



December 31, 2014 and 2013

Trust Fund for the Global Fund to Fight AIDS, Tuberculosis and Malaria

Administered by the International Bank for Reconstruction and Development as
Trustee

World Bank Reference: TF069001

**Independent Auditors' Report and Statements of Receipts,
Disbursements and Fund Balance**

The World Bank Group

Trust Funds Division, Accounting and Business Services Department
Finance and Accounting Vice Presidency

www.worldbank.org

Trust Fund for the Global Fund to Fight AIDS, Tuberculosis and Malaria

Statements of Receipts, Disbursements and Fund Balance

December 31, 2014 and 2013

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KPMG LLP
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Independent Auditors' Report

The Board of Executive Directors of
International Bank for Reconstruction and Development
As Trustee for the Trust Fund for the Global Fund to Fight AIDS, Tuberculosis and Malaria:

We have audited the accompanying Statements of Receipts, Disbursements, and Fund Balance ("the Statements") of the Trust Fund for the Global Fund to Fight AIDS, Tuberculosis and Malaria ("the Trust Fund") as administered by the International Bank for Reconstruction and Development ("IBRD") for the years ended December 31, 2014 and 2013.

Management's Responsibility for the Statements

Management is responsible for the preparation and fair presentation of the Statements in accordance with the modified cash basis of accounting described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the Statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Statements that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the Statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Statements.

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



Opinion

In our opinion, the Statements referred to above presents fairly, in all material respects, the receipts, disbursements, and fund balance of the Trust Fund for the year ended December 31, 2014 and 2013 in accordance with the modified cash basis of accounting described in Note 2.

Basis of Accounting

We draw attention to Note 2 to the Statements, which describes the basis of accounting. The Statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than U.S. generally accepted accounting principles or International Financial Reporting Standards. Our opinion is not modified with respect to this matter.

KPMG LLP

March 27, 2015

STATEMENTS OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

For the fiscal years ended December 31, 2014 and 2013

Expressed in U.S. dollars unless otherwise noted

	Notes	2014	2013
Contributions received	3	\$3,265,945,090	\$3,335,466,948
Net Investment income	2	40,696,464	4,792,780
Total receipts		3,306,641,554	3,340,259,728
Disbursements for grants	2	2,975,913,019	4,051,597,058
Disbursements for administrative budgets and trustee fees		298,384,376	282,556,776
Total disbursements		3,274,297,395	4,334,153,834
Excess of receipts over disbursements/ (disbursements over receipts) before foreign currency adjustments		32,344,159	(993,894,106)
Foreign currency adjustments		(50,145,962)	26,662,641
Excess of disbursements over receipts after foreign currency adjustments		(17,801,803)	(967,231,465)
Fund balance:			
Beginning of the year		4,358,894,755	5,326,126,220
End of the year		\$4,341,092,952	\$4,358,894,755
Fund balance consists of:			
Trust Fund's share of the cash and investments in the Pool of which, Unrestricted		4,263,596,896	4,247,618,145
Restricted	5	77,496,056	111,276,610
	4	\$4,341,092,952	\$4,358,894,755

The accompanying notes are an integral part of these Statements of Receipts, Disbursements and Fund Balance.

NOTES TO THE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

December 31, 2014 and 2013

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Note 1 - Organization, Operations, and Trustee Responsibilities

The Global Fund to Fight AIDS, Tuberculosis and Malaria (the "Global Fund") is an independent, non-profit foundation that was incorporated in Geneva, Switzerland on January 22, 2002. The purpose of the Global Fund is to attract, manage and disburse resources through public-private partnership that will make a sustainable and significant contribution to the reduction of infections, illness and death, thereby mitigating the impact caused by HIV/AIDS, tuberculosis, and malaria in countries in need, and contributing to poverty reduction.

On May 31, 2002, (date of inception, hereinafter referred to as "Inception") the Global Fund and the International Bank for Reconstruction and Development ("IBRD") entered into an agreement (the "Agreement") to establish this trust fund (the "Trust Fund for the Global Fund to Fight AIDS, Tuberculosis and Malaria" or the "Trust Fund") administered by IBRD as trustee (the "Trustee") on behalf of the Global Fund; the Agreement defines the Trustee's responsibilities. In addition, as Trustee, IBRD is an ex-officio member, without voting rights, of the Global Fund Board, and is a member, without voting rights, of the Board's Finance and Operational Performance Committee ("FOPC").

Under the Agreement, the Trustee may accept contributions into the Trust Fund in the form of cash, promissory notes, letters of credit and similar obligations, which shall be acceptable to the Trustee, directly from public sector contributors, the United Nations Foundation ("UN Foundation"), the Global Fund and other private sector or non-governmental entities by entering into contribution agreements with contributors (the "Donors"). In 2009, the Global Fund established the Affordable Medicines Facility for Malaria (AMFm) aimed at attracting resources for co-payment of malaria related expenses. According to the contribution agreements between the Donors to AMFm and the Trustee, contributions and investment income earned on the contributions to AMFm are restricted to the use of AMFm activities.

The Trustee disburses the funds from the Trust Fund, only on, and in accordance with, the written instructions of the Global Fund. In accordance with the Agreement, the Trustee has no responsibility to make any investigation into the facts or matters stated in any such written instructions and may rely solely on such written instructions. Upon written request from the Global Fund, the Trustee shall verify that the funds have been transferred to the payee specified in such written instructions. Accordingly, the Trustee does not have any further responsibility under the Agreement to the Donors or the Global Fund for the use by any recipient of any funds transferred from the Trust Fund in accordance with such instructions. Under the Agreement, the privileges and immunities accorded to the IBRD under its Articles of Agreement apply to the assets, operations and transactions of the Trust Fund.

NOTES TO THE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

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Note 2 - Significant Accounting Policies

Basis of Presentation

The Statements of Receipts, Disbursements and Fund Balance (Statements) have been prepared on the cash receipts and disbursements basis of accounting, modified to record the Trust Fund's share in the pooled cash and investments at fair value (modified cash basis of accounting). Accordingly, net investment income includes realized and unrealized investment income/loss (See Note 4).

The modified cash basis of accounting is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (U.S. GAAP) or International Financial Reporting Standards (IFRS), therefore, the Statements are not intended to be a presentation in conformity with U.S. GAAP or IFRS. Receipts, with the exception of net investment income, as described above, are reported when collected (i.e., when credited to the Trust Fund) rather than when pledged/earned, and disbursements are reported when paid (i.e., when debited to the Trust Fund) rather than when incurred. For example, the following transactions may be incurred in a different period than reported: (1) contributions not credited to the Trust Fund at the period end date due to timing or other reasons, and (2) any refunds of previous disbursements deemed by the Trustee, to be ineligible in accordance with the Agreement. Certain information, however, pertaining to fair value of financial instruments held in the pooled cash and investments is presented based on certain IFRS pronouncements described in Note 4.

Share of cash and investments in the Pool

Amounts paid into the Trust Fund, but not yet disbursed, are managed by IBRD, which maintains an investment portfolio (the Pool) for all of the trust funds administered by IBRD, the International Development Association, the International Finance Corporation, the Multilateral Investment Guarantee Agency, and the International Centre for Settlement of Investment Disputes (collectively, the World Bank Group). IBRD, on behalf of the World Bank Group, maintains all trust fund assets separate and apart from the funds of the World Bank Group.

The Pool is divided into sub-portfolios to which allocations are made based on fund specific investment horizons, risk tolerances and/or other eligibility requirements for trust funds with common characteristics as determined by IBRD, on behalf of the World Bank Group. These sub-portfolios may hold all or a portion of the instruments held by the Pool.

Generally, the Pool includes cash and liquid financial instruments such as government and agency obligations, time deposits, money market securities, and asset-backed securities. Additionally, the Pool includes equity

NOTES TO THE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

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securities, derivative contracts such as currency forward contracts, currency swaps, interest rate swaps, and the contracts to purchase or sell mortgage-backed securities to-be-announced (TBAs). Payables and receivables associated with the investment activities are also included in the Pool. The Pool may also include securities pledged as collateral under repurchase agreements, receivables from resale agreements and derivatives for which it has accepted collateral.

The Pool is a trading portfolio and is reported at fair value, with gains/losses included in net investment income. The share in pooled cash and investments represents the Trust Fund's share of the Pool's fair value at the end of each reporting period.

Treatment of foreign currency transactions

The Statements are presented in U.S. dollars, which is the Trust Fund's functional and presentation currency. Transactions in currencies other than U.S. dollars are reported as follows:

- (i) Contributions received by the Trust Fund in various currencies are generally converted into U.S. dollars by IBRD, as Trustee, upon receipt of funds and the countersigned agreements, unless the Global Fund has instructed the Trustee not to convert certain contributions into U.S. dollars. Foreign currency transaction gains or losses, if any, on conversion of the contributions are borne by the Trust Fund and are reported under Contributions.
- (ii) Contributions received in currencies other than U.S. dollars and disbursed in the respective receipt currencies are reported at the market rates of exchange prevailing at the date of transactions. Any adjustment resulting from currency exchange rate changes between the date of contributions received and date of disbursement is recognized as foreign currency adjustment in the Statements.
- (iii) Disbursements for grants in currencies other than U.S. dollar are reported at the rates of exchange prevailing on the date of transaction and hence do not result in any exchange gain/loss to the Trust Fund.
- (iv) At the end of each reporting period, fund balances that are not denominated in U.S. dollars are revalued at the market rates of exchange prevailing at the end of the respective reporting period. Any adjustment resulting from currency exchange rate changes is recognized as foreign currency adjustment in the Statements.

NOTES TO THE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

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Disbursements

The Trustee disburses funds from the Trust Fund, only upon, and in accordance with, the written instructions of the Global Fund. Disbursements for grants and transfers for administrative budgets are recorded and reported when the cash transfer is made.

Net investment income

Net investment income consists of the Trust Fund's allocated share of the following: interest income/dividend earned by the Pool, realized gains/losses from sales of securities, and unrealized gains/losses resulting from recording the assets held by the Pool at fair value.

Use of Estimates

The preparation of the Statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions based upon information available as of the date of the Statements. Actual results could differ from these estimates. Areas in which management makes estimates and assumptions in determining the amounts to be recorded include the fair value of financial instruments.

NOTES TO THE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

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All amounts expressed in U.S. dollars unless otherwise noted

Note 3 - Contributions

The amounts received by the Trust Fund for the years ended December 31, 2014 and 2013, expressed in U.S. dollars are as follows:

Donor	Amounts Received	
	2014	2013
Core project contributions		
Australia	\$ -	\$ 94,275,000
Belgium	25,711,750	15,602,895
Canada	-	153,812,138
China	5,000,000	5,000,000
Cote d'Ivoire	2,066,470	1,881,159
Denmark	30,419,232	25,358,960
European Community	38,854,650	122,365,000
Finland	-	2,621,400
France	447,759,258	475,637,900
Georgia	20,000	-
Germany	319,694,125	265,190,000
Global Fund	75,680,224	41,832,833
Iceland	50,000	-
India	7,500,000	-
Indonesia	4,481,066	4,216,344
Ireland	16,324,246	19,236,000
Italy	40,875,000	-
Japan	289,024,391	122,273,670
Kuwait	500,000	499,965
Korea	4,067,893	4,099,981
Liechtenstein	113,817	110,748
Luxembourg	4,025,200	3,217,750
Namibia	250,000	119,000
Netherlands	90,532,830	90,403,100
Norway	71,392,875	77,073,657
Russian Federation	-	20,000,000
Rwanda	-	325,000
Saudi Arabia	9,000,000	25,000,000
South Africa	-	1,524,855
Sweden	70,265,181	114,454,645
Switzerland	22,647,492	10,624,734
Thailand	1,499,950	-
Sub-total carried forward	\$1,577,755,650	\$1,696,756,734

NOTES TO THE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

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All amounts expressed in U.S. dollars unless otherwise noted

Donor	Amounts Received	
	2014	2013
Core project contributions (continued)		
Sub-total brought forward	\$1,577,755,650	\$1,696,756,734
United Kingdom	-	236,635,136
United Nations Foundation	15,743,542	4,275,865
United States of America	1,618,095,498	1,245,584,354
Zimbabwe	1,000,000	-
AMFm contributions		
Bill and Melinda Gates Foundation	-	5,000,000
Canada	-	19,574,739
United Kingdom	53,350,400	107,640,120
WHO	-	20,000,000
Total contributions	\$3,265,945,090	\$3,335,466,948

NOTES TO THE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

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All amounts expressed in U.S. dollars unless otherwise noted

From Inception to December 31, 2014, the contribution amounts committed, net of cancellations, and amounts received from the Donors are as follows:

Donor	Currency	Amounts Committed by Donors	Amounts received from Inception to December 31, 2014
Core project ¹ contributions			
Australia	Australian dollars	409,880,000	409,880,000
Andorra	U.S. dollars	100,000	100,000
Austria	Euro	1,000,000	1,000,000
Barbados	U.S. dollars	100,000	100,000
Belgium	Euro	192,915,756	173,915,756
Bill and Melinda Gates Foundation	U.S. dollars	1,400,000,000	650,000,000
Brazil	U.S. dollars	152,355	152,355
Brunei Darussalam	U.S. dollars	150,000	150,000
Burkina Faso	U.S. dollars	75,000	75,000
Canada	U.S. dollars	100,005,514	100,005,514
Canada	Canadian dollars	1,380,000,019	1,380,000,019
China	U.S. dollars	34,999,985	34,999,985
Cote d'Ivoire	Euro	9,500,000	5,258,602
Denmark	Danish kroner	2,200,000,000	1,870,000,000
Egypt	Euro	3,325,908	3,325,908
European Community	Euro	1,257,640,722	1,257,640,722
Finland	Euro	25,000,000	25,000,000
France ²	Euro	3,175,854,130	2,929,854,130
Georgia	U.S. dollars	40,000	40,000
Germany	Euro	2,172,500,000	1,772,500,000
Global Fund ³	U.S. dollars	344,163,959	326,268,414
Greece	Euro	1,600,000	1,600,000
Hungary	U.S. dollars	55,000	55,000
Iceland	Icelandic kronur	30,000,000	30,000,000
Iceland	U.S. dollars	750,000	750,000
India	U.S. dollars	26,499,910	17,499,910
Indonesia	Australian dollars	37,500,000	19,406,484
Indonesia	Euro	25,000,000	25,000,000
Ireland	Euro	200,000,000	172,550,000
Italy	Euro	820,335,717	820,335,717
Japan	U.S. dollars	2,156,219,974	2,156,219,974
Kuwait	U.S. dollars	3,500,000	3,499,965
Korea	U.S. dollars	25,000,000	19,000,000
Korea	Korean Won	6,660,000,000	6,660,000,000
Latvia	U.S. dollars	10,000	10,000

NOTES TO THE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

December 31, 2014 and 2013

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Donor	Currency	Amounts Committed by Donors	Amounts received from Inception to December 31, 2014
Core project ¹ contributions			
Liechtenstein	U.S. dollars	502,190	502,190
Liechtenstein	Swiss Francs	700,000	700,000
Luxembourg	Euro	34,050,000	29,050,000
Malaysia	Malaysian Ringgits	100,000	100,000
Malaysia	U.S. dollars	100,000	100,000
Mexico	Mexican peso	1,130,000	1,130,000
Mexico	U.S. dollars	100,000	100,000
Monaco	U.S. dollars	132,000	132,000
Namibia	U.S. dollars	750,000	750,000
Netherlands	Euro	811,800,000	705,800,000
New Zealand	New Zealand dollars	4,450,000	4,450,000
Nigeria	U.S. dollars	49,080,914	19,044,210
Norway	Norwegian kroner	5,271,882,000	4,071,882,000
Pakistan	Euro	20,000,000	20,000,000
Poland	U.S. dollars	150,000	150,000
Portugal	U.S. dollars	13,000,000	13,000,000
Portugal	Euro	1,870,000	1,870,000
Russian Federation	U.S. dollars	317,000,000	317,000,000
Romania	Euro	575,000	575,000
Rwanda	U.S. dollars	1,000,000	1,000,000
Saudi Arabia	U.S. dollars	78,000,000	62,000,000
Singapore	U.S. dollars	1,000,000	1,000,000
Slovenia	Slovenian tolar	5,400,000	5,400,000
Slovenia	Euro	160,000	160,000
South Africa	U.S. dollars	10,145,985	10,145,985
South Africa	South African Rand	16,000,000	16,000,000
Spain	U.S. dollars	65,000,000	65,000,000
Spain	Euro	471,569,107	471,569,107
Sweden	Swedish kronor	8,356,000,000	6,656,000,000
Switzerland	Swiss francs	131,500,000	91,500,000
Switzerland	U.S. dollars	7,478,310	7,478,310
Thailand	U.S. dollars	14,500,000	11,499,950
Tunisia	U.S. dollars	2,000,000	2,000,000
Uganda	U.S. dollars	1,500,000	1,500,000
United Kingdom ²	Pounds sterling	2,252,164,573	1,252,164,573
United Nations Foundation ^{3,4}	U.S. dollars	160,485,093	90,231,745
United States of America	U.S. dollars	10,149,199,282	10,149,199,282
World Health Organization (WHO)	U.S. dollars	27,926,455	27,926,455
Zimbabwe	U.S. dollars	1,158,462	1,158,462

NOTES TO THE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

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Donor	Currency	Amounts Committed by Donors	Amounts received from Inception to December 31, 2014
Affordable Medicines Facility for Malaria (AMFm) - restricted			
Bill and Melinda Gates Foundation	U.S. dollars	25,015,000	25,015,000
Canada	Canadian dollars	40,000,000	40,000,000
United Kingdom	Pounds Sterling	171,600,000	171,600,000
WHO	U.S. dollars	210,970,824	210,970,824

¹ Core projects are for AIDS, Tuberculosis and Malaria.

² Promissory notes receivable as of December 31, 2014 from France is €246,000,000 and United Kingdom is £700,000,000.

³ Of the amounts committed by Donors, \$17,895,545 from Global Fund and \$70,253,348 from United Nations Foundation requires additional Donor approval prior to it being payable to the Trust Fund.

⁴ During May 2014, the United Nations Foundation and the Trustee agreed on the cancellation of an outstanding contribution receivable of \$6,364,732.

NOTES TO THE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

December 31, 2014 and 2013

All amounts expressed in U.S. dollars unless otherwise noted

Note 4 - Fair value of financial instruments

The Trust Fund's share in the Pool is not traded in any market; however, the underlying assets within the Pool are reported at fair value. All investment decisions are made and performance is monitored at the Pool level. The disclosure on fair value measurement and fair value hierarchy is therefore at the Pool level. The fair value amount of the Trust Fund's share of the cash and investments in the Pool at the end of each reporting period is also disclosed.

Fair value measurements

IBRD, on behalf of the World Bank Group, has an established and documented process for determining fair values. Fair value is based upon quoted market prices for the same or similar securities, where available. Financial instruments for which quoted market prices are not readily available are valued based on discounted cash flow models. These models primarily use market-based or independently-sourced market parameters such as yield curves, interest rates, volatilities, foreign exchange rates and credit curves, and may incorporate unobservable inputs. Selection of these inputs involves judgment. The Pool may include financial instruments such as government and agency obligations, time deposits, money market securities, asset-backed securities, equity securities, securities purchased under resale agreements and securities sold under repurchase agreements, and derivatives.

The techniques applied in determining the fair values of financial instruments are summarized below.

Government and agency obligations, asset-backed securities and equity securities

Where available, quoted market prices are used to determine the fair value of government and agency obligations, asset-backed securities and exchange-traded equity securities. For securities for which quoted market prices are not readily available, fair values are determined using model-based valuation techniques, either internally-generated or vendor-supplied, that include discounted cash flow method using market observable inputs such as yield curves, credit spreads, prepayment speeds, foreign exchange rates, and funding spreads.

Time deposits and money market securities

Unless quoted prices are available, time deposits and money market securities are reported at face value, which approximates fair value.

NOTES TO THE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

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Securities purchased under resale agreements and securities sold under repurchase agreements

Securities purchased under resale agreements and securities sold under repurchase agreements are reported at face value, which approximates fair value.

Derivative contracts

Derivative contracts include currency forward contracts, currency swaps, interest rate swaps, and contracts to purchase or sell TBA securities. Derivatives are valued using model based valuation techniques which include discounted cash flow method with market observable inputs such as yield curves, foreign exchange rates, basis spreads and funding spreads.

Fair value hierarchy

Financial instruments representing the pooled investments for all the trust funds administered by the World Bank Group are recorded at fair value and are categorized based on the inputs to the valuation techniques as follows (in order of priority placed on the inputs):

- Level 1: Financial instruments whose values are based on unadjusted quoted prices for identical instruments in active markets.
- Level 2: Financial instruments whose values are based on quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; or pricing models for which all significant inputs are observable, either directly or indirectly for substantially the full term of the instrument.
- Level 3: Financial instruments whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

When the inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest priority level input that is significant to the fair value measurement of the instrument in its entirety. Thus, a Level 3 fair value measurement of the instrument may include inputs that are observable (Level 2) and unobservable (Level 3).

NOTES TO THE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

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The following tables present the Pool's fair value hierarchy for financial instruments measured at fair value on a recurring basis as of December 31, 2014 and 2013. Payables and receivables associated with the investment activities and cash are not included in the fair value hierarchy tables and their carrying amounts approximate their fair values.

In millions of U.S. dollars

	Fair Value Measurement as of December 31, 2014			Total
	Level 1	Level 2	Level 3	
Government and agency obligations	\$ 5,113	\$ 9,247	\$ -	\$ 14,360
Time deposits and money market securities	16	6,882	-	6,898
Asset-backed securities	-	4,052	-	4,052
Derivatives, net	(7)	437	-	430
Securities purchased under resale agreements and securities sold under repurchase agreements, net	-	114	-	114
Equity securities	101	-	-	101
Total of financial instruments in the Pool at fair value	\$ 5,223	\$ 20,732	\$ -	\$ 25,955

In millions of U.S. dollars

	Fair Value Measurement as of December 31, 2013			Total
	Level 1	Level 2	Level 3	
Government and agency obligations	\$ 4,757	\$ 10,631	\$ -	\$ 15,388
Time deposits and money market securities	738	6,905	-	7,643
Asset-backed securities	-	2,922	-	2,922
Securities purchased under resale agreements and securities sold under repurchase agreements, net	-	1,732	-	1,732
Derivatives, net	-	(219)	-	(219)
Total of financial instruments in the Pool at fair value	\$ 5,495	\$ 21,971	\$ -	\$ 27,466

The Trust Fund's share of the Pool's financial instruments may comprise varying proportions among the three levels.

During the fiscal years ended December 31, 2014 and 2013, there were no significant transfers between levels. Therefore, no further disclosures are included.

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IBRD, on behalf of the World Bank Group, in managing the Pool, may require collateral in the form of cash or other approved liquid securities from individual counterparties in connection with resale agreements as well as derivatives. This collateral serves to mitigate IBRD's exposure to credit risk. The risk is also mitigated through the application of eligibility criteria and volume limits for transactions with individual counterparties and through the use of mark-to-market collateral arrangements for derivatives.

Under resale agreements, IBRD, on behalf of the World Bank Group, in managing the Pool, has received securities as collateral with a fair value of \$604 million and \$2,069 million as of December 31, 2014 and 2013, respectively and is permitted to sell or repledge these securities. No securities have been sold or repledged as of December 31, 2014. As of December 31, 2014 and 2013, the carrying amount of securities pledged as collateral under repurchase agreements was \$492 million and \$332 million, respectively.

The following is a summary of the collateral received by IBRD, on behalf of the World Bank Group, in relation to derivatives as of December 31, 2014 and 2013:

	In millions of U.S. dollars	
	<u>As of December 31, 2014</u>	<u>As of December 31, 2013</u>
Collateral received at fair value	\$252	\$1.4
Collateral permitted to be repledged	252	1.4
Amount of collateral repledged	-	-
Collateral paid at carrying value	-	-

Trust Fund's share of cash and investments in the Pool

The Trust Fund's share of the cash and investments in the Pool, which was allocated to a sub-portfolio based on the specific investment horizons, risk tolerances and other eligibility requirements pursuant to the agreements, had a fair value of \$4,341 million and \$4,359 million as of December 31, 2014 and 2013, respectively. The Trust Fund reports its share in the shared pool of investments as one class of financial assets and can be withdrawn upon demand.

NOTES TO THE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

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All amounts expressed in U.S. dollars unless otherwise noted

The Trust Fund's share of the cash and investments in the Pool by funding source is as follows:

<i>Funding source</i>	<i>As of December 31, 2014</i>	<i>As of December 31, 2013</i>
Core project contributions	\$4,263,596,896	\$ 4,247,618,145
Affordable Medicine Facility for Malaria (AMFm)	77,496,056	111,276,610
Total share of cash and investments in the Pool	\$ 4,341,092,952	\$ 4,358,894,755

In accordance with the Agreement and/or the instructions from the Global Fund, the Trustee maintains the Trust Fund's share of cash and investments in the Pool in U.S. dollars and euros. The Trust Fund's Share of the cash and investments in the Pool held in euros is €101,793,920 or expressed in U.S. dollars equivalent is \$123,735,599 as of December 31, 2014.

The investment income, net, by funding source is as follows:

<i>Funding source</i>	<i>For the year ended December 31, 2014</i>	<i>For the year ended December 31, 2013</i>
Core project contributions	\$39,815,805	\$4,917,147
Affordable Medicine Facility for Malaria (AMFm)	880,659	(124,367)
Total investment income, net	\$ 40,696,464	\$ 4,792,780

According to the contribution agreements between the Donors to AMFm and the Trustee, contributions and investment income earned on the contributions to the AMFm are restricted to the use of AMFm activities.

Risks Arising from Financial Instruments

The Trust Fund's assets consist of its share of cash and investments in the Pool. The Pool is actively managed and invested in accordance with the investment strategy established for all trust funds administered by the World Bank Group. The objectives of the investment strategy are foremost to maintain adequate liquidity to meet foreseeable cash flow needs and preserve capital and then to maximize investment returns.

The Pool is exposed to market, credit and liquidity risks. There has been no significant change during the financial year to the class of financial risks faced by the Trust Fund or the Trustee's approach to the management of those risks. The exposure and the risk management policies employed by the Trustee to manage these risks are discussed below:

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Market risk – The risk that the value of a financial instrument will fluctuate as a result of changes in market prices, currency rates or changes in interest rates. The Trust Fund is exposed to market risk, primarily related to foreign exchange rates and interest rates. The Trustee actively manages the Pool so as to minimize the probability of incurring negative returns over the applicable investment horizon.

- i. Interest Rate Risk* – The Trustee uses a value at risk (VAR) computation to estimate the potential loss in the fair value of the Pool’s financial instruments with respect to unfavorable movements in interest rate and credit spreads. The VAR is measured using a parametric/analytical approach. It assumes that the movements in the market risk factors are normally distributed. In constructing the covariance matrix of market risk factors, a time decay factor is applied to weekly market data for the past three years with an exponential decay factor of 0.97. The covariance-variance matrix also includes the equity factor, where equity factor volatility is based on equity index returns. This approach takes into account three years’ historical market observations, while giving more weight to recent market volatility. To calculate the contribution of equities to the total volatility, the Market Value of the equity portfolio is used as the exposure.

These inter-relationships are determined by observing interest rate and credit spreads over a three year period of weekly historical data for the calculation of VAR amount. The VAR of the Trust Fund’s share of the portfolio over a twelve month horizon, at a 95% confidence level at December 31, 2014 is estimated to be \$31 million (2013: \$32 million). The computation does not purport to represent actual losses in fair value of the Trust Fund’s share in the Pool. The Trustee cannot predict actual future movements in such market rates and does not claim that these VAR results are indicative of future movements in such market rates or to be representative of the actual impact that future changes in market rates may have on the Trust Fund’s future results or financial position.

- ii. Currency risk* – The risk that the value of a financial instrument will fluctuate because of changes in currency exchange rates when there is a mismatch between assets and liabilities denominated in any one currency. The Trust Fund’s currency risk arises from the portion of share of cash and investments in the Pool when they are denominated in currency other than in U.S. dollars. In accordance with the Agreement and/or the instructions from the Global Fund, the Trustee maintains the Trust Fund’s share of cash and investments in the Pool in U.S. dollars and euros. Cash contributions received are converted into U.S. dollars on receipt, except when the Global Fund instructs the Trustee to hold selected cash contributions received in euros.

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The following table details the sensitivity of the share of cash and investments in the Pool to a strengthening or weakening of the euro in which the Trust Fund holds its portion of share of cash and investments in the Pool. The percentage movement applied is based on the average movements in the previous three annual reporting periods. The average movement in the current period is based on beginning and ending exchange rates in each period.

<u>Currency</u>	<u>2014</u>		<u>2013</u>	
	<u>Change %</u>	<u>Amount \$ Million</u>	<u>Change %</u>	<u>Amount \$ Million</u>
Euro	6%	(+/-) 8	3%	(+/-) 31.4

Credit Risk – The risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Trustee does not hold any collateral or credit enhancements except for the repurchase agreements and resale agreements with counterparties.

The Trustee may require collateral in the form of cash or other approved liquid securities from individual counterparties in connection with resale agreements as well as derivatives. This collateral serves to mitigate the exposure to credit risk. The risk is also mitigated through the application of eligibility criteria and volume limits for transactions with individual counterparties and through the use of mark-to-market collateral arrangements for derivatives.

The Trustee identifies concentrations of credit risk based mainly on the extent to which the cash and investments in the Pool are held by an individual counterparty. The concentration of credit risk with respect to the Pool of cash and investments is limited because the Trustee has policies that limit the amount of credit exposure to any individual issuer.

The Trustee invests in liquid instruments such as time deposits and money market securities, government and agency obligations, and mortgage-backed securities and derivative contracts. The Trustee limits investments to those financial instruments with minimum credit ratings at the time of the purchase in the U.S. markets or equivalent as follows:

- Time deposits and money market securities: issued or guaranteed by financial institutions whose senior debt securities are rated at least A-

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- Government and agency obligations: issued or unconditionally guaranteed by government agencies rated at least AA- if denominated in a currency other than the home currency of the issuer, otherwise no rating is required. Obligations issued by an agency or instrumentality of a government, a multilateral organization or any other official entity require a minimum credit rating of AA-,
- Asset-backed securities: minimum rating must be AAA, and
- Derivatives: counterparties must have a minimum rating of A-.

The following tables present investment holdings in the sub-portfolio in terms of the counterparty credit risk exposure and investment categories as of December 31, 2014 and 2013.

<i>Counterparty credit ratings</i>	<i>As of December 31, 2014</i>	<i>As of December 31, 2013</i>
AA or greater	71%	62%
A- or greater	100%	98%
BBB+ or greater	100%	100%
Types of financial instruments		
Government and agency obligations	61%	43%
Time deposits and money market securities	21%	33%
Asset-backed securities	12%	15%
Equity securities	3%	-
Derivatives, net	2%	-
Securities purchased under resale agreements and securities sold under repurchase agreements, net	1%	9%
Total	100%	100%

Liquidity risk – The risk that an entity will encounter difficulty in raising liquid funds to meet its commitments. All the financial liabilities are payable on demand. The Trustee maintains a significant portion of the Pool in short-term money market deposits to meet disbursement requirements.

Note 5 - Restricted Funds

Contributions to AMFm and investment income earned on AMFm funds are restricted to the use of AMFm activities. From January 1, 2009 to December 31, 2014, investment income of \$7,393,612 was attributed to the AMFm funds. Trust fund's share of the cash and investments in the Pool restricted to the use of AMFm activities at December 31, 2014, totaled \$77,496,056.

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Note 6 - Subsequent Events

Management has evaluated subsequent events through March 27, 2015, the date these Statements were available to be issued and there are no subsequent events that would require adjustment to or disclosure in these Statements.