



## PRESS RELEASE

### **TCX Announces 2023 Annual Results: Extraordinary growth, strong profits, global impact**

**Amsterdam, May 21, 2024** – Today, the Currency Exchange Fund (TCX) announces its 2023 annual results at the Annual General Meeting. TCX hedged a record of USD 2.3 billion in currency risk of development investments in emerging and frontier markets—a 65% increase compared to 2022 and the first time the Fund passed the USD 2 billion annual volume mark.

TCX reported a profit of USD 136 million in 2023, resulting mainly from the positive interest carry in the derivatives book and increasingly from the returns of the liquidity portfolio due to rising USD interest rates. The latter accounted for over 40% of the result. The Fund's Net Asset Value per share grew by 16% year-on-year to USD 924,320 per share at year-end 2023.

TCX hedged 569 transactions across 43 currencies, protecting more borrowers from currency risk than ever. Noteworthy is the 80% growth in volumes in Latin America. Overall, the Fund remained most active in Europe and Central Asia, where volumes nearly doubled to USD 726 million.

Most transactions related to energy projects benefited the Sub-Saharan Africa region. Microfinance continues to be the sector to which most of TCX's hedging activities are related, although its relative share is declining. The Fund hedged USD 120 million in public sector lending to Paraguay and Ukraine in 2023.

TCX on-sold USD 1.5 billion in currency exposure to asset managers in 2023 – approximately 65% of the total currency risk that TCX onboarded– by hedging bonds or through derivative transactions. On-selling certain currency exposure to institutional investors mobilizes international capital to take on frontier market currency risk and, at the same time, frees up capacity in TCX's book to support more lending in a particular currency.

The Fund had a prominent seat at the table at the G20 working groups, COP28 and the Summit for a New Global Financing Pact, where TCX provided a pragmatic perspective on tackling currency risk.

**Ruurd Brouwer, CEO:** “2023 was a very impactful year for TCX. We hedged 65% more volume of development finance lending compared to the year before, on-sold a record amount of USD 1.5 billion to private investors, and all while delivering good financial results. Still, debt sustainability and currency risk mitigation remain priority topics on the global development agendas that need urgent solving. In 2024, TCX continues to innovate, grow and serve its purpose as hedging provider in emerging and frontier markets and currency risk mitigation thought leader.”

#### **About TCX**

TCX is a global development finance initiative supported by a shareholder base that includes FMO, IFC, EBRD, EIB, KfW as well as the European Commission and Dutch, Swiss, British, French and German governments, other DFIs and microfinance vehicles. TCX protects borrowers in emerging and frontier markets from currency risk by hedging development finance lending and transferring the risk to TCX's balance sheet. TCX offers derivative instruments—*cross-currency swaps and FX forwards*—in currencies not or insufficiently offered by commercial parties. TCX was founded in 2007 and has since then hedged a total volume of over USD 14 billion in development loans in 66 currencies.



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