Annual accounts of Dunia Capital B.V.

for the year 2019

Dunia Capital B.V.
Prins Bernhardplein 200
1097 JB Amsterdam
Chamber of Commerce nr: 34265018

Table of contents

Report of the management

Management herewith presents to the Shareholder the annual accounts of Dunia Capital B.V. ("the Company") for the year 2019.

General

The Company was incorporated under the laws of the Netherlands on 18 January 2007 and has its registered office in Amsterdam (Prins Bernhardplein 200, 1097 JB). Its authorised share capital consists of EUR 18,000 and is divided into 180 voting ordinary shares with a par value of EUR 100 per share. It has an issued and outstanding share capital of EUR 18,000. The sole shareholder is Stichting Dunia Capital, a foundation (Stichting) (the "Foundation") established under Dutch law on 21 November 2006.

Defined terms used herein and not otherwise defined herein shall have the meanings given to them in the programme memorandum ("Programme Memorandum") dated 1 March 2007, as updated from time to time. The Company and the Foundation entered into a letter agreement on 9 March 2007 under which, in order to ensure that the Foundation does not abuse its control of the Company, the Foundation, amongst others, undertook to monitor the affairs of the Company in accordance with proper and prudent Dutch business practice and in accordance with the requirements of Dutch law and accounting practice to exercise its voting and other rights and powers as a shareholder of the Company in accordance with the Company's obligations under the documents relating to the Programme Memorandum not to liquidate the Company without the prior written approval of the arranger ("Arranger") and the Trustee and that the Company shall undertake no business except the transactions contemplated by the documents relating to the Programme.

The Company acts as an Issuer under the EUR 5 billion Programme for the issue of notes ("Notes") and the making of alternative investments since 1 March 2007. Its objectives are: 1) to raise finance through the issuance of bonds, notes and other debt instruments, 2) the entering into loan agreements, derivatives and other instruments evidencing indebtedness, 3) to invest funds raised in (interest in) bonds, notes loans, deposits and other debt instruments, shares, warrants, derivatives and other similar financial assets, 4) to acquire, purchase, manage and sell claims and parts of claims, 5) to grant security in whatever form for obligation and liabilities of the Company, 6) to enter into swaps and other derivate transactions, letters of credit, guarantees, insurances, or other credit support or credit enhancement documents or hedging agreements in connection with the above objects and to enter into agreements with third parties relating to the above objects.

The Arranger of the Programme is Banca Imi S.p.A. ("Banca Imi").

The Company may issue Notes and may raise finance by other means, including, without limitation, by way of loan or entry into other derivative transactions under the Programme. Notes will be issued and alternative investments will be entered into in Series. Notes will have the terms and conditions set forth in the Programme Memorandum, as amended or supplemented by a Supplementary Programme Memorandum for such Series. Each Series will constitute limited recourse obligations of the Company, payable solely from the collateral portfolio ("the Collateral") in respect of such Series. The Collateral in respect of a Series will consist of the "Charged Assets" and/or the "Charged Agreements" specified in a Supplement for such Series, together with the rights and entitlements described in the Programme Memorandum. If the net proceeds of the enforcement of the Collateral for a Series are not sufficient to make all payments due in respect of the Notes or Alternative Investments of that Series (after payment of all obligations senior thereto), no other assets of the Company will be available to meet such shortfall, and the claims of Noteholders or parties to alternative investments and any swap-

Report of the management - continued

counterparty of Noteholders or parties to alternative investments and any swap counterparty in respect of such Noteholders or parties to alternative investments and any swap counterparty in respect of such Series and such shortfall shall be extinguished. This is also described in the credit support annex ("CSA"). None of such persons will be able to petition for the winding-up of the Company as a consequence of any such shortfall or otherwise. The Collateral for a Series will also secure the Company's obligations to the swap counterparty, if any, in respect of such Series, unless otherwise specified in the Supplement for such Series. Banca Imi is the primary swap counterparty ("Swap Counterparty") as per the Prospectus, however, Intesa Sanpaolo is also mentioned in the Supplement of the series as Swap Counterparty. In addition to the Collateral, the Supplement for a Series will specify the aggregate principal amount, interest, if any, issue price, issue date, maturity date, priority of payments from and claims against the Collateral and any other terms and conditions not contained herein which are applicable to such Series.

The aggregate principal amount of all Notes or alternative investments from time to time issued by the Company will not exceed EUR 5 billion or its equivalent in other currencies at the time of the agreement to issue, provided that the Company may increase such amount as described herein. The Company may issue further Notes on the same terms as existing Notes and such further Notes shall be consolidated and form a single Series with such existing Notes. Application has been made to, and has been approved by the Luxembourg Commission de Surveillance du Secteur Financier, which is the Luxembourg competent authority for the purposes of the Prospectus Directive and relevant implementing measures in Luxembourg, with regards to this Programme Memorandum as a base prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in Luxembourg for the purpose of giving information with regard to the issue of Notes under the Programme.

The Notes issued under the Programme have been admitted for trading on the regulated market of the Luxembourg Stock Exchange which is a regulated market for the purposes of Directive 93/22/EEC and are listed on the official list of the Luxembourg Stock Exchange. The Notes may be listed and admitted to trading on such other regulated markets or further stock exchanges as may be agreed between the Company and the dealers, and may also be unlisted. Series of Notes may be rated by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. and/or Moody's Investors Service Ltd. and/or other rating agencies specified in a Supplement in respect of such Series or they may be unrated.

For a complete description of the terms and conditions of the Programme, we refer to the Programme Memorandum dated 1 March 2007, as updated from time to time.

The Company also entered into a Series Proposal Agreement with Banca Imi on the basis of which all expenses are reimbursed.

There can be two types of Notes issued, the first being a Credit Linked Note whereby the repayment of notional is dependent on credit events of pre-defined reference portfolios, the notional being reduced upon the occurrence of the event. The second type of Note is also a Credit Linked Note which may be redeemed earlier, dependent upon the occurrence of credit events.

In case of a credit event (and in accordance with the provisions of the relevant Series documentation of each specific Series of Notes) the credit loss may be transferred to the relevant Noteholders. For certain Series of Notes a credit event will lead to a transfer of assets held as Collateral to the Noteholders.

Report of the management - continued

The Company intends to hold all Notes issued until maturity but has the option of repurchasing Notes in the market from investors, subject to investors willing to sell any such Notes. Some of the Notes have call options, which means the Company has the right to repurchase (part of) the Notes from the Noteholders on predetermined dates. At maturity or in the event of repurchase of Notes the outstanding Collateral will be transferred to the Swap Counterparty.

Audit Committee

The audit committee consists of two members. After the audit of the financial statements 2018 has taken place, Mr. J.C.M Schoen and Mr. G.J. Huizing have been replaced by Mr. R Ahlers and Mr. S. van Ulsen as newly appointed members of the audit committee. This audit committee change was executed on August 30, 2019.

Overview of activities

Two new series 2019-1 and 2019-2 (Italy government bond repacks) have been issued.

Financial risk management

Financial risk management is useful in estimating the degree of risk that affects both on-balance sheet and off-balance sheet financial instruments.

General
The Company's primary financial instruments, not being derivatives, serve to finance the Company's operating activities or directly arise from these activities. The Company also enters into transactions in derivatives, particularly asset swaps, to hedge credit and interest rate risks arising from the Company's operating and financing activities. The Company's policy is not to trade in financial instruments.

The Company invests in treasury bonds (Buoni del Tesoro Poliennali) issued by the Republic of Italy. The Company's market risk is therefore significant. The Company hedges this market risk by entering into asset swaps. The Company's market risk is very low due to the above measures.

The principal risks arising from the Company's financial instruments are foreign exchange risk, inflation risk, liquidity risk, interest rate risk, credit risk and counterparty risk, as explained further below:

Foreign exchange risk
All Collateral and issued Notes are denominated in Euro and therefore the Company does not bear any foreign exchange risk on the Collateral and issued Notes.

Inflation risk
The Company invests in treasury bonds (Buoni del Tesoro Poliennali) issued by the Republic of Italy which are inflation linked. The Company hedges this inflation risk by entering into asset swaps.
The Company's credit risk is close to nil due to the above measures.

Report of the management - continued

Liquidity risk
The risk of future cash flows from monetary financial instruments fluctuating is minimal, since all cash flows have been swapped by the Swap Counterparty.

Interest rate risk
As the Company's Collateral bears a fixed rate of interest, the Company runs the risk that the loans will decrease or increase in value respectively due to changing market rates of interest. The Company hedges this risk by entering into asset swap contracts to cover expected significant increases or decreases in market interest rates. Under these contracts, fixed rates of interest are converted to variable rates. The Company's interest rate risk is close to nil due to the above measures.

Credit risk
The Company invests in treasury bonds (Buoni del Tesoro Poliennali) issued by the Republic of Italy. The creditworthiness of these parties is checked regular. The Company has also drawn up guidelines for limiting the credit risk. Furthermore, the Company applies strict credit control and reminder procedures. The Company hedges this credit risk by entering into asset swaps.
The Company's credit risk is close to nil due to the above measures.

Counterparty risk
With regards to swap counterparty exposure the Company uses International Swaps and Derivatives Association agreements to govern derivative contracts to mitigate counterparty credit risk.

Result

The net asset value of the Company as at 31 December 2019 amounts to EUR 66,171 (31 December 2018: EUR 40,566). The result after taxation for the year 2019 amounts to a profit of EUR 25,605 (year 2018: profit of EUR 22,566).

Future outlook

The global economy is affected currently by the Corona crisis. The economic consequences of the rapid spread of Covid-19 ("Coronavirus") forms a serious threat to the world economic outlook right now with short-term, medium-term and even long-term consequences being very unpredictable. A possible downturn in economic conditions may affect the Company's investments and Noteholders may potentially face serious losses in future periods. The claims of the Noteholders are limited to the value of the underlying Collateral due to the limited recourse nature of the Programme. Management is fully aware and will consider the situation every day.

Management representation statement

Management declares that, to the best of their knowledge, the annual accounts prepared in accordance with the applicable set of accounting standards give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and that the report of management includes a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal risks and uncertainties it faces.

The Company does not have any employees.

Amsterdam, 7 August 2020

Intertrust (Netherlands) B.V.

Balance sheet as at 31 December 2019

(Before the proposed appropriation of the results and expressed in euros)

	Note	31-Dec-2019 EUR	31-Dec-2018 EUR
Financial fixed assets			
Collateral	1		
Bonds		413,815,992	302,807,458
Swap agreement		(43,213,385)	(37,092,401)
Total Financial fixed assets		370,602,607	265,715,057
Current assets			
Debtors			
Amounts owed by group entities	2	17,500	17,500
Prepayments and accrued income	3	7,994,625	6,014,277
Taxation		30,810	2,711
Cash	4	40,607	4,969
Total current assets		8,083,542	6,039,457
Current liabilities			
Taxation	5	158	(137)
Accruals and deferred income	6	8,017,213	5,999,028
Total current liabilities		8,017,371	5,998,891
Current assets less current liabilities		**66,171**	**40,566**
Total assets less current liabilities		**370,668,778**	**265,755,623**
Long term liabilities			
Notes	7	370,602,607	265,715,057
Total long term liabilities		370,602,607	265,715,057
Net asset value		**66,171**	**40,566**
Capital and reserves	8		
Share capital		18,000	18,000
Other reserves		22,566	0
Unappropriated results		25,605	22,566
Total Capital and reserves		**66,171**	**40,566**

The accompanying notes form an integral part of these financial statements.

Profit and Loss account for the year ended 2019

(Expressed in euros)

	Note	2019 EUR	2018 EUR
Finance activities			
Collateral interest income	9	31,958,050	26,661,201
Notes interest expenses	10	(31,958,050)	(26,661,201)
Financial income and expenses	11	0	0
Other Expenses			
General and administrative expenses	12	(329,866)	(184,416)
Series related expenses	13	(51,067)	(34,635)
Other Income			
Recharged expenses	14	380,933	219,051
Other income	15	31,611	28,208
Total other income and expenses		31,611	28,208
Results before taxation		**31,611**	**28,208**
Corporate income tax	16	(6,006)	(5,642)
Results after taxation		**25,605**	**22,566**

The accompanying notes form an integral part of these financial statements.

Cash flow statement for the year 2019

(Expressed in euros)

	2019 EUR	2018 EUR
Result for the year	25,605	22,566
Adjustments to Profit and Loss Account:		
Collateral Interest Income	31,958,050	26,661,201
Notes Interest Expense	(31,958,050)	(26,661,201)
	0	0
Changes in working capital		
Increase/ (Decrease) in debtors	(2,008,153)	(105,270)
Increase/ (Decrease) in accruals and deferred income	2,018,185	106,882
	10,032	1,612
Cash flow from investment activities		
(Purchase) / Sale of Collateral	(100,000,000)	0
	(100,000,000)	0
Cash flows from financing activities		
Dividend	0	(39,043)
(Redemption)/ Issuance of Notes	100,000,000	0
	100,000,000	(39,043)
cash balance as per 01.01	4,969	19,834
Net change in cash during the year	35,638	(14,865)
cash balance as per 31.12	40,607	4,969

For interest income received and interest expense paid we refer to notes 3, 6, 9, and 10.
For taxes paid/received we refer to notes 5 and 16.

The cash flow statement is drawn up by the indirect method, in which the movements in liquidity are determined on the basis of the operational results as shown in the Profit and Loss account. Transactions, which have not yet led to cash are not taken into account in drawing up the cash flow statement. This means that the cash flows as shown do not need to directly correspond to the movements stated in the balance sheet.

Notes to the annual accounts

General

The Company was incorporated as private company with limited liability under the laws of the Netherlands on 18 January 2007 and has its registered office in Amsterdam (Prins Bernhardplein 200, 1097 JB). The Company's authorised share capital consists of EUR 18,000 and is divided into 180 voting ordinary shares with a par value of EUR 100 per share. It has an issued and outstanding share capital of EUR 18,000. The sole shareholder is Stichting Dunia Capital, a foundation (Stichting) (the "Foundation") established under Dutch law on 21 November 2006.

Defined terms used herein and not otherwise defined herein shall have the meanings given to them in the programme memorandum ("Programme Memorandum") dated 1 March 2007, as updated from time to time. The Company and the Foundation entered into a letter agreement on 9 March 2007 under which, in order to ensure that the Foundation does not abuse its control of the Company, the Foundation, amongst others, undertook to manage the affairs of the Company in accordance with proper and prudent Dutch business practice and in accordance with the requirements of Dutch law and accounting practice to exercise its voting and other rights and powers as a shareholder of the Company in accordance with the Company's obligations under the documents relating to the Programme Memorandum not to liquidate the Company without the prior written approval of the arranger ("Arranger") and the Trustee and that the Company shall undertake no business except the transactions contemplated by the documents relating to the Programme.

The Company acts as an Issuer under the EUR 5 billion Programme for the issue of notes ("Notes") and the making of alternative investments since 1 March 2007. Its objectives are: 1) to raise finance through the issuance of bonds, notes and other debt instruments, 2) the entering into loan agreements, derivatives and other instruments evidencing indebtedness, 3) to invest funds raised in (interest in) bonds, notes, loans, deposits and other debt instruments, shares, warrants, derivatives and other similar financial assets, 4) to acquire, purchase, manage and sell claims and parts of claims, 5) to grant security in whatever form for obligation and liabilities of the Company, 6) to enter into swaps and other derivate transactions, letters of credit, guarantees, insurances, or other credit support or credit enhancement documents or hedging agreements in connection with the above objects and to enter into agreements with third parties relating to the above objects.

The Arranger of the Programme is Banca Imi S.p.A. ("Banca Imi").

The Company may issue Notes and may raise finance by other means, including, without limitation, by way of loan or entry into other derivative transactions under the Programme. Notes will be issued and alternative investments will be entered into in Series. Notes will have the terms and conditions set forth in the Programme Memorandum, as amended or supplemented by a Supplementary Programme Memorandum for such Series. Each Series will constitute limited recourse obligations of the Company, payable solely from the collateral portfolio ("the Collateral") in respect of such Series. The Collateral in respect of a Series will consist of the "Charged Assets" and/or the "Charged Agreements" specified in a Supplement for such Series, together with the rights and entitlements described in the Programme Memorandum. If the net proceeds of the enforcement of the Collateral for a Series are not sufficient to make all payments due in respect of the Notes or Alternative Investments of that Series (after payment of all obligations senior thereto), no other assets of the Company will be available to meet such shortfall, and the claims of Noteholders or parties to alternative investments and any swap counterparty in respect of such Series and such shortfall shall be extinguished. This is also described in the credit support annex ("CSA"). None of such persons will be able to petition for the winding-up of the Company as a consequence of any such shortfall or otherwise. The Collateral for [illegible]s will also secure the Company's obligations to the swap counterparty, if any, in respect of such Series, unless otherwise specified in the Supplement for such Series.

Notes to the annual accounts - continued

Banca Imi is the primary Swap Counterparty as per the Prospectus, however, Intesa Sanpaolo is also mentioned in the Supplement of the series as Swap Counterparty. In addition to the Collateral, the Supplement for a Series will specify the aggregate principal amount, interest, if any, issue price, issue date, maturity date, priority of payments from and claims against the Collateral and any other terms and conditions not contained herein which are applicable to such Series.

The aggregate principal amount of all Notes or alternative investments from time to time issued by the Company will not exceed EUR 5 billion or its equivalent in other currencies at the time of the agreement to issue, provided that the Company may increase such amount as described herein. The Company may issue further Notes on the same terms as existing Notes and such further Notes shall be consolidated and form a single Series with such existing Notes. Application has been made to, and has been approved by the Luxembourg Commission de Surveillance du Secteur Financier, which is the Luxembourg competent authority for the purposes of the Prospectus Directive and relevant implementing measures in Luxembourg, with regards to this Programme Memorandum as a base prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in Luxembourg for the purpose of giving information with regard to the issue of Notes under the Programme. This Programme Memorandum is, however, not part of the audited financial statements.

The Notes issued under the Programme have been admitted for trading on the regulated market of the Luxembourg Stock Exchange which is a regulated market for the purposes of Directive 93/22/EEC and are listed on the official list of the Luxembourg Stock Exchange.The Notes may be listed and admitted to trading on such other regulated markets or further stock exchanges as may be agreed between the Company and the Dealers, and may also be unlisted. Series of Notes may be rated by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. and/or Moody's Investors Service Ltd. and/or other rating agencies specified in a Supplement in respect of such Series or they may be unrated.

For a complete description of the terms and conditions of the Programme, we refer to the Programme Memorandum dated 1 March 2007, as updated from time to time. This Programme Memorandum is, however, not part of the audited financial statements.

The Company also entered into a Series Proposal Agreement with Banca Imi on the basis of which all expenses are reimbursed.

With the adoption of the Dutch Audit Profession Act new legislation was incorporated into the Audit Firms Supervision Act on December 11, 2012, requiring mandatory audit firm rotation as of January 1, 2016. This mandatory change becomes effective after audit, by the same audit firm, for 10 consecutive years. Mazars Accountants N.V. has been the audit firm since financial year 2017.

Related parties
Intertrust (Netherlands) B.V. manages the Company as well as statutory accounting. The Bank of New York Mellon is the issue agent, principal paying agent and custodian. Banca Imi S.p.A. acts as Arranger as well as the primary swap counterparty and realisation agent. Reference is made to the Programme Prospectus as updated on 24 December 2019 for further details.

Notes to the annual accounts - Continued

Accounting principles

The accompanying annual accounts have been prepared in accordance with accounting principles generally accepted in the Netherlands (Dutch GAAP) and in conformity with provisions governing financial statements as contained in Part 9, Book 2 of the Dutch Civil Code.

Critical accounting estimates and judgments

Application of the accounting policies in the preparation of the financial statements requires the management of the Company to exercise judgment 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. Accounting policies that are critical to the financial statement presentation and that require complex estimates or significant judgment are described below.

Fair value estimation of financial instruments

Due to the short-term nature of the cash, other receivables, interest receivable and payables and accrued expenses and other liabilities included in these financial statements, the estimated fair value for these financial instruments approximates the book value. The fair value of financial assets and financial derivatives traded in active markets, if available, are based on market prices at the balance sheet date. In the absence of quoted prices in active markets, considerable judgment is required in developing estimates of fair value. Estimates are not necessarily indicative of the amounts the Company could realise in a current market transaction. The Company obtains the fair valuations for (derivative) financial instruments from the Arranger, the Swap Counterparty or other third parties. The following methods and assumptions were used to estimate fair values:

Fair value estimation of Collateral

The fair value of the financial instruments is disclosed in the notes to the financial statements. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. If no fair value can be readily and reliably established, fair value is approximated by deriving it from the fair value of components or of a comparable financial instrument, or by approximating fair value using valuation models and valuation techniques. Valuation techniques include using recent, at arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models, making allowance for Company-specific inputs.

Offsetting

Financial assets and liabilities are offset at the net amount reported in the balance sheet when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

a) Foreign currencies

These financial statements are presented in Euros, which is the Company's functional currency. Monetary assets and liabilities in foreign currencies are converted into Euros at the exchange rates prevailing on the balance sheet date. Transactions in foreign currencies are converted into Euros at the exchange rates in effect at the time of the transactions. The resulting currency exchange rate gains/ losses are taken to the Profit and Loss account.

As per 31 December 2019, all assets and liabilities are denominated in Euro.

Notes to the annual accounts - Continued

b) Financial assets

The Company initially classifies the financial assets on a portfolio basis in the following (sub) categories:
- financial assets as part of the collateral portfolio (funds);
- derivatives;
- exchange under CSA
- purchased loans and bonds;
- loans granted and other receivables;

Details of these categories are given below, if applicable at balance sheet date.

Financial assets as part of the collateral portfolio
Financial assets are initially valued at fair value, including any transaction cost incurred. After initial recognition the financial assets are recognised at amortized cost. All purchases and sales of financial assets based on normal market conventions are recognised on the transaction date, i.e. the date the Company enters into a binding agreement. Inflation linked bonds are bonds where the principal is indexed to inflation or deflation on a daily basis and are recognised initially at fair value and subsequently at amortized cost.

Derivatives
The recognition and measurement of derivatives are discussed in a separate section, 'Derivatives and hedge accounting'.

Exchange under CSA
The Credit Support Annex ("CSA") forms part of the security for the noteholders. Under the CSA of a series Collateral is transferred by the Swap Counterparty to the Company when the value of the Collateral for a certain series is lower than the minimum value as agreed in the series documents. When the value of the Collateral is above the minimum, Collateral could be returned by the Company to the Swap Counterparty. Exchange under CSA is initially recognised at fair value and subsequently calculated at amortized cost. The amounts presented under this caption, are classified on the asset side of the balance sheet as they are closely related to the Collateral portfolio and will be liquidated at the same time.

Prepayment and accrued income
Prepayments and accrued income are recognised at the amounts at which they were acquired or incurred. If not specifically stated otherwise, they are subsequently measured at cost.

Accruals & deferred income
All current liabilities have a maturity of less than one year. After initial measurement, the current liabilities are carried at amortized cost, for interest payable using the effective interest method. Gains or losses are recognized in the Profit and Loss account when the liabilities are derecognized, as well as through the amortization process. The fair value of the current liabilities approximates the book value due to its short-term character.

Notes to the annual accounts - Continued

c) Impairment of financial assets

The Company assesses at each balance sheet date whether a financial asset is impaired. If there is objective evidence of impairment, the amount of the impairment loss is determined and recognised in the Profit and Loss account for all categories of financial assets recognised at fair value and subsequently measured at amortised cost.

The amount of impairment losses on financial assets carried at amortised cost is calculated as the difference between the carrying amount of the asset and the best possible estimate of the future cash flows, discounted at the effective rate of interest of the financial instrument determined on the initial recognition of the instrument. If an objective event occurs after the impairment was recognised, a previously recognised impairment loss is reversed to a maximum of the amount required to carry the asset at amortised cost at the time of the reversal if no impairment had taken place. The impairment loss reversal should be taken to the Profit and Loss account. The carrying amount of the receivables is reduced using an allowance account.

d) Financial liabilities

Notes are measured upon initial recognition at fair value, comprising of principal amount, and any premium, discount and eventual transaction costs and fees. Subsequent measurement of the Notes is at amortised cost, constituting the amount at initial recognition minus principal repayments, plus or minus the accumulative amortisation through the expected life of the financial instrument.

Under Dutch Accounting Standard 290, on initial recognition, the Company classifies the financial liabilities on a portfolio basis in the (sub) categories listed below.

Derivatives

The recognition and measurement of derivatives are discussed in a separate section, 'Derivatives and hedge accounting'.

Notes

There can be two types of Notes issued, the first being a Credit Linked Note whereby the repayment of notional is dependent on credit events of pre-defined reference portfolios, the notional being reduced upon the occurrence of the event. The second type of Note is also a Credit Linked Note which may be redeemed earlier, dependent upon the occurrence of credit events.

In case of a credit event (and in accordance with the provisions of the relevant Series documentation of each specific Series of Notes) the credit loss may be transferred to the relevant Noteholders. For certain Series of Notes a credit event will lead to a transfer of assets held as Collateral to the Noteholders.

Some of the Notes have call options, which means the Company has the right to repurchase (part of) the Notes from the Noteholders on predetermined dates. At maturity or repurchase of Notes the outstanding Collateral will be transferred to the Swap Counterparty.

Notes to the annual accounts - Continued

e) Recognition of income

Interest income and expense
The interest income on the collateral portfolio and the interest expense on the Notes are recognised in the Profit and Loss account using the effective interest rate method.

Other income
Other income is reported in the year it was earned or in the year the related service was provided.

Other expenses
Other expenses are allocated to the year in which they arise.

f) Derivatives and hedge accounting

The Company uses derivatives for hedging purposes. Derivatives are recognised at fair value and subsequently measured at cost. The Company applies cost price hedge accounting in order to simultaneously recognise both the results from changes in the value of the derivative and the hedged item in the Profit and Loss account. Resulting from the application of cost price hedge accounting, derivatives are initially recognised at cost. The profits or losses associated with the Asset Swap contracts are recognised in the Profit and Loss account in the same period as in which the asset or liability affects the profit or loss.

As part of its asset and liability risk management the Company may use derivatives to hedge its exposure to interest rate and foreign exchange risk. This would be achieved by hedging specific transactions using total return swaps, which are in substance a combination of interest rate, foreign exchange and funded swaps.

As a result of reliance on its trading and indemnity arrangements with the Arranger, the Company is not exposed to currency, interest rate and credit risk.

The information disclosed under the notes to these annual accounts is partly derived from and should be read in conjunction with the full text and definitions of the master documents and series documents. Any decision to buy, sell or hold Notes issued by the Company should not be based solely on the information in these annual accounts (including the notes thereto).

Potential and current investors should also refer to the master documents and series documents which, amongst others, give a more thorough and detailed description of the risks involved in investing in the Notes issued by the Company. The master documents and series documents are not part of these annual accounts.

Under Dutch Accounting Standard 290, on initial recognition, the Company classifies the derivatives on a portfolio basis in the subcategories listed below.

Derivatives based on cost price hedge accounting
The hedges are recognised on the basis of cost price hedge accounting if the following conditions are met:

- the general hedging strategy and the way in which the hedging relationships are in line with risk management objectives and the expected effectiveness of these hedging relationships must be documented;

Notes to the annual accounts – Continued

- the nature of the hedging instruments involved, and hedged positions must be documented;
- the ineffectiveness must be recognised in the Profit and Loss account.

The hedges which meet these strict criteria for hedge accounting must be accounted for as follows:

If the hedged item is carried at amortised cost in the balance sheet, the derivative is also carried at cost.

Cost price hedge accounting is no longer applied if:
- The hedging instrument expires, is sold, terminated or exercised - The realised cumulative gains or losses on the hedging instrument not yet recognised in the Profit and Loss account at the time the hedge was effective, will be recognised in the balance sheet separately under accruals, until the hedged transaction occurs.
- The hedging relationship no longer meets the criteria for hedge accounting - If the hedged position relates to a future expected transaction, hedge results are recognised as follows:
    - Hedge accounting will be discontinued from that moment if the forecast transaction is still expected to take place. The related cumulative gains or losses on the hedging instrument not included in the Profit and Loss account or balance sheet at the time the hedge was effective, will be either an off-balance or an on-balance item, depending on the situation.
    - If the forecast transaction is not expected to take place, the related cumulative gains or losses on the hedging instrument not included in the Profit and Loss account or balance sheet at the time the hedge was effective will be taken to the Profit and Loss account.

The amounts disclosed under the 'Swap' caption as reported in note 1 are payable or receivable amounts of the total return swaps for each of the individual series, covering differences (e.g. in interest rates, currency or nominal amounts) between the Notes issued and related charged assets which will be receivable from or payable to the Swap Counterparty upon redemption of the structure. As a result, maturity and notional amounts of the swaps are consistent with those of the related Notes and charged assets of the relevant Series.

g) Financial risk management

General
The information included in the notes for financial instruments is useful in estimating the extent of risks relating to the balance sheet financial instruments.

The Company's primary financial instruments, not being derivatives, serve to finance the Company's operating activities or directly arise from these activities. The Company also enters into transactions in derivatives, particularly asset swaps, to hedge credit and interest rate risks arising from the Company's operating and financing activities. The Company's policy is not to trade in financial instruments.

The Company invests in treasury bonds (Buoni del Tesoro Poliennali) issued by the Republic of Italy. The Company's market risk is therefore significant. The Company hedges this market risk by entering into asset swaps. The Company's market risk is very low due to the above measures.

Notes to the annual accounts - Continued

The principal risks arising from the Company's financial instruments are foreign exchange risk, inflation risk, liquidity risk, interest rate risk, credit risk and counterparty, as explained further below:

Foreign exchange risk
All collateral and issued Notes are denominated in Euro and therefore the Company does not bear any foreign exchange risk on the collateral and issued Notes.

Inflation risk
The Company invests in treasury bonds (Buoni del Tesoro Poliennali) issued by the Republic of Italy which are inflation linked. The Company hedges this inflation risk by entering into asset swaps. The Company's credit risk is close to nil due to the above measures.

Liquidity risk
The risk of future cash flows from monetary financial instruments fluctuating is minimal, since all cash flows have been swapped by the Swap Counterparty.

Interest rate risk
As the Company's collateral bears a fixed rate of interest, the Company runs the risk that the loans will decrease or increase in value respectively due to changing market rates of interest.
The Company hedges this risk by entering into asset swap contracts to cover expected significant increases or decreases in market interest rates. Under these contracts, fixed rates of interest are converted to variable rates. The Company's interest rate risk is close nil due to the above measures.

Credit risk
The Company invests in treasury bonds (Buoni del Tesoro Poliennali) issued by the Republic of Italy. The creditworthiness of these parties is checked regular. The Company has also drawn up guidelines for limiting the credit risk. Furthermore, the Company applies strict credit control and reminder procedures. The Company hedges this credit risk by entering into asset swaps.
The Company's credit risk is close to nil due to the above measures.

Counterparty risk
With regards to swap counterparty exposure the Company uses International Swaps and Derivatives Association agreements to govern derivative contracts to mitigate counterparty credit risk.

h) Tax
Provisions for Corporate Income Tax have been made in accordance with a tax ruling the Company obtained in December 2006. The tax ruling describes a fixed minimum taxable income of EUR 22,922 and a variable income of EUR 1,500 for each outstanding Series per annum. The applicable tax rate for the year under review (2019) is 19% of the taxable amount. The ruling with the Dutch Tax Authorities will have effect until the redemption of the Notes.

i) Cash flow statement
The cash flow statement has been prepared using the indirect method. Cash flows in foreign currencies are converted into Euros at the exchange rate on the dates of the transactions.

Notes to the annual accounts - Continued

j) Comparison with prior year

The principles of valuation and determination of result remain unchanged compared to the prior year.

k) Debtors

Debtors are recognised initially at fair value and subsequently measured at amortised cost. All Debtors included under current assets are due in less than one year. The fair value of the current assets approximates the book value due to its short-term character.

Balance sheet

		31-Dec-2019	31-Dec-2018
		EUR	EUR
	1 Collateral (amortised cost)		
Series	Collateral description	Total	Total
2012-1			
	- EUR 17,485,000 principal amount of EUR 3,289,500,000 treasury bonds (Buoni del Tesoro Poliennali) issued by the Republic of Italy. Interest at 3.1%, due 15 September 2026	17,485,000	18,045,000
	Currently transferred under the CSA	(4,452,000)	(4,397,000)
	Inflation correction	1,976,330	1,874,695
	Swap with Banca IMI S.p.A.	(9,330)	(522,695)
		15,000,000	15,000,000
2012-3			
	- EUR 166,553,000 principal amount of the EUR 3,906,450,000 treasury bonds (Buoni del Tesoro Poliennali) issued by the Republic of Italy. Interest at 3.1%, due 15 September 2026	166,553,000	165,993,000
	Currently transferred under the CSA	(36,261,000)	(44,400,000)
	Inflation correction	18,825,486	17,245,013
	Swap with Banca IMI S.p.A.	(18,514,879)	(13,122,956)
		130,602,607	125,715,057
2013-1			
	- EUR 124,124,000 principal amount of EUR 13,077,270,000 treasury bonds (Buoni del Tesoro Poliennali) issued by the Republic of Italy. Interest at 2.35%, due 15 September 2035	124,124,000	125,000,000
	Currently transferred under the CSA	(6,197,000)	(7,097,000)
	Inflation correction	31,608,177	30,543,750
	Swap with Intesa Sanpaolo S.p.A.	(24,535,177)	(23,446,750)
		125,000,000	125,000,000
2019-1			
	- EUR 50,000,000 principal amount of EUR 5,000,000,000 treasury bonds (Buoni del Tesoro Poliennali) issued by the Republic of Italy. Interest at 2.35%, due 15 September 2035	50,000,000	0
	Currently transferred under the CSA	(13,068,000)	0
	Inflation correction	12,732,500	0
	Swap with Intesa Sanpaolo S.p.A.	335,500	0
		50,000,000	0
2019-2			
	- EUR 50,000,000 principal amount of EUR 5,000,000,000 treasury bonds (Buoni del Tesoro Poliennali) issued by the Republic of Italy. Interest at 2.35%, due 15 September 2035	50,000,000	0
	Currently transferred under the CSA	(12,243,000)	0
	Inflation correction	12,732,500	0
	Swap with Intesa Sanpaolo S.p.A.	(489,500)	0
		50,000,000	0
	Total Collateral	370,602,607	265,715,057

Balance sheet – continued

	31-Dec-2019 EUR	31-Dec-2018 EUR
Collateral due within one year:	0	0
Collateral due between 1 and 5 years:	0	0
Collateral due after five years:	370,602,607	265,715,057
	370,602,607	265,715,057
Fair value of Collateral Series 2012-1	28,131,717	16,702,046
Fair value of asset and interest rate swaps Series 2012-1	(4,603,724)	(4,247,606)
Total fair value Series 2012-1	23,527,993	12,454,440
Fair value of Collateral Series 2012-3	173,920,276	148,802,164
Fair value of asset and interest rate swaps Series 2012-3	(44,663,376)	(47,132,850)
Total fair value Series 2012-3	129,256,900	101,669,314
Fair value of Collateral Series 2013-1	184,856,469	155,691,409
Fair value of asset and interest rate swaps Series 2013-1	(9,294,901)	(7,880,341)
Total fair value Series 2013-1	175,561,568	147,811,068
Fair value of Collateral Series 2019-1	57,892,757	0
Fair value of asset and interest rate swaps Series 2019-1	(16,935,713)	0
Total fair value Series 2019-1	40,957,044	0
Fair value of Collateral Series 2019-2	59,185,985	0
Fair value of asset and interest rate swaps Series 2019-2	(19,242,567)	0
Total fair value Series 2019-2	39,943,418	0
Total fair value	409,246,923	261,934,822

The fair value of Collateral above includes the interest accrual of the related Series as at December 31, 2019

Management has estimated the fair value of the Swaps. Based on information received from Banca Imi and Banca Intesa SanPaolo at:	(94,740,281)	(59,260,797)
The fair value of the underlying assets is based on Bloomberg market prices at:	503,987,204	321,195,619
Total fair value	409,246,923	261,934,822

Movement schedule Charged assets (cost value)

	Nominal	Total
Opening Balance (1 January 2019)		
Treasury Bonds	253,144,000	253,144,000
Inflation correction	49,663,458	49,663,458
Asset and interest rate swaps	(37,092,401)	(37,092,401)
Total (adjusted) notional value	265,715,057	265,715,057
Movements current period		
Purchases/Repayments	74,689,000	74,689,000
Transfers under CSA	8,108,000	8,108,000
Inflation correction	28,211,534	28,211,534
Movement asset and interest rate swaps	(6,120,984)	(6,120,984)
Total movements	104,887,550	104,887,550
Closing balance (31 December 2019)		
Treasury Bonds	335,941,000	335,941,000
Inflation correction	77,874,992	77,874,992
Asset and interest rate swaps	(43,213,385)	(43,213,385)
Total (adjusted) notional value	370,602,607	370,602,607

Balance sheet - continued

Above mentioned bonds are Italian Treasury Bonds indexed to Euro-zone inflation and are called BTP Euro i Notes. These bonds are issued in maturities of five, ten, fifteen and thirty years. They provide investors with steady return in real terms, in terms of purchasing power by providing protection against increases in inflation in the Euro-zone. Individual Italian investors can buy or sell BTP Euro i Notes on the MOT (Mercato Telematico delle Obbligazioni e dei Titoli di Stato), or regulated market for retail investors, for a minimum amount of 1,000 Euros. Principal of the Notes and their coupons, payable semi-annually, take into account rates of inflation in the Euro-zone as measured by the Eurostat index Harmonised Index of Consumer Prices (HICP), excluding tobacco. At the Notes' maturity, holders of these bonds are compensated for any loss in purchasing power that has occurred over the term of the Notes.

The Swap with Banca Imi and Intesa Sanpaolo S.p.A. is the balancing figure between the Notes issued and the Collateral held.

The effective interest rate on the Collateral is 3.2773% for 2019 (2018: 3.7113%).

Balance sheet – continued

	31-Dec-2019	31-Dec-2018
	EUR	EUR
2 Amounts owed by group entities		
Intertrust Depository Receipts B.V.	17,500	17,500
	17,500	17,500

	31-Dec-2019	31-Dec-2018
	EUR	EUR
3 Prepayments and accrued income		
Receivable from Intertrust prepaid local expenses	4,551	2,320
Interest on Collateral receivable	3,130,707	2,387,036
Swap interest receivable	4,725,423	3,512,299
Receivable from Banca Imi	133,944	112,622
	7,994,625	6,014,277

	31-Dec-2019	31-Dec-2018
	EUR	EUR
4 Cash		
Current accounts ABN AMRO	40,607	4,969
	40,607	4,969

The current accounts are freely available to the Company.

Balance sheet – continued

5 Taxation	31-Dec-2019 EUR	31-Dec-2018 EUR
Corporate income tax payable	158	(137)
	158	(137)

Corporate income tax summary	01.01.19	(Paid)/Received	P&L	31.12.19
2016	(21)	0	0	(21)
2017	(8)	0	0	(8)
2018	(108)	0	0	(108)
2019	0	(5,711)	6,006	295
	(137)	(5,711)	6,006	158

6 Accruals and deferred income	31-Dec-2019 EUR	31-Dec-2018 EUR
Audit fees payable	26,500	43,736
Audit committee fees payable	0	2,000
Interest on Notes payable	4,725,423	3,512,299
Swap interest payable	3,130,707	2,387,036
Other accrued expenses	134,583	53,957
	8,017,213	5,999,028

Balance sheet – continued

		31-Dec-2019	31-Dec-2018
		EUR	EUR
Notes			
2012-1	EUR 15,000,000, 6.253% Coupon Limited Recourse Notes due 2026	15,000,000	15,000,000
2012-3	EUR 100,000,000, 3.651% Coupon Limited Recourse Notes due 2026	130,602,607	125,715,057
2013-1	EUR 125,000,000, 6.005% Coupon Limited Recourse Notes due 2035	125,000,000	125,000,000
2019-1	EUR 50,000,000, 4.34% Coupon Limited Recourse Notes due 2035	50,000,000	0
2019-2	EUR50,000,000, 4.05% Coupon Limited Recourse Notes due 2035	50,000,000	0
		370,602,607	265,715,057
Opening Balance (1 January)		265,715,057	261,010,414
Notes issued		100,000,000	0
Amortization of the premium/discount for Series 2012-3		4,887,550	4,704,643
Closing Balance (31 December)		370,602,607	265,715,057
Notes due within one year:		0	0
Notes due between 1 and 5 years:		0	0
Notes due after five years:		370,602,607	265,715,057
		370,602,607	265,715,057

The fair value of the Notes is based on valuation derived from the most important characteristics of the assets. As at December 31, 2019 the fair value of the Notes approximates an amount of EUR 409,246,923 (2018: EUR 261,934,822).

Series 2013-1 is subject to optional redemption under the condition of 100% Noteholders consent.

The effective interest rate on the Notes is 5.3460% for 2019 (2018: 6.3225%).

Balance sheet - continued

8 Capital and reserves

	Share capital	Other reserve	Unappr. results	Totals
Balance as per 01.01.2018	18,000	14,338	24,705	57,043
Transfer	0	24,705	(24,705)	0
Final dividend paid	0	(14,338)	0	(14,338)
Interim dividend paid	0	(24,705)	0	(24,705)
Result for the period	0	0	22,566	22,566
Balance as per 31.12.2018	18,000	0	22,566	40,566
Transfer	0	22,566	(22,566)	0
Final dividend paid	0	0	0	0
Interim dividend paid	0	0	0	0
Result for the period	0	0	25,605	25,605
Balance as per 31.12.2019	18,000	22,566	25,605	66,171

The authorised share capital of the Company amounts to EUR 18,000 divided into 180 shares of EUR 100 each, of which 180 shares are issued and paid up.

In 2019, a dividend of EUR 18.966,50 (payable for the year 2018) was declared as final dividend which was eventually paid in 2020.

Profit and loss account

	2019	2018
	EUR	EUR
9 Collateral interest income		
Collateral interest income Series 2012-1	597,619	603,146
Swap interest income Series 2012-1	937,875	937,875
Collateral interest income Series 2012-3	5,780,240	5,621,629
Swap interest income Series 2012-3	8,538,550	8,355,643
Collateral interest income Series 2013-1	3,649,645	3,636,658
Swap interest income Series 2013-1	7,506,250	7,506,250
Collateral interest income Series 2019-1	1,055,497	0
Swap interest income Series 2019-1	1,664,658	0
Collateral interest income Series 2019-2	1,062,648	0
Swap interest income Series 2019-2	1,165,068	0
	31,958,050	26,661,201

	2019	2018
	EUR	EUR
10 Notes interest expenses		
Notes interest expenses Series 2012-1	937,875	937,875
Swap interest expenses Series 2012-1	597,619	603,146
Notes interest expenses Series 2012-3	8,538,550	8,355,643
Swap interest expenses Series 2012-3	5,780,240	5,621,629
Notes interest expenses Series 2013-1	7,506,250	7,506,250
Swap interest expenses Series 2013-1	3,649,645	3,636,658
Notes interest expenses Series 2019-1	1,664,658	0
Swap interest expenses Series 2019-1	1,055,497	0
Notes interest expenses Series 2019-2	1,165,068	0
Swap interest expenses Series 2019-2	1,062,648	0
	31,958,050	26,661,201

	2019	2018
	EUR	EUR
11 Financial income and expenses		
Inflation adjustment notional amount Collateral	28,211,534	7,414,747
Swap exp. inflation adjustment notional amount Collateral	(28,211,534)	(7,414,747)
	0	0

Profit and loss account – continued

	2019	2018
	EUR	**EUR**
12 General and administrative expenses		
Audit fee expenses	26,500	26,000
Local expenses	11,740	11,540
Other general expenses	250,546	106,491
Administration fee expenses	41,080	40,385
	329,866	184,416

	2019	2018
	EUR	**EUR**
13 Series related expenses		
Expenses Series 2012-1	11,745	11,545
Expenses Series 2012-3	11,745	11,545
Expenses Series 2013-1	11,745	11,545
Expenses Series 2019-1	9,042	0
Expenses Series 2019-2	6,790	0
	51,067	34,635

	2019	2018
	EUR	**EUR**
14 Recharged expenses		
Recharged expenses from the Arranger under the Series Proposal Agreement	380,933	219,051
	380,933	219,051

	2019	2018
	EUR	**EUR**
15 Other income		
Repackaging income	31,611	28,208
	31,611	28,208

	2019	2018
	EUR	**EUR**
16 Corporate income tax		
Corporate income tax current period	6,006	5,642
	6,006	5,642

Profit and loss account – continued

Staff numbers and employment costs

The Company has no employees and hence incurred no wages, salaries or related social security charges during the reporting period, nor during the previous year.

Directors

The Company has one managing director, who receives no remuneration.
The Company has no supervisory directors.

Audit fees

With reference to Section 2:302a of the Netherlands Civil Code, the following fees for the financial year have been charged by Mazars Accountants N.V. (2018: Mazars Accountants N.V.) to the Company:

	2019	**2018**
	EUR	**EUR**
(in euros)		
Statutory audit of annual accounts	26,500	26,000
Other assurance services	0	0
Tax advisory services	0	0
Other non-audit services	0	0
Total	26,500	26,000

The audit fee for the financial statements 2019 was EUR 32,065 (incl. VAT).

Profit and loss account – continued

Subsequent Events

With the onset of the Coronavirus, and preventive measures taken by governments, there is high economic uncertainty for at least a short period and most likely for a longer period as well. The economic consequences of the Coronavirus poses a serious threat to the world economic outlook right now with short-term, medium-term and even long-term consequences being very unpredictable. A possible downturn in economic conditions may affect the Company's investments and Noteholders may potentially face serious losses in future periods. The claims of the Noteholders are limited to the value of the underlying Collateral due to the limited recourse nature of the Programme. As the Corona-crisis could not have been foreseen at balance sheet date, the respective implications, if any, have not been reflected in the financial statements as per 31 December 2019. Considering the high level of uncertainty regarding the implications of the Corona-crisis and further developments of this crisis going forward, we are not able to reliably quantify the impact on the Company in the future at this stage. Management is fully aware and will consider the situation every day.

Management expects to continue its present level of activities. Since the reporting date the Company has issued no new Series and there were no further increases of the issued amounts on existing Series.

Amsterdam, 7 August 2020

Intertrust (Netherlands) B.V.

Other information

Appropriation of results

Subject to the provisions under Dutch law that no dividends can be declared until all losses have been recovered, other reserves and unappropriated results are at the disposal of the shareholder in accordance with the Company's articles of association.

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.

Independent auditor's report

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

INDEPENDENT AUDITOR'S REPORT

To: the shareholder of Dunia Capital B.V.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2019 INCLUDED IN THE ANNUAL REPORT

OUR OPINION

We have audited the financial statements 2019 of Dunia Capital B.V., based in Amsterdam. In our opinion, the accompanying financial statements give a true and fair view of the financial position of Dunia Capital B.V. as at 31 December 2019 and of its result for 2019 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the balance sheet as at 31 December 2019;
2. the profit and loss account for 2019; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

BASIS FOR OUR OPINION

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of the company in accordance with the "EU Regulation on specific requirements regarding statutory audit of public-interest entities", the "Audit firms supervision act" (Wta), "Dutch Independence Standard regarding assurance engagements (ViO)" and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the "Dutch Code of Ethics (VGBA)".

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

EMPHASIS OF MATTER: EFFECTS OF THE CORONA CRISIS

We draw attention to the section "Subsequent Events" in the notes to the financial statements on page 30 where management describes its assessment of the effects of the Corona Crisis on Dunia Capital B.V. and the high level of uncertainty regarding the implications of the corona crisis and further developments going forward. Our opinion is not modified in respect of this matter.

Wilhelmina Tower, Delflandlaan 1 - P.O. box 7266 - 1007 JG Amsterdam
Tel: +31 (0)88 27 72 400- Fax: +31 (0)88 277 2245 - amsterdam.audit@mazars.nl

Mazars Accountants N.V.
With its registered office in Rotterdam (KvK Rotterdam nr. 24402415).

OUR AUDIT APPROACH

OVERVIEW

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by management that may represent a risk of material misstatement due to fraud.

The company is established to issue series of Notes with underlying (collateral) investments in financial fixed assets and derivatives. Each series is structured so that all differences between conditions of the notes and conditions of the assets are mitigated by swap agreements. Details of all issues series are disclosed in the financial statements.

MATERIALITY

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 2,840,000. The materiality is based on 1% of total assets given the company's main activities. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with management that misstatements in excess of EUR 113,000 which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

KEY AUDIT MATTER

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements, but they are not a comprehensive reflection of all matters that were identified by our audit and that we discussed with management of the company. We described the key audit matter and included a summary of the audit procedures we performed on this matter.

The key audit matter is addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on this matter.

VALUATION OF FINANCIAL ASSETS

The portfolio of financial assets is initially measured at fair value and subsequently carried at amortized cost less impairment losses. Impairment losses are determined as the difference between the amortised cost value and the lower fair value of an individual asset. Fair values are derived from market prices, broker quotes or can be model-based. To the extent observable market prices are not available, the fair value is subject to estimation uncertainty and judgement and valuation of the asset portfolio has therefor been identified as a key audit matter. Given the structure of the transaction, changes in valuation of financial assets are allocated to the noteholders.

Our audit procedures regarding the valuation of that asset include:
- Evaluation of accounting policies for compliance with the applicable accounting standards;
- Recalculation of amortised cost and impairment calculations in accordance with these
- accounting policies;
- Reconciliation of nominal values with external year-end confirmations;
- Obtaining an understanding of the valuation procedures applied by management of the entity; and
- Detailed testing on the asset prices used at year-end, including a comparison with external market data where deemed necessary.

Financial assets are disclosed in the paragraph "Financial assets as part of the collateral portfolio" as well as note 1 to the financial statements.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:
- Report of the management; and
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:
- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the managing director's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

ENGAGEMENT

We were engaged as auditor of Dunia Capital B.V., as of the audit for the year ended 31 December 2017 and have operated as statutory auditor ever since that year.

NO PROHIBITED NON-AUDIT SERVICES

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

RESPONSIBILITIES OF MANAGEMENT

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

OUR RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with management, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, 7 August 2020

MAZARS ACCOUNTANTS N.V.

Original was signed by: J.C. van Oldenbeek MSc RA