD		718	460
Ameriabank	Armenia	AMD	AMD 0	-	-
Ameriabank	Armenia	USD		6.400	7.167
Valores Case de Bolsa	Paraguay	USD		41	-
				2.766.731	36.444.164

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

FRONTERA CAPITAL B.V.

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

10 Shareholder's equity

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

	Issued share capital	Revaluation reserve	Retained Earnings	Unappropriated result	Total
Balance as per January 1, 2018	1	2.224.932	19.193	8.870	2.252.995
Transfer	-	-	8.870	(8.870)	-
Revaluation of the derivatives	-	2.173.985	-	-	2.173.985
Result for the year	-	-	-	13.806	13.806
Balance as per December 31, 2018	1	4.398.917	28.063	13.806	4.440.786
Transfer	-	-	13.806	(13.806)	-
Revaluation of the derivatives	-	(1.749.590)	-	-	(1.749.590)
Result for the year	-	-	-	16.467	16.467
Balance as per December 31, 2019	1	2.649.327	41.871	16.467	2.707.663

The Revaluation reserve relates to the valuation of each Derivative separately, disclosed in the Note 2 and Note 11. The Revaluation reserve is a temporary reserve account for the positive fair values of the Derivatives and does not constitute, at all times, a freely distributable reserve of the Company to its sole shareholder. Once the Derivatives are matured or are cancelled, the positive (if any) valuation will be realised and subsequently applied and distributed, according to the contractual swap and series agreements and accompanying obligations, to the respective series noteholder(s) and any other defined third party.

On April 26, 2019, a three year FX Forward Contract, entered under Serie 9, has matured and it resulted in a release of USD 276,017 from "Revaluation reserve" to "Other net result on financial instruments". On October 14, 2019 3 year FX Swap, entered under Serie 17, has matured and it resulted in a release of USD 121.460 from "Revaluation reserve" to "Other net result on financial instruments".

The release of the revaluation reserve raises no effect on the fiscal result of the Company. The fiscal result of the Company equal to 10% of its management, corporate secretarial and administration fee as per arm's length remuneration rules for the limited risk finance function in relation to the CLN programmes.

11 Credit linked notes

12.31.2019 USD	12.31.2018 USD
184.138.859	142.097.221
184.138.859	142.097.221

The Company issued the following Credit Linked Notes (CLN) in multiple tranches under a combined Regulation S offering outside the United States and Rule 144A offering inside the United States. All CLN are issued under the limited recourse debt issuance program. The amount of USD 44.666.545 is to be paid within one year as a scheduled repayment of the principal. The amount of USD 77.725.103 has a repayment schedule longer than 5 years. The CLN can be specified as follows:

Serie 9	11.585.940	12.413.136
Serie 10	-	-
Serie 11	2.580.465	3.511.918
Serie 12	3.758.701	4.076.812
Serie 14	-	-
Serie 15	-	-
Serie 16	-	-
Serie 18	14.763.415	14.631.196
Serie 19	9.533.505	9.617.799
Serie 23	10.162.722	9.947.564
Serie 24	-	12.445.705
Serie 25	-	14.276.437
Serie 26	12.547.485	12.890.260
Serie 27	-	5.721.291
Serie 28	13.921.114	-
Serie 29	36.998.901	-
Serie 30	9.914.989	-
Serie 31	9.914.989	-
Serie 32	9.914.989	-
Serie 33	9.914.989	-
	<hr/> 184.138.859	<hr/> 142.097.221

FRONTERA CAPITAL B.V.

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

11 Credit linked notes (continued)

The details of the individual CLN are as follows:

Serie 9

The Company issued Credit-Linked Notes on April 22, 2016 to professional investors for a total aggregate notional amount ("Principal amount") of GEL 33,225,000 at an issue price of 100% and maturity date on October 25, 2021. Interest is paid semi-annually according to a payment schedule. The indication of yield is 12.50%. The Principal amount is repayable in two instalments on April 25, 2021 (66,42%) and October 25, 2021 (33,58%).

The movement can be specified as follows:

Opening balance	12.413.136
FX revaluation 2019	(827.196)
Ending balance	<u>11.585.940</u>

Serie 11

The Company issued Credit-Linked Notes on July 21, 2016 for a total aggregate notional amount ("Principal amount") of GEL 22,900,000 at an issue price of 100% and maturity date on July 21, 2021. The interest is paid semi-annually according to the payment schedule. The Principal amount is repayable in four instalments on July 21, 2018, July 21, 2019, July 21, 2020 and July 21, 2021.

The movement can be specified as follows:

Opening balance	3.511.918
Redemption	(687.876)
FX revaluation 2019	(243.577)
Ending balance	<u>2.580.465</u>

Serie 12

The Company issued Credit-Linked Notes on August 4, 2016 for a total aggregate notional amount ("Principal amount") of PYG 24,300,000,000 at an issue price of 100% and maturity date on August 18, 2023. The interest is paid semi-annually according to the payment schedule. The Principal amount is repayable in two instalments on August 18, 2020 and August 18, 2023.

The movement can be specified as follows:

Opening balance	4.076.812
FX revaluation 2019	(318.111)
Ending balance	<u>3.758.701</u>

Serie 17

The Company issued Credit-Linked Notes on October 12, 2016 for a total aggregate notional amount ("Principal amount") of AZN 43,635,625 at an issue price of 100% and maturity date on October 18, 2021. The interest is paid semi-annually according to the payment schedule. The Principal amount is repayable in three instalments on October 18, 2018, October 19, 2019 and October 21, 2021.

The movement can be specified as follows:

Opening balance	20.534.412
Redemption	(15.248.326)
FX revaluation 2019	(152.483)
Ending balance	<u>5.133.603</u>

Serie 18

The Company issued Credit-Linked Notes on January 30, 2018 for a total aggregate notional amount ("Principal amount") of KGS 1,162,375,356 at an issue price of 87.3642% and maturity date on February 4, 2028. The interest rate is 12% and is paid semi-annually according to the payment schedule. The Principal amount is repayable fully at the maturity date.

The movement can be specified as follows:

Opening balance	14.631.196
Acquisition	-
Amortization	120.678
FX revaluation 2019	11.541
Ending balance	<u>14.763.415</u>

FRONTERA CAPITAL B.V.

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

11 Credit linked notes (continued)

Serie 19

The Company issued Credit-Linked Notes on February 2, 2018 for a total aggregate notional amount ("Principal amount") of KGS 664,790,853 at an issue price of 101,8365% and maturity date on January 31, 2020. The interest rate is 7% and is paid semi-annually according to the payment schedule. The Principal amount is repayable fully at the maturity date.

The installments from November and December were not received from Reserve Bank of Zimbabwe, due to a limited recourse the management made a decision to make a provision for an amount of USD 6,000,000, equal to a receivable and payable in November and December 2019.

The movement can be specified as follows:

Opening balance	9.617.799
Amortization	(92.184)
FX revaluation 2019	7.890
Ending balance	<u>9.533.505</u>

Serie 20

The Company issued Credit-Linked Notes on March 1, 2018 for a total aggregate notional amount ("Principal amount") of KGS 386,450,570 at an issue price of 95,2412% and maturity date on March 4, 2021. The interest rate is 6% and is paid semi-annually according to the payment schedule. The Principal amount is repayable fully at the maturity date.

The movement can be specified as follows:

Opening balance	5.338.313
Amortization	88.347
FX revaluation 2019	4.137
Ending balance	<u>5.430.797</u>

Serie 21

The Company issued Credit-Linked Notes on March 1, 2018 for a total aggregate notional amount ("Principal amount") of KGS 459,037,883 at an issue price of 80,1807% and maturity date on March 10, 2025. The interest rate is 8% and is paid semi-annually according to the payment schedule. The Principal amount is repayable fully at the maturity date.

The movement can be specified as follows:

Opening balance	5.376.435
Amortization	142.510
FX revaluation 2019	4.071
Ending balance	<u>5.523.016</u>

Serie 22

The Company issued Credit-Linked Notes on March 28, 2018 for a total aggregate notional amount ("Principal amount") of EGP 180,000,000 at an issue price of 114,09259% and maturity date on May 17, 2022. The interest rate is 15,58% and is paid semi-annually according to the payment schedule. The Principal amount is repayable fully at the maturity date.

The movement can be specified as follows:

Opening balance	11.315.943
Amortization	(93.770)
FX revaluation 2019	1.317.066
Ending balance	<u>12.539.239</u>

Serie 23

The Company issued Credit-Linked Notes on May 23, 2018 for a total aggregate notional amount ("Principal amount") of KGS 820,000,000 at an issue price of 83,7946% and maturity date on May 26, 2025. The interest rate is 8% and is paid semi-annually according to the payment schedule. The Principal amount is repayable fully at the maturity date.

The movement can be specified as follows:

Opening balance	9.947.564
Amortization	207.526
FX revaluation 2019	7.633
Ending balance	<u>10.162.722</u>

FRONTERA CAPITAL B.V.

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

11 Credit linked notes (continued)

Serie 24

The Company issued Credit-Linked Notes on August 8, 2018 for a total aggregate notional amount ("Principal amount") of ZWL 13,929,300 at an issue price of 82,6923% and maturity date on August 20, 2019. The interest rate is 7,50% and is paid semi-annually according to the payment schedule. The Principal amount is repayable fully at the maturity date.

The movement can be specified as follows:

Opening balance	12.445.705
Redemption	(11.518.459)
Amortization	<u>(927.246)</u>
Ending balance	<u><u>-</u></u>

Serie 25

The Company issued Credit-Linked Notes on August 17, 2018 for a total aggregate notional amount ("Principal amount") of USD 16,067,262 at an issue price of 82,6923% and maturity date on September 3, 2019. The interest rate is 7,50% and is paid semi-annually according to the payment schedule. The Principal amount has been settled for an amount of USD 6,823,295 on September 23, 2019.

The movement can be specified as follows:

Opening balance	14.276.437
Redemption	(6.823.295)
Amortization	(1.059.575)
FX revaluation 2019	<u>(6.393.567)</u>
Ending balance	<u><u>-</u></u>

Serie 26

The Company issued Credit-Linked Notes on August 28, 2018 for a total aggregate notional amount ("Principal amount") of TJS 121,550,000 at an issue price of 100% and maturity date on February 15, 2023. The interest rate is 10,78% and is paid semi-annually according to the payment schedule. The Principal amount is repayable fully at the maturity date.

The movement can be specified as follows:

Opening balance	12.890.260
FX revaluation 2019	<u>(342.775)</u>
Ending balance	<u><u>12.547.485</u></u>

Serie 27

The Company issued Credit-Linked Notes on November 20, 2018 for a total aggregate notional amount ("Principal amount") of USD 8,370,000 at an issue price of 64,5161% and maturity date on December 2019. The interest rate is 10% and is paid semi-annually according to the payment schedule. The Principal amount has been settled for an amount of USD 2,114,462 on September 23, 2019.

The movement can be specified as follows:

Opening balance	5.721.291
Redemption	(2.114.462)
Amortization	(669.828)
FX revaluation 2019	<u>(2.937.001)</u>
Ending balance	<u><u>-</u></u>

Serie 28

The Company issued Credit-Linked Notes on January 29, 2019 for a total aggregate notional amount ("Principal amount") of PYG 90,000,000,000 at an issue price of 100% and maturity date on February 15, 2029. The interest rate is 11% and is paid semi-annually according to the payment schedule. The Principal amount is repayable in four instalments on February 9, 2024, February 7, 2025, February 9, 2027 and February 15, 2029.

The movement can be specified as follows:

Opening balance	-
Acquisition	15.000.000
FX revaluation 2019	<u>(1.078.886)</u>
Ending balance	<u><u>13.921.114</u></u>

FRONTERA CAPITAL B.V.

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

11 Credit linked notes (continued)

Serie 29

The Company issued Credit-Linked Notes on September 23, 2019 for a total aggregate notional amount ("Principal amount") of USD 45,165,384 at an issue price of 100% and maturity date on April 30, 2021. The interest is paid according to the payment schedule. The Principal amount is repayable in eleven instalments as per repayment schedule with the final installment on April 30, 2021.

The movement can be specified as follows:

Opening balance	-
Acquisition	45.165.384
Redemption	(2.166.483)
Provision	<u>(6.000.000)</u>
Ending balance	<u>36.998.901</u>

Serie 30

The Company issued Credit-Linked Notes on December 12, 2019 for a total aggregate notional amount ("Principal amount") of UZS 94,520,000,000 at an issue price of 100% and maturity date on January 8, 2021. The interest rate is 12.5% and is paid semi-annually according to the payment schedule. The Principal amount is repayable fully at the maturity date.

The movement can be specified as follows:

Opening balance	-
Acquisition	10.000.000
FX revaluation 2019	<u>(85.011)</u>
Ending balance	<u>9.914.989</u>

Serie 31

The Company issued Credit-Linked Notes on December 13, 2019 for a total aggregate notional amount ("Principal amount") of UZS 94,520,000,000 at an issue price of 100% and maturity date on January 10, 2023. The interest rate is 13.5% and is paid semi-annually according to the payment schedule. The Principal amount is repayable fully at the maturity date.

The movement can be specified as follows:

Opening balance	-
Acquisition	10.000.000
FX revaluation 2019	<u>(85.011)</u>
Ending balance	<u>9.914.989</u>

Serie 32

The Company issued Credit-Linked Notes on December 13, 2019 for a total aggregate notional amount ("Principal amount") of UZS 94,520,000,000 at an issue price of 100% and maturity date on January 10, 2025. The interest rate is 14% and is paid semi-annually according to the payment schedule. The Principal amount is repayable fully at the maturity date.

The movement can be specified as follows:

Opening balance	-
Acquisition	10.000.000
FX revaluation 2019	<u>(85.011)</u>
Ending balance	<u>9.914.989</u>

Serie 33

The Company issued Credit-Linked Notes on December 13, 2019 for a total aggregate notional amount ("Principal amount") of UZS 94,520,000,000 at an issue price of 100% and maturity date on January 11, 2027. The interest rate is 14.75% and is paid semi-annually according to the payment schedule. The Principal amount is repayable fully at the maturity date.

The movement can be specified as follows:

Opening balance	-
Acquisition	10.000.000
FX revaluation 2019	<u>(85.011)</u>
Ending balance	<u>9.914.989</u>

FRONTERA CAPITAL B.V.

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

12 Credit Default Swaps	12.31.2019 USD	12.31.2018 USD
CDS Series PYG 1 A	2.316.153,00	-
CDS Series PYG 2 A	500.044,00	-
CDS Series KGS 4 A	1.203.765,00	-
CDS Series KGS 5 A	2.181.820,00	-
CDS Series KGS 7 A	421.734,00	-
CDS Series TZS 11A	5.501.407,00	-
CDS Series PYG 12 A	2.020.987,00	-
CDS Series UZS 21 A	462.690,00	-
CDS Series UZS 22 A	848.508,00	-
CDS Series UZS 23 A	1.368.481,00	-
CDS Series UZS 24 A	1.766.640,00	-
	<u>18.592.229</u>	<u>-</u>

CDS Series PYG 1A

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 2,659,742, equivalent to PYG 15,853,501,303, with a maturity date on June 15, 2027. 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 Zambezi Series 5. In exchange, the Company will transfer Fixed Payment Amounts on the relevant Fixed Payment Dates, as disclosed in the agreement.

The movement can be specified as follows:

Opening balance	--
Acquisition	2.659.742
Fair Value adjustment	(136.052)
FX revaluation 2019	(207.537)
Ending balance	<u>2.316.153</u>

CDS Series PYG 2A

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 661,156, equivalent to PYG 3,940,845,141, with a maturity date on August 9, 2023. 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, as disclosed in the agreement.

The movement can be specified as follows:

Opening balance	--
Acquisition	661.156
Fair Value adjustment	(109.522)
FX revaluation 2019	(51.589)
Ending balance	<u>500.044</u>

CDS Series KGS 4 A

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 1,125,718, equivalent to KGS 78,631,422, with a maturity date on January 22, 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 18. In exchange, the Company will transfer Fixed Payment Amounts on the relevant Fixed Payment Dates, as disclosed in the agreement.

The movement can be specified as follows:

Opening balance	--
Acquisition	1.125.718
Fair Value adjustment	77.141
FX revaluation 2019	905
Ending balance	<u>1.203.765</u>

FRONTERA CAPITAL B.V.

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

12 Credit Default Swaps (Continued)

CDS Series KGS 5 A

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 1,498,329, equivalent to KGS 104,655,885, with a maturity date on January 22, 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 19. In exchange, the Company will transfer Fixed Payment Amounts on the relevant Fixed Payment Dates, as disclosed in the agreement.

The movement can be specified as follows:

Opening balance	--
Acquisition	1.498.329
Fair Value adjustment	682.321
FX revaluation 2019	1.170
Ending balance	<u>2.181.820</u>

CDS Series KGS 7 A

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 402,399, equivalent to KGS 28,106,923, with a maturity date on February 19, 2025. 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 21. In exchange, the Company will transfer Fixed Payment Amounts on the relevant Fixed Payment Dates, as disclosed in the agreement.

The movement can be specified as follows:

Opening balance	--
Acquisition	402.399
Fair Value adjustment	19.021
FX revaluation 2019	314
Ending balance	<u>421.734</u>

CDS Series TZS 11A

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 5,500,532, equivalent to TZS 12,610,410,097, with a maturity date on April 9, 2021. 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 Zambezi Series 11. In exchange, the Company will transfer Fixed Payment Amounts on the relevant Fixed Payment Dates, as disclosed in the agreement.

The movement can be specified as follows:

Opening balance	--
Acquisition	5.500.535
Fair Value adjustment	16.236
FX revaluation 2019	(15.363)
Ending balance	<u>5.501.407</u>

CDS Series PYG 12 A1

The Company entered into a Credit Derivative Transaction with Frontera Capital Frontier Market Opportunities Limited on February 15, 2019 for a total amount of USD 534,371, equivalent to PYG 3,230,574,463, with a maturity date on February 12, 2029. 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 28. In exchange, the Company will transfer Fixed Payment Amounts on the relevant Fixed Payment Dates, as disclosed in the agreement.

CDS Series PYG 12 A2

The Company entered into a Credit Derivative Transaction with Frontera Capital Frontier Market Opportunities Limited on February 15, 2019 for a total amount of USD 1,959,472, equivalent to PYG 11,846,124,038, with a maturity date on May 31, 2024. 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 28. In exchange, the Company will transfer Fixed Payment Amounts on the relevant Fixed Payment Dates, as disclosed in the agreement.

FRONTERA CAPITAL B.V.

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

12 Credit Default Swaps (Continued)

CDS Series PYG 12 A3

The Company entered into a Credit Derivative Transaction with Frontera Capital Frontier Market Opportunities Limited on May 29, 2019 for a total amount of USD 428,887, equivalent to PYG 2,700,510,298, with a maturity date on May 27, 2024. 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 28. In exchange, the Company will transfer Fixed Payment Amounts on the relevant Fixed Payment Dates, as disclosed in the agreement.

The movement of PYG 12 A1, A2, A3 can be specified as follows:

Opening balance	--
Acquisition	1.853.988
Fair Value adjustment	270.629
FX revaluation 2019	(103.630)
Ending balance	<u>2.020.987</u>

CDS Series UZS 21 A

The Company entered into a Credit Derivative Transaction with Frontera Capital Frontier Market Opportunities Limited on December 13, 2019 for a total amount of USD 459,530, equivalent to UZS 4,373,167,680, with a maturity date on January 8, 2021. 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 30. 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	459.530
Fair Value adjustment	2.638
FX revaluation 2019	523
Ending balance	<u>462.690</u>

CDS Series UZS 22 A

The Company entered into a Credit Derivative Transaction with Frontera Capital Frontier Market Opportunities Limited on December 13, 2019 for a total amount of USD 842,010, equivalent to UZS 8,013,089,336, with a maturity date on January 10, 2023. 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 31. 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	842.010
Fair Value adjustment	5.540
FX revaluation 2019	958
Ending balance	<u>848.508</u>

CDS Series UZS 23 A

The Company entered into a Credit Derivative Transaction with Frontera Capital Frontier Market Opportunities Limited on December 13, 2019 for a total amount of USD 1,357,844, equivalent to UZS 12,922,089,975, with a maturity date on January 10, 2025. 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 32. 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	1.357.844
Fair Value adjustment	9.093
FX revaluation 2019	1.544
Ending balance	<u>1.368.481</u>

FRONTERA CAPITAL B.V.

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

12 Credit Default Swaps (Continued)

CDS Series UZS 24 A

The Company entered into a Credit Derivative Transaction with Frontera Capital Frontier Market Opportunities Limited on December 13, 2019 for a total amount of USD 1,752,435, equivalent to UZS 16,677,257,945, with a maturity date on January 11, 2027. 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 33. 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	1.752.435
Fair Value adjustment	12.213
FX revaluation 2019	1.992
Ending balance	<u>1.766.640</u>

13 Derivatives

	<u>12.31.2019</u>	<u>12.31.2018</u>
	USD	USD
Independent amount FCGBV Series 1	7.500.000	7.500.000
MtM Credo Swap Zambezi Serie 6	335.657	-
Credo Zambezi Serie 6	-	350.000
Independent amount forward contracts Series 9	3.532.718	4.902.794
Independent amount Series 17	4.000.000	5.000.000
MtM Eshkata FX Swap	112.598	-
	<u>15.480.973</u>	<u>17.752.794</u>

In 2018 the balance of the derivatives was presented under note 12 Amounts due to third parties, non-current.

FCGBV Series 1

The Company entered into FX Swap agreements with AccessBank CJSC as it is disclosed under the Note 2. The Balance represents the Independent amount of USD 7,500,000 as per Master Agreement entered with AccessBank CJSC on May 8, 2017.

The movement can be specified as follows:

Opening balance	<u>7.500.000</u>
Ending balance	<u>7.500.000</u>

Zambezi Series 6

The Company entered into a FX Swap Agreement with JSC Credo Bank as it is disclosed under the Note 3. The Balance represents the amounts received due to Margin Calls during 2018.

As at the end of the year, taking into consideration the prevailing economic conditions, the FX Swap was valued at USD 335,657.

The Fair Value of the FX Swap contracts are based on the weekly treasury yield curves exchange rates of the USD and GEL for the period of 1 to 5 years and the exchange rates on the balance sheet date published by a Central Bank of United States of America and the National Bank of Georgia.

The movement can be specified as follows:

Opening balance	(309.030)
MtM Movements 2019	<u>644.687</u>
Ending balance	<u>335.657</u>

Series 9

The Company entered into FX Forward contracts with JSC Liberty Bank as it is disclosed under the Note 2.

The Fair Value of the FX Forwards contracts are based on the weekly treasury yield curves exchange rates of the USD and GEL for the period of 1 to 5 years and the exchange rates on the balance sheet date published by a Central Bank of United States of America and the National Bank of Georgia.

The movement of Independent amount can be specified as follows:

Opening balance	4.902.794
MtM Movements 2019	<u>(1.370.076)</u>
Ending balance	<u>3.532.718</u>

FRONTERA CAPITAL B.V.

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

13 Derivatives (continued)

Series 17

The Company entered into the FX swap agreements as it is disclosed under the Note 2.

The Fair Value of the FX Swaps are based on the weekly treasury yield curves of the USD for the period of 1 to 5 years and the exchange rates on the balance sheet date published by a Central Bank of United States of America. The treasury yield curves for AZN are not available, therefore the refinancing rates published from time to time by the Central bank of Azerbaijan is used instead.

The movement of Independent amount can be specified as follows:

Opening balance	5.000.000
Maturity of 2Y IA	<u>(1.000.000)</u>
Ending balance	<u><u>4.000.000</u></u>

Serie 26

The Company entered into 12 FX swap agreements with Bank Eshkata for a total amount of TJS 31,898,400 (EUR 3,000,000)

- 1 19 months FX Swap, where the Company agreed to exchange EUR 250,000 for TJS 2,658.200 at a maturity date, January 1, 2021;
- 2 19 months FX Swap, where the Company agreed to exchange EUR 250,000 for TJS 2,658.200 at a maturity date, January 17, 2021;
- 3 20 months FX Swap, where the Company agreed to exchange EUR 250,000 for TJS 2,658.200 at a maturity date, February 1, 2021;
- 4 20 months FX Swap, where the Company agreed to exchange EUR 250,000 for TJS 2,658.200 at a maturity date, February 17, 2021;
- 5 21 months FX Swap, where the Company agreed to exchange EUR 250,000 for TJS 2,658.200 at a maturity date, March 1, 2021;
- 6 21 months FX Swap, where the Company agreed to exchange EUR 250,000 for TJS 2,658.200 at a maturity date, March 17, 2021;
- 7 22 months FX Swap, where the Company agreed to exchange EUR 250,000 for TJS 2,658.200 at a maturity date, April 1, 2021;
- 8 22 months FX Swap, where the Company agreed to exchange EUR 250,000 for TJS 2,658.200 at a maturity date, April 17, 2021;
- 9 23 months FX Swap, where the Company agreed to exchange EUR 250,000 for TJS 2,658.200 at a maturity date, May 1, 2021;
- 10 23 months FX Swap, where the Company agreed to exchange EUR 250,000 for TJS 2,658.200 at a maturity date, May 17, 2021;
- 11 24 months FX Swap, where the Company agreed to exchange EUR 250,000 for TJS 2,658.200 at a maturity date, June 1, 2021;
- 12 24 months FX Swap, where the Company agreed to exchange EUR 250,000 for TJS 2,658.200 at a maturity date, June 17, 2021;

As at the end of the year, taking into consideration the prevailing economic conditions, the FX Swaps were valued at USD 112,598.

The Fair Value of the FX Swaps is based on the 1-year NBT Securities (the benchmark in Tajikistan's TJS government risk market), an average is calculated based on the latest 12 auctions. The average is included in the model, taking into account the inflation trend, real rates and the evaluated risk premium, that resulted in a downward sloping discount of 10 base points per year.

The movement of MtM Swap can be specified as follows:

Opening balance	-
MtM movements 2019	<u>112.598</u>
Ending balance	<u><u>112.598</u></u>

14 Amounts due to third parties, non-current

	<u>12.31.2019</u>	<u>12.31.2018</u>
	USD	USD
Frontera Capital Group BV Serie 1	17.546.324	17.546.324
Zambezi B.V.	89.690.736	111.638.236
	<u><u>107.237.060</u></u>	<u><u>129.184.559</u></u>

The amount of USD 34.913.467 is to be paid within one year as a scheduled repayment of the principal. The amount of USD 15.496.333 has a repayment schedule longer than 5 years.

FRONTERA CAPITAL B.V.

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

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

Frontera Capital Group B.V. Serie 1

The Company entered into a Payment agreement with Frontera Capital Group B.V. for an amount of AZN 29,828,750 in March 30, 2017. The Company is held to the issuing terms of the CLN under the limited recourse debt insurance programme as issued by Zambezi B.V. for a total aggregate notional amount ("Principal amount") of AZN 29,828,750. Interest is paid semi-annually in arrears at the annual rate of 14%. The Principal amounts are repayable in full at maturity date, March 30, 2020.

The movement can be specified as follows:

Opening balance	17.546.324
FX revaluation 2019	-
Ending balance	<u>17.546.324</u>

Zambezi B.V.

	12.31.2019	12.31.2018
	USD	USD
Zambezi Serie 2	19.311.611	33.660.461
Zambezi Serie 5	15.857.695	17.199.784
Zambezi Serie 6	16.605.642	17.791.228
Zambezi Serie 7	17.000.000	17.000.000
Zambezi Serie 8	10.269.855	15.257.905
Zambezi Serie 11	10.645.933	10.728.858
	<u>89.690.736</u>	<u>111.638.236</u>

Zambezi Serie 2

The Company entered into a Payment agreement with Zambezi B.V. for an amount of USD 32,880,867 in 2015. The Company is held to the issuing terms of the CLN under the limited recourse debt insurance programme as issued by Zambezi B.V. 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:

Opening balance	33.660.461
Amortization	151.150
Redemption	<u>(14.500.000)</u>
Ending balance	<u>19.311.611</u>

Zambezi Serie 5

The Company entered into a Payment agreement with Zambezi B.V. for an amount of PYG 102,520,000,000 in June 16, 2017. The Company is held to the issuing terms of the CLN under the limited recourse debt insurance programme as issued by Zambezi B.V. 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	<u>(1.342.089)</u>
Ending balance	<u>15.857.695</u>

Zambezi Serie 6

The Company entered into a Payment agreement with Zambezi B.V. for an amount of GEL 47,620,000 in July 3, 2017. The Company is held to the issuing terms of the CLN under the limited recourse debt insurance programme as issued by Zambezi B.V. 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.

The movement can be specified as follows:

Opening balance	17.791.228
FX revaluation 2019	<u>(1.185.586)</u>
Ending balance	<u>16.605.642</u>

FRONTERA CAPITAL B.V.

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

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

Zambezi Serie 7

The Company entered into a Payment agreement with Zambezi B.V. for an amount of USD 17,000,000 in July 31, 2017. The Company is held to the issuing terms of the CLN under the limited recourse debt insurance programme as issued by Zambezi B.V. 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.

The movement can be specified as follows:

Opening balance	17.000.000
Ending balance	<u>17.000.000</u>

Zambezi Serie 8

The Company entered into a Payment agreement with Zambezi B.V. for an amount of of GMD 1,218,758,041 in August 10, 2017. The Company is held to the issuing terms of the CLN under the limited recourse debt insurance programme as issued by Zambezi B.V. 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:

Opening balance	15.257.905
Redemption	(4.389.004)
FX revaluation 2019	(599.046)
Ending balance	<u>10.269.855</u>

Zambezi Serie 11

The Company entered into a Payment agreement with Zambezi B.V. for an amount of TZS 24,475,000,000 in April 9, 2018. The Company 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.

The movement can be specified as follows:

Opening balance	10.728.858
FX revaluation 2019	(82.925)
Ending balance	<u>10.645.933</u>

15 Amounts due to third parties, current

	<u>12.31.2019</u> USD	<u>12.31.2018</u> USD
Frontier Markets Advisory	7.935.052	5.026.670
Frontera Capital Group Limited	120.757	-
	<u>8.055.809</u>	<u>5.026.670</u>

16 Creditors

ING Bank as paying and fiscal agent	15.509	157.383
DE koerier	54	154
Trustmoore Netherlands	16.790	-
Baker Tilly	-	9.901
Frontera Capital Limited	65.591	-
	<u>97.944</u>	<u>167.438</u>

17 Other liabilities

CIT Payable	2.920	5.373
	<u>2.920</u>	<u>5.373</u>

FRONTERA CAPITAL B.V.

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

18 Accruals and deferred income	12.31.2019 USD	12.31.2018 USD
Interest payable for CLN	8.682.014	10.656.916
CDS Premium payable	4.203.796	-
Accrued administration expenses	5.772	34.349
Accrued audit fee	21.234	32.973
Accrued FMA fee	369.272	369.272
Accrued FCGL fee	-	2.470.255
Deferred income Serie 24	-	2.857.292
	<u>13.282.088</u>	<u>16.421.057</u>

The interest payable can be specified as follows:

FCGBV Serie 1	619.169	619.169
Zambezi Serie 2	562.036	860.279
Zambezi Serie 5	912.795	990.048
Zambezi Serie 6	622.371	666.806
Zambezi Serie 7	481.006	481.007
Zambezi Serie 8	354.899	914.707
Zambezi Serie 11	174.083	175.439
Serie 9	(56.963)	1.026.526
Serie 11	795.850	1.076.684
Serie 12	129.614	140.584
Serie 17	293.634	563.568
Serie 18	837.739	837.066
Serie 19	319.416	319.159
Serie 20	111.954	110.955
Serie 21	177.310	175.727
Serie 22	245.144	204.164
Serie 23	100.429	97.775
Serie 24	-	401.806
Serie 25	-	429.021
Serie 26	396.521	475.880
Serie 27	-	90.546
Serie 28	557.989	-
Serie 29	800.263	-
Serie 30	53.627	-
Serie 31	57.365	-
Serie 32	59.490	-
Serie 33	62.380	-
Serie 26 FX Swap	13.893	-
	<u>8.682.014</u>	<u>10.656.916</u>

These balances represent accrued interest expenses as calculated from the last interest payment dates till year end.

The CDS premium payable can be specified as follows:

Premium payable PYG 1 A	770.961	-
Premium payable PYG 2 A	238.336	-
Premium payable KGS 4 A	194.299	-
Premium payable KGS 5 A	626.708	-
Premium payable KGS 6 A	173.866	-
Premium payable KGS 7 A	52.464	-
Premium payable TZS 11A	1.836.809	-
Premium payable PYG 12 A	247.570	-
Premium payable UZS 21 A	16.026	-
Premium payable UZS 22 A	13.779	-
Premium payable UZS 23 A	15.967	-
Premium payable UZS 24 A	17.011	-
	<u>4.203.796</u>	<u>-</u>

FRONTERA CAPITAL B.V.

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

	2019	2018
	USD	USD
19 Interest income		
FCGBV Serie 1	2.057.781	1.773.615
Zambezi Serie 2	2.149.394	3.107.408
Zambezi Serie 5	2.300.543	2.493.984
Zambezi Serie 6	873.428	1.213.034
Zambezi Serie 7	945.323	917.075
Zambezi Serie 8	1.198.822	1.530.830
Zambezi Serie 11	1.795.417	1.315.668
Serie 9	505.972	724.887
Serie 10	-	431.489
Serie 11	453.699	565.628
Serie 12	510.798	560.145
Serie 14	-	457.082
Serie 15	-	372.642
Serie 16	-	177.775
Serie 17	3.167.367	4.418.000
Serie 18	2.317.006	1.951.388
Serie 19	1.297.863	626.409
Serie 20	595.017	350.612
Serie 21	722.060	553.084
Serie 22	1.599.040	1.057.834
Serie 23	1.149.083	686.893
Serie 24	642.890	401.806
Serie 25	528.264	1.419.070
Serie 26	1.565.733	476.020
Serie 27	610.840	411.839
Serie 28	2.076.969	-
Serie 29	1.353.967	-
Serie 30	69.642	-
Serie 31	71.134	-
Serie 32	75.446	-
Serie 33	79.379	-
<i>Total interest income</i>	<u>30.712.877</u>	<u>27.994.217</u>

FRONTERA CAPITAL B.V.

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

	2019	2018
	USD	USD
20 Interest expense		
FCGBV Serie 1	(2.456.485)	(2.456.485)
Zambezi Serie 2	(2.149.394)	(3.107.408)
Zambezi Serie 5	(1.789.219)	(1.939.666)
Zambezi Serie 6	(1.589.686)	(1.777.107)
Zambezi Serie 7	(1.147.500)	(1.147.500)
Zambezi Serie 8	(1.068.957)	(1.343.609)
Zambezi Serie 11	(924.863)	(670.068)
Serie 9	(1.550.386)	(1.603.524)
Serie 10	-	(484.516)
Serie 11	(474.574)	(1.122.677)
Serie 12	(362.436)	(392.914)
Serie 14	-	(454.667)
Serie 15	-	(372.642)
Serie 16	-	(177.775)
Serie 17	(2.502.212)	(3.324.290)
Serie 18	(2.122.707)	(1.951.388)
Serie 19	(671.155)	(626.409)
Serie 20	(421.151)	(350.612)
Serie 21	(669.596)	(553.084)
Serie 22	(1.599.040)	(1.057.834)
Serie 23	(1.149.083)	(686.893)
Serie 24	(446.889)	(1.329.053)
Serie 25	(528.264)	(1.419.070)
Serie 26	(1.565.733)	(476.020)
Serie 27	(610.840)	(411.839)
Serie 28	(1.443.694)	-
Serie 29	(800.263)	-
Serie 30	(53.617)	-
Serie 31	(57.355)	-
Serie 32	(59.479)	-
Serie 33	(62.368)	-
<i>Total interest expenses</i>	<u>(28.276.946)</u>	<u>(29.237.050)</u>
21 CDS Premium		
CDS Series PYG 1 A Premium	(798.129)	-
CDS Series PYG 2 A Premium	(247.617)	-
CDS Series KGS 4 A Premium	(192.537)	-
CDS Series KGS 5 A Premium	(621.160)	-
CDS Series KGS 6 A Premium	(172.422)	-
CDS Series KGS 7 A Premium	(52.028)	-
CDS Series TZS 10L Premium	1.099.694	-
CDS Series TZS 11A Premium	(1.831.606)	-
CDS Series PYG 12 A Premium	(205.418)	-
CDS Series UZS 21 A Premium	(16.026)	-
CDS Series UZS 22 A Premium	(13.779)	-
CDS Series UZS 23 A Premium	(15.967)	-
CDS Series UZS 24 A Premium	(17.011)	-
	<u>(3.084.006)</u>	<u>--</u>

FRONTERA CAPITAL B.V.

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

	2019 USD	2018 USD
22 Other net result on financial instruments		
Result on restructuring Series	(6.575.604)	-
Derivatives	(461.952)	478.197
Result on Series in Kyrgyzstan	-	5.749.697
Result on Serie 24	2.857.292	1.785.808
Result on termination 2y Swap S17	-	(302.941)
Result on termination 2y IA S17	16.588	-
Result on termination 3y Swap S17	(908.824)	-
Result on termination 3y Forward S9	305.250	-
Result on S28	280.980	-
Result on S29	200.000	-
Result on termination Zimbabwe series	(62.265)	-
CDS Fair Value	(651.279)	-
	<u>(4.999.814)</u>	<u>7.710.761</u>

Result on Series in Kyrgyzstan

The Company entered into a number of Payment agreements with Frontier Markets Advisory FZE ("FMA") in 2018, whereby an immediate profit of USD 749,211 was realised in 2019.

In 2019, the Company entered into a restructuring agreement, where the settlement of Serie 24, 25 and Serie 27 took place. The above mentioned 'result on restructuring series' relates to the restructuring of the asset side of these series. The settlement of the CLN side for these series is (mainly) included in the Foreign exchange differences.

The CDS fair value can be specified as follows:

CDS Fair Value PYG 1 A	136.052	-
CDS Fair Value PYG 2 A	109.522	-
CDS Fair Value KGS 4 A	(77.141)	-
CDS Fair Value KGS 5 A	(682.321)	-
CDS Fair Value KGS 6 A	(189.149)	-
CDS Fair Value KGS 7 A	(19.021)	-
CDS Fair Value TZS 10 L	387.128	-
CDS Fair Value TZS 11A	(16.236)	-
CDS Fair Value PYG 12 A	(270.629)	-
CDS Fair Value UZS 21 A	(2.638)	-
CDS Fair Value UZS 22 A	(5.540)	-
CDS Fair Value UZS 23 A	(9.093)	-
CDS Fair Value UZS 24 A	(12.213)	-
	<u>(651.279)</u>	<u>--</u>

23 Other operating income and expenses

Arrangement and calculating fees	(9.329.114)	(4.594.580)
Management, corporate secretarial and administration fee	(205.839)	(172.574)
Commission fee	(339.971)	(36.820)
Issuer, paying and fiscal agent fee	(204.638)	(148.233)
Custody fee	-	(7.045)
Audit fee	(42.260)	(109.980)
Legal fee	(25.727)	(49.246)
Other expenses	(33.757)	(58.572)
Service fee FCGL	540.700	(2.483.422)
	<u>(9.640.606)</u>	<u>(7.660.470)</u>

24 Other financial income and expenses

Other financial income	33.927	121.623
Bank charges	(291.570)	(103.745)
Foreign exchange differences	14.894.705	1.191.921
FCGL interest	672.017	-
	<u>15.309.079</u>	<u>1.209.800</u>

FRONTERA CAPITAL B.V.

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

	<u>2019</u> <u>USD</u>	<u>2018</u> <u>USD</u>
25 Income tax expense		
Corporate Income Tax	(4.117)	(3.451)
	<u>(4.117)</u>	<u>(3.451)</u>

Management believes that the income tax expense have been calculated taken into account the corporate income tax situation of the company on balance sheet date.

The company has not entered into ruling with Dutch Tax Authorities regarding the method of determination of the taxable amount. 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).

26 Contingent Obligations

On September 28, 2015, the Company has issued Series 7 for a total amount of USD 2,000,000,000 due in 2022 and took a short position. On the same date Zambezi B.V. has issued Series 4 for a total amount of USD 2,000,000,000 due in 2022, and took a long 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.

27 Number of employees

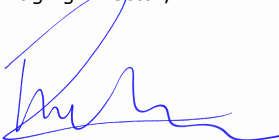
The Company has not employed any employees during the current financial year (previous year: none).

28 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.

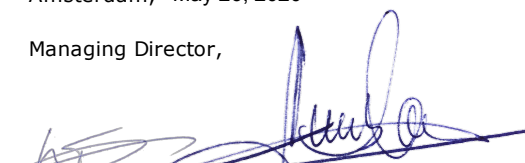
Amsterdam May 26, 2020

Managing Director,


Steven Melkman

Amsterdam, May 26, 2020

Managing Director,


H.P.C. Mourits
Trustmoore Netherlands B.V.

FRONTERA CAPITAL 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.

Independent auditor's report