

ANNUAL REPORT 2015



NOUAKCHOTT



LUANDA



LUSAKA



MINSK



BAKU



BISHKEK



YANGON



ULAANBAATAR



PORT MORESBY



MANAGUA



MONTEVIDEO





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1. TCX in 2015

SUPERVISORY BOARD LETTER

We are pleased to present you with the annual report of The Currency Exchange Fund N.V. (TCX) for the year 2015. A year in which TCX faced severe market circumstances while fulfilling its role as an emerging market currency risk absorption pool for its shareholders and their clients.

TCX provides 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 local currency loans to their borrowers in developing countries. The goal is to reduce the currency risk of entrepreneurs in developing markets and thereby contribute to more sustainable development. Nine years since its launch, TCX is still 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.

The importance of the role TCX fulfills in the market was underlined by a record level of new Primary Investments totaling USD 661 million in 2015, a 23% increase compared to 2014. This increased the aggregate notional amount of new loans hedged by TCX since inception to USD 3.3 billion. The gross notional size of the Primary Investments portfolio was USD 1.4 billion at year-end, up from USD 1.3 billion last year.

The Primary Investments portfolio remains well diversified, containing 47 currencies spread across four continents. 58% of the portfolio originates from low and lower-middle income countries, reflecting the Fund’s additionality principle. The micro- and SME-finance sectors continue to be important for TCX, representing 80% of the portfolio. The portfolio outside the financial sector, including Infrastructure and Corporates, accounts for 8% and continues to grow at a modest yet steady pace. TCX is also increasingly fulfilling its role in the long-tenor segments of the market, as evidenced by the fact that 64% of the portfolio outstanding at year-end 2015 had an original maturity of three years or more, up from 58% last year.

The primary added value of TCX for its shareholders is risk mitigation through diversification. By pooling the hedging needs of its investors, the global portfolio of TCX is more diversified than each party could achieve on its own. This reduces the risks for all involved. The business model relies on generating a positive interest carry to compensate for expected currency depreciations, and having a sufficiently large capital base to absorb extreme losses during (inevitable) periods of crisis. This model was tested in an unprecedented way in 2015 through sustained emerging market currency depreciations caused by a combination of the Russia tensions late 2014, tightened monetary conditions in the USA, a deteriorating Chinese economy, declining commodity markets, and record capital outflows from the emerging markets. This resulted in a USD 79 million investment loss for TCX in 2015 (before operating costs and financial charges), the second year of losses in a row.

The high volatility in emerging market currencies once again highlights the importance of local currency financing for international lenders and their borrowers in developing countries. The losses absorbed by TCX would otherwise have been borne by those borrowers, in a context where the impact of individual currency fluctuations – last year reaching as high as a 50% depreciation of the Azerbaijan Manat against the US Dollar – would have been far more severe. While the performance of TCX reconfirms the development impact and necessity of the Fund for its investors and their clients, it also calls for a moment of self-reflection.

We asked ourselves the question whether the performance is merely a reflection of poor market conditions, and whether the business model remains valid. Although a true benchmark for TCX is hard to establish given its unique market position, the ELMI index of liquid emerging market currencies confirms that market circumstances in general are extreme in a broad historical context. In the nine years since its launch, the Fund has already experienced the two most severe currency crises of the past decades, in 2008 and 2014-15. Despite these circumstances, the portfolio loss over 2015 is still well within the stress loss level that is taken into account in the Fund’s risk management model, and determines its minimum capital requirements. Another important fact is the positive cumulative investment result of USD 52 million that TCX has generated since inception, demonstrating that over time the gains should compensate for the losses incurred. These conclusions support our continued comfort with the Fund’s underlying model.

The year ended on a particularly positive note, with a EUR 30 million capital increase from KfW on behalf of the German Federal Ministry for the Environment, Nature Conservation, and Buildings & Nuclear Safety (BMUB) by way of a first-loss investment in TCX Subordinated Convertible Debt. With the transaction BMUB wishes to enhance the Fund's trading capacity and incentivize the Fund to transact in sustainable energy (SE4ALL) projects, especially in Africa. In addition, the EUR 40 million equity investment approved by the EIB in March 2015 was still pending the satisfactory completion of the AIFMD licensing process. This will further increase the Fund's ability to grow and play its role, and helped S&P confirm the Fund's credit rating of A- (with a negative outlook) just after year-end.

The developments in 2015 reduced the capital ratio to 26% of risk weighted assets (2014: 31%), still well above the 14% liquidation trigger. In order to support continued growth beyond 2016, the Fund will approach new and existing investors in the coming year to invest, or to increase their existing investment.

Looking forward, the Fund will continue to focus on its commercial relationships with its investors, and TCX will be managed with its shareholders' interests as the primary consideration. Therefore, the Fund will continue to source non-shareholder trades to ensure an actively-managed, well-balanced portfolio with a positive development impact. Infrastructure, including renewable energy in particular, continues to be a focus area where the Fund Manager is taking initiative in business development. Indeed, there is increasing market awareness of the importance of aligning this predominantly hard-currency financed sector with the local-currency earnings of the end-users.

We refer to the governance section of this report for details of the Fund's structure and the functioning of the Supervisory Board in 2015. We note that the Fund continues to be operated with the highest levels of operational control effectiveness, and we are pleased to announce that the Fund's manager secured its AIFMD license on 10 March 2016.

The Supervisory Board wishes to thank all those involved in TCX for their solid contributions in 2015. ■

Amsterdam, 15 April 2016

The Supervisory Board of The Currency Exchange Fund N.V.

Mr. Arthur Arnold (chairman)
 Mr. Aigboje Aig-Imoukhuede
 Mr. Bernd Loewen
 Mr. Axel van Nederveen
 Mrs. Lakshmi Shyam-Sunder

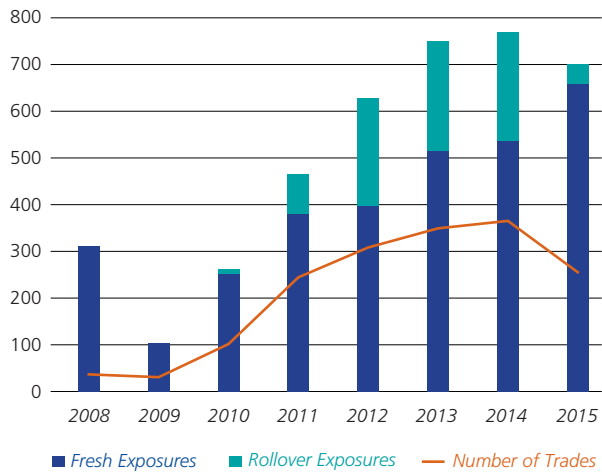


MANAGING BOARD LETTER

RESULTS 2015

■ The volume of new Primary Investments realized in 2015 totaled USD 661 million, a 23% increase over 2014. This amount excludes USD 42 million in rolled-over exposures related to existing loans. In total, 252 Primary Investment transactions were closed, a 30% decrease over 2014. As implied by these numbers, the average transaction size increased by 31% in 2015 relative to 2014, to USD 2.7 million per trade. The improvement in this measure reflects, amongst other factors, the Fund’s growing focus on the infrastructure and energy sectors, and the typically large size of Network Bank transactions:

Primary portfolio: production volumes (USD million)



■ Taking into account the new production, scheduled maturities, and trade unwinds, the gross notional size of TCX’s local currency Primary Investments portfolio grew by 3% in 2015, to USD 1,357 million. Besides these Primary Investments, TCX held USD 78 million in Trading Investments at year-end 2015, and USD 161 million in Hedging Investments. The aggregate size of the derivatives portfolio therefore reached USD 1,596 million in 2015:¹

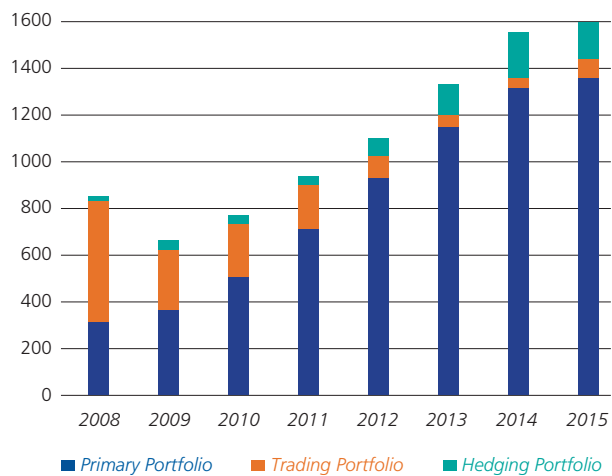
Derivatives portfolio

Investment type (USD millions)	Long local currency	Short local currency	Gross outstandings (long+short)	Net exposure (long-short)
Primary	1,234	123	1,357	1,111
Trading	78	-	78	78
Hedging (LCY:USD)	9	94	103	(85)
Total LCY portfolio	1,321	217	1,538	1,104
Hedging (EUR:USD)	42	16	58	26
Total TCX portfolio	1,363	233	1,596	1,130

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 local currency exposures, and may be short or long positions, depending on the counterparties’ needs. For diversification and concentration or risk management purposes, TCX also invests in currency swaps and forwards with commercial banks and professional counterparties. Where the purpose is portfolio diversification, the trades are classified as Trading Investments. Where the purpose is concentration/risk management, the trades are classified as Hedging Investments. This section focuses on the Primary Investments portfolio.

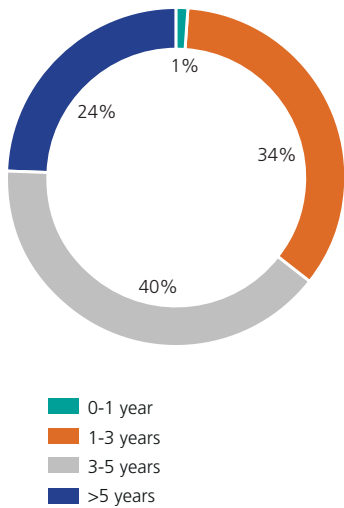
■ The historical trend has been as follows:

Derivatives portfolio: gross outstandings (USD million)

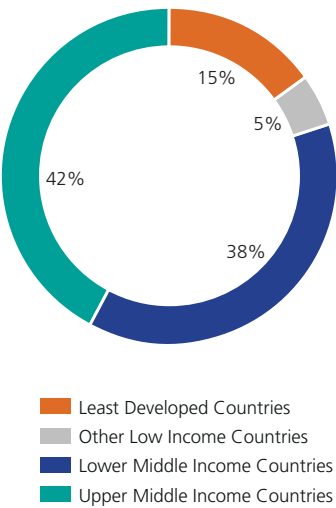


■ The composition of TCX’s Primary Investments portfolio reflects its focus on longer-term currency swaps and forwards, and the Fund’s mandate to concentrate on countries with low capital market development:

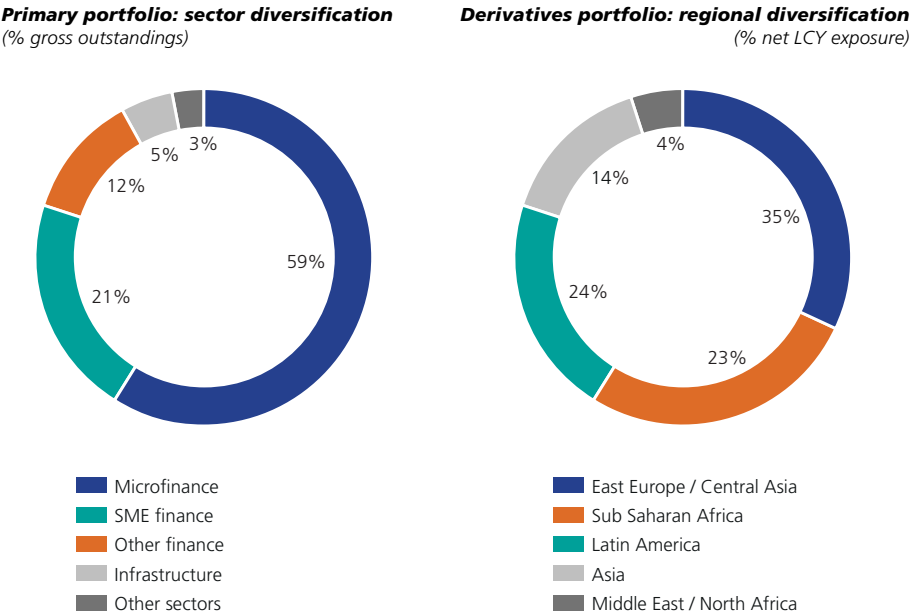
Primary portfolio: original maturity profile
(% gross outstandings)



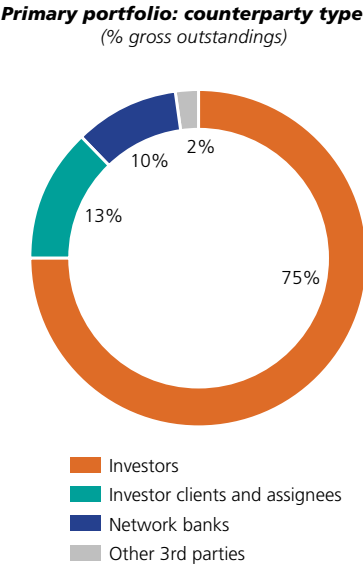
Primary portfolio: country classification
(% gross outstandings)



■ In 2015, the portfolio remained primarily focused on the financial sectors, but this decreased overall in favor of the non-financial sectors, which grew to 8% of the portfolio in response to the team’s growing focus on the infrastructure and energy segments. The team’s efforts to diversify the portfolio away from Eastern Europe and Central Asia also paid its fruits, in good part due to its success in hedging away some of the largest exposures in that region:

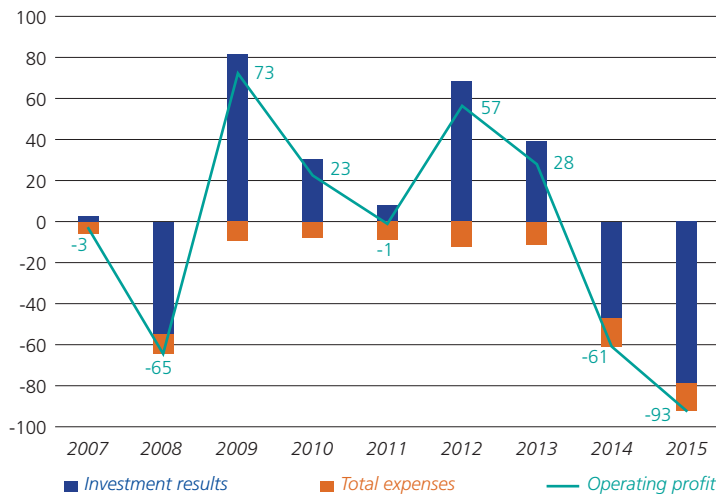


■ Meeting the hedging demand of TCX’s investors is a core objective that is reflected in the counterparty composition of the primary portfolio, whereby 88% is investor-related business. Network Banks and other 3rd parties are growing sources of deal-flow for the Fund. This deal-flow diversifies the currency mix of the portfolio and enhances TCX’s development impact, notably by contributing to achieving specific development objectives targeted by the Dutch and German governments as Subordinated Convertible Debt investors in the Fund (e.g., Sub-Saharan Africa, sustainable energy):



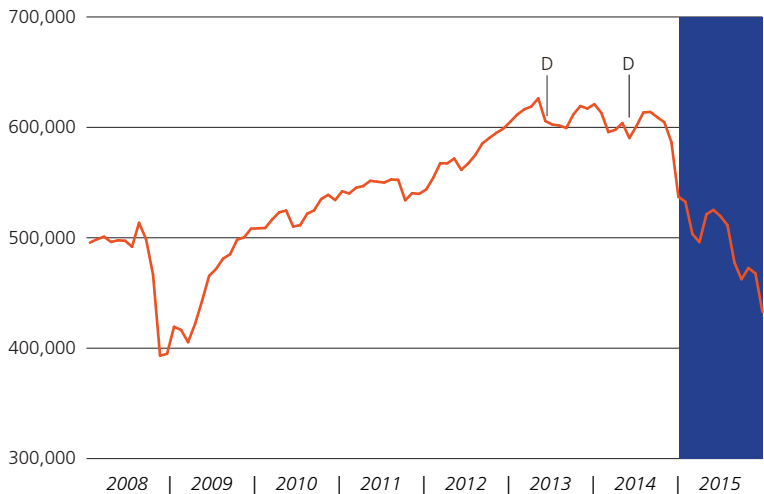
- The net result for 2015 was a loss of USD 93 million, including a negative investment result of USD 79 million after FX translation losses, and USD 14 million in operational expenses and financial charges:

Annual results (USD million)



- The operational expenses decreased from USD 10.7 million in 2014 to USD 10.1 million in 2015. The financial charges for 2015 include USD 3.4 million in 2.5% interest payable on the Subordinated Convertible Debt.
- The negative investment result of USD 79 million (after FX translation losses) reflects the sharp currency devaluations and volatile market conditions that have prevailed in the emerging and frontier markets since late 2014 due to sustained emerging market currency depreciations caused by a combination of the Russia tensions late 2014, tightened monetary conditions in the USA, a deteriorating Chinese economy, declining commodity markets, and record capital outflows from the emerging markets. These factors caused TCX to experience USD 64 million in unrealized losses on financial instruments stated at fair market value, and USD 15 million in realized losses.²
- Reflecting the year’s developments, TCX’s net asset value (NAV) per share decreased to USD 432,690 in 2015 (a loss of 19% relative to year-end 2014):

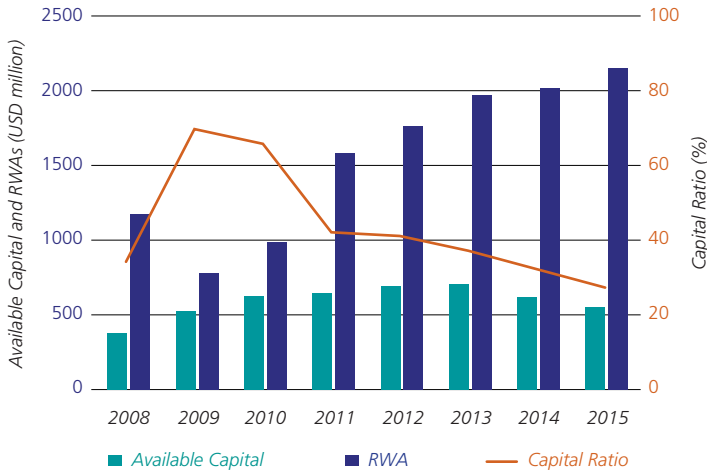
Net asset value per share (USD)



2) See Note 16 to the Financial Statements

■ As a result of the decrease in NAV, the available capital at year-end 2015 reduced to USD 560 million, including USD 162 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 26%, well above the 14% liquidation trigger and sufficient in our view to support next year’s anticipated growth:

Capital and risk weighted assets



DEVELOPMENTS

- On 10 March 2016, the Fund Manager secured its AIFMD license from the Financial Markets Authority of The Netherlands. This followed the appointment, on 1 January 2016, of Bank of New York Mellon N.V. as TCX’s Depositary.
- In March 2015, the European Investment Bank (EIB) signed a deed of adherence to TCX’s Investors Agreement in respect of a EUR 40 million investment in TCX shares with the objective of ensuring that EIB’s clients can get access to local currency lending. The investment is currently being finalized, following receipt of the AIFMD license.
- In March 2015, TCX subscribed to USD 10 million (initial book value) in Frontier Clearing Junior Units for its own account, as previously approved by the shareholders. In addition, TCX subscribed to USD 1.2 million (initial book value) in Frontier Clearing Subordinated Units on behalf of the Dutch and German governments. This non-cash transaction was to reimburse the Donors for Frontier Clearing’s pre-launch costs, which they had financed using Donor Assets.
- In December 2015, KfW acting on behalf of the German Federal Ministry for the Environment, Nature Conservation, and Building & Nuclear Safety, invested EUR 30 million in TCX by way of a first-loss investment in TCX Subordinated Convertible Debt. Related to this investment, the Fund Manager is presently working on expanding its involvement in sustainable energy projects, especially in Africa.
- In 2015 TCX supported 5 bond issues in frontier markets. In doing so the Fund actively demonstrated its supports of local capital market development in cooperation with its shareholders.

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 is characterized by high volatility and sustained currency depreciations in the emerging and frontier markets due to global weaknesses. These factors have led to large FX losses for the Fund. Recovering from these losses requires maintaining the size of the portfolio at current levels at least, to generate the offsetting interest carry on which TCX’s business model partly depends for its long-term sustainability.

However, the demand for local currency loans could stagnate or fall, if macro-economic fundamentals do not improve and local currency interest rates do not come down from their generally high present levels.

■ The choice for local currency funding to match assets earning local currency is often based on short-term financial considerations by local managers (“how much will it cost me now?”) rather than forward-looking 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, despite the recent crisis.

■ TCX’s Primary Investments portfolio occasionally achieves peaks in individual and regional currency concentrations. Notwithstanding the Fund Manager’s successful efforts to place some exposures with market participants, the opportunities to make use of market hedging remain limited, not least due to the fact that TCX’s mandate is to be “additional” to the market. Under these circumstances, rationing the available capacity may be required, until additional capital is brought in.

FINANCIAL STATEMENTS

This annual report and the 2015 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 59.

The Supervisory Board recommends that the annual general meeting of shareholders adopt the 2015 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, 15 April 2016

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

Ruurd Brouwer, Chief Executive Officer

Bert van Lier, Chief Investment Officer

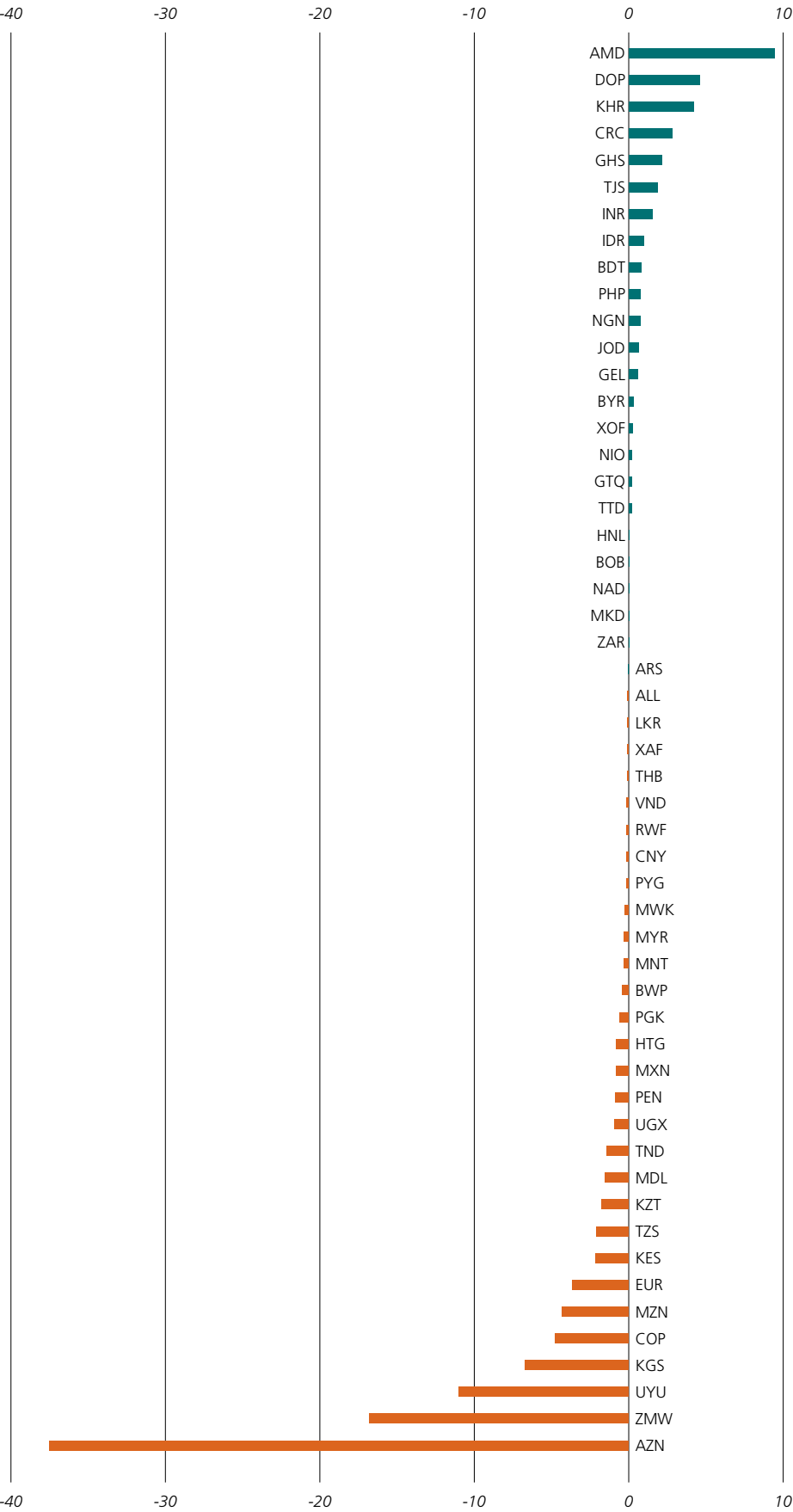
Brice Ropion, Chief Operating Officer



INVESTMENT RESULTS

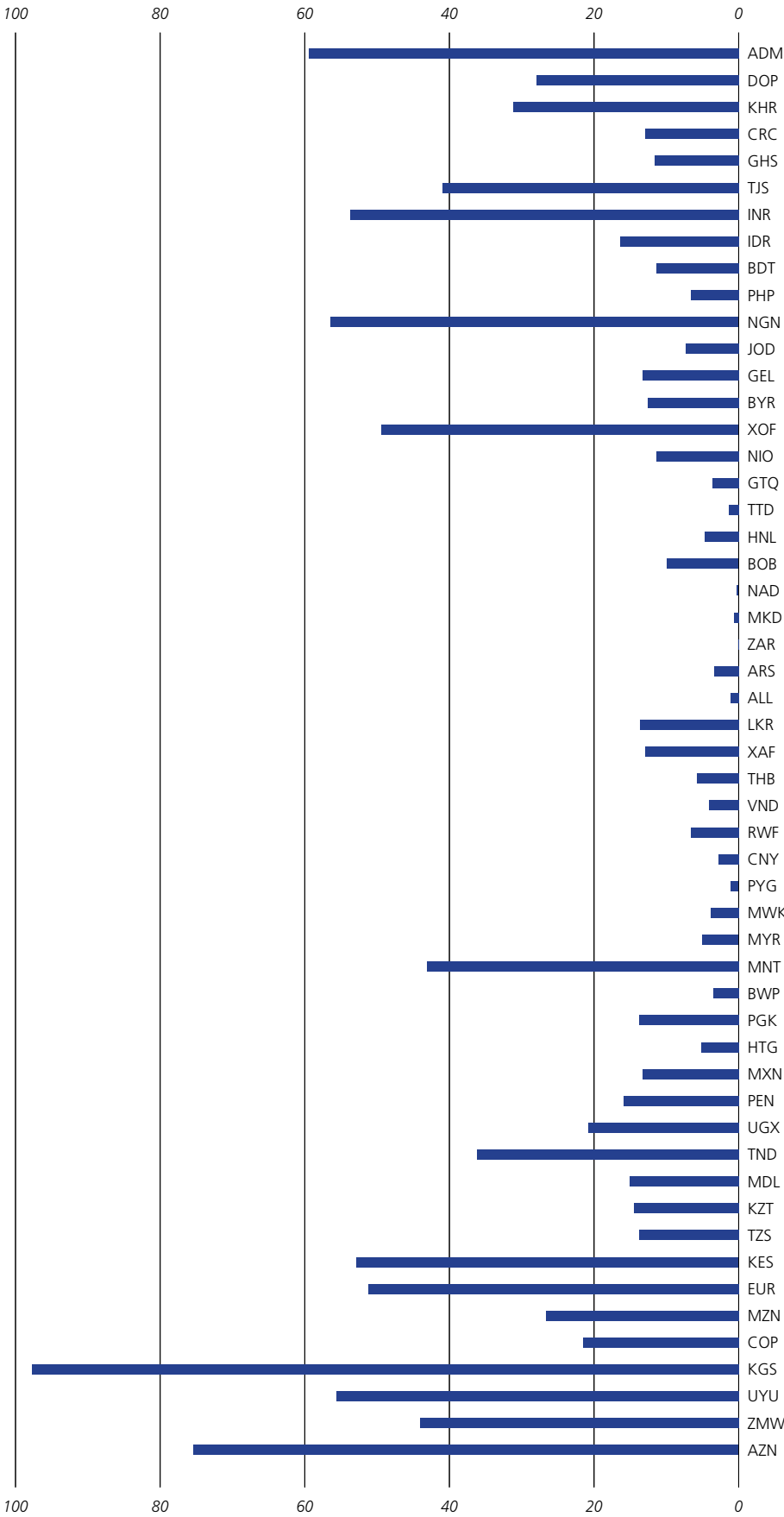
The investment result reflects the performance of the underlying currency exposures. In 2015, the contribution of each currency was as follows:³

Investment result per currency (USD million)



3) The EUR losses shown in the table on the next page were incurred on the long EUR:USD hedges that TCX books to offset the short 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

Average gross outstandings per currency (USD million)





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 if it can itself be hedged.

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.

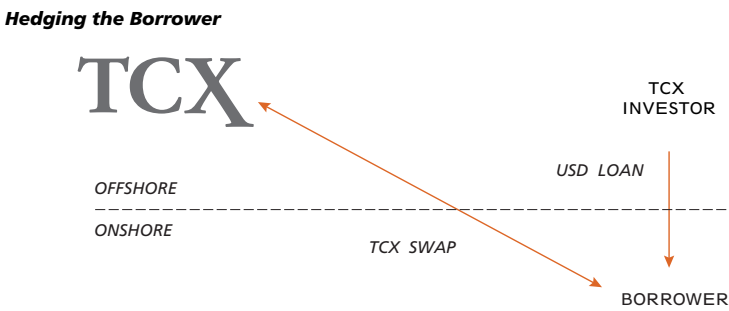
TCX's main investment product is a cross-currency swap, usually matched to the cash-flow of a local currency loan provided by one of its shareholders. The swap ensures that the investor's income is guaranteed in USD or EUR whilst the borrower's obligations are in local currency. A simpler investment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



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.











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. ■




















SUB-SAHARAN AFRICA

	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 Ariary 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

NORTH AFRICA & MIDDLE EAST

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












LATIN AMERICA

	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

EAST EUROPE & CENTRAL ASIA

	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

ASIA-PACIFIC

	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

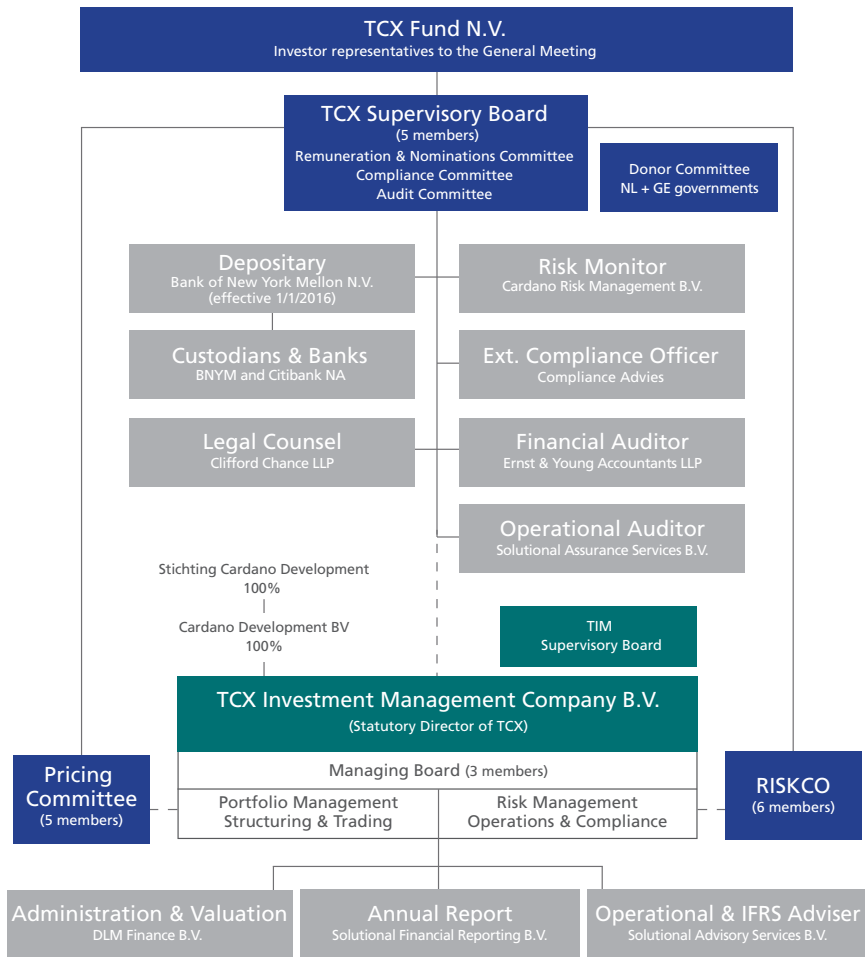


EXPOSURE IN 48 CURRENCIES
CAPABILITIES IN 100+ COUNTRIES





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. As such, it is responsible for the commercial, operational, compliance and risk management of the Fund, with Mr. Ruurd Brouwer as its Chief Executive Officer, Mr. Bert van Lier as its Chief Investment Officer and Mr. Brice Ropion as its Chief Operating Officer (a function that includes responsibility for risk management and compliance).

TIM is 100% owned by Cardano Development B.V., which itself is 100% owned by Stichting Cardano Development, a stand-alone tax-exempt not-for-profit foundation that has no ultimate beneficial owner under the relevant laws of The Netherlands.

TIM employed 15 staff members at year-end 2015. Details on the team’s remuneration may be found on page 43.

TIM is supported by several parties in the management of the Fund. These parties include

- **The Fund’s Risk Monitor, Cardano Risk Management B.V.**, a 100% subsidiary of Cardano Holding B.V.,⁴ responsible for quantifying, monitoring, and reporting the Fund’s risk exposures and capital ratios, and providing valuation and risk advisory services to the Fund;
- **The Fund’s Administrator and Valuer, DLM Finance B.V.**, a company established and owned by former TIM employees, responsible for booking, settling, valuing, and reporting the Fund’s positions, and preparing the Fund’s accounts and NAV statements;

4) 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., (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, and (iii) there is a financial relationship between Cardano Holding B.V. (as lender) and Stichting Cardano Development (as borrower).

■ **Bank of New York Mellon N.V., the Fund's Global Custodian** (effective 21 November 2015) **and Depositary** (effective 1 January 2016). As Depositary, BNYM is responsible for monitoring the Fund's share transactions, safekeeping its assets, reconciling its cash flows, and confirming that its valuation policies and processes are being properly adhered to;⁵ and

■ **Compliance Advises, the Fund's External Compliance Officer**, responsible for supporting TIM's Internal Compliance Officer on regulatory matters, and for performing an independent whistle-blowing role on code of conduct and conflict of interest incidents. ■

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 years⁶ 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 and two as senior employees. Two members are independent, including the Chairman.

The Supervisory Board met 6 times during 2015. Supervisory Board meetings are attended by the members in person⁷, 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 2015, the Compliance Committee held 5 meetings.⁸

■ **The Remuneration and Nominations Committee** provides the Supervisory Board with non-binding advice regarding the variable Performance Fee payable to the Fund Manager⁹, 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 2015, the Remuneration Committee held 3 meetings.

5) During 2015, the bulk of these functions were performed by Cardano Risk Management B.V., who will continue to be involved as an 'internal' operational controller.

6) At the May 2015 AGM, one member was appointed for a ninth year, pending the identification of a suitably qualified replacement.

7) In 2015 the attendance rate was 93%.

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

9) 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 2015, the resulting Performance Factor was 1.10 on a scale of 0 to 1.60 (2014: 1.20; 2013: 1.45). This variable Performance Factor affects both the bonus pool payable to TIM's employees (which is 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).

■ **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 2015, the Audit Committee held 2 meetings.

Management Committees

■ **The Pricing Committee** is a unique feature of the TCX governance model, consisting of 5 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 2015, the Pricing Committee met 13 times. All members are remunerated by way of an annual lump sum of EUR 30,000 (excluding VAT), except for the Chairman who receives EUR 45,000 (excluding VAT).

■ **The Risk Management Committee** monitors and reports on overall financial issues impacting TCX, ensuring sound integrated risk management, and proposes and sets 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 2015, the RISKCO held 11 meetings.

RISKCO’s six members include TIM’s Managing Board, the Risk Monitor, the Administrator, and a director of Cardano Development B.V., TIM’s parent. The latter is remunerated by way of an annual lump sum of EUR 20,000 (excluding VAT); all other members are not separately remunerated.

Each member of RISKCO has a right of appeal to the Fund’s Supervisory Board in case of disagreement with the Committee’s majority decisions. This important aspect of the Fund’s governance structure is designed to uphold the parties’ statutory and/or contractual obligations to protect at all times the interest of the investors in the Fund.

■ **The Donor Committee** approves special projects supported through Donor Assets that are proposed by the Fund Manager pursuant to the Joint Donor Agreement (JODEA). Appointments of members to the Donor Committee occur on the binding nomination of the Dutch government and the German government (BMZ) as Subordinated Convertible Debt lenders. There were no meetings of the Donor Committee during 2015, 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.

On 10 March 2016, TIM secured its AIFM license from the Financial Markets Authority of The Netherlands. This license is restricted to managing TCX.

Related to the above, the following is noteworthy:

■ On 1 January 2016, pursuant to the AIFMD, the Fund’s control framework was reinforced by the appointment of Bank of New York Mellon N.V. as the Fund’s Depositary, thereby adding an independent external controller to key aspects of the operation (with monthly reporting to the Fund Manager and formal procedures in place to escalate matters if required to the TCX Supervisory Board and the Dutch regulators). The same day, a suitably amended set of Operational Guidelines was approved and adopted by the Fund’s operational partners.

■ At the May 2016 AGM, the investors will be presented with amendments to five documents required to finalize the AIFMD set-up, including the Investors Agreement, the Fund Management Agreement with TIM, the Risk Monitoring Agreement with Cardano Risk Management B.V., the Risk Charter, and the Investment Guidelines. ■



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 financieel 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 (TOTAL 890 SHARES)



BIO 20

MFX 14

ASN / Oxfam Novib 5
(jointly)

COFIDES 10

EFSE 10

OIKOCREDIT 10

PROPARCO 10

BOMF 4

GCAMF 4

TCX

SUBORDINATED DEBT

IDB USD 20.0 million

SUBORDINATED CONVERTIBLE DEBT

GERMAN GOVERNMENT (BMUB) USD 32.7 million

GERMAN GOVERNMENT (BMZ) USD 58.1 million

DUTCH GOVERNMENT USD 70.2 million

TCX

TCX is a public company listed on the Euronext Amsterdam stock exchange under the ticker symbol TCX.



4. FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION
(for the year ended 31 December)

(all amounts in thousand USD)		2015	2014
	Notes		
ASSETS			
Cash and cash equivalents	5	57,701	33,914
Financial assets at fair value through profit or loss	6	658,073	692,701
Cash collateral given	7	86,676	39,315
Other receivables	8	701	47
Total assets		803,151	765,977
LIABILITIES			
Cash collateral received	7	21,467	5,399
Financial liabilities at fair value through profit or loss	11	202,745	123,651
Accrued expenses and other payables	12	12,300	10,125
Subordinated convertible debt	13	119,564	106,134
Grants linked to the subordinated convertible debt	13	41,975	22,640
Subordinated loan	14	20,006	20,006
Total liabilities (excluding Class A shares)		418,057	287,955
Net assets attributable to holders of redeemable shares Class A	15	385,094	478,022
Total liabilities		803,151	765,977

STATEMENT OF COMPREHENSIVE INCOME
(for the year ended 31 December)

(all amounts in thousand USD)		2015	2014
	Notes		
INVESTMENT RESULT			
Net result on financial instruments at fair value through profit or loss	16	(77,897)	(45,723)
Interest income	18	1,997	2,090
		(75,900)	(43,633)
OTHER RESULTS			
Contributions to Donors Assets	12	(3,412)	(3,403)
Foreign currency translation	17	(3,457)	(3,536)
		(6,869)	(6,939)
OPERATIONAL EXPENSES			
Management fee	9	(5,243)	(5,696)
Performance fee	9	(1,311)	(2,397)
Risk monitoring fee	10	(1,185)	(1,387)
Audit fees	10	(307)	(310)
Governance expenses	9	(294)	(437)
Other general expenses	19	(1,819)	(513)
		(10,159)	(10,740)
Operating income		(92,928)	(61,312)
Distribution to holders of redeemable shares Class A	15	-	(13,425)
Change in net assets resulting from operations attributable to holders of redeemable shares Class A		(92,928)	(74,737)

STATEMENT OF CASH FLOWS
(for the year ended 31 December)

(all amounts in thousand USD)		2015	2014
	Notes		
CASH FLOW FROM OPERATING ACTIVITIES			
Net (payments for)/ receipts from Primary, Trading and Hedging financial instruments at FVtPL		(7,283)	35,711
Net receipts from Debt instruments		43,108	37,328
Distribution of repayable grants		(440)	(484)
Interest received		1,623	2,100
Risk monitoring fee paid		(1,185)	(1,387)
Management fee paid		(5,243)	(5,696)
Performance fee paid		(1,866)	(2,409)
Audit fees paid		(347)	(341)
Governance expenses paid		(294)	(437)
Cash collateral paid		(31,293)	(29,365)
Transfers (to)/ from Donor Assets		(762)	935
Other general expenses paid		(1,699)	(683)
Net cash flow generated from (used in) operating activities		(5,681)	35,272
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from Subordinated Convertible Debt		32,765	-
Payment for redemption of redeemable shares Class A		-	(15,429)
Distributions paid to holders of redeemable shares Class A		-	(13,425)
Net cash flow generated from (used in) financing activities		32,765	(28,854)
Net cash flow generated during the year		27,084	6,418
Cash and cash equivalents at the beginning of the year		33,914	31,032
Foreign currency translation of cash positions		(3,297)	(3,536)
Cash and cash equivalents at end of period	5	57,701	33,914
Analysis of cash and cash equivalents			
Cash at Citibank		32,596	33,914
Cash at BNY Mellon		25,105	-
Cash and cash equivalents at end of period	5	57,701	33,914

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 thousand USD)		Amounts		Number of shares	
		2015	2014	2015	2014
Net assets at beginning of year		478,022	568,188	890	915
Shares issued		-	-	-	-
Redemption of shares		-	(15,429)	-	(25)
Net change from transactions with shareholders		-	(15,429)	-	(25)
Change in net assets from operations		(92,928)	(74,737)	-	-
Net assets at end of the year Class A		385,094	478,022	890	890

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.

2. EVENTS AFTER THE REPORTING PERIOD

On 1 January 2016, TCX appointed Bank of New York Mellon S.A./N.V. to act as its Depositary.

On 25 January 2016, S&P reconfirmed the Fund's credit rating at A- with a negative outlook.

On 10 March 2016, pursuant to Directive 2011/61/EU (the EU's Alternative Investment Fund Managers Directive or AIFMD), TCX's fund manager, TCX Investment Management Company B.V. ("TIM" or the "Fund Manager"), obtained its license as an Alternative Investment Fund Manager. The licensing authority is the Financial Markets Authority of The Netherlands (www.afm.nl/en/professionals). The license is restricted to managing TCX on behalf of professional investors.

3. STATEMENT OF COMPLIANCE

The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards (IFRS) 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.

The financial statements were authorized for issue by the Managing Board and Supervisory Board on 15 April 2016.

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 and assignees 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 (2014: A- with a negative outlook), as reconfirmed by Standard & Poor's in January 2016 and underpinned by stringent limits on the total risk of TCX. Together with the Fund's Risk Monitor, TIM 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 generally 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, required capital is calculated based on stress scenarios, in conformity with market practice when 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 the year 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 investment activities and ultimately, if desired by the investors, 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 91% (2014: 93%) of the Fund’s Risk Weighted Assets. 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 thousand USD)	Fair Value in USD	% of NAV	Fair Value in USD	% of NAV
	2015		2014	
Cross currency swaps	(154,605)	(40.1)	(86,270)	(18.0)
Forwards	264	0.1	(7,777)	(1.6)
Commercial paper	226,842	58.9	302,022	63.2
US Treasury bills	-	-	17,100	3.6
Floating rate notes	257,294	66.8	343,975	71.9
Fixed rate bonds	114,866	29.8	-	-
Frontier Clearing Fund Junior	9,997	2.6	-	-
Frontier Clearing Fund Subordinated	671	0.2	-	-
Financial instruments at fair value through profit or loss	455,328	118.2	569,050	119.1
Cash collateral given	86,676	22.5	39,315	8.2
Cash collateral received	(21,467)	(5.6)	(5,399)	(1.1)
Cash and cash equivalents	57,701	15.0	33,914	7.1
Other	(11,599)	(3.0)	(10,078)	(2.1)
Subordinated convertible debt	(119,564)	(31.0)	(106,134)	(22.2)
Grants linked to the subordinated convertible debt	(41,975)	(10.9)	(22,640)	(4.8)
Subordinated loan	(20,006)	(5.2)	(20,006)	(4.2)
Net assets attributable to holders of redeemable shares Class A	385,094	100.0	478,022	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

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, liquidity, and other premiums required by offshore investors.

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.

The risk measurement horizon for all books is one month, and results are annualized using the usual calibration multiples in accordance with the 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 for reporting market risk to national supervisory authorities and are used for performance measurement and asset-liability management, among other purposes.

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 Processes”, the Risk Monitor quantifies and monitors the exposures 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 2015, 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 44.7 million (2014: USD 42.7 million), consisting of the following:

(all amounts in USD millions)	2015	2014
Foreign currency exchange risk (Book1)	29.2	30.5
Interest rate risk mature market (Book 2)	2.8	3.0
Interest rate risk emerging markets (Book 3)	13.5	8.7
NDF (Non-Deliverable Forward) spread (Book 4)	0.7	0.7
Adjustment for cross-effects	(1.5)	(0.2)
Total	44.7	42.7

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 geographic 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 1 and Tier 2 capital); and
- 10% of the net total portfolio size.

All limits are subject to periodic review.

Deductions from the gross exposure amount (netting) is equal to 100% of the nominal amount of a related hedge 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;
- 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 2015 each individual currency has a notional limit of USD 111,714 (2014: USD 110,562). The Fund's largest exposures per currency compared to this limit (net of offsetting hedging transactions) are as follows:

	% of limit 31 December 2015	% of limit 31 December 2014
Kyrgyzstani Som	85.4	88.8
Azerbaijani Manat	77.9	61.5
Dominican Republic Peso	63.0	23.6
Indian Rupee	53.7	35.7
Uruguayan Peso	51.3	17.7

Regional concentration limits: the diversification over the regions is enforced through limits for maximum regional exposures. Regional limits 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 2015	Actual concentrations 31 December 2014
Emerging Europe / Central Asia	40%	33%	39%
Sub-Sahara Africa	50%	27%	30%
Latin America	40%	21%	13%
Asia	40%	15%	14%
Middle East / North Africa	30%	5%	3%

Hedging: Hedging is defined as short or long cross-currency derivatives 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 thousand USD)	2015	2015	2014	2014
Short USD				
Armenian Dram	928	5,000	3,841	18,939
Azerbaijani Manat	14,829	48,000	(1,208)	25,000
Georgian Lari	-	-	718	5,000
Jordanian Dinar	(90)	7,500	-	-
Kazakhstani Tenge	-	-	652	5,000
Kyrgyzstani Som	1,110	5,000	1,803	11,408
Nigerian Naira	-	-	224	10,000
Tajikistan Somoni	-	-	121	5,000
Uruguayan Peso	148	12,656	-	-
Zambian Kwacha	289	2,200	-	-
Short EUR				
Indian Rupee	(1,324)	13,385	(106)	26,919
Long USD				
Costa Rican Colon	1,045	9,556	1,281	28,386
Euro	628	42,149	-	-
Long EUR				
Euro	(2,363)	15,132	(4,765)	65,611
Total hedging transactions	15,200	160,578	2,561	201,263

The Euro hedge book above has the specific purpose of offsetting one part of the short Euro positions that TCX builds on a portion of its Primary Investments portfolio. Typically, the other part of these short Euro positions is covered through the purchase of Euro-denominated Liquidity Investments. Depending on the movements in the EUR:USD exchange rate, this can lead to recording translation gains or losses on the liquidity portfolio (see Note 17), whereas, economically, TCX's net overall Euro position is deliberately neutral.

Credit risk

TCX's credit risk exposure originates from its liquidity investments and 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.

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 make use of internal credit ratings with associated Probabilities 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 by RISKCO to each counterparty prior to execution of a transaction. 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 & Poor's. The notional amounts of derivatives credit risk exposure are included in the following table:

(all amounts in thousand USD)

	Credit rating	EAD 2015	EAD 2014
	AAA	336,611	309,395
	AA	271,487	364,911
	A	92,043	50,391
	BBB	7,498	10,648
	BB	1,916	4,321
	B	85	96
Total		709,640	739,762

The Risk Weighted Assets for the credit risk exposures shown above totals USD 89.7 million (2014: USD 76.5 million), after taking into account the applicable PDs and LGDs.

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:

2015 (all amounts in thousand USD)

	Gross Amount	Amounts offset included in fair value	Fair value included in statement of financial position	Related financial instruments not offset ¹¹	Net Amount
Financial assets					
Cross currency swaps	20,966	-	20,966	-	-
Forwards	27,438	-	27,438	-	-
Total financial assets	48,404	-	48,404	(21,467)	26,937
Financial liabilities					
Cross currency swaps	(175,571)	-	(175,571)	-	-
Forwards	(27,174)	-	(27,174)	-	-
Total financial liabilities	(202,745)	-	(202,745)	86,676	(116,069)
Total	(154,341)	-	(154,341)	65,209	(89,132)

2014 (all amounts in thousand USD)

	Gross Amount	Amounts offset included in fair value	Fair value included in statement of financial position	Related financial instruments not offset ¹¹	Net Amount
Financial assets					
Cross currency swaps	16,517	-	16,517	-	-
Forwards	13,087	-	13,087	-	-
Total financial assets	29,604	-	29,604	(5,399)	24,205
Financial liabilities					
Cross currency swaps	(102,787)	-	(102,787)	-	-
Forwards	(20,864)	-	(20,864)	-	-
Total financial liabilities	(123,651)	-	(123,651)	39,315	(84,336)
Total	(94,047)	-	(94,047)	33,916	(60,131)

11) 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 2015, 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 2015 is as follows:

(all amounts in thousand USD)			
	One week	One month	Over one month
Currency EUR			
Cash In	4,648	10,679	119,533
Cash Out	0	(265)	(41,214)
Net Position	4,648	10,414	78,319
Cum Net Position	4,648	15,062	93,382
Limit	(279,821)	(279,821)	-
Currency USD			
Cash In	55,087	69,054	569,574
Cash Out	(10)	(3,577)	(311,213)
Net Position	55,077	65,477	258,361
Cum Net Position	55,077	120,554	378,915
Limit	(279,821)	(279,821)	-

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

(all amounts in in thousand USD)			
	One week	One month	Over one month
Currency EUR			
Cash In	19,345	1,073	125,212
Cash Out	(19)	(57)	(38,721)
Net Position	19,326	1,016	86,491
Cum Net Position	19,326	20,342	106,832
Limit	(313,401)	(313,401)	-
Currency USD			
Cash In	44,989	41,978	572,183
Cash Out	(5)	(1,396)	(225,408)
Net Position	44,984	40,582	346,775
Cum Net Position	44,984	85,567	432,342
Limit	(313,401)	(313,401)	-

TCX invests its liquid assets in cash deposits, commercial paper, bank deposits, T-bills, fixed rate bonds and floated rate notes. About 81% (2014: 72%) of these assets have a remaining term shorter than 1 year. Though longer-dated, the other 19% (2014: 28%) are considered highly liquid investments as well (i.e., top-rated paper issued by government, government-backed, and banking institutions). The Fund invests in commercial papers for an amount of USD 226,842 representing 58.9% of the NAV (2014: USD 302,022 representing 63.2% 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 2015 were the Kenyan Shilling, Indonesian Rupiah and Dominican Republic Peso, for a total notional of USD 22 million (2014: USD 21 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 161,539 (2014: USD 128,773), consisting of an undiscounted cash flow amount of USD 119,564 (2014: USD 106,134), representing 14.9% (2014: 13.9%) of the total financial liabilities, and “Grants linked to the Subordinated Convertible Debt”, for an amount of USD 41,975 representing 5.2% of the total financial liabilities (2014: USD 22,640 and 3.0% respectively) (see Note 13 for further details). The maturity date of the Subordinated Convertible Debt and the Grants linked thereto is 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.

Subordinated loan

The Fund’s financial liabilities include a Subordinated Loan for an undiscounted cash flow amount of USD 20,006 (2014: USD 20,006), representing 2.5% (2014: 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):

(all amounts in thousand USD)	2015	2014
Year of maturity		
2015	-	95,604
2016	77,019	76,483
2017	61,615	61,187
2018	49,292	48,949
2019	39,434	39,160
2020	31,547	31,328
2021	25,237	25,062
2022	20,190	20,050
2023	16,152	16,040
2024	12,922	12,832
2025	51,686	51,327
Total	385,094	478,022

Other liabilities

The Fund holds other liabilities for an undiscounted cash flow amount of USD 12,300 (2014: USD 10,125) with a maturity date of less than 3 months, representing 1.5% of the total financial liabilities (2014: 1.3%).

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 2015 and 2014, 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 thousand USD)

	2015		2014	
	Fair value in USD	% of NAV	Fair value in USD	% of NAV
<i>Level 2 financial instruments</i>				
Commercial paper	226,842	58.9	302,022	63.2
Debt instruments	372,160	96.6	361,075	75.5
Cross currency interest rate swaps – Hedging	2,606	0.7	2,643	0.6
FX Forward contracts – Trading	3,028	0.8	33	0.0
FX Forward contracts – Hedging	15,508	4.0	5,703	1.2
<i>Level 3 financial instruments</i>				
Cross currency interest rate swaps – Primary	18,361	4.8	13,874	2.9
FX Forward contracts – Primary	8,902	2.3	7,351	1.5
Frontier Clearing Fund Junior (TCX)	9,996	2.6	-	-
Frontier Clearing Fund Subordinated (JODEA)	670	0.2	-	-
Total	658,073	170.9	692,701	144.9

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.

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):

	2015	2014
(all amounts in thousand USD)		
Assets	37,929	21,225
Liabilities	(198,138)	(117,613)
Total	(160,209)	(96,388)

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

	Assets	Liabilities
<i>For the year 2015</i>		
Balance at 1 January 2015	21,225	(117,613)
Early termination swap contracts	(221)	2,721
Matured deals	7,952	44,231
Unrealized gains and losses	(1,693)	(127,477)
Paid Frontier Clearing Funds	11,200	-
Unrealized gains and losses	(534)	-
Paid distributed grants	438	-
Impairment distributed grants	(438)	-
Balance at 31 December 2015	37,929	(198,138)
<i>For the year 2014</i>		
Balance at 1 January 2014	17,737	(37,462)
Transfers into or out of the Level investment category	6	(7,960)
Adjusted Opening balance	17,743	(45,422)
Early termination swap contract	252	(1,470)
Matured	3,367	(5,103)
Unrealized gains and losses	(137)	(65,618)
Paid distributed grants	544	-
Impairment distributed grants	(544)	-
Balance at 31 December 2014	21,225	(117,613)

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 (2014: no results).

The results on financial instruments at fair value through profit or loss include an amount of USD 2,501 (2014: USD 569) 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 171 (2014: USD 121).

The Fund periodically estimates the non-performance risk on its derivative liabilities (DVA, or own credit risk) and the counterparty risk on its derivative assets (CVA). These CVA/DVA estimates take into account the Fund’s collateral positions and are made in a manner consistent with the principles of IFRS 13, the Fund’s risk management policies, and market practice, in order to maximize the use of observable market parameters when deemed relevant. In 2015, no CVA/DVA adjustments were made (2014: none), reflecting the immaterial level of the Fund’s CVA/DVA estimates relative to the Fund’s Net assets attributable to holders of redeemable shares Class A.

7. CASH COLLATERAL

As at 31 December 2015, the Fund transferred cash to margin accounts as collateral against open forward contracts for a total net amount of USD 65,209 (2014: USD 33,916). The margin accounts were created based on the Credit Support Annex to the 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 thousand USD)

	2015	2014
Interest receivable	421	47
Other	280	-
Total other receivables	701	47

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 members are entitled to receive fixed annual fees of EUR 50 for the Chairman (2014: EUR 50) and EUR 22 for each other member (2014: EUR 22). These fees are presented as part of the governance expenses. In relation to 2015, a total of USD 138 (2014: USD 201) 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. In addition, each member has the option to decline receiving their fees. In 2015, one regular member did so (2014: none).

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 and operational 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.

Management and performance fee

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

- Cost recovery component: 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 4,693 equal to USD 5,243 (2014: EUR 4,280 equaling USD 5,696);
- Performance fee: 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 2015 amounts to USD 1,013.¹² Together with the approved surplus over the performance fee estimate accrued for the year 2014 of USD 298, the total

12) In February 2016 the Supervisory Board approved a performance fee of USD 1,115 for 2015. The excess of USD 102 compared to the amount accrued in 2015 will be recognized in 2016.

performance fee recognized in the 2015 statement of comprehensive income amounts to USD 1,311. In 2014 the total recognized performance fee amounted to USD 2,397, representing the accrued performance fee for the performance over the year 2014 of USD 1,652, plus the approved surplus over the performance fee estimate accrued for the year 2013 of USD 745.

- Carried interest: 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, and no carried interest was paid.

Remuneration of directors and staff of the Fund Manager

At the end of 2015, the Fund Manager had 15 employees (2014: 16). 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:

2015 (all amounts in thousands)	Fixed EUR	Variable EUR	Total EUR	Total USD ¹³
Senior Management	873	494	1,367	1,488
Other personnel	1,079	630	1,709	1,857
Total remuneration in 2015	1,952	1,124	3,076	3,345
2014 (all amounts in thousands)	Fixed EUR	Variable EUR	Total EUR	Total USD ¹⁴
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

Frank Gosselink

Mr. Gosselink, a member of TCX’s RISKCO, is a managing board member of Cardano Development B.V., the parent company of the Fund Manager. As a member of RISKCO during 2015, Mr. Gosselink received a flat annual fee of EUR 20, excluding VAT (2014: EUR 20).

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. Mantis B.V. is a sister-company of the Fund Manager, 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 thousand USD)	Non- Refundable	Refundable	Total
Total position at 31 December 2014	-	-	-
<i>For the account of the Donor Assets (note 12)</i>			
Distributed during the year	672	433	1,105
Expensed during the year	(672)	-	(672)
Change in fair value including day one results	-	(433)	(433)
Sub-total Donor Assets	-	-	-
<i>For the account of TCX</i>			
Distributed during the year	-	440	440
Change in fair value including day one results	-	(440)	(440)
Total position at 31 December 2015	-	-	-

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.

13) Translated at the year-end USD/EUR exchange rate of EUR 0.920

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

10. RELEVANT CONTRACTS FOR THE FUND’S OPERATIONS

Fund Manager

The Fund has entered into an investment management agreement with the Fund Manager whereby it provides investment management and advisory services to the Fund. See Note 9 for details of the contractual arrangements.

Fund Administrator and Valuer

The Fund Manager has delegated the Fund’s administration and valuation functions to a third party service provider, DLM Finance B.V. (“the Administrator”), under a bilateral agreement with the Fund Manager. 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, its (sub-)committees, the investors, and regulators. The expenses for these services are included in the Management Fee discussed in Note 9 above.

Risk Monitor

Historically, the Fund’s risk monitoring has been provided by Cardano Risk Management B.V. (“CRM”) under the terms of a trilateral agreement with the Fund Manager and the Fund. Amongst other functions, CRM is 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.

For 2015, Cardano Risk Management B.V. received a fixed fee equal to EUR 1,075 or USD 1,185 (2014: EUR 1,050 equaling USD 1,387).

Depository

On 1 January 2016, pursuant to the AIFMD, the Fund appointed Bank of New York Mellon N.V. (“BNYM”) to act as its independent Depository. In this capacity, BNYM will be responsible for general oversight of the Fund Manager, monitoring transactions in TCX shares, safe-keeping the Fund’s assets, reconciling its cash flows, and ensuring that its valuation policies and procedures are implemented properly and consistently. During 2015, the bulk of the depository function was performed by the Risk Monitor (in 2016, CRM will remain actively involved as an ex-ante operational controller, whereas the depository’s mandate is to perform ex-post controls).

Assurance providers

The Fund has appointed Ernst & Young Accountants LLP as its Independent Auditor. The Independent Auditor’s remuneration in 2015 consisted EUR 151 in audit fees, equal to USD 165 (2014: EUR 138 equaling USD 180). 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 142 (2014: USD 130) of the total audit fees of USD 307 (2014: USD 310) 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 thousand USD)	2015		2014	
	Fair value in USD	% of NAV	Fair value in USD	% of NAV
<i>Level 2 financial instruments</i>				
Cross currency interest rate swaps – Hedging	138	0.0	2,704	0.6
FX Forward contracts – Trading	3,011	0.8	1,770	0.4
FX Forward contracts – Hedging	1,458	0.4	1,564	0.3
<i>Level 3 financial instruments</i>				
Cross currency interest rate swaps - Primary	175,433	45.5	100,083	20.9
FX Forward contracts – Primary	22,705	5.9	17,530	3.7
Total	202,745	52.6	123,651	25.9

12. ACCRUED EXPENSES AND OTHER PAYABLES

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

(all amounts in thousand USD)	2015	2014
Donor Commitments	11,058	8,408
Audit fee payable	81	121
Other general fees payable	156	36
Management fee and performance fee payable	1,005	1,560
Total accrued expenses and other payables	12,300	10,125

Donor Commitments

The Fund has agreed with the providers of the Subordinated Convertible Debt (the Donors as listed in Note 13) 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 Donors (the “Donor Commitments”).

The Fund contributes to the Donor Assets as follows:

- on January 1 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 thousand USD)	Note	2015	2014
Interest calculated based on market interest rates		(5,470)	(5,461)
Amortization of government grants	13	2,058	2,058
Contributions to Donor Assets		(3,412)	(3,403)

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;
- 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; and
- enhance the Fund's capability and incentive to transact in SE4ALL (Universal Energy Access, Renewable Energy and Energy Efficiency) projects carried out in countries mentioned in the OECD Development Assistance Committee list.

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 them (see Note 12).

Status

The Donors are (i) The Netherlands Minister for Development Cooperation (with a EUR 50 million commitment), (ii) TCX Mauritius, on-lending a EUR 40 million commitment of KfW acting on behalf of the German Federal Ministry for Economic Cooperation & Development (BMZ), and (iii) KfW acting in its own name but for the account of the German Federal Ministry for the Environment, Nature Conservation, and Building & Nuclear Safety (BMU, with a EUR 30 million commitment). All 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 at all times 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 2015 was calculated based on an internally developed valuation model and amounted to USD 56.1 million (2014: USD 54.1 million). The following material assumptions were used in the internally developed valuation model:

- The facility is junior to the net assets attributable to holders of redeemable shares Class A;
- 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 thousand USD)	2015	2014
Opening balance	106,134	104,076
Amortization of grants during the reporting period	2,058	2,058
Drawdown (fair value at initial recognition) on 29 December 2015	-	11,372
Total end of year	119,564	106,134

Movement of government grants during the reporting period

(all amounts in thousand USD)	2015	2014
Opening balance	22,640	24,698
Amortization of grants during the reporting period	(2,058)	(2,058)
Grant element drawdown on 29 December 2015	21,393	-
Total end of year	41,975	22,640

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 thousand USD)	Subordinated Convertible Debt at market interest	Government grants	Total
Total position at 31 December 2013	104,076	24,698	128,774
Amortization during the year	2,058	(2,058)	-
Total position at 31 December 2014	106,134	22,640	128,774
Amortization during the year	2,058	(2,058)	-
Drawdown on 29 December 2015	11,372	21,393	32,765
Total position at 31 December 2015	119,564	41,975	161,539

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 2015 was calculated based on an internally developed valuation model (Level 3) and amounted to USD 20.6 million (2014: USD 20.3 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 thousand USD)	2015	2014
Opening balance	20,006	20,006
Total end of year	20,006	20,006

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 2015, 890 Shares Class A are in issue (31 December 2014: 890 shares). No Shares Class B are in issue. The single C Ordinary Share is held in treasury by TCX itself.

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.

Subscriptions

The Fund accepts from time to time offers to subscribe to newly issued Shares Class A from "professional investors" (within the meaning of Article 1:1 of The Netherlands Financial Supervision Act) 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.

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 thousand USD)	2015	2014
Net assets attributable to holders of Shares Class A	385,094	478,022
Subordinated Convertible Debt	119,564	106,134
Grants linked to the Subordinated Convertible Debt	41,975	22,640
Frontier Clearing investment capital usage	(6,998)	-
Total Tier 1 capital	539,635	606,796

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

(all amounts in thousand USD)	2015	2014
Subordinated Loan	20,006	20,006
Total Tier 2 capital	20,006	20,006

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

- Minimum Total Capital-ratio¹⁵ of 14% (Tier 1 plus Tier 2 capital over Risk Weighted Assets); (at 31 December 2015: 26%; 2014: 31%)
- Minimum Tier 1 ratio of 10% (Tier 1 capital over Risk Weighted Assets); (at 31 December 2015: 25%; 2014: 30%);

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, subject to investor approval. 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.

15) 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.

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.

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:

2015 (all amounts in thousand USD)	Profits		Losses		Net result
	unrealised	realised	unrealised	realised	
Cross Currency Swaps- Primary	49,116	111,045	(119,978)	(97,616)	(57,433)
Cross Currency Swaps- Hedging	3,643	1,756	(1,115)	(5,884)	(1,601)
FX forward- Primary	21,520	7,372	(24,909)	(20,653)	(16,670)
FX forward- Trading	4,798	10,222	(3,044)	(16,959)	(4,983)
FX forward- Hedging	17,726	7,019	(8,050)	(3,660)	13,035
FX Spot	-	143	-	(67)	76
Debt instruments	2,628	-	(6,792)	(6,157)	(10,321)
Total	99,431	137,557	(163,889)	(150,996)	(77,897)

2014 (all amounts in thousand USD)	Profits		Losses		Net result
	unrealised	realised	unrealised	realised	
Cross Currency Swaps- Primary	29,079	94,239	(85,816)	(60,603)	(23,101)
Cross Currency Swaps- Hedging	2,694	811	(2,719)	(776)	10
FX forward- Primary	6,885	7,489	(21,021)	(5,541)	(12,188)
FX forward- Trading	200	1,535	(2,712)	(730)	(1,707)
FX forward- Hedging	7,361	1,107	(1,364)	(1,940)	5,164
FX Options	-	120	-	-	120
Debt instruments	-	-	(14,021)	-	(14,021)
Total	46,219	105,301	(127,653)	(69,590)	(45,723)

The interest component included in the Cross Currency Swaps amounts to USD 69,134 (2014: USD 62,074).

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 loss of USD 3,457 (2014: loss of USD 3,536). For the translation of the non-USD positions at balance sheet date, a closing rate of EUR 0.920 (2014: EUR 0.826) per USD has been applied in preparation of these financial statements.

18. INTEREST INCOME

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

(all amounts in thousand USD)	2015	2014
<i>Financial instruments at fair value through profit or loss</i>		
Commercial paper	471	457
US Treasury Bills	10	31
Floated rate notes	1,218	1,583
Fixed rate bonds	240	5
Subtotal debt instruments	1,939	2,076
<i>Cash and cash equivalents</i>		
Cash at banks	-	(0)
Cash collateral	58	14
Subtotal cash and cash equivalents	58	14
Total interest income	1,997	2,090

19. OTHER GENERAL EXPENSES

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

(all amounts in thousand USD)	2015	2014
Legal fees	230	93
Rating agency fees	74	86
Guarantee fee	39	38
VAT	(41)	101
Compliance fees	25	19
Tax advisory fees	10	18
Other expenses	139	158
Finance costs grant Stichting Cardano Development	1,343	-
Total other general expenses	1,819	513

Finance costs grant Stichting Cardano Development

On 11 February 2015, TCX’s shareholders authorized the disbursement of an outright grant of EUR 1.2 million to Stichting Cardano Development, the ultimate owner of the Fund Manager, for the purposes of recapitalizing the Fund Manager and help it meet the minimum capital requirements of the AIFMD.

20. PERSONNEL

The Fund did not employ any personnel during the reporting period ending 31 December 2015 (2014: none).

21. ASSETS UNDER MANAGEMENT

As defined under the AIFMD, the Assets Under Management (‘AUM’) of the Fund at 31 December 2015 totaled USD 2,109 million (2014: USD 2,023 million), including the derivatives portfolio at notional value.

22. LEVERAGE

As defined under the AIFMD, the Leverage of the Fund at 31 December 2015 was 5.4 times its NAV using the Gross Method, and 4.5 times its NAV using the Commitment Method (2014: 4.1 times and 3.5 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. ■



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. All amounts have been rounded to the nearest thousand unless otherwise indicated.

Adoption of new standards and amendments to existing standards

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 did not affect the Fund's financial statements.

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 2014, the IASB issued amendments to IAS 1 which will be effective as per 1 January 2016 as part of the IASB's Disclosure Initiative and has been endorsed by the EU in December 2015. The amendments clarify the materiality guidance in IAS 1. The Fund has not early adopted this standard for the current reporting period. No significant impact of the amendments to IAS 1 is expected for the Fund. The adoption will not have a substantive effect on the Funds financial statements as the amendments only impact line items and non-significant notes.

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.

The Fund has invested in Frontier Clearing Fund (Junior and Subordinated)loans which are measured at fair value.



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 concentration and balance sheet management

Primary Investment are transacted to realize 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 products. Therefore, 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".

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.

The Fair value of the Frontier Clearing Fund Subordinated and Junior loans are determined using valuation models for which not all inputs are market observable prices or rates. The fair valuation of these loans are based on discounted future cash flows and is monitored on a periodic basis and evaluated by Management on a yearly basis.

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 known (in the case of fixed-rate products) these future cash flows are discounted using the discount factors referred to above 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. ■

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 and 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.

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 2015 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 23 March 2016 by Solution 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 senior management of the Fund Manager, monthly reporting to the Risk Management Committee, and periodic reporting to the Supervisory Board.

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 internal and external 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 2015 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 2015;
- that no material issues or incidents have occurred in the financial year ending 31 December 2015;
- 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 set-up in 2016, except for the addition of Bank of New York Mellon N.V. as TCX's Depositary, effective 1 January 2016 (please see page 16). ■

Amsterdam, 15 April 2016

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

Ruurd Brouwer, Chief Executive Officer

Bert van Lier, Chief Investment Officer

Brice Ropion, Chief Operating 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 shall 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 92,928 for the period ended 31 December 2015 as follows: for an amount of USD 92,928 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 2015. ■

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 2015 of The Currency Exchange Fund N.V., Amsterdam, which comprise the statement of financial position as at 31 December 2015, 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, comprising 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 2015, 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. ■

Amsterdam, 15 April 2016
Ernst & Young Accountants LLP
signed by C.G.J. de Lange

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. He joined the TCX Supervisory Board in May 2012.

Mr. Aigboje Aig-Imoukhuede

Aigboje Aig-Imoukhuede is Chairman of Coronation Capital Ltd., an Africa-focused equity and proprietary investment firm that he founded in 2014 and operates out of Nigeria and Mauritius. Between 2002 and 2013, he was Group Managing Director and CEO of Access Bank Plc., responsible for transforming the bank into a top-5 leadership position in Nigeria, with assets of USD 12 billion and 350 branches employing 20,000 staff in 9 countries. Prior to this he was an Executive Director at Guaranty Trust Bank Plc. (1991-2002) and an Assistant Manager at Prime Merchant Bank Ltd. (1989-1991). His achievements include chairing presidential and banking industry committees in Nigeria, and founding an OTC exchange that specializes in fixed income securities and derivatives. His awards include Commander of the Order of the Niger, Ernst & Young Entrepreneur of the Year (West Africa), and African Banker Magazine’s “African Banker of the Year”. He is President of the Nigeria Stock Exchange and a member of the Nigerian Bar. He holds law degrees from the University of Benin and the Nigerian Law School, and is currently a MBA candidate at the London School of Economics. He joined the TCX Supervisory Board in December 2015.

Mr. Bernd Loewen

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. He joined the TCX Supervisory Board in May 2014.

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. He joined the TCX Supervisory Board in September 2007.

Mrs. Lakshmi Shyam-Sunder

Lakshmi Shyam-Sunder was appointed Vice President and Chief Risk Officer of the World Bank Group in 2014. She was previously Chief Financial Officer and Director, Finance and Risk, at the Multilateral Investment Guarantee Agency (MIGA), the political and credit enhancement arm of the World Bank Group. Prior to joining MIGA in 2011, she held a variety of positions at the International Finance Corporation, including Director for Corporate Risk. Before joining the World Bank Group, she was a faculty member of the MIT Sloan School of Management, where she had previously obtained a Ph.D in Finance. She also served on the faculty of the Tuck School of Business Administration. She has consulted for a wide range of institutions in the USA and in emerging markets, and has been on the board and finance and risk committees of several institutions in these markets. She joined the TCX Supervisory Board in May 2015.

Mr. Tor Johanssen (until 21 May 2015)

Mr. Philip Jabulani Moleketi (until 21 May 2015)

The expiry dates of the mandates of the members of the Supervisory Board are as follows:

Mr. Arnold – May 2016*

Mr. van Nederveen – May 2016*

Mr. Loewen – May 2018

Mrs. Shyam-Sunder – May 2019

Mr. Imoukhuede – December 2019

* The Annual General Meeting of May 2016 will consider renewing the mandates of Mr. Arnold (for a second mandate of 4 years) and Mr. van Nederveen (for 1 year only).

COMMITTEE MEMBERS

Compliance Committee of the Supervisory Board

All Supervisory Board members
Mr. Brice Ropion, Internal Compliance Officer, TCX Investment Management Company B.V.
Mr. Arjan van der Heiden, External Compliance Officer, Compliance Advies.

Remuneration Committee of the Supervisory Board

Mrs. Lakshmi Shyam-Sunder (Chair)
Mr. Arthur Arnold

Audit Committee of the Supervisory Board

Mr. Bernd Loewen (Chair)
Mr. Axel van Nederveen

Donors' Committee

Ms. Sandra Louiszoon, Netherlands Ministry of Foreign Affairs
Mr. Thomas Heining, KfW

Pricing Committee

Mr. Matthew Vogel (Chair)
Mr. Luca Barbone (to 1 Sep 2015)
Mr. Chris Evans
Mr. Louis Sabatino
Mr. Nikolaus Siegfried
Mr. Vincenzo Zinni
Mr. Rob Janssen, Cardano Risk Management B.V. (non-voting)
Mr. Bert van Lier, CIO, TCX Investment Management Company B.V. (non-voting)

Risk and Asset and Liability Management Committee (RISKCO)

Mr. Brice Ropion, Chief Operating Officer, TCX Investment Management Company B.V. (Chair)
Mr. Ruurd Brouwer, CEO, TCX Investment Management Company B.V.
Mr. Frank Gosselink, Cardano Development B.V.
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. Arjan van der Heiden, External Compliance Officer, Compliance Advies (non-voting)
Mr. Martin Stravers, Solutional Advisory Services B.V. (non-voting)

General information

SUPERVISORY BOARD

Mr. Arthur Arnold (chairman)
Mr. Aigboje Aig-Imoukhuede (from 7 Dec 2015)
Mr. Bernd Loewen
Mr. Axel van Nderveen
Mrs. Lakshmi Shyam-Sunder (from 21 May 2015)
Mr. Tor Johansen (until 21 May 2015)
Mr. Jabu Moleketi (until 21 May 2015)

MANAGING BOARD / FUND MANAGER

TCX Investment Management Company B.V.
Mauritskade 63
1092 AD Amsterdam
The Netherlands

RISK MONITOR

Cardano Risk Management B.V.
Weena 690, 21st floor
3012 CN Rotterdam
The Netherlands

ADMINISTRATOR & VALUER

DLM Finance B.V.
Mauritskade 63
1092 AD Amsterdam
The Netherlands

DEPOSITARY (FROM 1 JAN 2016)

Bank of New York Mellon N.V.
WTC/B, Strawinskylaan 337
1077 XX Amsterdam
The Netherlands

CUSTODIANS AND BANKS

Bank of New York Mellon N.V. (from 21 Nov 2015)
Citibank NA
Deutsche Bank AG (until 29 Dec 2015)

INDEPENDENT FINANCIAL AUDITOR

Ernst & Young Accountants LLP
Antonio Vivaldistraat 150
1008 AB
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INDEPENDENT OPERATIONAL AUDITOR

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Colophon

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