LOCAL CURRENCY MATTERS

TCX ANNUAL REPORT 2014

The Road Not Taken

Two roads diverged in a yellow wood,
And sorry I could not travel both
And be one traveler, long I stood
And looked down one as far as I could
To where it bent in the undergrowth;

Then took the other, as just as fair,
And having perhaps the better claim,
Because it was grassy and wanted wear;
Though as for that the passing there
Had worn them really about the same,

And both that morning equally lay
In leaves no step had trodden black.
Oh, I kept the first for another day!
Yet knowing how way leads on to way,
I doubted if I should ever come back.

I shall be telling this with a sigh
Somewhere ages and ages hence:
Two roads diverged in a wood, and I —
I took the one less traveled by,
And that has made all the difference.

(Robert Frost)

TCX

the currency exchange fund

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Andes mountains, Barichara, Colombia

1. TCX in 2014

SUPERVISORY BOARD LETTER

We are pleased to present you with the annual report of The Currency Exchange Fund N.V. (TCX) for the year 2014.

TCX invests in medium- to long-term currency swaps and forwards in frontier markets, predominantly as hedges for development finance institutions and microfinance lenders who wish to extend medium- and long-term local currency loans to borrowers in developing countries. It is the only institution in the world that is purely focused on providing this function in frontier countries, where the financial markets are insufficiently developed and TCX is "additional" to existing market participants.

TCX continued its growth trend in 2014. The gross notional size of its local currency Primary Investments portfolio reached USD 1.3 billion at year-end, up from USD 1.1 billion at year-end 2013. New Primary Investments in 2014 totaled USD 770 million in 362 separate transactions, including USD 232 million in rolled-over exposures and USD 538 million in fresh exposures (an increase of 4% over 2013). This lifted the aggregate nominal amount of new loans hedged by TCX since inception to USD 2.6 billion.

At year-end 2014, the outstanding Primary Investments portfolio was spread across 629 transactions in 50 currencies, of which 35% from least developed and other low income countries, and 32% from lower middle income countries. By sector, 60% of the outstanding Primary Investments hedged loans to the micro-finance sector, and 24% to the SME sector. By tenor, 39% of the portfolio had maturities greater than 3 years.

TCX's business model is to absorb the currency risks associated with its hedging investments, and rely mainly on global portfolio diversification to mitigate single currency and regional volatility. This model was once again tested by the market reaction to the commodity and Ukraine crises in Q4 2014, and increasing international sanctions against Russia. The Russian Ruble crisis that followed affected numerous Eastern European and Central Asian currencies simultaneously. As a result, TCX closed the year with a loss of USD 61 million, whereas it was still profitable end September 2014.

The high volatility in currency markets demonstrated once more to the ultimate clients of TCX's investors the importance of obtaining local currency finance. As a mutualized platform for facilitating local currency finance in illiquid markets, TCX allowed these clients to avoid the losses mentioned above. The losses were instead absorbed by the investors in TCX, with the expectation based on previous currency crises that TCX's business model will generate over time sufficient gains to compensate for the losses incurred. TCX's performance in 2014 thus reconfirmed its beneficial development impact for its investors and their clients worldwide at times of currency crises.

The year's result reduced the available capital to USD 627 million (including the donor loans), after a dividend of USD 15,000 per share distributed in June 2014 in relation to the 2013 results. The resulting capital ratio at the end of 2014 (available capital divided by risk weighted assets) was 31%, well above the 14% liquidation trigger and sufficient in our view to support next year's anticipated growth.

After this year's loss, the overall return over the Fund's capital calculated from the start of operations stands at 1.4%, in line with TCX's objective of investing at a fair price to yield a modest positive investment return.

Looking ahead, we note that the commodity price slump and regional crises in Eastern Europe and Central Asia are continuing into 2015. In combination with the expectations of rising US dollar rates, these factors create high uncertainties for the emerging economies and frontier markets that TCX targets. For TCX, the impact of these factors on local interest and exchange rates will be an important driver of financial risks and results.

An important matter this year was the application by TCX Investment Management Company for a license as an "Alternative Investment Fund Manager", which was filed in July 2014. The licensed status of the Fund Manager has important implications for the set-up and governance of the Fund's operations, where we have gone to great lengths to preserve features that we find are important. We are confident that the Fund Manager will conclude the process successfully during 2015.

Strategically, the Fund continues to focus predominantly on its commercial relationships with its investors whilst also developing direct alternatives to domestic clients. In addition, TCX's Fund Manager is engaging pro-actively with parties in the infrastructure sectors (notably renewable power, for instance), that are natural local currency borrowers but remain highly dollarized in many of our target countries. We are seeking alliances with donors, local regulators as well as target clients, predominantly in Sub Sahara Africa, and hope to achieve the first tangible results in 2015.

We are happy to note that Frontier Clearing Corporation achieved closure in March 2015, an initiative sponsored by TCX and its fund manager over the past years. It uses guarantees to credit-enhance interbank trading in frontier markets based on local currency collateral.

In March 2015, we were delighted as well to welcome the European Investment Bank as a new investor in TCX, subject to the satisfactory completion of the regulatory approval process.

We refer to the governance section of this report for details of the Fund's structure and the functioning of the Supervisory Board in 2014. We note that the Fund continues to be operated with the highest levels of operational control effectiveness.

The Supervisory Board wishes to thank all those involved in TCX for their solid contributions in 2014. At the end of 2014, Joost Zuidberg stepped down as CEO after having served more than 7 years as one of its founding leaders. The Supervisory Board is very grateful for his considerable contributions to the success of TCX and for making TCX what it is today. We wish him success in his new endeavors with Cardano Development, and at the same time welcome Ruurd Brouwer as his successor. ■

Amsterdam, 24 April 2015

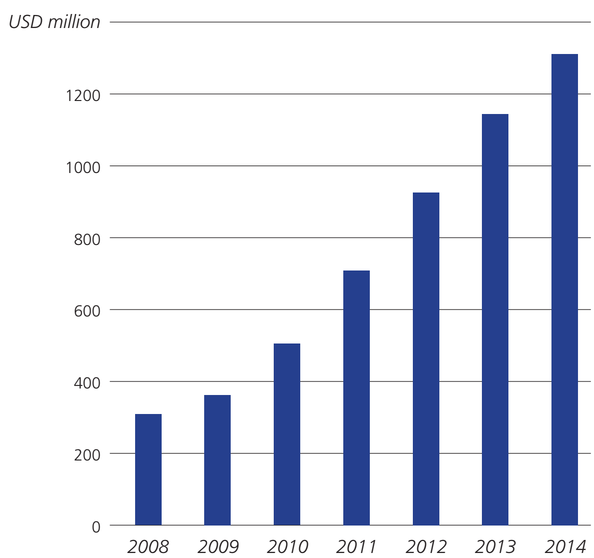
The Supervisory Board of The Currency Exchange Fund N.V.
Arthur Arnold, Chairman
Bernd Loewen
Tor Johansen
Jabu Moleketi
Axel van Nederveen

MANAGING BOARD LETTER

RESULTS 2014

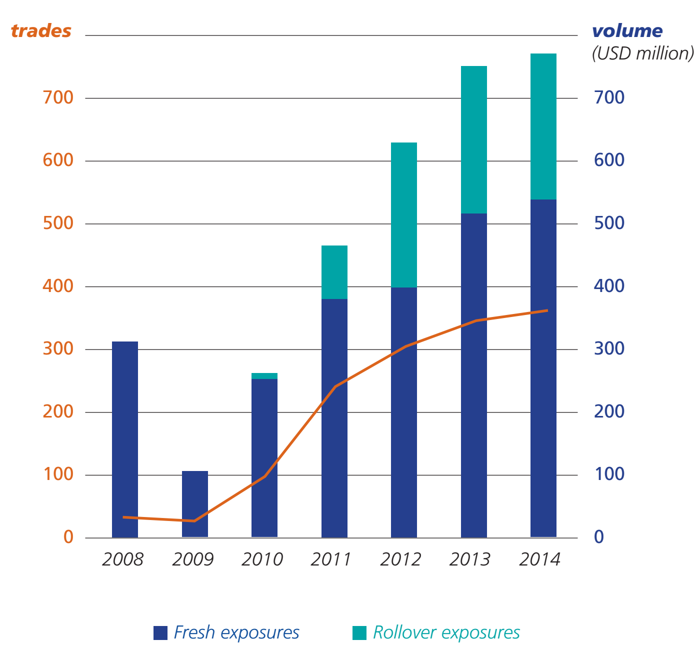
■ The gross notional size of TCX's local currency Primary Investments portfolio grew by 19% in 2014 to USD 1,311 million, including USD 112 million in offsetting exposures, an increase of USD 167 million relative to 2013:[1]

Primary Portfolio Notional Exposure



■ The volume of new Primary Investments realized in 2014 grew 4% to USD 538 million. This amount excludes USD 232 million in rolled-over exposures for existing long-term DFI loans. In total, 362 Primary Investment transactions were closed, a 5% increase over 2013:

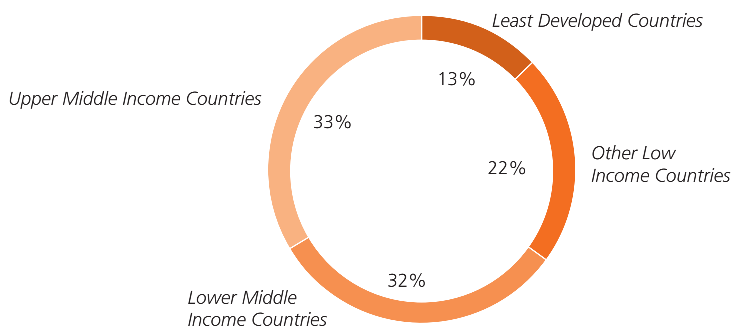
Primary Portfolio Production Figures



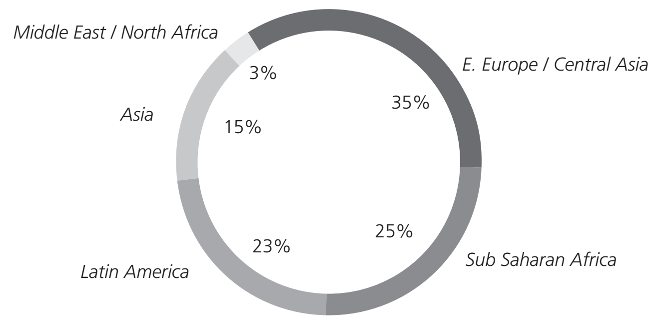
1) Primary Investments are medium- to long-term local currency swaps and forwards transacted with TCX investors and select third-parties. These investments constitute the bulk of TCX's portfolio of currency exposures, and may be short or long positions, depending on the counterparties' needs. For diversification, concentration, and balance-sheet management purposes, TCX also invests in currency swaps and forwards with professional counterparties. At year-end 2014, the gross notional size of these positions totaled USD 244 million, lifting the gross notional portfolio size to USD 1,554 million. This section discusses the Primary Investments portfolio only.

■ The composition of TCX's Primary Investments portfolio reflects its focus on longer-term currency swaps and forwards, and the Fund's mandate to concentrate on countries with low capital market development. The investors' focus on hedging microfinance transactions has resulted in a predominance of usage in this segment. In addition, strong demand in Eastern Europe and Central Asia continues to result in a relative overweight of this region compared to others.

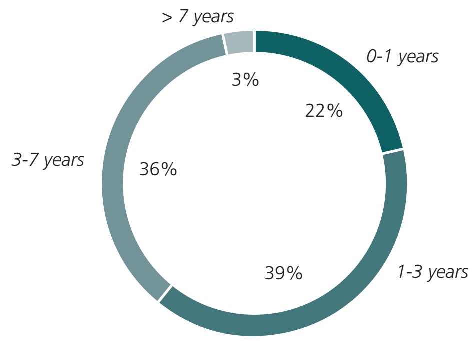
Primary Portfolio DAC Country Classification



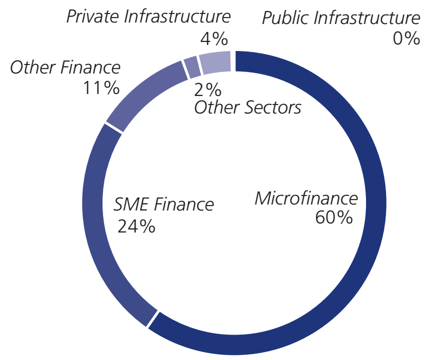
Primary Portfolio Regional Diversification



Primary Portfolio Maturity Profile

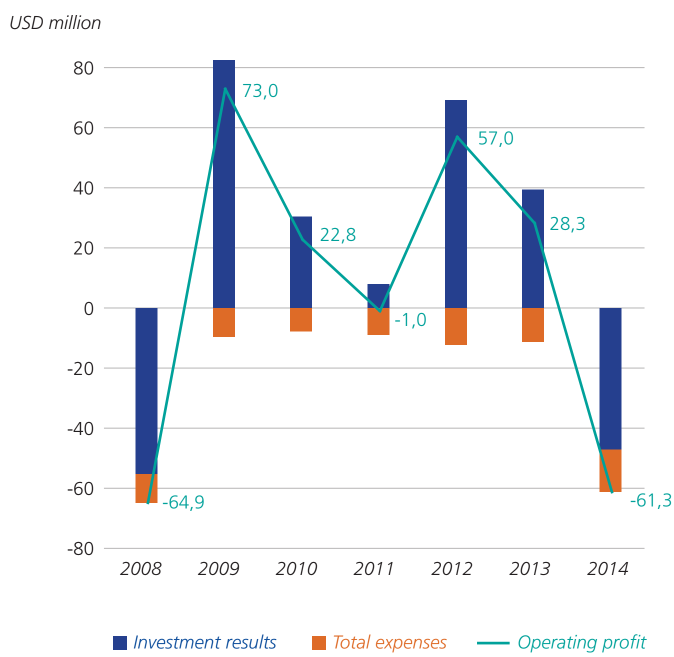


Primary Portfolio Sector Diversification



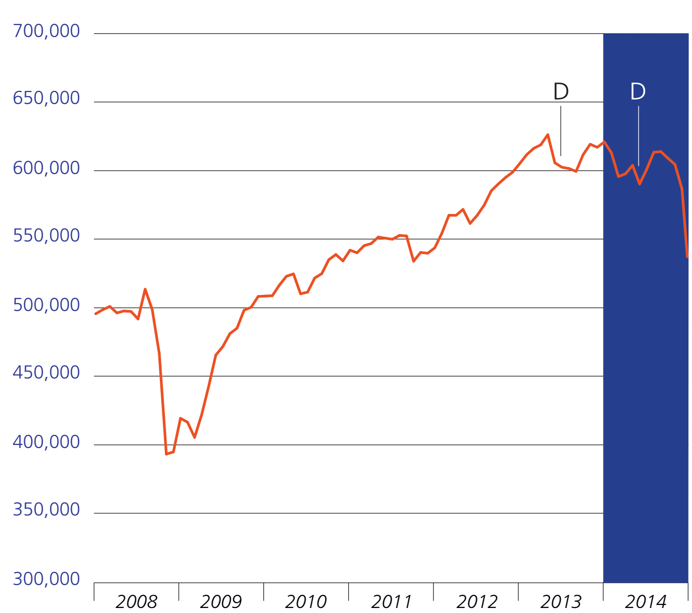
■ The net result for 2014 was a loss of USD 61 million, reflecting negative investment results of USD 47 million strongly influenced by the Ruble and commodity crises of Q4 2014 (including USD 81 million in unrealized losses on financial instruments stated at fair market value, partially offset by USD 36 million in realized gains)[2], less USD 14 million in operational and financial expenses and performance fees (the financial expenses now include USD 3.4 million in 2.5% interest payable on the Subordinated Convertible Debt). On a cumulative basis, since 2008, the ratio of expenses to revenue has been 58%:

TCX Annual Results



■ Reflecting the year's developments, TCX's net asset value (NAV) per share decreased to USD 537,103 in 2014 (a loss of 13.5% relative to year-end 2013), net of a dividend of USD 15,000 per share distributed in June 2014:

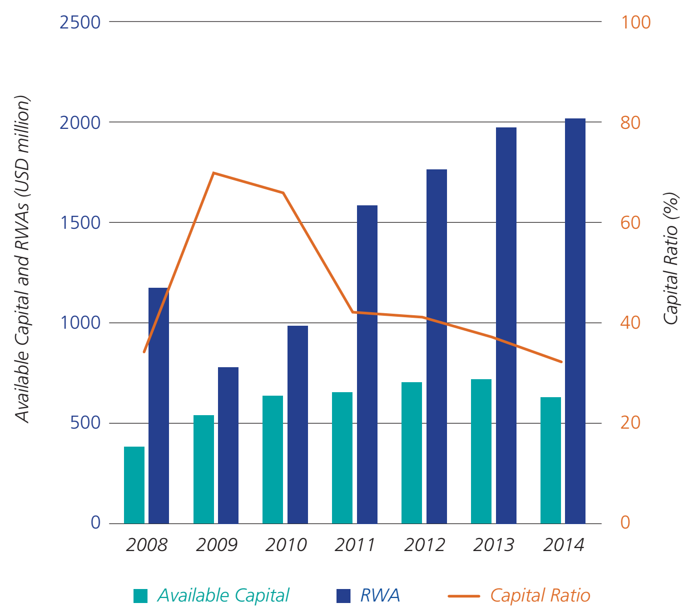
TCX Net Asset Value per Share (USD)



2) See Note 16 to the Financial Statements

■ As a result of the decrease in NAV, the available capital at year-end 2014 reduced to USD 627 million, including USD 128 million in subordinated convertible debt (part of Tier 1 capital), and USD 20 million in non-convertible subordinated loans (part of Tier 2 capital). The resulting capital ratio (available capital to risk weighted assets) stood at 31%, well above the 14% liquidation trigger and sufficient in our view to support next year's anticipated growth:

TCX Capital and Risk Weighted Assets



■ The Fund Manager's head-count totaled 16 at year-end 2014. Details on the team's remuneration may be found on page 43.

DEVELOPMENTS

■ In February 2014, TCX agreed with its investors certain amendments to the investment agreements, extending the exit structures from 2017 to 2025 and adjusting certain related terms.

■ In keeping with the conclusions of the ICAAP reviews performed in 2013 and 2014, the Fund's risk charter and related documents were amended in February 2014. As a result, the Fund now calculates capital adequacy using a methodology similar to that used by banks under Basel III rules, including quantifying the impact of potential worst-case scenarios using the most extreme adverse historic currency movements projected on the actual portfolio.

■ An investment by TCX in junior notes related to a new initiative, the Frontier Clearing Corporation (Frontclear), was approved by TCX's investors and implemented in the first quarter of 2015. Frontclear promotes the development of interbank markets in frontier economies by offering counterparty guarantees backed by local currency collateral. This allows parties to transact on terms otherwise not possible in the market, inter alia due to stringent rules concerning eligible collateral. The expected effect is higher trading volumes and lower transaction costs for local banks.

■ Through 2014 the Fund Manager took timely action to ensure compliance with the phased ongoing implementation of the European Market Infrastructure Regulation (EMIR), including its requirements on reporting to trade repositories (February 2014), timely trade confirmations (March 2014), and reconciliation and dispute resolution (September 2014). The final requirements to be introduced in December 2015 and beyond (clearing and margining) are not presently expected to have a material impact on TCX.

■ The Fund and its Fund Manager have actively prepared to become regulated as an Alternative Investment Fund and an Alternative Investment Fund Manager, respectively. The license application package was submitted by July 2014 as required under the AIFMD, and the process is currently ongoing with the supervisory authorities in

The Netherlands. We expect to approach investors with amended terms to several documents as required to comply with the rules after approval by the authorities. For additional details, please see page 26.

■ In March 2015, TCX welcomed the European Investment Bank as a new investor in the Fund. The EIB's EUR 40 million investment in the Fund is subject to the satisfactory completion of the AIFMD licensing process.

ONGOING CHALLENGES

■ The growth of TCX's portfolio and the Fund's financial returns remain dependent on local currency exchange and interest rate trends and global FX shocks. The current market environment shows high volatility in individual currencies and occasional events with global impact, such as currently the Ruble and commodity crisis and the upward trend in US dollar interest rates.

■ The choice for local currency funding to match local currency assets by local entrepreneurs is often based on binary financial considerations ("how much will it cost me now?") rather than appropriate risk management ("how much could I lose later?"). As a result, the low interest rates prevailing in US dollars and the Euro continue to be perceived as attractive alternatives for many clients.

■ Due to the limited liquidity and transparency in TCX's target markets, substantial effort and expert judgment are required in the application of pricing and valuation techniques. Together with the legal and operational aspects of hedging investments, these factors present additional hurdles to overcome when considering the alternatives offered by TCX.

■ TCX's Primary Investments portfolio remains relatively imbalanced regionally, with a significant concentration on Eastern Europe and Central Asia. Notwithstanding the fund manager's successful efforts to place exposures with market participants, the opportunities to make use of market hedging remain limited and incidental.

FINANCIAL STATEMENTS

This annual report and the 2014 financial statements, audited by Ernst & Young Accountants LLP as TCX's Independent Auditor, were presented to the Supervisory Board in the presence of the Managing Board and the Independent Auditor. The Independent Auditor's report can be found on page 60.

The Supervisory Board recommends that the annual general meeting of shareholders adopt the 2014 financial statements of TCX. The annual general meeting of shareholders will be asked to release the members of the Managing Board from liability for the exercise of the management of the company's affairs.

The appropriation of profit proposed by the Managing Board and approved by the Supervisory Board can be found on page 58 of this annual report. ■

Amsterdam, 24 April 2015

The Managing Board of TCX Investment Management Company B.V.
Ruurd Brouwer, Chief Executive Officer (since 1 January 2015)
Joost Zuidberg, Chief Executive Officer (till 31 December 2014)
Brice Ropion, Chief Operating Officer
Bert van Lier, Chief Investment Officer

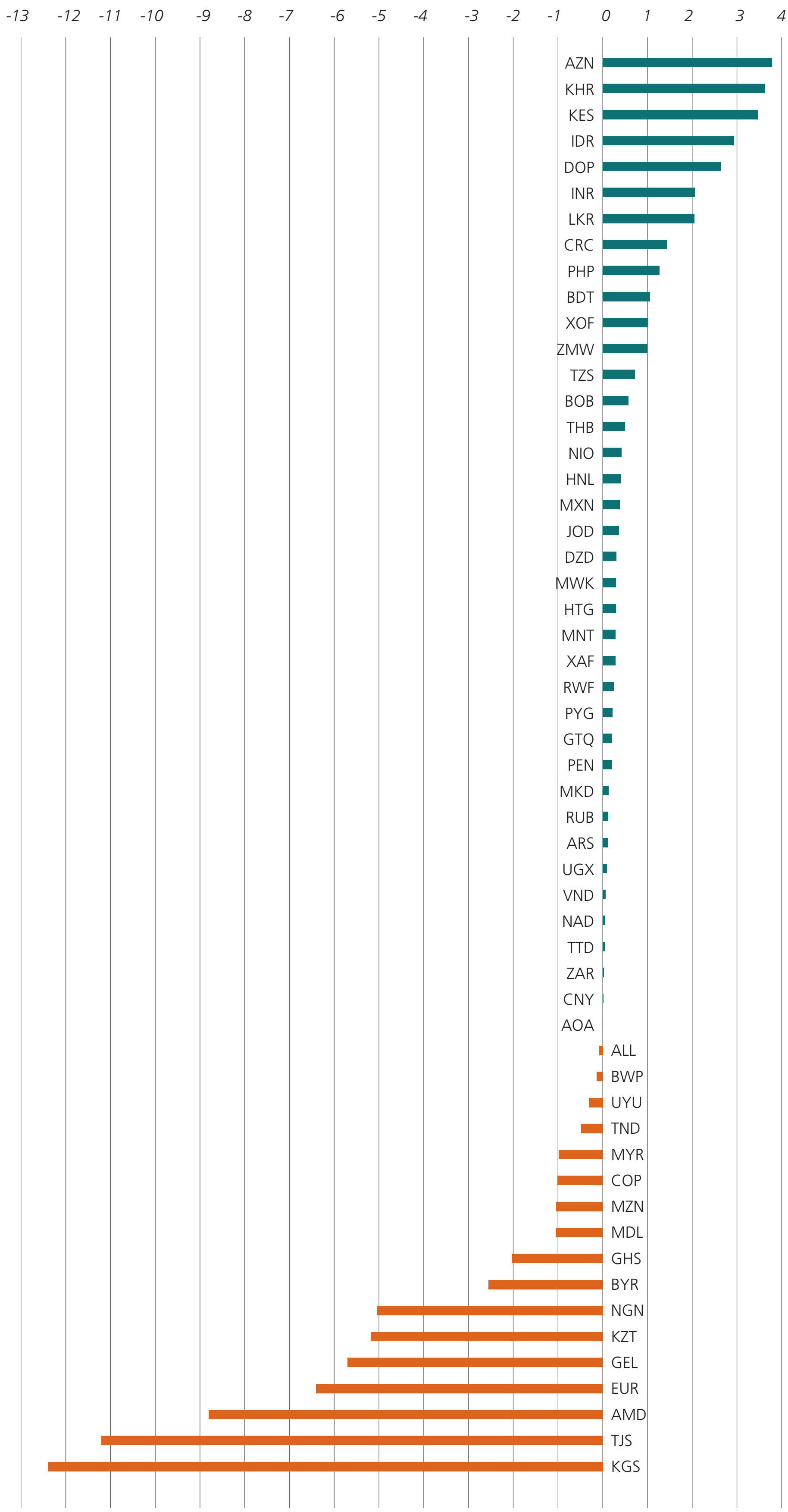
Masai Mara National Reserve, Kenya

Bagan temples, Myanmar

INVESTMENT RESULTS

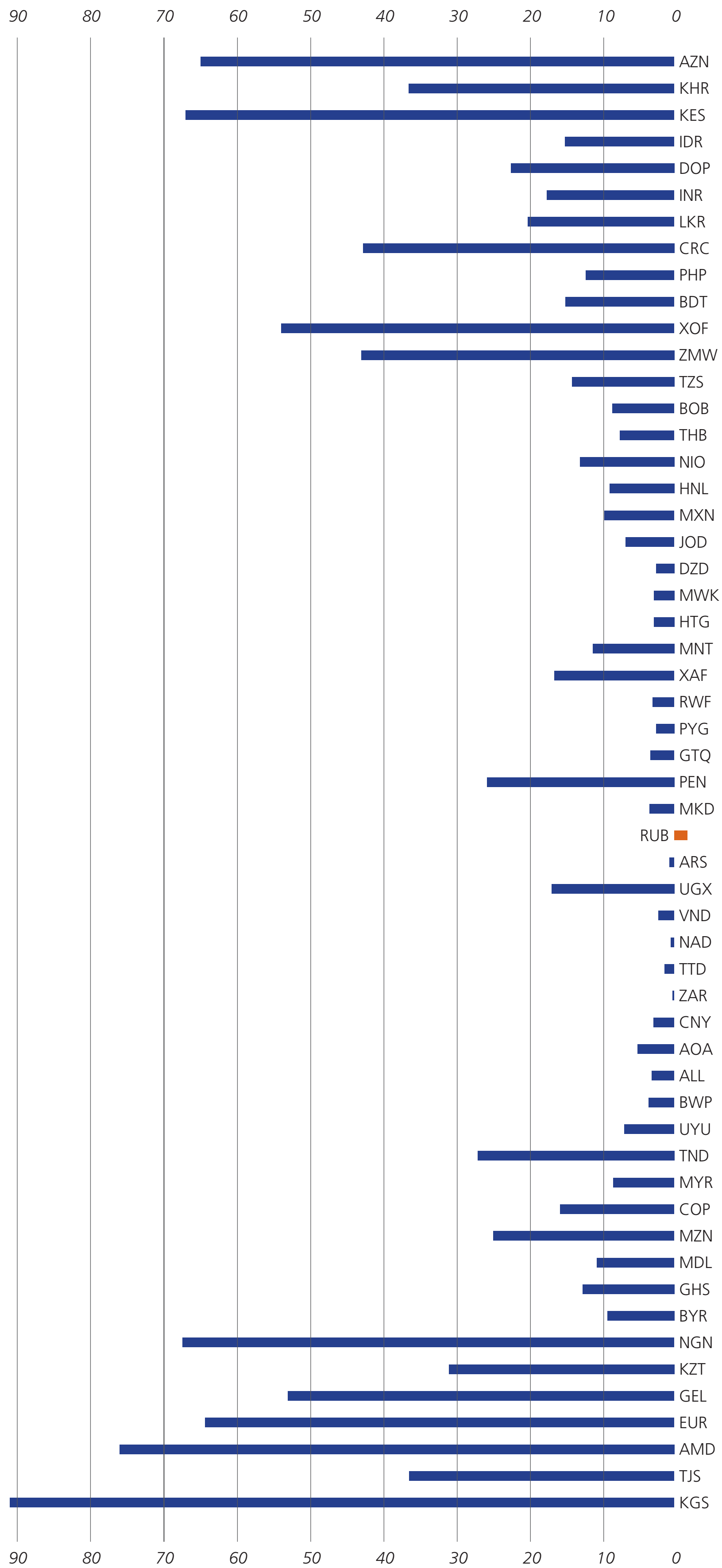
The investment results reflect the performance of the underlying currency exposures. In 2014, the contribution of each currency to the Fund's investment results was as follows: [3]

TCX 2014 Investment Result per Currency *(USD millions)*



3) The EUR losses shown in the table above were incurred on the short EUR: USD hedges that TCX books to offset the long EUR positions it accepts on a portion of its Primary Investments portfolio. Instead of attributing these losses to the underlying local currency positions, we have carved them out to highlight the impact of the year's USD:EUR movements.

TCX 2014 Average Notional Exposure per Currency *(USD millions)*



Monteverde rainforest, Costa Rica

2. BUSINESS OVERVIEW

BUSINESS RATIONALE

Long-term finance in emerging markets is often provided by development banks and other international investors who naturally invest in hard currency. The local borrower, earning local currency, has limited scope to absorb a currency mismatch between income and liabilities, and thus should borrow in local currency. The international investor, however, can usually only provide local currency on a hedged basis.

In established markets hedging solutions are readily available, but this is rarely the case in frontier markets. Hedging products are typically provided by banks acting as intermediaries, ultimately placing the risk back into the local capital markets. In frontier markets, however, the local market cannot absorb these risks. Thus, the intermediary model breaks down.

TCX's unique value proposition is its ability to retain, on its own balance sheet, the currency risks that arise from the hedges it provides to market participants. To operate successfully, TCX does not need a functioning local market. Its risk model is based on the portfolio diversification effect of spreading and absorbing currency risks across all regions. On average, the higher interest rates prevailing in frontier markets more than compensate for the devaluing trend of these currencies, which allows TCX to operate on a modest profit. ■

BUSINESS PRINCIPLES

- ***Focused products:*** TCX only invests in market risk management products such as currency swaps. It does not provide funding.
- ***Unique risk management structure:*** TCX assumes outright currency risks in highly illiquid markets, managing risk through portfolio diversification across all regions and countries in the emerging and frontier markets.
- ***Alignment with shareholders:*** By working with its shareholders, TCX has origination access to their combined client networks and deal-flow. TCX tailors its investments for these institutions.
- ***Market-based pricing:*** TCX invests in products that are priced in accordance with prevailing market rates and methodologies.
- ***Additionality:*** TCX only invests where its counterparties have no adequately priced commercial alternatives.
- ***Non-speculation:*** TCX only hedges currency exposures that arise from actual underlying obligations. ■

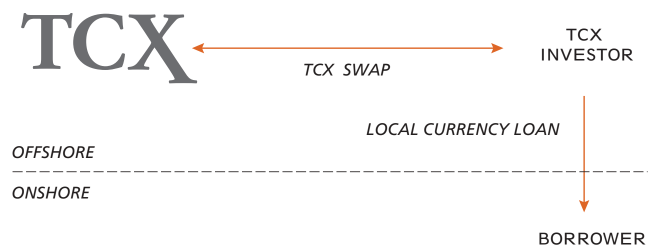
PRODUCTS

TCX uses a limited set of derivative products and delivery channels to achieve its mission. This allows it to remain focused on its primary objective, which is the facilitation of long-term local currency finance in frontier markets in close alignment with its shareholders.

TCX's main investment product is a cross-currency swap, usually matched to the cash-flow of a local currency loan provided by one of its shareholders. The swap ensures that the investor's income is guaranteed in USD or EUR whilst the borrower's obligations are in local currency. A simpler investment product that can achieve similar results is the FX forward, also one of TCX's products.

The cross-currency swap may be provided either to the lender or to the borrower. Hedging the lender results in the investment structure presented in the figure below. The investor provides a local currency loan to the domestic borrower and hedges the associated currency exposure with TCX, so that the combined deal is an asset in the investor's functional currency e.g. the USD.

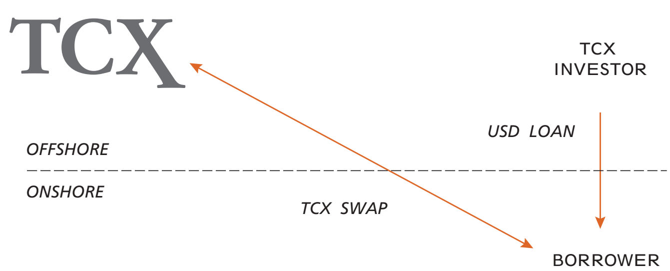
Hedging the Lender



This structure is relatively straightforward from a number of perspectives. The client interface (and counterparty credit risk management) remains concentrated with the investor and the hedge is not exposed to domestic legal, regulatory or tax constraints.

The hedge may also be provided to the borrower, resulting in the structure presented below. The investor provides a USD loan to the local borrower, who hedges the resulting obligation with TCX. The hedge transforms its hard currency obligation into a local currency liability

Hedging the Borrower



The direct swap to the local entity allows a greater flexibility in the application of the hedge, since it is decoupled from the loan. The timing, size and tenor of the transaction may be specified to suit the client's needs, as may the details of the hedge terms (the client could decide, for instance, not to include the loan margin in the hedge). The direct swap structure does however require TCX to onboard the local client, address the resulting counterparty risk, and satisfy itself that the local legal, regulatory and tax environment support the required transaction terms.

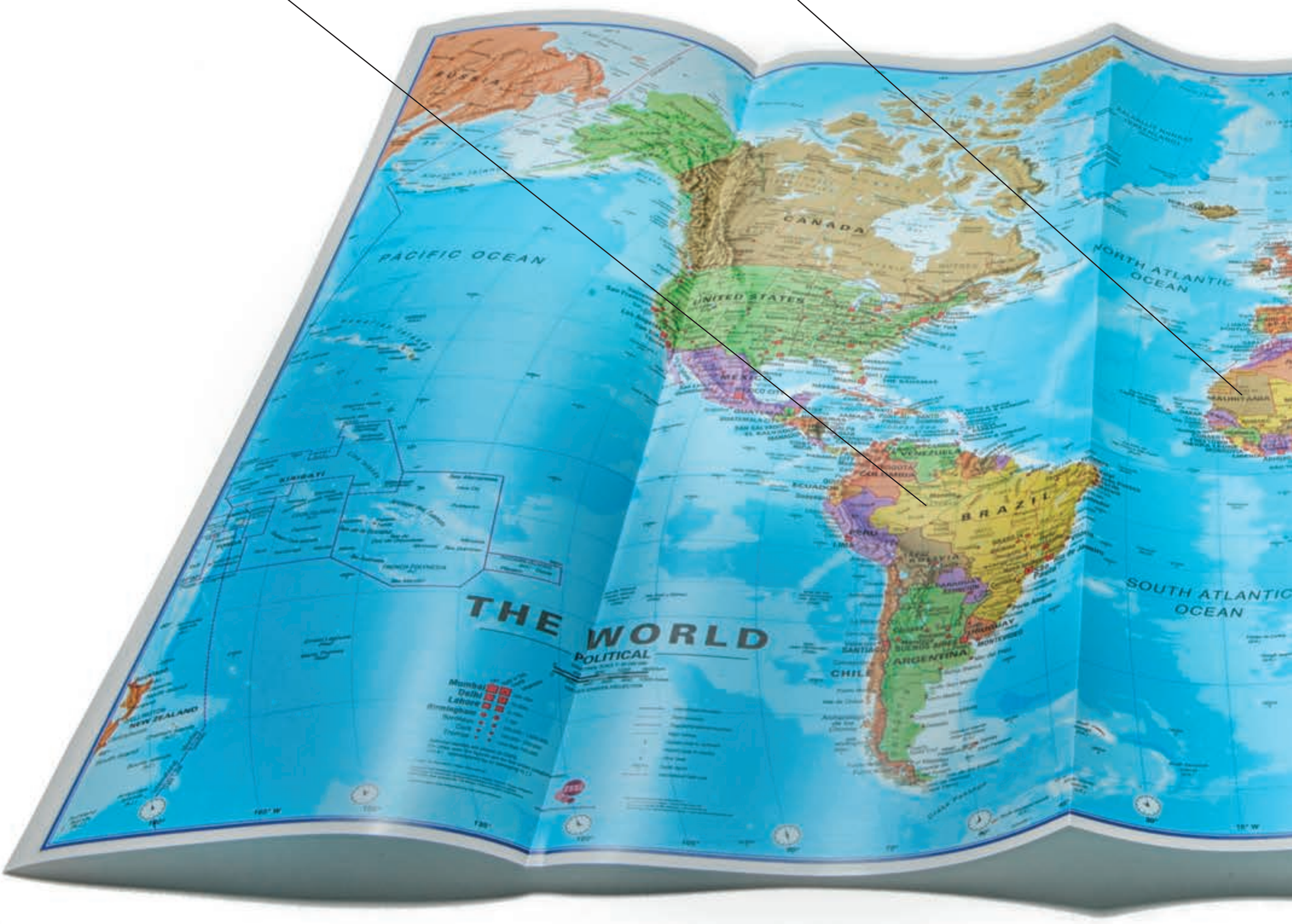
Please refer to TCX's website, www.tcxfund.com, for more details on TCX's investment products and the requirements to trade. ■

Argentina Peso **ARS**
Barbados Dollar **BBD**
Bolivia Boliviano **BOB**
Brazil Real **BRL**
Chili Peso **CLP**
Colombia Peso **COP**
Costa Rica Colon **CRC**
Dominica Peso **DOP**
Guatemala Quetzal **GTQ**
Haïti Gourde **HTG**
Honduras Lempira **HNL**
Jamaica Dollar **JMD**
Mexico New Peso **MXN**
Nicaragua Cordoba **NIO**
Paraguay Guarani **PYG**
Peru New Sol **PEN**
Surinam Dollar **SRD**
Uruguay Peso **UYU**
Venezuela Bolivar Fuerte **VEF**

LATIN AMERICA

Benin Franc CFA **XOF**
Botswana Pula **BOP**
Burkina Faso Franc CFA **XOF**
Cameroon Franc CFA **XAF**
Central African Rep. Franc CFA **XAF**
Chad Franc CFA **XAF**
Equatorial Guinea Franc CFA **XAF**
Gabon Franc CFA **XAF**
Ghana New Cedi **GHC**
Guinea-Bissau Franc CFA **XOF**
Ivory Coast Franc CFA **XOF**
Kenya Shilling **KES**
Madagascar Ariyayry **MGA**
Malawi Kwacha **MWK**
Mali Franc CFA **XOF**
Mauritania Ouguiya **MRO**
Mozambique Metical **MZN**
Namibia Dollar **NAD**
Niger Franc CFA **XOF**
Nigeria Naira **NGN**
Rep. of Congo Franc CFA **XAF**
Rwanda Franc **RWF**
Senegal Franc CFA **XOF**
South Africa Rand **ZAR**
Tanzania Shilling **TZS**
Togo Franc CFA **XOF**
Uganda Shilling **UGX**
Zambia Kwacha **ZMW**

SUB-SAHARAN AFRICA



EXPOSURE IN 50 CURRENCIES...

Algeria Dinar **DZD**
Egypt Pound **EGP**
Jordan Dinar **JOD**
Lybia Dinar **LYB**
Morocco Dirham **MAD**
Oman Rial **OMR**
Tunisia Dinar **TND**
Yemen Rial **YER**

NORTH AFRICA & MIDDLE EAST

Albania Lek **ALL**
Armenia Dram **AMD**
Azerbaijan Manat **AZN**
Belarus Ruble **BYR**
Bosnia Herzegovina Mark **BAM**
Croatia Kuna **HRK**
Georgia Lari **GEL**
Kazakhstan Tenge **KZT**
Kyrgyzstan Som **KGS**
Macedonia Denar **MKD**
Moldova Leu **MDL**
Romania New Leu **RON**
Russia Ruble **RUB**
Serbia Dinar **RSD**
Tajikistan Somoni **TJS**
Turkish Lira **TRY**
Ukraine Hryvnia **UAH**
Uzbekistan Som **UZS**

EAST EUROPE & CENTRAL ASIA

Bangladesh Taka **BDT**
Cambodia New Riel **KHR**
China Renmibi **CNY**
Fiji Dollar **FJD**
India Rupee **INR**
Indonesia Rupiah **IDR**
Malaysia Ringgit **MYR**
Maldives Rufiyaa **MVR**
Mauritius Rupee **MUR**
Mongolia Tugrik **MNT**
Myanmar Kyat **MMR**
Nepal Rupee **NPR**
Pakistan Rupee **PKR**
Papua New Guinea Kina **PGK**
Philippine Peso **PHP**
Solomon Islands Dollar **SBD**
Sri Lanka Rupee **LKR**
Thailand Baht **THB**
Vietnam Dong **VND**

ASIA-PACIFIC

...CAPABILITIES IN 100+ COUNTRIES.

Foz do Iguaçu, Argentina / Brazil / Uruguay

3. GOVERNANCE AND OWNERSHIP

MANAGEMENT

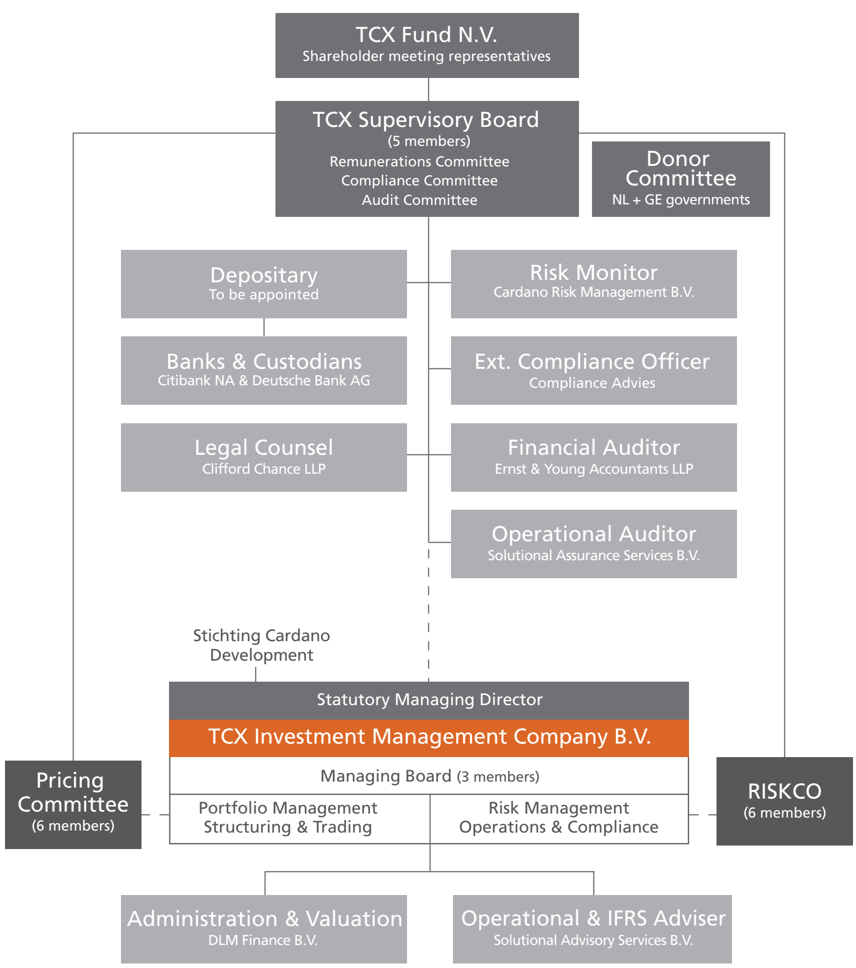
TCX Investment Management Company B.V. (TIM) is TCX's exclusive fund manager and the sole member of the Fund's statutory Managing Board. It is responsible for the commercial, operational and risk management of the Fund, with Mr. Ruurd Brouwer as its Chief Executive Officer[4], Mr. Brice Ropion as its Chief Risk & Operating Officer, and Mr. Bert van Lier as its Chief Investment Officer.

TIM is 100% owned by Cardano Development B.V., which is a wholly-owned subsidiary of Stichting Cardano Development, a tax-exempt not-for-profit institution with charitable status.

TCX has appointed a number of parties to support TIM in the management of the Fund. Cardano Risk Management B.V., a 100% subsidiary of Cardano Holding B.V., is the Fund's Risk Monitor[5]. Compliance Advies, an independent service provider, is appointed to perform certain compliance oversight functions including incidents and complaints management. Both Cardano Risk Management B.V. and Compliance Advies report directly to the Supervisory Board.

Upon approval by the regulatory authorities of The Netherlands, the Fund intends to appoint an independent depositary under the rules of the AIFMD, among other reasons to manage the relationships with Citibank NA and Deutsche Bank AG as the Fund's existing custodians. The appointment is currently subject to discussion with the authorities. For additional details, please see page 26.

TIM has sub-contracted the back office management, portfolio valuation, and fund administration functions to DLM Finance B.V., a company formed and owned by previous TIM employees. ■



4) Mr. Ruurd Brouwer became CEO on 1 January 2015, replacing Mr. Joost Zuidberg who resigned on 31 December 2014.

5) Cardano Holding B.V. and Cardano Risk Management B.V. are unrelated to Stichting Cardano Development and Cardano Development B.V., except that (i) the chairman of the Board of Stichting Cardano Development is also the co-CEO and a minority owner of Cardano Holding B.V., and (ii) the COO of Cardano Risk Management (UK) Limited (a sister company of Cardano Risk Management B.V.), is the chairman of TIM's Supervisory Board.

SUPERVISORY BOARD

The Fund's management is supervised by the TCX Supervisory Board, which is responsible for oversight and governance of the Fund's policies and strategy.

Supervisory Board members are appointed by the Annual General Meeting by simple majority vote. The members of the Supervisory Board are appointed for a renewable period of 4 years and receive an annual remuneration of EUR 22,000 (excluding VAT), except for the Chairman who receives EUR 50,000 (excluding VAT).

Of the 5 current members, 3 are related to substantial investors in the Fund: one as a board member, one as an employee, and one as supervisory board chairman. Two are independent.

The Supervisory Board met 5 times during 2014. Supervisory Board meetings are attended by the members in person[6], and by representatives of the Managing Board and the Risk Monitor. Each meeting covers, inter-alia, a business and risk performance update regarding the Fund's portfolio. The Supervisory Board also debates and provides management guidance on all material issues regarding the Fund's business strategy, policies, product and market development, compliance, and governance. All matters presented to the Fund's investors are pre-discussed and approved by the Supervisory Board.

The Supervisory Board has created a number of sub-committees and has appointed several management committees. These committees operate pursuant to terms of reference determined by the Supervisory Board and the Fund's code of conduct, in line with the rules and regulations of the Dutch corporate governance code. The Supervisory Board meets regularly with these committees, and uses a standardized agenda that allows the committee members to bring matters within their remit to the immediate attention of the Supervisory Board, without holding separate meetings. Membership of the various committees is provided at the end of this Annual Report. The committees are as follows:

Supervisory Board Sub-Committees

- ***The Compliance Committee*** discusses and approves the regular reports of TCX's External Compliance Officer and generally considers and advises the Supervisory Board on compliance issues arising from time to time. Members of the Compliance Committee are not separately remunerated. During 2014, the Compliance Committee held 5 meetings.[7]

- ***The Remuneration (and Nomination) Committee*** provides the Supervisory Board with non-binding advice regarding the variable Performance Fee payable to the Fund Manager[8], as well as other specific advice requested by the Supervisory Board from time to time. Members of the Remuneration Committee are not separately remunerated. During 2014, the Remuneration Committee held 1 meeting.

- ***The Audit Committee*** assists the Supervisory Board on the Fund's financial planning and reporting. Members of the Audit Committee are not separately remunerated. During 2014, the Audit Committee held 2 meetings.

Management Committees

- ***The Pricing Committee*** is a unique feature of the TCX governance structure, consisting of minimum 5, presently 6, independent professionals chosen for their expertise in derivative pricing in emerging markets. All pricing methodologies are approved by this committee, ensuring best-practice application of market-based pricing methods to all primary transactions. During 2014, the Pricing Committee met 12 times. All members are remunerated by way of an annual lump sum of EUR 20,000 (excluding VAT), except for the Chairman who receives EUR 40,000 (excluding VAT)

- ***The Risk Management Committee*** monitors and reports on overall financial issues impacting TCX, ensuring sound integrated risk management, and proposes and sets

6) In 2014 the attendance rate was 88%.

7) The Compliance Committee does not meet separately. Its agenda is incorporated in the Supervisory Board's agenda.

8) The variable Performance Fee payable to the Fund Manager depends on scores given by the Supervisory Board for Corporate Management Quality (25%), Developmental Impact (25%), Customer Satisfaction (25%), and NAV Progression (25%), with the Supervisory Board reserving the right to disregard any pre-agreed criteria when deciding the final score. For 2014, the resulting Performance Factor was 1.20 on a scale of 0 to 1.60 (2013: 1.45; 2012: 1.45). This variable Performance Factor affects both the bonuses payable to TIM's employees (which are tied to the salary mass), and the profits accruing to TIM's owner, Cardano Development B.V. (which are tied to a fixed USD amount that is indexed to US inflation).

broad guidelines in the areas of balance-sheet management, capital allocation, financial performance, and risk control. It also considers all counterparty KYC and credit risk matters. During 2014, the RISKCO held 13 meetings. One independent member is remunerated by way of an annual lump sum of EUR 20,000 (excluding VAT); all other members are not remunerated.

- ***The Donor Committee*** approves special projects supported through Donor Assets that are proposed by the Fund Manager. Appointments of members to the Donor Committee occur on the binding nomination of Subordinated Convertible Lenders. There were no meetings of the Donor Committee during 2014, all matters having been decided on in writing. Members of the Donor Committee are not separately remunerated.

THE ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE (AIFMD)

Since July 2013, pursuant to Directive 2011/61/EU (the Alternative Investment Fund Managers Directive or "AIFMD") as implemented in the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht or "Wft"), the Fund and its Fund Manager, TCX Investment Management Company B.V. ("TIM"), have classified for regulatory purposes as an Alternative Investment Fund and an Alternative Investment Fund Manager, respectively. In accordance with the transition provisions of the AIFMD, TIM applied in July 2014 for an AIFM license from the Dutch supervisors to operate and market the Fund to professional investors only.

As of the date of this annual report, the license approval process is ongoing with the Dutch regulators.

Since its formation in 2007, the Fund has chosen to comply voluntarily with the principles and all material guidelines of the Dutch Wft, and as such the Fund was well prepared for the AIFMD in terms of adhering to best practices for regulated funds. The Fund's overall governance framework can be safeguarded as-is, in terms of protecting the interests of the Fund's investors; its investment, risk management, valuation, code of conduct and whistle-blowing policies; its "know-your-customer" and anti-money-laundering procedures; and its operational control framework whereby all processes are subject to 4-eyes procedures as an immediate control, and to regular audits by independent auditors, including an annual operational audit.

Nevertheless, certain adjustments required to comply with all aspects of the new law will be presented for investors for their approval as soon as the regulatory approval process is completed. The main changes are expected to be as follows:

- As TCX's Fund Manager, TIM will assume full responsibility for the risk management and (regulatory) compliance functions, in addition to the portfolio management function. Amongst other means, this will be achieved by creating a functional and hierarchical divide within TIM between the investor relations and commercial functions on the one hand (CEO, CIO), and the risk management and compliance functions on the other hand (CRO/COO). Related to this:
    - Cardano Risk Management B.V. will be retained as the Fund's independent Risk Monitor, responsible for quantifying and monitoring its risk exposures, reporting these to TIM's CRO for subsequent action by the CRO as required, performing an independent whistle-blowing role on risk management matters, and providing pricing and risk advisory services to the Fund;
    - Compliance Advies will be retained as the Fund's independent External Compliance Officer, responsible for supporting the Internal Compliance Officer on (regulatory) compliance matters, and for performing an independent whistle-blowing role on code of conduct and conflict of interest incidents.
- An independent depositary will be appointed by the Fund, responsible for validating its share transactions, monitoring its cash flows, safe-keeping its assets (through Citibank NA and Deutsche Bank AG as sub-custodians), and confirming its asset values.[9]

9) The bulk of these functions have been performed since inception of the Fund by Cardano Risk Management B.V., which also acts as the Fund's risk monitor. To achieve full compliance with the AIFMD, a separate depositary must be appointed, to safe-keep the assets and perform key supplementary controls. This will take place as soon as the authorities and the investors have approved the proposed set-up.

Supporting these changes is the fact that each member of the Risk Management Committee has been granted a formal right of appeal to the Fund's Supervisory Board, in case any member disagrees with the Committee's majority decisions.

From the day-to-day operational perspective, it is important to note that these organizational changes will entail minimal changes to the existing procedures and control framework, which have always been based on the strict segregation of the Fund's commercial and control functions. The main changes will be to capture the role of the depositary as an additional controller of the operation. ■

TCX INVESTORS

IMPORTANT NOTICE UNDER THE LAWS OF THE EU Interests in TCX can only be acquired by entities who qualify as Professional Investors within the meaning of article 4:1 of Directive 2011/61/EU (the Alternative Investment Fund Managers Directive), as implemented in the Financial Markets Supervision Act (Wet of het financieël toezicht) of The Netherlands.

IMPORTANT NOTICE UNDER THE LAWS OF THE USA Interests in TCX have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and can only be acquired by persons outside of the United States and may not be offered or sold in the United States or to or for the benefit of U.S. persons.

SHAREHOLDERS **NUMBER OF SHARES**
(TOTAL 890 SHARES)


IDB
USD 20 MILLION
(SUBORDINATED DEBT)
BMZ
Federal Ministry
for Economic Cooperation
and Development
USD 58.2 MILLION
(SUBORDINATED CONVERTIBLE DEBT)
Ministry of Foreign Affairs of the
Netherlands
USD 70.6 MILLION
(SUBORDINATED CONVERTIBLE DEBT)

Djinglia village, Cameroon

4. FINANCIAL STATEMENTS

Statement of financial position
(for the year ended 31 December)

(all amounts in USD)	Notes	**2014**	**2013**
ASSETS			
Cash and cash equivalents	5	33,914,132	31,032,785
Financial assets at fair value through profit or loss	6	692,700,737	735,152,773
Cash collateral given	7	39,315,118	15,625,431
Other receivables	8	46,538	56,817
Total assets		**765,976,525**	**781,867,806**
LIABILITIES			
Cash collateral received	7	5,398,946	7,671,817
Financial liabilities at fair value through profit or loss	11	123,651,049	47,825,664
Accrued expenses and other payables	12	10,124,953	9,402,497
Subordinated convertible debt	13	106,133,770	104,075,617
Grants linked to the subordinated convertible debt	13	22,639,683	24,697,836
Subordinated loan	14	20,006,193	20,006,193
Total liabilities (excluding Class A shares)		**287,954,594**	**213,679,624**
Net assets attributable to holders of redeemable shares Class A	15	**478,021,931**	**568,188,182**
Total liabilities		**765,976,525**	**781,867,806**

Statement of comprehensive income
(for the year ended 31 December)

(all amounts in USD)	Notes	**2014**	**2013**
INVESTMENT RESULT			
Net result on financial instruments at fair value through profit or loss	16	(45,722,903)	36,100,118
Interest income	18	2,089,6902	2,277,292
Interest subordinated loan	14	-	(3,808)
		(43,633,213)	38,373,602
OTHER RESULTS			
Contributions to Donors Assets	12	(3,402,537)	(627,441)
Foreign currency translation	17	(3,536,278)	1,107,313
		(6,938,815)	479,872
OPERATIONAL EXPENSES			
Management fee	9	(5,696,108)	(6,503,520)
Performance fee	9	(2,397,462)	(1,808,610)
Risk monitoring fee	10	(1,386,912)	(1,396,510)
Audit fees	10	(309,983)	(297,335)
Governance expenses	9	(436,870)	(357,892)
Other general expenses	19	(512,488)	(193,968)
		(10,739,823)	(10,557,835)
Operating income		**(61,311,851)**	**28,295,639**
Distribution to holders of redeemable shares Class A	15	(13,425,000)	(13,725,000)
Change in net assets resulting from operations attributable to holders of redeemable shares Class A		**(74,736,851)**	**14,570,639**

Statement of cash flows

(for the year ended 31 December)

(all amounts in USD)	Notes	2014	2013
CASH FLOW FROM OPERATING ACTIVITIES			
Net receipts from Primary, Trading and Hedging financial instruments at FVtPL		35,711,033	46,518,417
Net payments for Debt instruments		37,327,512	(40,308,618)
Distribution of repayable grants		(484,027)	(406,602)
Interest received		2,100,267	2,235,742
Interest paid		-	(3,808)
Risk monitoring fee paid		(1,386,912)	(1,396,510)
Management fee paid		(5,696,108)	(6,503,520)
Performance fee paid		(2,408,997)	(2,148,622)
Audit fees paid		(340,612)	(244,674)
Governance expenses paid		(436,870)	(357,892)
Cash collateral received (paid)		(29,365,394)	6,271,652
Transfers from Donor Assets		935,096	(341,663)
Other general expenses paid		(682,963)	(19,251)
Net cash flow generated from (used in) operating activities		**35,272,025**	**3,294,651**
CASH FLOW FROM FINANCING ACTIVITIES			
Payment for redemption of redeemable shares Class A		(15,429,400)	-
Distributions paid to holders of redeemable shares Class A		(13,425,000)	(13,725,000)
Net cash flow generated from (used in) financing activities		**(28,854,400)**	**(13,725,000)**
Net cash flow generated during the year		**6,417,625**	**(10,430,349)**
Cash and cash equivalents at the beginning of the year		31,032,785	40,909,420
Foreign currency translation of cash positions		(3,536,278)	553,714
Cash and cash equivalents at end of period	5	**33,914,132**	**31,032,785**
Analysis of cash and cash equivalents			
Cash at Citibank		33,914,132	28,822,530
Cash at Deutsche Bank		-	2,210,255
Cash and cash equivalents at end of period	5	**33,914,132**	**31,032,785**

Statement of changes in net assets attributable to holders of redeemable shares Class A

The movements in shares Class A are as follows:
(for the year ended 31 December)

(all amounts in USD)	Amounts		Number of shares	
	2014	**2013**	**2014**	**2013**
Net assets at beginning of year	568,188,182	553,617,543	915	915
Shares issued	-	-	-	-
Redemption of shares	(15,429,400)	-	(25)	-
Net change from transactions with shareholders	(15,429,400)	-	(25)	-
Change in net assets from operations	(74,736,851)	14,570,639		
Net assets at end of the year Class A	**478,021,931**	**568,188,182**	**890**	**915**

Notes to the financial statements

1. GENERAL INFORMATION

The Currency Exchange Fund N.V. ("TCX" or "the Fund") is a public limited liability company incorporated and existing under the laws of The Netherlands. The Fund was established in September 2007 and started commercial operations in January 2008.

The Fund's objective is to invest, along commercially sound principles, in long-term emerging-market currency and interest rate derivatives, with the purpose of developing local currency funding options, predominantly for its investors and their clients. TCX's counterparties utilize the products offered in the mitigation of currency and interest rate mismatches.

TCX's fund manager, TCX Investment Management Company B.V. ("TIM" or "the Fund Manager") applied in July 2014 for a license from the regulatory authorities of The Netherlands to manage TCX as its Alternative Investment Fund Manager. The licensing process is ongoing as of the date of this Annual Report. The most important expected resulting changes in the governance model of the Fund are summarized on page 26 of this Annual Report.

The financial statements were authorized for issue by the Managing Board on 24 April 2015.

2. EVENTS AFTER THE REPORTING PERIOD

On 20 March 2015, the European Investment Bank agreed to invest EUR 40 million in the Fund, subject to satisfactory completion of the AIFMD licensing process.

3. STATEMENT OF COMPLIANCE

The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU), Part 9 of Book 2 of The Netherlands Civil Code and the Dutch Act on Financial Supervision. Refer to Note 24 and 25 for a further explanation of significant accounting policies, estimates and judgments.

4. FINANCIAL RISK MANAGEMENT

Investment objective

The Fund is an innovative and unique capital markets development initiative, focusing entirely on long-term local currency and interest rate derivatives in frontier and emerging market currencies. It presents a compelling investment opportunity for parties with a keen interest in the sustainable development of capital markets in developing countries. By investing in currency and interest rate derivatives, the Fund facilitates the provision of local currency funding to borrowers in developing countries.

Classical providers of currency and interest rate hedging in international financial markets typically operate on a matched book principle, which generally limits them to offering products for which there is a matched and liquid demand and supply. This model breaks down in most developing countries, where demand for long-term local currency exposure is illiquid or even inexistent. As a result, these products are not offered or are offered at pre-emptively high rates.

TCX is based on a fundamentally different concept, which is to assume unmatched exposures mitigated through portfolio diversification on a global scale, rather than by matching supply and demand on a currency by currency basis. This allows TCX to absorb currency and interest rate risks in highly illiquid currencies and maturities regardless of external demand.

Given that the key to this strategy is a wide diversification of risks, there are compelling mutual benefits for investors to pool their local currency activities and exposures, thereby achieving a more complete risk spreading and efficiencies of scale and scope.

Investment policy

TCX exclusively focuses on currency and interest rate derivatives, risk-managed through internal portfolio diversification.

The Fund's transactions are mostly invested through or with its investors, which have established local networks in emerging markets. TCX has agreed a preferential access to its transaction capacity with its investors, but it may also trade with non-investor counterparties, notably the clients of the investors.

One of the key investor considerations of the Fund is the development impact of its activities. TCX's most direct development impact is to strengthen the financial basis of emerging markets entities by removing the currency/maturity mismatches they would otherwise face. TCX's stated focus on Sub-Sahara Africa ensures that the negative effects of the relative lack of financial infrastructure in this region are minimized and that volumes transacted there remains in line with production in other regions.

TCX is limited to offering interest rate terms up to 150% of the length of the longest term available in the market for each currency. The maximum term is set by the Pricing Committee.

Investment process

Sound risk management is essential to TCX, for it is the rationale behind its business model and critical to maintaining its credit rating. TCX has a credit rating of A- with negative outlook (2013: A- stable), as determined by Standard and Poor's in February 2015 and underpinned by stringent limits on the total risk of TCX. Together with the Fund's Risk Monitor, TIM's risk management team monitors the portfolio on a daily basis and produces weekly reports to confirm the Fund's compliance with agreed limits and ratios.

To calculate the capital requirements, TCX uses various models built using the regulatory banking capital adequacy guidelines of Basel III adjusted for the activities and business of TCX. The calculation methods follow the Basel III internal model approach, unless lack of market data prevents this or unless specific reasons exist to depart from this model due to the nature of TCX's business. Where market data is not available, a capital charge is calculated as a fixed add-on using a stress scenario, in conformity with market practice in dealing with statistical uncertainties.

TCX's primary risk mitigating instrument is its exposure diversification strategy, with a portfolio that is spread over a large number of currencies and interest rates. Its limit system puts stringent diversification requirements on the portfolio (including a maximum net single currency exposure of 10% of the portfolio, and the use of regional limits). Other active risk mitigating measures include the (partial) hedging of exposures through the derivative markets. During 2014 TCX made use of such measure as an integral part of its development impact strategy.

TCX has two stop-loss risk triggers: one requiring the Fund Manager to operate more prudently in its assumption of risk and to redress ratios in a going-concern manner, the other triggering cessation of activities and (ultimately) a managed liquidation of the portfolio (the "Liquidation Trigger Event", as specified in the Investors Agreement).

TCX's risk management is based on the Risk Charter approved by the Investors. The Risk Charter contains, amongst others:

- a description of the risks TCX assumes in its business;
- the policies and procedures concerning risk management;
- the applicable limit structure and investment restrictions.

Risk analysis

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. These are discussed below.

Market risk

The most important risk that TCX is exposed to is market risk, constituting 93% of the Fund's risk-weighted assets as calculated in accordance with Basel III. TCX defines market risk as the risk of fluctuation in the valuation of its financial instruments caused by adverse market movements and market illiquidity.

The Fund's financial instruments consisted of the following groups at year end:

(all amounts in USD)	Fair Value in USD	% of NAV	Fair Value in USD	% of NAV
		2014		***2013***
Cross currency swaps	(86,270,059)	(18.0)	(29,508,920)	(5.2)
Fowards	(7,776,808)	(1.6)	2,875,343	0.5
Commercial papers	302,021,920	63.2	313,116,036	55.1
US Treasury bills	17,100,405	3.6	121,316,126	21.4
Floating rate notes	343,974,230	71.9	279,528,525	49.2
Financial instruments at fair value through profit or loss	**569,049,688**	**119.1**	**687,327,110**	**121.0**
Cash collateral given	39,315,118	8.2	15,625,431	2.8
Cash collateral received	(5,398,946)	(1.1)	(7,671,817)	(1.4)
Cash and cash equivalents	33,914,132	7.1	31,032,785	5.5
Other	(10,078,415	(2.1)	(9,345,681)	(1.6)
Subordinated convertible debt	(106,133,770)	(22.2)	(104,075,617)	(18.4)
Grants linked to the subordinated convertible debt	(22,639,683)	(4.8)	(24,697,836)	(4.4)
Subordinated loan	(20,006,193)	(4.2)	(20,006,193)	(3.5)
Net assets attributable to holders of redeemable shares Class A	**478,021,931**	**100.0**	**568,188,182**	**100.0**

TCX is subject to market risk on these financial instruments by taking on interest rate and currency risks in its transactions. This market risk is managed in separated risk books. This methodology allows segregating risk measurement techniques depending on the depth and quality of available market data. The more extensive the available data, the more sophisticated the measurement technique available.

TCX's market risks are managed in four books:

1. currency exchange rate risks;
2. interest rate risk in mature markets;
3. interest rate risks in frontier and emerging markets;
4. spread risk between local benchmark and non-deliverable forward ("NDF") rates.[10]

The book structure is built using well-established transfer pricing techniques. Any TCX transaction can give rise to different entries in each of the four risk books. The different risk books are aggregated into a combined risk model. Whereas sufficient market data is available for currency risks (Book 1) and interest rate risk in mature markets (Book 2) to support statistical methods, historical data for local emerging market interest rates (Book 3) and spread risk between local benchmark and NDF rates (Book 4) are insufficiently available for these methods and therefore these risks are assessed using stress testing.

10) The NDF spread that TCX applies refers to the spread risk between domestic and international interest rates over the life of the swap. The spread applies because TCX prices its non-deliverable swaps off local onshore benchmarks (e.g. a Treasury bill rate), which do not incorporate the country risk and other premiums required by offshore investors.

The risk measurement horizon for all books is one month, and results are annualized using the usual calibration multiples in accordance with Basel III guidelines.

The market risk of TCX is measured and monitored using four major methods:

- Expected Tail Loss ("ETL");
- Value at Risk ("VaR");
- Stress testing;
- Monitoring of exposures against strict concentration limits.

Expected Tail Loss and Value at Risk: The ETL and VaR methods are useful when sufficient observable data is available to estimate extreme events. Both are internationally accepted risk measures that are recognized by the Bank of International Settlements (BIS). The use of internal ETL and VaR models is accepted for reporting market risk to national supervisory authorities, and is also used for other purposes, for instance, in performance measurement and asset-liability management.

ETL and VaR measures incorporate three parameters:

- Confidence level;
- Holding or unwinding period;
- Information period.

The ETL method is applied to TCX's FX risk book (Book 1). For this book, the ETL is based on the average of the 5 worst (tail) events actually observed over all one month periods since January 1996. This approach is used because the 99% confidence level lies somewhere between the second and third worst months, and the intervals between the points in the tail are large enough that intervening points could lead to substantial jumps in the measure. Thus, the averaging method is recommended to stabilize the risk measure while doing justice to the full size of the tail.

The VaR method is applied to TCX's established market interest rate book (Book 2) where historical data is abundant enough to estimate the impact of extreme events through historical simulation using monthly historical price changes since January 1996. This approach yields a distribution of changes in values, with the VaR determined at the 99% confidence level.

For the purpose of these financial statement disclosures, it is important to note that there are well known limitations to using history based VaR or ETL:

- The data provided reflects positions as at year-end that do not necessarily reflect the risk positions held at other moments in time. As disclosed in the chapter "Investment objectives, policies and processes", the risk management system monitors the exposure of the Fund on a daily basis;
- The VaR and ETL are statistical methods based on a distribution from historical observations. Therefore it is possible that there could be, in any future period, an observation of a higher loss.

Stress testing: There is no objective justification to assume that historic returns are exemplary for worst case scenarios in the future, especially in the case of emerging markets where unprecedented events are even more likely. Therefore, stress tests are performed on most relevant variables for the TCX portfolio, notably currency and interest rates. Stress testing involves the modeling of unprecedented events and therefore market movements beyond historically observed shocks. The purpose of stress testing is to create awareness of the consolidated event sensitivity of TCX's position, and to set limits at portfolio level (stress testing is not meant for limit setting purposes on a book-by-book basis). In the risk management of TCX, three types of stress tests are used:

- Combination of historical stress tests;
- Macroeconomic scenarios (commodity prices, global melt down);
- Sensitivity analyses.

Stress testing is in particular applied to calculating the value at risk in TCX's local currency interest rate book (Book 3) and TCX's use of NDF spreads (Book 4), since historical data is insufficiently available to estimate the value at risk in these books.

At 31 December 2014, taking the foregoing methodologies into account, the Fund had an aggregate value at risk for market related factors (by convention, its market VaR) of USD 42.7 million (2013: USD 41.0 million), consisting of the following:

(all amounts in USD millions)	***2014***	***2013***
Foreign currency exchange risk (Book 1)	30.5	29.8
Interest rate risk mature market (Book 2)	3.0	2.6
Interest rate risk emerging markets (Book 3)	8.7	7.5
NDF (Non-Deliverable Forward) spread (Book 4)	0.7	1.1
Adjustment cross effect	(0.2)	-
Total	**42.7**	**41.0**

The slight increase in market VaR can be explained by the growth of the portfolio and changes in relative concentrations in the portfolio.

Currency concentration limits: the fundamental premise of TCX is that extensive diversification reduces currency and interest rate risks at portfolio level. This diversification effect can only be achieved when TCX avoids over-exposure in any one currency or region. In order to prevent this, concentration limits are set on the notional of the contracts for each currency, set relative to (a) TCX's Tier 1 + Tier 2 capital levels, (b) its total portfolio size, and (c) an absolute number as defined by the size and liquidity of the currency market. The maximum net amount invested in a country or currency is the lesser of:

- 25% of total capital (including share capital, retained earnings and Tier 2 capital); and
- 10% of the total portfolio size.

All limits are subject to periodic review.

Deductions from the gross exposure amount (netting)[11] is equal to 100% of the nominal amount of a related hedge[12] if the following conditions are met:

- the portion of the exposure maturing prior to the hedge is at least equal to 80% of the maturing principal of the hedge[13];
- there are no cross border risks between the hedged exposure and the hedge;
- the counterparty of the hedge has a minimum rating of BBB and the transaction is appropriately collateralized, taking into account wrong-way risks if any in the determination of key counterparty credit terms such as frequency of valuation, independent amount and minimum transfer amount.
- TCX's gross currency exposure (before netting deductions) may not exceed 40% of total capital.

In case of a hedging investment that does not meet these criteria, no deductions to the exposure amounts are allowed unless approved by RISKCO on a case by case basis.

The application of the currency concentration limit as provided above means that on 31 December 2014 each individual currency has a notional limit of USD 110,561,595 (2013: USD 107,075,479). The Fund's largest exposures per currency compared to this limit (net of offsetting hedging transactions)are as follows:

	% of limit 31 December 2014	% of limit 31 December 2013
Kyrgyzstani Som	88.8	84.0
Armenian Dram	85.2	65.7
Kenyan Shilling	64.8	59.6
Azerbaijani Manat	61.5	69.5
West African CFA Franc	52.6	45.8

Regional concentration limits: the diversification over the regions is enforced through guidelines for maximum regional exposures. Regional guidelines are determined depending on the possibilities to diversify within the region. In the table below the concentration limits per region calculated based on notional amounts per region divided by the total portfolio notional amount (net of hedging transactions) are stated as follows :

	Maximum regional concentrations	Actual concentrations 31 December 2014	Actual concentrations 31 December 2013
Emerging Europe / Central Asia	40%	39%	37%
Middle East / North Africa	30%	3%	5%
Asia	40%	14%	12%
Sub-Sahara Africa	50%	30%	29%
Latin America	40%	13%	17%

Hedging: Hedging is defined as short local currency positions entered into for concentration and balance sheet management purposes. The Fund has the following hedging transactions as at 31 December:

	Fair value	Notional value	Fair value	Notional value
(all amounts in USD)	***2014***	***2014***	***2013***	***2013***
Armenian Dram	4,886,354	23,870,107	(969,856)	22,988,574
Azerbaijani Manat	(1,208,340)	25,000,000	(280,661)	20,000,000
Costa Rican Colon	959,939	90,418,885	(133,006)	5,000,000
Georgian Lari	718,127	5,000,000	25,859	5,000,000
Indian Rupee	(106,073)	26,919,371	-	-
Kazakhstani Tenge	651,914	5,000,000	-	-
Kyrgyzstani Som	1,803,069	11,407,875	(108,376)	16,500,000
Nigerian Naira	224,467	10,000,000	-	-
Tajikistan Somoni	121,264	5,000,000	(428,223)	5,000,00
Euro	(4,765,085)	65,611,013	(146,719)	2,500,000
US Dollar	-	-	2 ,311,497	44,500,00
Total hedging transactions	**3,285,636**	**268,227,251**	**270,515**	**121,488,574**

Credit risk

TCX's credit risk exposure originates from (a) its liquidity investments and (b) as a result of its derivatives investments. TCX limits the credit risks it incurs by concentrating liquidity investments with the best-rated counterparties, and through the use of ISDA CSA agreements (International Swap Dealer Association Collateral Support Agreements), that trigger periodic collateral movements based on the fluctuating fair market value of TCX's portfolio with each counterparty.

11) For clarity, the nominal exposure relief of a hedge is applied for the term of the hedged exposure only.

12) For clarity, transactions qualify as a hedge only if they are in the same local currency as the hedged exposure. The use of proxy hedging for concentration or market risk capital relief is explicitly ruled out.

13) In case the hedge does not have a bullet profile, this test will apply to each amortization in the hedge.

In general under the ISDA CSA master netting agreements, the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances (for instance, when a credit event such as a default occurs), all outstanding transactions under the agreement are terminated, the termination value is assessed, and only a single net amount is payable in settlement of all transactions.

TCX's credit risk measures are based on the Basel III framework using internal credit ratings with associated Probability of Default (PD). For Loss Given Default (LGD) the decision is based on the country of incorporation of the counterparty and the type of counterparty. The Exposure at Default (EAD) is based on its potential future exposure, calculated as the 99% VaR for the applicable period of exposure (i.e., the period between collateral calls in the case of collateralized exposures), with Maturity set at the investment's effective maturity.

An internal rating and associated PD is assigned to each counterparty prior to execution of a transaction by RISKCO. If and when an external rating of one of the three large global rating agencies is available, this rating is the primary basis for the rating assessment. The PD attached to each rating class is generally based on the empirical default rate of this rating class over the last five years, as published by Standard & Poors. The notional amounts of derivatives credit risk exposure are included in the following table:

(all amounts in USD)	**Credit rating**	*EAD* **2014**	*EAD* **2013**
	AAA	309,395,186	278,869,613
	AA	364,910,787	414,800,690
	A	50,391,484	86,743,069
	BBB	10,647,632	2,074,559
	BB	4,321,138	8,722,171
	B	96,101	671,029
Total		**739,762,328**	**791,881,131**

The Risk Weighted Assets for the credit risk exposures shown above totals USD 76.5 million (2013: USD 153.6 million), after taking into account the applicable PDs and LGDs. The decrease since 2013 is primarily attributable to the implementation of a revised LGD model in late 2014.

Under IFRS, TCX's ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because the right to offset is not current but enforceable only on the occurrence of future events such as a default or other credit events. The following table sets out the fair value of recognized financial instruments that are subject to these agreements:

2014

(all amounts in USD)	**Gross Amount**	**Amounts offset included in fair value**	**Fair value included in statement of financial position**	**Related financial instruments not offset**[14]	**Net Amount**
Financial assets					
Cross currency swaps	16,516,875	-	16,516,875		
Forwards	13,087,307	-	13,087,307		
Total financial assets	29,604,182	-	29,604,182	(5,398,946)	24,205,236
Financial liabilities					
Cross currency swaps	(102,786,934)	-	(102,786,934)		
Forwards	(20,864,115)	-	(20,864,115)		
Total financial liabilities	(123,651,049)	-	(123,651,049)	39,315,118	(84,335,931)
Total	**(94,046,867)**	**-**	**(94,046,867)**	**33,916,172**	**(60,130,695)**

2013

(all amounts in USD)	**Gross Amount**	**Amounts offset included in fair value**	**Fair value included in statement of financial position**	**Related financial instruments not offset**	**Net Amount**
Financial assets					
Cross currency swaps	14,277,158	-	14,277,158		
Forwards	6,914,929	-	6,914,929		
Total financial assets	21,192,087	-	21,192,087	(7,671,817)	13,520,270
Financial liabilities					
Cross currency swaps	(43,786,078)	-	(43,786,078)		
Forwards	(4,039,586)	-	(4,039,586)		
Total financial liabilities	(47,825,664)	-	(47,825,664)	15,625,431	(32,200,233)
Total	**(26,633,577)**	**-**	**(26,633,577)**	**7,953,614**	**(18,679,963)**

14) Consists of collateral received or paid

Liquidity risk

Investments

Liquidity risks include the risk that TCX cannot fulfil its obligations in a timely fashion due to cross-border transfer timing constraints. To minimize the risk of underfunding in any single currency, TCX maintains minimum liquidity levels to cover future payment obligations in any currency that is not classified as freely convertible. These limits are determined by RISKCO, depending on the currency's convertibility risks. As per 31 December 2014, no traded currency other than the Euro is approved as freely convertible.

To protect TCX from liquidity risk, the single day liquidity gap for each currency may not be larger than half the average spot FX daily trading volume (determined by the Risk Monitor using the average over the past year). In order to monitor the liquidity risk, a gap analysis is performed monthly that provides an overview of all expected cash flows of all transactions. This includes coupon receipts on bonds, periodic interest exchange on swaps, principal (re)payments on cross-currency swaps and settlements on currency swaps.

Liquidity limits for non-freely convertible currencies are set for a business-as-usual scenario and for a stress scenario. In the business-as-usual scenario, no negative gap is allowed for the first week and the first month (i.e. TCX must have full local currency liquidity to cover foreseeable cash outflows for the next week and the next month). Under a stress scenario, TCX may need more local funds. In this respect the following maximum negative gaps are allowed:

- For the first week: equal to 100% the average turnover of one trading day;
- For the first month: equal to 300% the average turnover of one trading day.

For freely convertible currencies, negative liquidity gaps are allowed up to 10% of the liquidity investment portfolio for the first month. The total gap of all convertible currencies should be lower than 50% of the liquidity investments portfolio. To prevent unnecessary risk taking in the liquidity portfolio, a rise in interest rates of 1% may not cause a loss higher than 1% of the liquidity portfolio.

The gap analysis for the year ended 31 December 2014 is as follows:

(all amounts in USD)

	One week	**One month**	**Over one month**
Currency EUR			
Cash In	19,345,291	1,073,423	125,212,034
Cash Out	(19,379)	(57,534)	(38,721,268)
Net Position	19,325,912	1,015,889	86,490,767
Cum Net Position	19,325,912	20,341,801	106,832,568
Limit	**(313,400,789)**	**(313,400,789)**	

	One week	**One month**	**Over one month**
Currency USD			
Cash In	44,989,031	41,978,421	572,183,040
Cash Out	(4,766)	(1,395,913)	(225,407,504)
Net Position	44,984,265	40,582,508	346,775,536
Cum Net Position	44,984,265	85,566,773	432,342,309
Limit	**(313,400,789)**	**(313,400,789)**	

The gap analysis for the year ended 31 December 2013 is as follows:

(all amounts in USD)

	One week	**One month**	**Over one month**
Currency EUR			
Cash In	6,274,010	35,519,259	93,639,637
Cash Out	-	-	(28,849,099)
Net Position	6,274,010	35,519,259	64,790,538
Cum Net Position	6,274,010	41,793,269	106,583,807
Limit	**(358,483,914)**	**(358,483,914)**	

	One week	**One month**	**Over one month**
Currency USD			
Cash In	45,148,806	43,902,862	603,123,082
Cash Out	-	(857,494)	(134,350,359)
Net Position	45,148,806	43,045,368	468,772,723
Cum Net Position	45,148,806	88,194,174	556,966,896
Limit	**(358,483,914)**	**(358,483,914)**	

TCX invests its liquid assets in cash deposits, commercial paper, bank deposits, T-bills and floated rate notes. About 72% (2013: 74%) of these assets have a remaining term shorter than 1 year. In addition, the other 28% (2013: 26%) are considered highly liquid investments (i.e., highly-rated paper issued by government, government-backed, and banking institutions). The Fund invests in commercial papers for an amount of USD 302,021,920 representing 63.2% of the NAV (2013: USD 313,116,036 representing 55.1% of the NAV) which are readily convertible into cash.

TCX provides clients with conditional deliverable products. Under normal circumstances these product are deliverable (i.e., TCX receives domestic currency locally against payment of USD or EUR obligations offshore), and thus lead to the need for TCX to repatriate inflowing funds into the Netherlands, but in case of inconvertibility or non-transferability, the products automatically become non-deliverable (i.e., all cash flows occur in USD or EUR offshore). Thus, TCX has no local currency transfer obligations or risks after the occurrence of such an event.

The currencies in which TCX had conditional deliverable products outstanding at 31 December 2014 were the Kenyan Shilling, New Ghanaian Cedi, Indonesian Rupiah and Dominican Republic Peso, for a total notional of USD 21 million (2013: USD 17 million notional, in Kenyan Shilling, New Ghanaian Cedi, Indonesian Rupiah and Dominican Republic Peso).

Subordinated convertible debt

The Fund's financial liabilities include Subordinated Convertible Debt for a nominal amount of USD 128,773,453 (2013: USD 128,773,453), consisting of an undiscounted cash flow amount of USD 106,133,770 (2013: USD 104,075,617), representing 13.9% (2013: 13.3%) of the total financial liabilities, and "Grants linked to the Subordinated Convertible Debt", for an amount of USD 22,639,683 representing 3.0% of the total financial liabilities (2013: USD 24,697,836 and 3.2% respectively) (see Note 13 for further details). The maturity of the Subordinated Convertible Debt and the Grants linked thereto was extended in February 2014; their final maturity date is now 31 December 2025 (subject to certain provisions). Each Subordinated Convertible Lender has the option to convert, in whole or in part, its outstanding commitment into Class B Shares of the Fund. The product of the conversion price and number of shares shall equal the outstanding commitment of the Fund at the time of conversion.

Subordinated loan

The Fund's financial liabilities include a Subordinated Loan for an undiscounted cash flow amount of USD 20,006,193 (2013: 20,006,193), representing 2.6% (2013: 2.6%) of the total financial liabilities (see Note 14 for further details). The Subordinated Loan has a final maturity date of 15 February 2021. From 3 August 2015 until 15 August 2018 the lender has a conditional right to demand a prepayment of 20% of the Subordinated Loan on a yearly basis. See Note 14 for additional details.

Redeemable shares Class A

TCX's Shares Class A are "puttable instruments". Redemption is at each investor's option up to an annual maximum of 20% of the Fund's issued Shares A outstanding at the start of each calendar year. Assuming that investors make maximum use of this put option, the undiscounted redemption profile of the Fund's Shares A would be as provided in the table below (see Note 15 for further details regarding redemption rights). In February 2014, an amendment of the Investors Agreement was approved by the shareholders which, amongst others, included an adjustment to their redemption option. As a result, the maximum redemption amounts for the years 2018 and beyond are adjusted compared to last year's overview:

((all amounts in USD)	***2014***	***2013***
Year of maturity		
2014	-	113,637,696
2015	95,604,386	90,910,109
2016	76,483,509	72,728,087
2017	61,186,807	58,182,470
2018	48,949,446	46,545,976
2019	39,159,557	37,236,781
2020	31,327,645	29,789,425
2021	25,062,116	23,831,540
2022	20,049,693	19,065,232
2023	16,039,754	15,252,185
2024	12,831,803	12,201,748
2025	51,327,215	48,806,933
Total	**478,021,931**	**568,188,182**

Other liabilities

The Fund holds other liabilities for an undiscounted cash flow amount of USD 10,124,954 (2013: USD 9,402,497) with a maturity date of less than 3 months, representing 1.3% of the total financial liabilities (2013: 1.2%).

Fair value of other financial assets and financial liabilities

There is no material difference between the value of the other financial assets and liabilities, as shown in the balance sheet, and their fair value due to the short term, except for the subordinated convertible debt. See Note 13 for further details.

5. CASH AND CASH EQUIVALENTS

At 31 December 2014 and 2013, no restrictions on the use of cash and cash equivalents exist.

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The financial assets at fair value through profit or loss consist of the following instruments at 31 December of each year:

(all amounts in USD)	2014		2013	
	Fair value in USD	% of NAV	Fair value in USD	% of NAV
Level 1 financial instrument				
Commercial papers[15]	-	-	313,116,036	55.1
Debt instruments	-	-	400,844,651	70.6
Level 2 financial instruments				
Commercial papers	302,021,920	63.2	-	-
Debt instruments	361,074,635	75.5	-	-
Cross currency interest rate swaps – Hedging	2,643,383	0.6		
FX Forward contracts – Trading	33,120	0.0	942,218	0.2
FX Forward contracts – Hedging	5,702,779	1.2		
Cross currency interest rate swaps – Primary			2,512,957	0.4
Level 3 financial instruments				
Cross currency interest rate swaps – Primary	13,873,492	2.9	11,723,013	2.1
FX Forward contracts – Primary	7,351,407	1.5	5,966,228	1.0
Cross currency interest rate swaps – Hedging			41,187	0.0
FX Forward contracts – Hedging			6,483	0.0
Total	**692,700,736**	**144.9**	**735,152,773**	**129.4**

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety, is determined based on the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. The determination of what constitutes 'observable' requires significant judgement by the Fund. The Fund considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

During 2014, the Fund reassessed its approach to classifying financial instruments. In principle, the Hedging and Trading portfolios are now designated as Level 2 financial instruments, while the Primary investment portfolio is designated as Level 3 financial instruments. As a result, the Fund transferred financial instruments from one level to another to reflect the Fund's new policy. The following table presents the transfers effectuated on 31 December 2014 between level classifications as a result of the endorsement of the new valuation policy (in 2013, no transfers between the level classifications of financial instruments occurred):

(all amounts in USD)	Level 1	Level 2	Level 3
Financial instruments			
Commercial paper	(302,021,920)	302,021,920	-
Debt instruments	(361,074,635)	361,074,635	-
FX Forward Contracts - Hedging	-	(1,858,585)	1,858,585
Cross Currency Interest rate Swap – Hedging	-	(35,678)	35,678
FX Forward Contracts – Primary	-	1,087,055	(1,087,055)
Cross Currency Interest rate Swap – Primary	-	8,761,953	(8,761,953)
Total	**(663,096,555)**	**671,051,300**	**(7,954,745)**

The policy of classification and the process of fair value measurement of level 3 investments is explained in Note 24. The Level 3 investments are detailed as follows (for liabilities see Note 11):

(all amounts in USD)	2014	2013
Assets	21,224,899	17,736,911
Liabilities	(117,613,062)	(37,461,973)
Total	**(96,388,163)**	**(19,725,062)**

15) The classification of the liquid investments are adjusted to reflect the actual practice in valuing these financial instruments.

The following table shows the movements in Level 3 derivative financial instruments (both assets and liabilities) during the year (all amounts in USD):

For the year 2014	Assets	Liabilities
Balance at 1 January 2014	**17,736,911**	**(37,461,973)**
Transfers into or out of the Level investment category	5,790	(7,960,536)
Adjusted Opening balance	**17,742,700**	**(45,422,508)**
Early termination swap contract	252,330	(1,469,503)
Matured	3,367,153	(5,103,334)
Unrealized gains and losses	(137,284)	(65,617,717)
Paid distributed grants	543,824	-
Impairment distributed grants	(543,824)	-
Balance at 31 December 2014	**21,224,899**	**(117,613,062)**

For the year 2013	Assets	Liabilities
Balance at 1 January 2013	**20,511,437**	**(33,374,114)**
Early termination swap contracts	(55,529)	2,475,586
Matured deals	(5,212,543)	4,470,127
Unrealised gains and losses	2,493,546	(11,033,572)
Paid distributed grants	413,554	-
Impairment distributed grants	(413,554)	-
Balance at 31 December 2013	**17,736,911**	**(37,461,973)**

All results on financial instruments classified as Level 3 are presented in the statement of comprehensive income under results on financial instruments at fair value through profit or loss.

There are no results on financial instruments at fair value through profit or loss as a result of changes in calculation assumptions (2013: no results).

The results on financial instruments at fair value through profit or loss include an amount of USD 568,965 (2013: USD 937,922) resulting from early termination of swap contracts.

A parallel shift in interest rates of 1 basis point results in a change in fair value through profit or loss of USD 121,133 (2013: USD 116,736).

7. CASH COLLATERAL

As at 31 December 2014, the Fund transferred cash to margin accounts as collateral against open forward contracts for a total net amount of USD 33,916,172 (2013: USD 7,953,614). The margin accounts were created based on the Credit Support Annex to the schedule to the 2002 ISDA Master Agreements as agreed with various counterparties. The margin accounts are interest bearing (refer to the credit risk disclosure in Note 4).

8. OTHER RECEIVABLES

At 31 December the other receivables consist of the following:

(all amounts in USD)	***2014***	***2013***
Interest receivable	46,538	56,817
Total other receivables	**46,538**	**56,817**

9. RELATED PARTY TRANSACTIONS

Related party transactions are transfers of resources, services or obligations between related parties and the Fund, regardless of whether a price has been charged. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions or is part of key management of the Fund. The following parties are considered related parties.

Managing board
TCX Investment Management Company B.V. received remuneration for services provided as the Fund's statutory director which is included in the overall agreement with both parties. See below under Fund Manager for further details.

Supervisory Board
The Supervisory Board is entitled to receive a total fixed annual fee of EUR 138,000 before taxes (2013: EUR 138,000), including EUR 50,000 for the Chairman (2013: EUR 50,000) and EUR 22,000 for each other member (2013: EUR 22,000). These fees are presented as part of the governance expenses. In relation to 2014, a total of USD 200,875 (2013: USD 182,319) has been expensed as Supervisory Board fees. The amount expensed each year depends on the EUR:USD exchange rate, the VAT treatment of the fees, the timing of actual payments, Supervisory Board appointments, and AGM decisions on fee levels.

Fund Manager

The main responsibilities of the Fund Manager are to manage the Fund's investments according to the Fund's strategy and risk management and investment guidelines, to represent the Fund in communication with its stakeholders, counterparties and services providers and to ensure the Fund's optimal access to international and local markets to promote the Fund's investment products.

Functions outsourced by the Fund Manager

For reasons of transparent separation of functions and professional deal management, the Fund Manager has outsourced the back office and valuation functions to a third party provider, DLM Finance B.V. ("the Administrator"). The main responsibilities of the Administrator are administering, settling and valuing the Fund's investments, collateral management, and maintaining and preparing portfolio reports.

Additionally, the Administrator keeps the books of the Fund and prepares periodic financial reports for the benefit of the Pricing Committee, the Supervisory Board and its (sub-)committees, and the investors . The expenses for these services are included in the Management Fee.

Management and performance fee

According to the Investment Management Agreement dated 5 September 2007, the Fund Manager is remunerated for its activities as follows:

- <u>Cost recovery component:</u> the Supervisory Board agrees to an annual budget payable monthly in advance, with reconciliation to actual costs at year end. For the current period, the Fund Manager received EUR 4,280,000, equal to USD 5,696,108 (2013: EUR 4,900,000 equaling USD 6,503,520);
- <u>Performance fee:</u> the Fund Manager receives an annual Performance fee driven by parameters agreed between the Fund Manager and the Supervisory Board of the Fund and approved by shareholders. The total performance fee taken into account (accrued) for the year 2014 amounts to USD 1,652,031[16]. Together with the approved surplus over the performance fee estimate accrued for the year 2013 of USD 745,431, the total performance fee recognized in the 2014 statement of comprehensive income amounts to USD 2,397,462. In 2013 the total recognized performance fee amounted to USD 1,808,610, representing the accrued performance fee for the performance over the year 2013 of USD 1,533,428, plus the approved surplus over the performance fee estimate accrued for the year 2012 of USD 275,182.
- <u>Carried interest:</u> the Fund Manager will receive a carried interest on the realized business value, representing the difference between realized exit and issuance value of the transfer shares as defined by the Investment Management Agreement and payable prior of a transfer of shares Class A or Class B. For the current period no qualifying transfer of shares Class A or Class B occurred.

Remuneration of directors and staff of the Fund Manager

At the end of 2014, the Fund Manager had 16 employees (2013: 17). The entire team is classified as "identified staff" for regulatory purposes, including its senior management, "risk-takers", control staff, and other employees. In conformity with the AIFMD and as embodied in the remuneration policy of the Fund Manager, this means that all staff are subject to malus, claw-back and deferral arrangements with respect to their variable compensation (effective 1 January 2015).

Historically, the team's fixed and variable remuneration has been as follows:

2014

(all amounts in thousands)	Fixed EUR	Variable EUR	Total EUR	Total USD [17]
Senior Management	765	524	1,289	1,561
Other personnel	1,089	580	1,669	2,021
Total remuneration in 2014	**1,854**	**1,104**	**2,958**	**3,582**

2013

(all amounts in thousands)	Fixed EUR	Variable EUR	Total EUR	Total USD[18]
Senior Management	707	558	1,265	1,745
Other personnel	1,013	550	1,563	2,156
Total remuneration in 2013	**1,720**	**1,108**	**2,828**	**3,901**

16) In February 2015 the Supervisory Board approved a performance fee of USD 1,871,248 for 2014. The excess of USD 219,217 compared to the amount accrued in 2014 will be recognized in 2015.

17) Translated at the year-end USD/EUR exchange rate of EUR 0.826

18) Translated at the year-end USD/EUR exchange rate of EUR 0.725

Frank Gosselink
Mr. F. Gosselink, a member of TCX's RISKCO, is CEO and director of CoinRe B.V., a wholly-owned subsidiary of Cardano Development B.V., the Fund Manager's parent, and, since 1 January 2015, a managing board member Cardano Development B.V. As a member of RISKCO during 2014, Mr. Gosselink received a flat annual fee of EUR 20,000, excluding VAT.

Mantis B.V.
In 2013, TCX entered into a Grant Program Agreement ("GPA") with Mantis B.V. in support of its business to market macro-economic forecasts for emerging and frontier markets, and other risk management tools and services. Until July 2014, the Fund Manager was one of the two statutory directors of Mantis, whose sole shareholder is Cardano Development B.V. Under the GPA, both refundable and non-refundable amounts were distributed during the period as follows:

(all amounts in USD)	Non-Refundable	Refundable	Total
Total position at 31 December 2013	-	-	-
For the account of the Donor Assets (note 11)			
Distributed during the year	815,736	543,824	1,359,560
Expensed during the year	(815,736)	-	(815,736)
Change in fair value including day one results	-	(543,824)	(543,824)
Sub-total Donor Assets	-	-	-
For the account of TCX			
Distributed during the year	-	543,824	543,824
Change in fair value including day one results	-	(543,824)	(543,824)
Total position at 31 December 2014	-	-	-

The write-down of the refundable grants at year-end reflects the fact that it is too early in the execution of the Mantis business plan to assign a firm value to these instruments.

10. RELEVANT CONTRACTS FOR THE FUND'S OPERATIONS

Fund Manager
The Fund has entered into an investment management agreement with the Fund Manager dated 5 September 2007, whereby it will provide investment management and advisory services to the Fund. See Note 9 for further details of the contractual arrangements.

Risk Manager, Risk Monitor, and Depositary
Historically, the Fund's risk management has been provided by Cardano Risk Management B.V. under the terms of a Risk Management Agreement dated 5 September 2007. The Risk Manager is, amongst other functions, responsible for executing the daily risk, asset, and cash flow monitoring functions, the provision of an independent opinion on pricing and valuation, providing expert input on the modeling and execution of derivatives transactions, and supporting the Fund Manager in research and risk management.

It is expected that as soon as the Fund Manager receives its license to operate as an Alternative Investment Fund Manager, the contract between the Fund and the Risk Manager will be terminated, and, at the same time, that Cardano Risk Management B.V. will be retained to perform a narrower role as the Fund's Risk Monitor, with the Fund Manager ultimately responsible for the complete risk management function. See page 26 for a further explanation of the AIFMD implementation, including the need to appoint once approved a depositary to safe-keep the Fund's assets and perform key supplementary controls.

For 2014, Cardano Risk Management B.V. received a fixed fee equal to EUR 1,050,000 or USD 1,386,912 (2013: EUR 1,050,000 equaling USD 1,396,510).

Assurance providers
The Fund has appointed Ernst & Young Accountants LLP as its Independent Auditor. The Independent Auditor's remuneration in 2014 consisted EUR 138,490 in audit fees, equal to USD 180,224 (2013: EUR 124,079 equaling USD 160,066). The Independent Auditor is engaged to perform the audit of the financial statements and annual compliance audits on the Funds activities. The Independent Auditor did not provide any non-audit services to the Fund.

The remaining part USD 129,759 (2013: USD 137,269) of the total audit fees of USD 309,983 (2013: USD 297,335) is related to the operational audit of the Fund by Solutional Assurance Services B.V., which resulted in the issuance of an unqualified ISAE 3402 Type II report.

11. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

The financial liabilities at fair value through profit or loss consist of the following instruments at 31 December of each year (see Note 6 for further information).

(all amounts in USD)	**2014** Fair value in USD	**2014** % of NAV	**2013** Fair value in USD	**2013** % of NAV
Level 2 financial instruments				
Cross currency interest rate swaps – Primary	-	-	9,110,134	1.6
Cross currency interest rate swaps – Hedging	2,703,507	0.6	-	-
FX Forward contracts –Primary	-	-	1,087,055	0.2
FX Forward contracts – Trading	1,770,075	0.4	166,502	0.0
FX Forward contracts – Hedging	1,564,405	0.3	-	-
Level 3 financial instruments				
Cross currency interest rate swaps - Primary	100,083,427	20.9	34,599,081	6.1
Cross currency interest rate swaps – Hedging	-	-	76,864	0.0
FX Forward contracts – Primary	17,529,635	3.7	920,959	0.2
FX Forward contracts – Hedging	-	-	1,865,069	0.3
Total	**123,651,049**	**25.9**	**47,825,664**	**8.4**

12. ACCRUED EXPENSES AND OTHER PAYABLES

As at 31 December the accrued expenses and other payables consist of the following:

(all amounts in USD)	**2014**	**2013**
Donor Commitments	8,408,212	7,473,116
Audit fee payable	121,007	151,636
Other general fees payable	36,301	206,777
Management fee and performance fee payable	1,559,433	1,570,968
Total accrued expenses and other payables	**10,124,953**	**9,402,497**

Donor Commitments

The Fund has agreed with the providers of the Subordinated Convertible Debt (The Netherlands Minister for Development Cooperation and TCX Mauritius, re-investing funds received from KfW that is acting on behalf of the Federal Government of Germany – the Donors) that it will segregate a portion of its assets (the "Donor Assets", which are held in cash) for use in special projects, grants and investments approved by the Donor Committee along terms agreed in the Joint Donor Agreement (the "Donor Commitments").

The Fund contributes to the Donor Assets as follows:

- on or before July 15 of any year, an amount equal to 2.5% per annum flat; and
- all amounts received from the Donors to replenish or supplement the Donor Assets.

When using the Donor Assets for making an investment that may be redeemed at a later date, any redemption proceeds received by the Fund will be transferred back to the Donor Assets. The Fund is entitled to any interest, dividend or other income received for these investments.

The obligation of the Fund to use the Donor Assets to honor the Donor Commitments ranks junior to the Fund's senior unsecured obligations and pari passu with any other subordinated obligations of the Fund. The contributions to Donors Assets are presented on a net basis in the statement of comprehensive income and are detailed as follows:

(all amounts in USD)	Note	**2014**	**2013**
Interest calculated based on market interest rates		(5,460,690)	(7,334,475)
Amortization of government grants	13	2,058,153	6,707,034
Contributions to Donor Assets		**(3,402,537)**	**(627,441)**

13. SUBORDINATED CONVERTIBLE DEBT AND GRANTS LINKED TO THE SUBORDINATED CONVERTIBLE DEBT

Objective

The Subordinated Convertible Debt has been provided by lending institutions (the Donors) with the objective to:

- provide to the Fund a financing that provides a first loss protection to its Shareholders, in order to enhance the risk-return profile of their investment; and
- enhance the Fund's capability and incentive to transact in Least Developed Countries and Other Low Income Countries, which are the two lowest categories of countries in the OECD Development Assistance Committee's list of Official Development Assistance recipients. The Donors specifically wish to target such countries situated in Sub Sahara Africa with their investment.

The Donors wish the Fund to engage in projects with high additionality and development impact. To this end, they have required the Fund to earmark funds (Contributions to Donor Assets) that would otherwise constitute interest payable to them for projects to be approved by a donor committee, pursuant to the Joint Donor Agreement (see Note 12).

Status

The Donors are The Netherlands Minister for Development Cooperation (with a EUR 50 million commitment), and TCX Mauritius, on-lending a EUR 40 million commitment of KfW (acting on behalf of the Federal Government of Germany). Both commitments are 100% disbursed. Obligations were converted into USD on disbursement at the then applicable exchange rate.

Subordination

The Subordinated Convertible Debt is subordinated to all senior and subordinated obligations of the Fund, and is furthermore repayable upon liquidation only to the extent that each holder of Class A shares has achieved a compounded 3-month USD Libor flat return on its investment (the Threshold Shareholder IRR). It is not freely transferable.

Conversion

The Donors have the option to convert the outstanding commitments in the Subordinated Convertible Debt in whole or in part into shares Class B. The number of shares Class B shall be calculated in respect to the portion of the outstanding commitment and the number of shares Class B to be issued to a lender.

The conversion price payable by a converting lender on the conversion date shall be the equal to the per-share net asset value of the Fund's Shares A applicable immediately after conversion (including the first loss effect of the Subordinated Convertible Debt and/or Shares B outstanding). The lenders' conversion rights are not transferable. During the period, no conversion options were exercised.

Restriction to redeem Shares B

The Shares B shall have the same rights as any other class of Shares in the Fund, except that the shares Class B will not participate in any dividend and will not be redeemable until the Fund's shareholders have achieved the Threshold.

Repayment and interest

Unless previously converted to Shares B, the USD amount outstanding under the Subordinated Convertible Debt becomes redeemable in full on 31 December 2025.

Fair value information

The estimation of the fair value of the Subordinated Convertible Debt at 31 December 2014 was calculated based on an internally developed valuation model and amounted to USD 54.1 million (2013: USD 83.9 million). The following material assumptions were used in the internally developed valuation model:

- The maturity of the facility was extended from 2017 to 2025, which largely explains the reduction in its fair market value;
- The facility is junior to the net assets attributable to holders of redeemable shares Class A;
- No early exercise of the conversion is taken into account;
- The conditional annual payment of the interest on the facility has comparable value with an end of period payment of compounded LIBOR;
- The volatility of the TCX NAV used in the Black & Scholes option valuation is based on the results of a TCX financial business model with an implied volatility of 20%.

Movement of subordinated convertible debt during the reporting period

(all amounts in USD)	***2014***	***2013***
Opening balance	104,075,617	97,368,583
Amortization of grants during the reporting period	2,058,153	6,707,034
Total end of year	**106,133,770**	**104,075,617**

Movement of government grants during the reporting period

(all amounts in USD)	***2014***	***2013***
Opening balance	24,697,836	31,404,870
Amortization of grants during the reporting period	(2,058,153)	(6,707,034)
Total end of year	**22,639,683**	**24,697,836**

The maturity of the Subordinated Convertible Debt and the Grants linked thereto was extended in February 2014; their final maturity date is now 31 December 2025 (subject to certain provisions). As a result, the amortization of the remaining balance of the grant element of the loan is adjusted accordingly.

Cumulative positions at the end of reporting period

(all amounts in USD)	Subordinated Convertible Debt at market interest	Government grants	Total
Total position at 31 December 2012	**97,368,583**	**31,404,870**	**128,773,453**
Amortization during the year	6,707,034	(6,707,034)	-
Total position at 31 December 2013	**104,075,617**	**24,697,836**	**128,773,453**
Amortization during the year	2,058,153	(2,058,153)	-
Total position at 31 December 2014	**106,133,770**	**22,639,683**	**128,773,453**

14. SUBORDINATED LOAN

Objective

The Subordinated Loan has been provided by the Inter-American Development Bank ("IDB") with the objective to provide TCX with financing to support its investment activities directed towards the currencies of Latin American and Caribbean countries.

Status

The Fund drew USD 20 million (100% of IDB's the commitment) on 18 December 2012.

Subordination

Repayment obligations of the Subordinated Loan are subordinated and shall be ranked junior to all other liabilities excluding the Subordinated Convertible Debt (see Note 13).

Repayment and interest

The Fund shall repay the full amount outstanding of the Subordinated Loan in six equal semi-annual installments of principal as follows:

- the first installment shall be due on 15 August 2018 and each half year period thereafter, subject to the rights attached to the put option (see below);
- the final installment shall be due on 15 February 2021.

The Subordinated Loan does not pay any regular interest but includes a compounded return which is paid out with the final installment. The return is calculated as i) the minimum of the compounded 3-month LIBOR rate, as applicable on the 15th day of each quarter and the internal return on TCX's equity plus ii) 30% of the excess (if any) of the internal return on TCX's equity over the compounded 3-month LIBOR rate.

Put option

The Subordinated Loan incorporates a period starting 3 August 2015 until 15 August 2018 in which IDB has the right to exercise a put option on the computed return and compounded Libor minus 0.25%. The put option includes the right to demand a prepayment of maximal 20% of the Loan each calendar year. The put option is closely related to the host contract (the debt) because the exercise price reimburses for an amount up to the approximate present value of the lost interest for the remaining term of the Loan. Therefore the put option is not separated and presented at fair value.

Fair value information

The estimation of the fair value of the Subordinated Loan at 31 December 2014 was calculated based on an internally developed valuation model (Level 3) and amounted to USD 20.3 million (2013: USD 20.1 million). The following major assumptions were used in the internally developed valuation model:

- The facility is senior to equity and the subordinated convertible debt but junior to other senior liabilities;
- No own credit risk is taken into account;
- The exercise frequency for the put option is fixed beforehand as well as the intervals between the decision to exercise and prepayment;
- The instantaneous volatility shocks to the TCX equity return are assumed to be 20% on an annual basis. Interest rates are assumed to be uncorrelated with TCX equity and are modeled by using a Hull-White extended Vasicek model.

Movement of the Subordinated Loan during the reporting period

(all amounts in USD)	***2014***	***2013***
Opening balance	20,006,193	20,002,385
Accrued interest during the reporting period	-	3,808
Total end of year	**20,006,193**	**20,006,193**

15. SHARE CAPITAL

Structure of the Fund's capital

The authorized share capital amounts to sixty thousand euro (EUR 60,000) and is divided into:

- 1,000 classes of Class A shares, numbered from A1 to and including A1,000, each class containing ten (10) shares with a par value of one euro (EUR 1) each; and
- five hundred (500) classes of Class B shares, numbered from B1 up to and including B500, each class containing ten (10) shares with a par value of one euro (EUR 1) each; and
- One (1) C Ordinary Share, numbered C1, with a par value of forty-five thousand euro (EUR 45,000), which share shall be regarded as one (1) class of shares).

At 31 December 2014, 890 Shares Class A are in issue (31 December 2013: 915 shares). No Shares Class B are in issue. The single C Ordinary Share is held in treasury by TCX itself.

Subscriptions

The Fund accepts from time to time offers to subscribe to newly issued Shares Class A from qualified investors (within the meaning of Article 1:1 of The Netherlands Financial Supervision Act – Wft) upon approval by the Fund's General Meeting of the terms of the issuance and the identity of the new investor.

Redemptions

Each investor has the option to exit the Fund by offering its shares for repurchase on a quarterly basis, at Net Asset Value.

Redemptions are subject to an annual cap of 20% of Shares Class A and Shares Class B outstanding at the start of each calendar year. Separately, the shareholders have the ability to request on 31 December 2020 for full redemption of their shares in 2025 without the cap applying.

Redemption or repurchase of shares can only occur if the Primary Investments volume existing between TCX and the exiting Investor after redemption does not breach the limits defined in the Investors Agreement.

In July 2014, Blue Orchard Finance SA redeemed 5 of its shares (after a waiver by the AGM of the minimum remaining investment limit). In February 2014, Norfund redeemed all of its 20 shares. In 2013 no shares were redeemed.

Rights and obligations

Each shareholder has the number of votes at a General Meeting equal to the number of Shares it holds. Each Subordinated Convertible Lender may vote on certain matters defined in the Investors Agreement, and in these cases has the number of votes equal to the number of shares Class B that it would have held if the Convertible Subordinated Debt would have been converted into shares Class B on the last business day of the previous financial year. The shareholders and Subordinated Convertible Debt investors shall exercise their voting rights in accordance with and pursuant to the terms, conditions and spirit of the Investors Agreement.

TCX Investment Company Mauritius Limited

The Fund's General Meeting has approved TCX Investment Company Mauritius Limited ("TCXM") as a vehicle for facilitating the investment of four investors in the Fund, three of which are TCXM's owners.

Capital management

The Fund´s capital management objectives are included in Note 4. The Fund's internal capital requirements to meet its objective are managed through a diversified financial structure. Currently, the Fund has common share capital, Subordinated Convertible Debt and the grants linked thereto, and a Subordinated Loan as levels of capital. The breakdown is as follows at 31 December:

(all amounts in USD)	***2014***	***2013***
Net assets attributable to holders of Shares Class A	478,021,931	568,188,182
Subordinated Convertible Debt	106,133,770	104,075,617
Grants linked to the Subordinated Convertible Debt	22,639,683	24,697,836
Total Tier 1 capital	**606,795,384**	**696,961,635**

The Fund has one Subordinated Loan classified as Tier 2 capital (see Note 14 for further details).

(all amounts in USD)	***2014***	***2013***
Subordinated Loan	20,006,193	20,006,193
Total Tier 2 capital	**20,006,193**	**20,006,193**

The Fund's capital requirements are based on two ratios:

- Minimum Total Capital-ratio[19] of 14% (Tier 1 plus Tier 2 capital over Risk Weighted Assets); (at 31 December 2014: 31%, 2013: 36%)
- Minimum Tier 1 ratio of 10% (Tier 1 capital over Risk Weighted Assets); (at 31 December 2014: 30%, 2013: 35%);

If either of the Capital-ratios falls below the agreed threshold, a Liquidation Trigger Event will have occurred, requiring the Fund Manager to liquidate the Fund within a period of one year following an unremedied stand-still period. The Capital-ratios are tested at the end of each business day.

The Fund maintains an internal capital adequacy assessment process ("ICAAP") to periodically review and assess the Fund's capital position, notably the amounts available to support the portfolio's growth while reserving sufficient amounts to cover stress scenarios.

During the reporting period, the Fund complied with these minimum internal capital requirements.

Dividend and dividend policy

In accordance with the Investors' Agreement, dividends may be paid out to shareholders if the Fund generates a profit that outpaces the Fund's growth potential, leading to inefficient capitalization for the foreseeable future. On these grounds the Annual General Meeting in May 2014 approved the proposal of the statutory management board to distribute a dividend of USD 13,425,000, equal to USD 15,000 per share with respect to the Fund's 2013 results.

16. NET RESULT ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

The net results on financial instruments at fair value through profit or loss are detailed follows:

2014	**Profits**		**Losses**		
(all amounts in USD)	**unrealised**	**realised**	**unrealised**	**realised**	**Net result**
Cross Currency Swaps- Primary	29,079,180	94,238,860	(85,815,871)	(60,603,339)	(23,101,170)
Cross Currency Swaps- Hedging	2,694,388	811,292	(2,718,835)	(776,459)	10,386
FX forward- Primary	6,885,042	7,488,262	(21,021,482)	(5,540,770)	(12,188,948)
FX forward-Trading	199,623	1,535,020	(2,712,293)	(729,734)	(1,707,384)
FX forward- Hedging	7,360,810	1,107,403	(1,363,850)	(1,939,503)	5,164,860
FX Options	-	120,000	-	-	120,000
Debt instruments	-	-	(14,020,647)	-	(14,020,647)
Total	**46,219,043**	**105,300,837**	**(127,652,978)**	**(69,589,805)**	**(45,722,903)**

2013	**Profits**		**Losses**		
(all amounts in USD)	**unrealised**	**realised**	**unrealised**	**realised**	**Net result**
Cross Currency Swaps- Primary	20,330,211	81,837,178	(32,177,734)	(39,214,331)	30,775,324
Cross Currency Swaps- Hedging	41,187	18,151	(76,864)	(237,731)	(255,257)
FX forward- Primary	5,266,024	8,391,429	(4,522,005)	(1,262,581)	7,872,867
FX forward- Trading	1,025,764	3,354,938	(2,326,282)	(5,593,507)	(3,539,087)
FX forward- Hedging	120,077	-	(1,865,069)	(775,129)	(2,520,121)
Debt instruments	5,410,303	-	(1,643,911)	-	3,766,392
Total	**32,193,566**	**93,601,696**	**(42,611,865)**	**(47,083,279)**	**36,100,118**

The interest component included in the Cross Currency Swaps amounts to USD 62,074,358 (2013: USD 55,360,651).

17. FOREIGN CURRENCY TRANSLATION

Realized and unrealized exchange rate differences consist of realized and unrealized translation gains and losses on assets and liabilities denominated in currencies other than the US Dollar. The total foreign currency translation result amounts to a profit of USD 3,536,278 (2013: profit of USD 1,107,313). For the translation of the non-USD positions at balance sheet date, a closing rate of EUR 0.826 (2013: EUR 0.725) per USD has been applied in preparation of these financial statements.

19) Capital-ratio: The Capital-ratio is a solvency indicator, explaining the relationship between risk capital and risk weighted assets. The Fund's (minimum) capital ratio implicitly acts as the Fund's (maximum) leverage ratio within the meaning of the AIFMD.

18. INTEREST INCOME

The following table details the interest income during the reporting period.

(all amounts in USD)	**2014**	**2013**
Financial instruments at fair value through profit or loss		
Commercial papers	457,529	636,830
US Treasury Bills	30,796	60,419
Floated rate notes	1,582,626	1,567,300
Fixed rate bonds	4,598	3,601
Subtotal debt instruments	2,075,549	2,268,150
Cash and cash equivalents		
Cash at banks	(118)	-
Cash collateral	14,259	9,142
Subtotal cash and cash equivalents	14,141	9,142
Total interest income	**2,089,690**	**2,277,292**

19. OTHER GENERAL EXPENSES

The following table details the other general expenses during the period.

(all amounts in USD)	**2014**	**2013**
Legal fees	93,036	95,076
Rating agency fees	85,679	172,003
Guarantee fee	37,708	76,042
VAT	101,097	(320,751)
Compliance fees	19,127	38,044
Tax advisory fees	17,691	12,876
Other expenses	158,150	120,678
Total other general expenses	**512,488**	**193,968**

The negative VAT expense amount in 2013 relates to the reimbursement of VAT paid in 2011 and 2012 on the invoices of the Risk Monitor.

20. PERSONNEL

The Fund did not employ any personnel during the reporting period ending 31 December 2014 (2013: none).

21. ASSETS UNDER MANAGEMENT

As defined under the AIFMD, the Assets Under Management ('AUM') of the Fund at 31 December 2014 totaled USD 2,023 million (2013: USD 1,927 million), including the derivatives portfolio at notional value.

22. LEVERAGE

As defined under the AIFMD, the Leverage of the Fund at 31 December 2014 was 4.1 times its NAV using the Gross Method, and 3.5 times its NAV using the Commitment Method (2013: 3.0 times and 2.7 times, respectively). The Fund calculates these leverage measures solely for reporting purposes to the Dutch Central Bank. For risk and capital management purposes, the Fund relies instead on monitoring its available capital to risk weighted assets ratio, as detailed in Note 15.

23. FUND DOCUMENTATION

The totality of the documents concerning TCX's corporate status and its objectives, funding arrangements, policies, management, operations, and financial results are available to existing investors in the secure area of the Fund's website (www.tcxfund.com). For permission to access to this secure area of the website, prospective investors are invited to contact the Fund Manager at info@tcxfund.com. For non-investors, the website only provides publicly released information. ■

Fishing boats, Nouakchott, Mauritania

Baobab Alley, Morondava, Madagascar

SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

24. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared on a fair value basis for financial assets and financial liabilities at fair value through profit or loss. Certain financial assets and financial liabilities are stated at amortized cost.

The balance sheet presents the assets and liabilities in decreasing order of liquidity and does not distinguish between current and non-current items. The Fund's assets and liabilities are generally held for the purpose of being traded or are generally expected to be realised within one year with the exception of the Primary Investments, the long-term Subordinated Loan, the Subordinate Convertible Debt and the associated Grant element linked thereto (see Note 13).

The accounting policies have been consistently applied by the Fund and are consistent with those used in the previous year.

Adoption of new standards and amendments to existing standards

On 31 October 2012, the IASB issued a directive entitled "Investment Entities: Amendments to IFRS 10, IFRS 11, IFRS 12, IAS 27 and IAS 28, effective as per 1 January 2014" (together "the Amendments"). The EU endorsed the Amendments to IAS 32 and IFRS 7 on 20 November 2013. The Amendments define the nature of an investment entity and introduce an exemption to consolidating particular subsidiaries for investment entities. These amendments require an investment entity to measure those subsidiaries at fair value through profit or loss in accordance with IAS 39 Financial Instruments: Recognition and Measurement in its financial statements. The Amendments also introduce new disclosure requirements for investment entities in IFRS 12 and IAS 27. Although the Fund qualifies as an investment entity, the Amendments had no impact on the Fund's financial statements, as the Fund has no qualifying investments.

Offsetting financial instruments- On 16 December 2011 the IASB issued amendments to IAS 32 Financial Instruments: Presentation, effective 1 January 2014. The amendments to IAS 32 are intended to clarify existing application issues relating to the offsetting rules and reduce the level of diversity in current practice. The EU endorsed the amendments to IAS 32 on 13 December 2012. The impact on the Fund's financial statement is minimal.

New standards, amendments and interpretations to existing standards which are relevant to the Fund and not yet effective

IFRS 9 Financial Instruments – IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 (2010) introduces additional changes relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting.

IFRS 9 (2010) and (2009) are effective for annual periods beginning on or after 1 January 2018. The EU has not endorsed IFRS 9 yet. The Fund is monitoring these developments closely and will assess the impact on the Funds financial statements once all adjustments and new requirements are final.

In December 2013, the IASB issued annual improvements which will be effective as per July 2014 and has been endorsed by the EU in December 2014. The improvements to IAS 24: Related Party Disclosures address the issue whether an entity can be defined as key management personnel. The improvements to IFRS 13: Fair Value Measurement comprises an amendment of the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis. The improvements do not affect the Fund's financial statements.

Foreign currency translation

Functional currency and presentation currency

The functional currency of the Fund is the United States Dollar (USD), reflecting the fact that the majority of the transactions are settled in USD. The Fund has adopted the USD as its presentation currency as all of the contributions made by the investors of the Fund are denominated in USD.

Transactions and balances

All recognized assets and liabilities denominated in non-USD currencies are translated into USD equivalents using year-end spot rates. Transactions in foreign currencies are translated at the rates of exchange prevailing at the date of the transaction. Resulting exchange differences on the financial instruments at fair value through profit or loss in foreign currencies are recorded in the income statement as part of the investment result. Realized and unrealized exchange differences on other assets and liabilities are also recorded in the income statement and disclosed as foreign currency translation.

Financial instruments

Classification

The Fund classifies its investments in debt securities, repayable distributed grants, and all derivative financial instruments (which may include foreign exchange contracts, interest rate futures, forward rate agreements, currency and interest rate options, both written and purchased as well as other derivative financial instruments) as financial instruments held for trading.

The Fund classifies its subordinated convertible and non-convertible debt as financial liabilities in accordance with the substance of the contractual arrangements, given that the total expected cash flows attributable to the instrument over its life are not based substantially on the profit, the change in the recognized net assets, or the change in the fair value of the recognized and unrecognized net assets of the Fund during the life of the instrument. Other receivables, accrued expenses and other payables, cash collateral and cash and cash equivalents are classified as financial instruments at amortized cost.

The Fund's accounting policy regarding the redeemable shares Class A is described below.

Recognition

The Fund recognizes a financial instrument on its balance sheet when it becomes a party to the contractual provisions of the instrument. Financial instruments at fair value through profit or loss are initially recognized using trade date accounting. Gains and losses are recognized from this date on.

Drawdowns under the Subordinated Convertible Debt facility are treated as loans that include a grant elements (further referred to as Grants linked to the Subordinated Convertible Debt). A further description of this feature is disclosed in Note 13. The Grants linked to the Subordinated Convertible Debt are calculated as the difference between the initial carrying value of the loan (its fair value) and the proceeds received (its book value).

Measurement

Financial instruments are initially measured at fair value (transaction price). Transaction costs on financial instruments at fair value through profit or loss are expensed immediately. After initial recognition, financial instruments at fair value through profit or loss are measured at fair value, with changes in their fair value recognized as gains or losses in the statement of comprehensive income. Accrued expenses are initially recognized at fair value and subsequently stated at amortized cost using the effective interest method.

The Subordinated Convertible Debt and the Subordinated Loan are recorded as liabilities on an amortized cost basis until extinguished upon conversion or at the instrument's maturity date. Grants linked to Subordinated Convertible Debt are amortized over the lifetime of the Subordinated Convertible Debt.

TCX has entered into a Grant Program Agreement with Mantis B.V.. The refundable contributions based on this agreement ("the Repayable Distributed Grants") are initially recognized at the transaction price, which is the best indicator of fair value, although the value obtained from the relevant valuation model may differ. Significant differences between the transaction price and the model value, commonly referred to as 'day one profit or loss', are not recognized immediately in the income statement. They are amortized to income over the lifetime of the Grant Program Agreement until maturity or settlement. The Repayable Distributed Grants are subsequently measured at fair value, as determined at year-end by the relevant model adjusted for any deferred day one profit or loss.

Fair value measurement principles

For all financial instruments which are highly rated and liquid such as commercial paper, floating rate notes, certificates of deposit, T-bills, T-bonds for which quoted prices in an active market are available as reference, the fair value is determined based on market standard cash flow methodologies and are further referred to as Level 2 financial instruments.

The Fund employs cross currency interest rate swaps (CCIRS) and foreign currency forward contracts in its portfolio for three reasons:

- Primary Investments: long-term investment transactions in developing country currencies directly in line with the primary purpose of the Fund;
- Trading Investments: transactions with investment banks, usually short-term, with the purpose of diversifying the Fund's overall currency exposure; and
- Hedging Investments: transactions with the purpose of hedging the Primary Investments.

In order to classify such derivative instruments, the significance of the market observable data will classify these derivative financial instruments into, further referred to as Level 2 financial instruments.

Primary Investment are transacted to realise TCX's mission to provide hedges that are additional to markets, i.e. not transacted by market parties. This typically arises when the investment has a maturity longer than the market offers or TCX offers a product for which there is no market at all. To manage price discovery in such an environment, TCX has instituted a Pricing Committee, which approves the pricing and valuation methodology of the Fund based on a proposal of the Fund Manager. The Risk Monitor is responsible for monitoring that the various pricing methodologies approved by the Pricing Committee, are implemented correctly. By definition, the additionality principle means that there is little, if any, directly observable and/or comparable market data. Therefore, the techniques used to value TCX's Primary Investments qualify as Level 3 valuation techniques (valuation technique using inputs that are not market observable).

TCX's Trading and Hedging Investments are typically closed within the available market offering for the currencies in which they occur. TCX should be able to move into and out of the positions relatively quickly to enhance the diversification benefits, manage portfolio concentrations, or protect its capital. They are valued based on a valuation technique using inputs based on observable market data. In particular, the Fund uses market rates obtained from public sources, such as Bloomberg and Reuters, in the pricing of its derivative over-the-counter productsTherefore, the techniques used to value TCX's Trading and Hedging Investments qualify in principle as Level 2 valuation techniques "valuation techniques using inputs based on observable market data".

When the financial instruments are valued based on Level 3, this is typically the result of maturities longer than those available in the market or when there are no observable markets at all.

The fair value of the Repayable Distributed Grants are determined using valuation models for which not all inputs are market observable prices or rates. The fair valuation of this agreement is based on discounted future cash flows and is evaluated by Management on a yearly basis and when new investors subscribe to Mantis B.V.

Derecognition

The Fund de-recognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for de-recognition. A transfer will qualify for de-recognition when the Fund transfers substantially all the risks and rewards of ownership. A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expired.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the assets and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand; demand deposits with banks and other financial institutions; and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value and which have a maturity of three months or less at acquisition. Bank overdrafts that are repayable on demand form an integral part of the Fund's cash management and are also included as a component of cash and cash equivalents.

Statement of cash flows

The statement of cash flows is prepared according to the direct method. The statement of cash flows shows the Fund's cash flows for the period divided into cash flows from operations and financing activities and how the cash flows have affected cash funds.

For the purposes of the statement of cash flows, financial instruments at fair value through profit or loss are included under operating activities. Cash flows from financing activities include proceeds from subscriptions and payments for redemptions of shares of the Fund. As the nature of the Fund is to invest in financial instruments, all cash flows related to investments are classified as cash flows from operating activities.

Shares Class A

The Fund´s Class A shares are redeemable at the shareholder's option and are classified as financial liabilities. These shares are recognized and measured at their net asset value, being the net present value of the assets minus the net present value of the liabilities. Any distributions to holders of these shares are recognized in the income statement as distribution to holders of redeemable shares Class A

Income and expense recognition

Income is recognized to the extent that it is probable that the economic benefits will flow to the Fund and the income can be reliably measured. For debt instruments, commercial papers, cash collateral and interest received from Donor Assets, the change in fair value will be classified as a result on financial instruments at fair value through profit or loss. The interest revenue and expense on these instruments are presented as interest income as a separate line item. The benefits of government grants are amortized and presented in the statement of comprehensive income over the lifetime of the Subordinated Convertible Debt and are deducted from the line item Contributions to Donor Assets.

The Management fee is based on invoices as long as they do not exceed the budget approved by the Supervisory Board. The Performance fee is determined based on a separate performance assessment by the Supervisory Board against the performance targets agreed with the Fund Manager and approved by the Investors.

Taxation

The Fund has received a ruling from the Dutch tax authorities that it is eligible for an exemption from corporate income tax (The Fund is a "vrijgestelde beleggingsinstelling" or "VBI"), under the terms of legislation passed through The Netherlands' Parliament on 1 August 2007. Related to this the Fund is also exempt from withholding any taxes due on any dividends paid to its shareholders.

Events after the reporting period

The financial statements are adjusted to reflect material events that occurred between the end of the reporting period and the date when the financial statements are authorized for issue, provided they give evidence of conditions that existed at the reporting date. Material events that are indicative of conditions that arose after the balance sheet date are disclosed, but do not result in an adjustment of the financial statements themselves.

25. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENT IN APPLYING ACCOUNTING POLICIES

Application of the accounting policies in the preparation of the financial statements requires the Fund Manager to apply judgment involving assumptions and estimates concerning future results and other developments, including the likelihood, timing or amount of future transactions or events. There can be no assurance that actual results will not materially differ from those estimates. Accounting policies that are critical to the financial statement presentation and that require complex estimates or significant judgment are described below.

Valuation of financial instruments

As disclosed in Note 24, the fair value measurement of financial instruments may include valuation based on non-market observable inputs, for instance where the Fund invests with maturities longer than those available on the market or when there are no markets at all. The valuation process of such investments is organized as follows.

The Fund Manager applies the commonly used, standard methodology (Discounted Cash Flow) for calculating the net present value of the Cross Currency Interest Rate Swaps (CCIRS) and foreign currency forward contracts. The procedure is as follows:

- Market data is gathered and processed in accordance with approved sources by the Fund´s back office.
- From the curve-building algorithm, discount factors are derived for each leg of the CCIRS or forward contract.
- For each leg, if the future cash flows are unknown (in the case of floating-rate products) the back office calculates forward rates from the discount factors; then, using the forward rates, the back office calculates the expected cash flows. Expected cash flows are discounted using the discount factors to arrive at the net present value of the leg.
- For each leg, if the future cash flows are unknown (in the case of floating-rate products) the back office calculates forward rates from the discount factors; then, using the forward rates, the back office calculates the expected cash flows. Expected cash flows are discounted using the discount factors to arrive at the net present value of the leg.
- The net present value of the non-USD leg (or non-EUR leg when applicable) is converted to USD (EUR, respectively) at the market observable spot rate.
- The fair value of the CCIRS and foreign currency forward contracts to the Fund is obtained by subtracting the net present value of the paying leg from the receivable leg.

The resulting valuation is compared with the independently derived valuation of the Risk Monitor using a similar approach. The Risk Monitor circulates a plausibility report to the Fund Manager on a monthly basis. All differences greater than 1% at individual transaction level are cross-checked and ironed-out where justified (NB: this function will ultimately be performed by the Fund's depositary once appointed). ■

IN CONTROL STATEMENT

The Managing Board of TCX Investment Management Company B.V. (TIM or the Fund Manager) confirms that, as sole member of the Statutory Managing Board of The Currency Exchange Fund N.V. (TCX or the Fund), it is responsible for the risk management, internal control, integrity, and compliance systems of the Fund.

The Fund and TIM have entered into a long-term services agreement with each other as well as with a number of operational partners, to appropriately manage the Fund's systems and the risks related to its operations. These partners notably include Cardano Risk Management B.V. regarding risk monitoring, Compliance Advies Financiële Ondernemingen regarding external compliance services, and DLM Finance B.V., the subcontractor for back office, valuation and fund administration services. Together with TIM they form the TCX Operational Group[20].

All material processes relating to TCX's operational management, including responsibilities assigned within the TCX Operational Group in each step of management processes as well as a risk assessment thereof, are described in the TCX Operational Guidelines. All of the Fund's operational processes are designed for compliance with the AIFMD. These guidelines are reviewed annually at least, each review possibly resulting in amendments signed off by all members of the TCX Operational Group. All service agreements with members of the TCX Operational Group require compliance with these guidelines. Each member of the TCX Operational Group provides us with an annual statement of compliance and control concerning TCX's operations during the previous financial year.

TCX's operations are managed on the basis of strict segregation of duties, with the various members of the TCX Operational Group assuming specific responsibilities. As a result, TCX's processes have an elaborate system of built-in operational checks. All material data entry is subject to a 4-eyes principle, either system-enforced or by means of written confirmations of required checks. The segregation of responsibilities is achieved, at its highest level, through independent reporting by the Fund Manager, Risk Monitor and External Compliance Officer to the TCX Supervisory Board.

All of TCX's processes include periodical controls on the effectiveness of their functioning and compliance with agreed procedures and recording. An important control function is reserved to the quarterly reviews of the External Compliance Officer. These were performed in 2014 for each calendar quarter. No review identified the occurrence of an incident, control issue or concern of any material nature. Another important reference is the annual operational audit, completed on 2 March 2015 by Solutional Assurance Services B.V., the Fund's operational auditor, in cooperation with the Fund's financial auditor, Ernst & Young Accountants LLP. The scope of the operational audit was to report on the design and effectiveness of all material controls identified in the Operational Guidelines, including those related to the preparation of the financial statements. The result was an unqualified audit opinion on the Fund's ISAE 3402 Type II report, which confirmed that the control framework of the Fund is designed appropriately and is operating effectively.

TCX performs regular risk assessments with input from all TCX Operational Group members. The main high-level risk issues affecting TCX are as follows:

Regulatory risk: TCX operates in an environment that has become increasingly regulated since the 2008 financial crisis, in Europe, the United States, and elsewhere. These regulations have an impact at the market, entity, and product levels, and their breadth, depth, and evolving nature pose an ongoing challenge for TCX. TCX manages these regulatory compliance risks by acquiring the necessary subject-matter expertise from legal, financial, and other advisers in support of its Internal Compliance Officer, who is responsible for the periodic review of all key agreements, policies, and processes to ensure full compliance at all times, with monthly updates to the Risk Management Committee and quarterly updates to the TCX Supervisory Board.

Reputational risk: TCX's business model gives rise to client, supplier, and employee acceptance issues that require careful attention to ensure that the Fund's reputation as a quality provider of financial services remains intact at all times. TCX manages these issues through strict adherence to the Fund's code of conduct, know your client, anti-money laundering, and environmental & sustainability policies and procedures. Compliance with these procedures is reported on a quarterly basis to the TCX Supervisory Board.

Credit risk: TCX's business model requires active management of the counterparty credit risks that inevitably arise from its investment activities. TCX manages these risks by submitting regular credit reviews to the Risk Management Committee, imposing minimum credit rating standards, setting maximum credit limits, and using collateral, guarantees and/or hedges to minimize or reduce the exposure under these limits. Reporting frequency by the Risk Monitor is weekly to the CRO and senior management of the Fund Manager, monthly to the Risk Management Committee, and periodically to the TCX Supervisory Board.

Market risk: TCX's business model, based on continued enforcement of diversification, requires good market information, careful balancing of exposures and excellent administrative systems. Inappropriate market risk management leads, among other things, to mispricing of transactions and misjudgment of the Fund's NAV. TCX manages these issues through a system of separate evaluation of market data between the back-office and risk management (both pre-trade and post-trade), as well as frequent plausibility checks between the two (at least monthly). Risk management monitors exposures and quotes against agreed limits on a real-time basis, with weekly reporting by the Risk Monitor to the CRO and senior management of the Fund Manager, monthly reporting to the Risk Management Committee, and periodic reporting to the Supervisory Board.

20) Once appointed, the Fund's depositary will become an integral part of the TCX Operational Group and control framework.

Operational risk: TCX is managed by a group of companies relying on each other's compliance with pre-agreed procedures that are drafted to cover all material operational processes. Material risk is that responsibilities may not be appropriately allocated and/or understood, or that agreed processes that have been designed to appropriately safeguard against human error, internal fraud and other operational risks are not followed. Compliance is enforced within the steps of these processes (4-eyes principle) as well as through periodic controls.

Business continuity: TCX is reliant on several IT systems run by the TCX Operational Group, notably its back office management systems, its risk monitoring systems, and its intranet and website. Mismanagement of IT risks would lead to continuity issues, breaches of payment obligations and to the integrity of data and cash flows. Each member of the TCX Operational Group therefore has in place business continuity and disaster recovery plans that ensure the continuity of business-critical processes. These plans are tested periodically. In addition, back office systems management produces monthly self-audits reviewed by the Risk Management Committee.

During 2014 TCX experienced no NAV valuation incidents, no compliance incidents, and no material operational incidents.

In conclusion, we therefore confirm:

- that TCX has designed an adequate set of documented management controls that are appropriate to its business;
- that, based on the periodic checks that have been performed and reported on by the TCX Operational Group, and based on our direct observations of processes on an on-going basis, it is our belief that these controls exist and have functioned effectively during the financial year ending 31 December 2014;
- that no material issues or incidents have occurred in the financial year ending 31 December 2014;
- that no activities have been reported to us that are in conflict with the TCX Code of Conduct (as adopted in the current Operational guidelines); and
- that we do not expect to significantly adjust the basis of TCX's operational set-up in 2015, except as required by the authorities to finalize the implementation of the AIFMD. ■

Amsterdam, 24 April 2015

The Managing Board of TCX Investment Management Company B.V.

Ruurd Brouwer, Chief Executive Officer (since 1 January 2015)
Joost Zuidberg, Chief Executive Officer (till 31 December 2014)
Brice Ropion, Chief Operating Officer
Bert van Lier, Chief Investment Officer

PROPOSAL FOR PROFIT APPROPRIATION

Appropriation of profit will be determined in accordance with articles 29 and 31 of the Articles of Association of the Fund. The relevant provisions read as follows:

Article 29

1. The Fund ensure that the annual accounts, the annual report, the report of the supervisory board, insofar instituted pursuant to article 20, and the information to be added by virtue of the law are held at its office as from the day on which the annual meeting is convened. Shareholders, and beneficiaries of a life interest in shares to whom the right to vote the shares accrue, may inspect the documents at that place and shall obtain a copy thereof, free of charge.
2. The general meeting shall adopt the annual accounts. The annual accounts may not be adopted in the event that the general meeting has been unable to inspect the auditor´s statement referred to in article 27, paragraph 4, unless a legal ground is given in the information required to be added by law for the lack of the auditor´s statement referred to in article 27, paragraph 4.
3. Unconditional adoption of the annual accounts shall not automatically serve to constitute a discharge of the members of the statutory managing board for the management, and of the members of the supervisory board, insofar instituted pursuant to article 20, for their supervision, insofar as such management of supervision is apparent from the annual accounts. The general meeting shall resolve such a discharge separately.
4. The provisions of these articles of association regarding the annual report and the information to be added by virtue of the law need not be applied if the Fund is a member of a group and all other relevant requirements of the law have been met.

Article 31

1. The statutory managing board shall determine which part of the profits shall be reserved by allocating that part to each relevant dividend reserve that corresponded with the relevant class of shares.
2. The profits that are not reserved in accordance with paragraph 1 shall be at the disposal of the general meeting.
3. Dividends may be paid only up to an amount, which does not exceed the amount of the distributable part of the net assets.
4. Dividends shall be paid after adoption of the annual accounts from which it appears that payment of dividends is permissible.
5. The general meeting may resolve to pay an interim dividend provided the requirement of the second paragraph has been complied with as shown by interim accounts drawn up in accordance with the provision of the law.
6. The general meeting may be subject to due observance of the provision of paragraph 2 resolve to make distributions to the charge of any reserve which need not be maintained by virtue of the law.
7. For the computation of the profit distribution, the shares held by the Fund in its own capital shall not be included.

The statutory managing board proposes to the general meeting to allocate the loss of USD 61,311,851 for the period ended 31 December 2014 as follows: for an amount of USD 61,311,851 to the other reserves corresponding with each relevant class of shares. No dividends shall be distributed to shareholders with respect to the period ended 31 December 2014. ■

Ta Prohm temple, Angkor, Kampuchea

The Grande Mosque, Mopti, Mali

INDEPENDENT AUDITOR'S REPORT

To: The Supervisory Board and the Managing Board of The Currency Exchange Fund N.V.

Report on the financial statements

We have audited the financial statements 2014 of The Currency Exchange Fund N.V., Amsterdam, which comprise the statement of financial position as at 31 December 2014, the statement of comprehensive income, the statement of cash flows, the statement of changes in net assets attributable to holders of redeemable shares Class A for the year then ended and the notes, compromising a summary of the significant accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Reporting Standards as adopted by the European Union, with Part 9 of Book 2 of the Dutch Civil Code and with the Dutch Act on Financial Supervision, and for the preparation of the sections Letter from the supervisory board, Letter from the managing board and governance and ownership in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion with respect to the financial statements

In our opinion, the financial statements give a true and fair view of the financial position of The Currency Exchange Fund N.V. as at 31 December 2014, its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, with Part 9 of Book 2 of the Dutch Civil Code and with the Dutch Act on Financial Supervision.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the sections Letter from the supervisory board, Letter from the managing board and governance and ownership, to the extent we can assess, have been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the sections Letter from the supervisory board, Letter from the managing board and governance and ownership, to the extent we can assess, are consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code. ■

The Hague, 24 April 2015
Ernst & Young Accountants LLP
signed by R. Bleijs


ETHIOPIA
ETHIOPIA
AMBO
TCX
Sarphatikade 14
1017 WV Amsterdam
The Netherlands
MONGOLIA
MONGOLIA
Хаанаас
(From)
Хаяг
Хаана
(To)
Хаяг
THE CURRENCY EXCHANGE FUND
SARPHATIKADE 14
1017 WV AMSTERDAM
THE NETHERLANDS
Vulpes vulpes

MEMBERS OF THE SUPERVISORY BOARD

Mr. Arthur Arnold, Chairman

Since 2009 Arthur Arnold has been an independent non-executive director for, or advisor to, several companies, financial institutions and investment funds in Africa, in different market segments including micro-finance, consumer finance and SME finance. Prior to this he was CEO of FMO (from 2005 to 2008), and President and CEO of WOCCU, The World Council of Credit Unions (from 2000 to 2004). His earlier career was in commercial and investment banking, as Director of Financial Markets and Chairman of the Managing Board of Rabobank International (from 1992 to 1999), and with ABN AMRO Bank (from 1968 to 1992), where he worked in Africa, the Middle East, Europe and the USA, and his last position was EVP Corporate Finance in Amsterdam. He studied Economics at Erasmus University, and has attended senior management and executive training programs at Harvard Business School and INSEAD.

Mr. Frank Czichowski (until 20 May 2014)

Frank Czichowski is Treasurer of KfW, responsible for liquidity management, funding, asset liability management and portfolio management. Furthermore, he oversees the privatization activities of equity stakes held by KfW. He joined KfW in 1989 and worked in KfW's Capital Markets Department and Regional Department Asia before becoming Treasurer in 2004. Prior to joining KfW, Mr. Czichowski conducted research at the Royal Scientific Society in Amman, Jordan, as well as in Pakistan. He graduated in economics from the Free University of Berlin (FUB) in 1986, and received a doctorate degree from the FUB in 1989. He is a Board Member of the International Capital Market Association (ICMA).

Mr. Tor Johansen

Tor Johansen worked for Norway's Eksportfinans from 1977-2008, the last 17 years as its CEO. Prior to this he worked for Norsk Hydro. He was the Chairman of the Norwegian Securities Depository for 8 years, and also Chairman of the Norwegian Bond Issuers Association. He is a graduate of the Norwegian School of Economics and Business Administration in Bergen, Norway.

Mr. Bernd Loewen (from 20 May 2014)

Since 2009, Bernd Loewen has been Member of the Executive Board for Finance, Risk and Loan Administration of KfW Bankengruppe. Responsible for 800 employees, he serves as chairman of the bank's Group Credit Risk and Group Market Risk Committees. Prior to joining KfW, he spent 5 years as Member of the Management Board for Investment Banking and Treasury of mBank SA in Poland, and 10 years in increasingly senior commercial and non-commercial positions at Commerzbank in Germany and the USA. He holds the equivalent of a MBA from Westfälische Wilhelms Universität Münster, and is an Advisory Member of the Steering Committee of the Federal Agency for Financial Market Stabilization in Frankfurt, Germany.

Mr. Philip Jabulani Moleketi

Jabu Moleketi is Non-Executive Chairman of the Development Bank of Southern Africa (DBSA), and Non-Executive Chairman of Brait. He was Deputy Minister of Finance of the Republic of South Africa from 2004 to 2008. He was Gauteng Provincial Member of the Executive Council of Finance and Economic Affairs from 1994-2004. He was a member of the National Executive Committee of the African National Congress (ANC) from 1997 to 2007. He is a non-executive director of MMI Holdings and Vodacom, and is the chairperson of Harith Fund Management Company, which invests in infrastructure projects on the African continent. He graduated from University of London with a Master's degree in Financial Economics and a post-graduate diploma in Economic Principles, and has completed the Advanced Management Program at the Harvard Business School.

Mr. Axel van Nederveen

Axel van Nederveen is Treasurer of the European Bank for Reconstruction and Development (EBRD), with overall responsibility for asset management of the treasury, liquidity management and funding operations of the Bank, as well as the overall market risks associated with the Bank's lending operations. He joined the EBRD in May 1995 and fulfilled several roles within Treasury before becoming Treasurer in April 2004. Previously, he held positions in government bond sales and trading at ABN AMRO in Amsterdam and Paribas in London. Mr. van Nederveen holds a Master's degree in Business Administration from the University of Groningen in the Netherlands.

COMMITTEE MEMBERS

Remuneration Committee of the Supervisory Board
Mr. Frank Czichowski (Chairman) – until 20 May 2014
Mr. Bernd Loewen (Chairman) – from 20 May 2014
Mr. Arthur Arnold

Compliance Committee of the Supervisory Board
All Supervisory Board members
Mr. Arjan van der Heiden, Compliance Advies
Mr. Brice Ropion, CRO/COO, TCX Investment Management Company B.V.

Audit Committee of the Supervisory Board
Mr. Tor Johansen (Chairman)
Mr. Axel van Nederveen

Donors' Committee
Ms. Sandra Louiszoon, Netherlands Ministry of Foreign Affairs

Pricing Committee
Mr. Matthew Vogel (Chairman)
Mr. Luca Barbone
Mr. Chris Evans (from 1 June 2014)
Mr. Rob Janssen, Cardano Risk Management B.V. (non-voting)
Mr. Bert van Lier, CIO, TCX Investment Management Company B.V. (non-voting)
Mr. Louis Sabatino
Mr. Nikolaus Siegfried
Mr. Philip Stedman (resigned 1 June 2014)
Mr. Vincenzo Zinni (from 1 June 2014)

Risk and Asset and Liability Management Committee (RISKCO)
Mr. Brice Ropion, CRO/COO, TCX Investment Management Company B.V. (Chairman)
Mr Ruurd Brouwer, CEO, TCX Investment Management Company B.V. (from 1 January 2015)
Mr. Frank Gosselink
Mr. Arjan van der Heiden, Compliance Advies (non-voting)
Mr. Rob Janssen, Cardano Risk Management B.V.
Mr. Diederik de Leur, DLM Finance B.V.
Mr. Bert van Lier, CIO, TCX Investment Management Company B.V.
Mr. Martin Stravers, Solutional Advisory Services B.V. (non-voting)
Mr. Joost Zuidberg, CEO, TCX Investment Management Company B.V. (until 31 December 2014)

General information

SUPERVISORY BOARD

Mr. Arthur Arnold (chairman)
Mr. Frank Czichowski (until 20 May 2014)
Mr. Tor Johansen
Mr. Bernd Loewen (from 20 May 2014)
Mr. Jabu Moleketi
Mr. Axel van Nederveen

MANAGING BOARD / FUND MANAGER

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Colophon

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