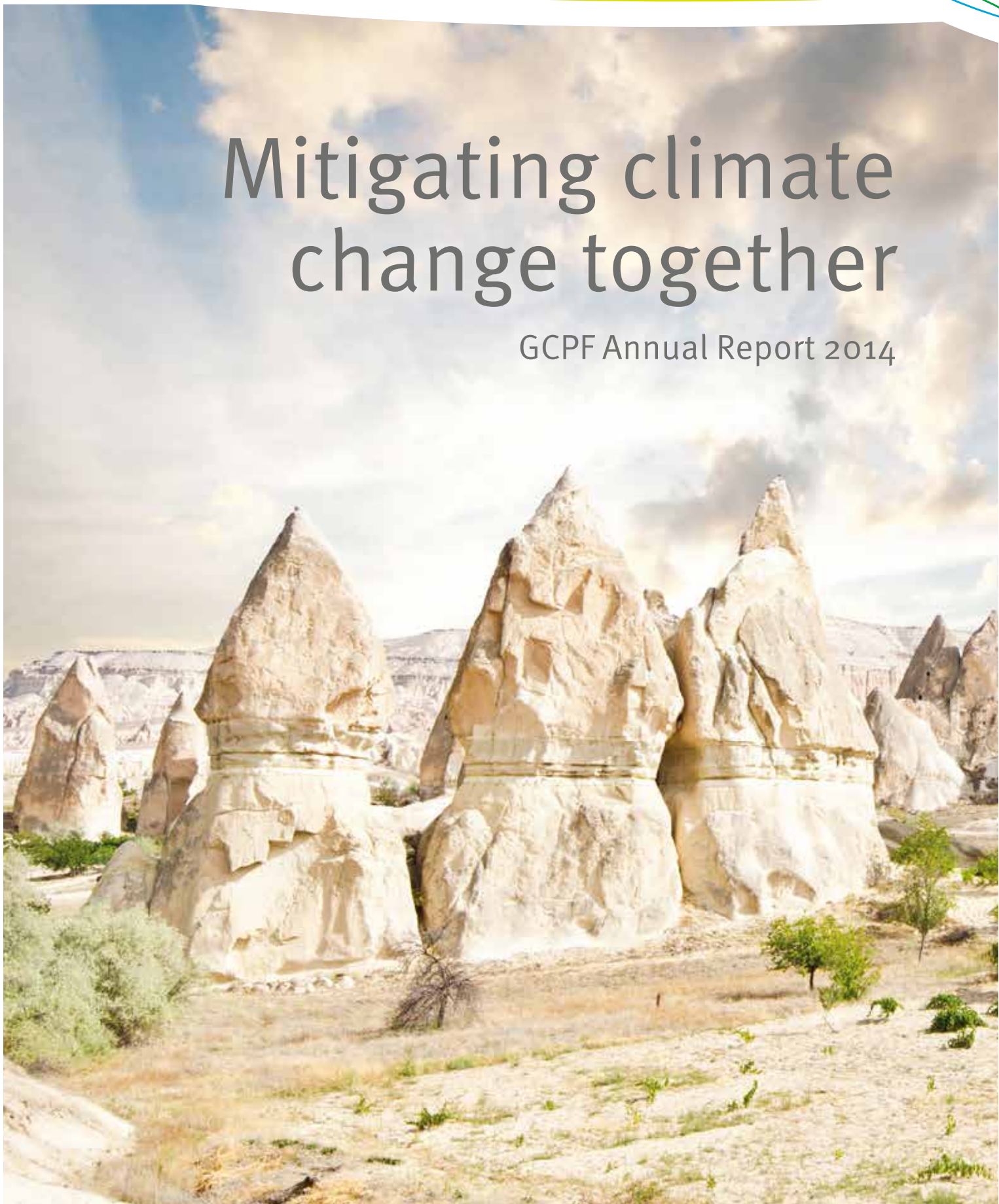




GLOBAL CLIMATE
PARTNERSHIP FUND

Mitigating climate change together

GCPF Annual Report 2014



Contents

Greetings	5
Letter from the Chairperson	6
Letter from the Investment Manager	7
Presentation of the Global Climate Partnership Fund	10
GCPF's Principles	10
GCPF's Setup	11
GCPF's Social and Environmental Management System	13
GCPF's Business Proposal	14
GCPF's Development since Inception	14
2014 Activities Report: Funding Situation	18
2014 Activities Report: Investments	22
Global Overview	22
Investment Portfolio	24
Profile of GCPF's Partner Institutions	26
2014 Activities Report: Impact	36
Energy and Greenhouse Gas Emissions Savings	36
Example Projects	38
2014 Activities Report: Technical Assistance	46
Financial Statements	50
Legal Notice Contact information Disclaimer	55

Greetings



Dear Reader,

Combatting climate change requires economic transformation, meaning significant investments to change business practices across the globe. In many emerging and developing countries, businesses and private households are constrained to using outdated and inefficient equipment. Although they have a strong energy savings potential, they lack access to the finance required for upgrading. At the same time, investments in renewable energy production have gained momentum, though this is still focused on the larger and most bankable projects. In countries where an active finance sector for green energy does not yet exist, innovative global financial initiatives can thus play a crucial role in enabling investment in climate-compatible development paths.

The Global Climate Partnership Fund (GCPF) has been set up to stimulate financial institutions in developing countries to provide funding for energy efficiency or renewable energy projects. In this way, the GCPF supports the development of local know-how in green energy lending and builds on local institutions' market knowledge. Furthermore, the Fund makes direct investments into projects that local financial institutions are not yet ready to finance, thus creating momentum.

Using public first loss contributions to leverage funding from development banks and the private sector, the GCPF is a true public-private partnership. The stake from the public sector is now sizeable, meaning that the Fund is an attractive product for investors seeking to enter climate change financing while benefiting from a measure of risk protection.

We are heading towards the UNFCCC conference in Paris in December 2015, where countries will gather to agree on a new comprehensive climate agreement to keep global warming below 2 degrees Celcius. The how of unlocking more public and private finance, especially to support developing and emerging countries in their transformation towards a low carbon development path, is an ever present question in this context. The GCPF is a remarkable instrument that shows how public and private capital can be intelligently combined to have a powerful impact, and as such can shape climate finance discussions going forward.

I am looking forward to building on the success of GCPF.

Barbara Hendricks

German Federal Ministry for the Environment,
Nature Conservation, Building and Nuclear Safety (BMUB)

Letter from the Chairperson



Dear Reader,

I am pleased to present you with the Annual Report for 2014.

The past year marked the 5th anniversary of GCPF's creation and has been characterized by a period of strong performance that has confirmed the viability of the Fund's set-up and strategy.

On the investment side, the portfolio grew by 31 % in committed capital, bringing the total to USD 298.8 m. The total disbursed investments to partner institutions rose by 20 %. Three new partner banks were added to the portfolio, including two in countries new to GCPF – Bangladesh and Honduras – further improving the portfolio's geographical diversification. Our partner financial institutions increased on-lending to eligible projects by 53 % in the past year, showing that finance is flowing to the intended recipients.

On the investor side, GCPF maintains a solid funding base from both private and public investors, with drawdowns of USD 70 m still available. The stability and risk cushion provided by public funding means that the fund is well positioned as an attractive offer for other investors.

Most importantly, GCPF is achieving the impact it was designed to create: the annual amount of CO₂ savings achieved by projects financed by GCPF increased to over 148,000 tonnes p. a., and total annual energy savings rose to over 425 GWh p. a.

In November 2014, responsAbility Investments AG started as the new Investment Manager of the Fund. My gratitude extends to Deutsche Bank as the exiting Fund Manager, which has been instrumental in the starting phase of the Fund, proving its viability and sustainability. I believe responsAbility will provide a continuation of the strong performance of the Fund, and bring it to the next level in terms of its outreach, growth and impact.

In a year when the effects of climate change have become more pronounced, the need for smart climate financing that reduces emissions in developing countries is accentuated again. In this context, I am proud that GCPF has once again delivered in channelling finance to where it has the most impact.

Monika Beck

Chairperson of the Board of Directors

Letter from the Investment Manager

responsAbility

Dear Reader,

responsAbility took over the investment management function of GCPF as of 1 November 2014. We are both pleased and motivated to bring the Fund to the next level in terms of its outreach and impact, and will strive to live up to the trust and expectations of the Fund's Board of Directors.

Since its creation in 2003, responsAbility has successfully established itself as one of the world's leading asset managers for investment solutions in development-related areas. We can draw on particularly strong experience in the funding of financial institutions, have ventured into the energy sector with several products over the past years, and have a strong track record in the mobilization of private investors for development investments. This experience brings us know-how and networks that we will use for the benefit of the Fund. At the same time, GCPF represents a strategically important Fund for our company, as it is located at the intersection of financial sector development and energy financing.

We have inherited a portfolio of investments that is overall healthy and scalable. Our key areas of focus for 2015, and certainly also beyond, will be the following:

- Increase the on-lending of GCPF's financing by financial institutions to eligible projects. Key in this regard will be to successfully employ the means of the Fund's Technical Assistance Facility to support the Fund's clients in strategy, marketing and product development, as well as to streamline the reporting system that is required to determine the eligibility of projects for GCPF financing.
- Expand the outreach of the Fund. Increasing the investment portfolio to make use of the remaining undrawn commitments of shareholders is an immediate priority, and the target of reaching a mark of USD 500 million in fund volume at the end of 2016 remains in place. At the same time, we will need to manage risks and protect the economics of the Fund, allowing it to satisfy investor expectations. While the focus on local financial institutions as green energy market enablers will continue, it is planned to increase the contribution of direct investments to the portfolio.
- Mobilize private investors for the further leverage of the Fund. As GCPF has been conceived as a public-private partnership, increasing participation from private investors is the next step. The track record of the Fund as well as the strong support shown by public shareholders will be of great help in this regard.

We very much look forward to the management of GCPF, and are convinced that it will continue to grow and achieve greater impact over the coming years.



Martin Heimes
Head of Financial Institutions
Debt Financing



Antoine Prédour
Team Head,
Global Climate Partnership Fund



Christian Speckhardt
Member of the
Management Board

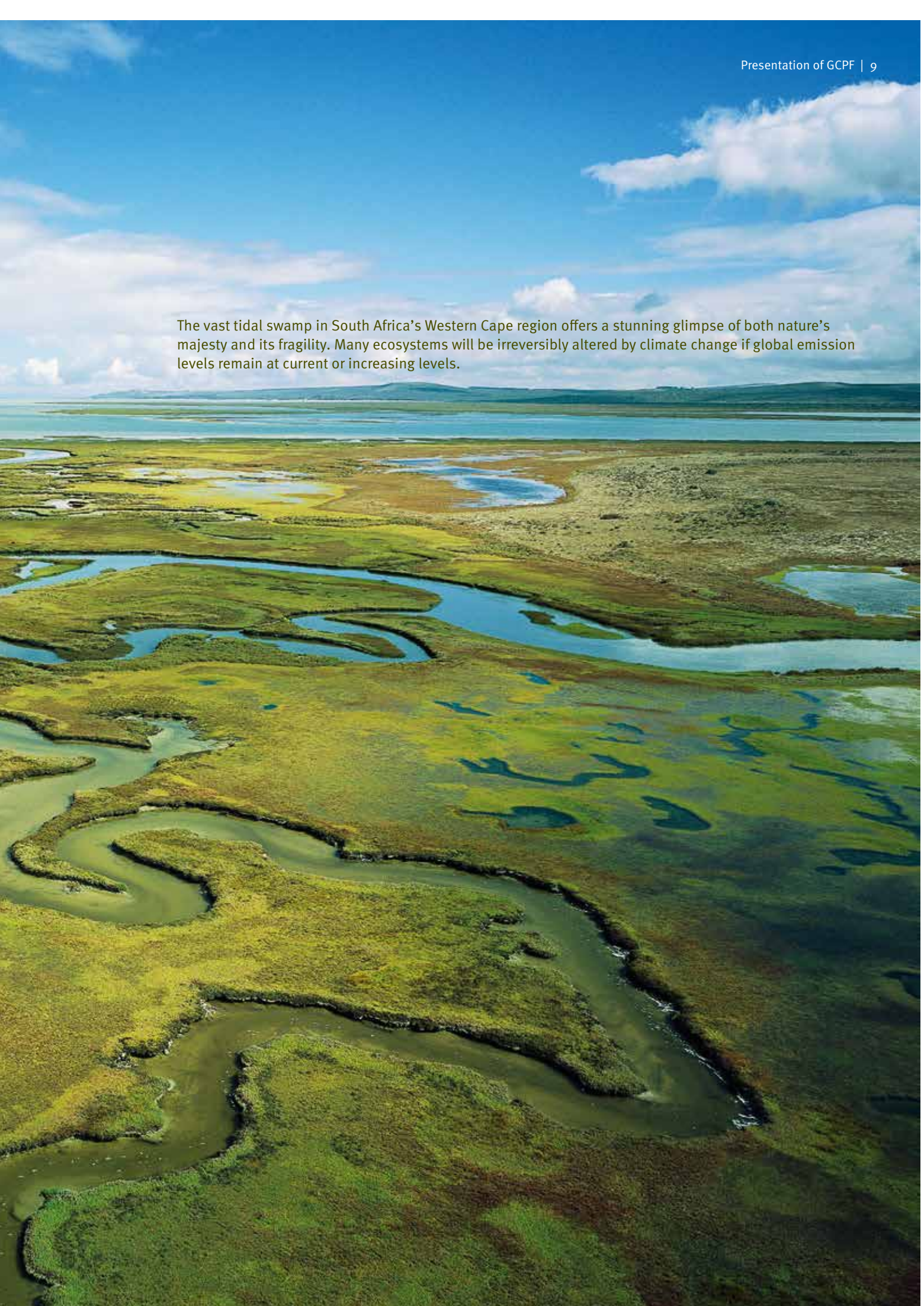


Utilizing the potential of solar power in South Africa

With 2,500 hours of sunshine per year, South Africa benefits from some of the highest solar insolation levels in the world. As a result, the country is the most attractive emerging country for solar energy, according to a report by IHS¹. In South Africa, GCPF is supporting Cronimet, a mining company, by financing the installation of a 1 MW photovoltaic off-grid power plant.

¹ IHS Press Release, 29 January 2014

The vast tidal swamp in South Africa's Western Cape region offers a stunning glimpse of both nature's majesty and its fragility. Many ecosystems will be irreversibly altered by climate change if global emission levels remain at current or increasing levels.



GCPF's Principles

Mission and objectives

The Global Climate Partnership Fund (GCPF) is an innovative public-private partnership dedicated to contributing to the mitigation of climate change through the reduction of greenhouse gas emissions. It focuses on financing energy efficiency and renewable energy projects for SMEs and private households in developing countries, primarily in cooperation with local financial institutions. The Fund may also finance projects directly.

Investments should contribute significantly towards energy savings and the reduction of greenhouse gas emissions. Therefore, the Fund has set a threshold for any energy efficiency project that it finances to reach at least a 20 % reduction in projected emissions. On the renewable energy (RE) side, the Fund targets small to medium sized projects that are beyond the reach of the traditional RE financing providers due to their small size and perceived lower bankability. GCPF attempts to maximize its impact by prioritizing countries with the most significant greenhouse gas emissions and the highest potential to increase efficiency.

Sustainability

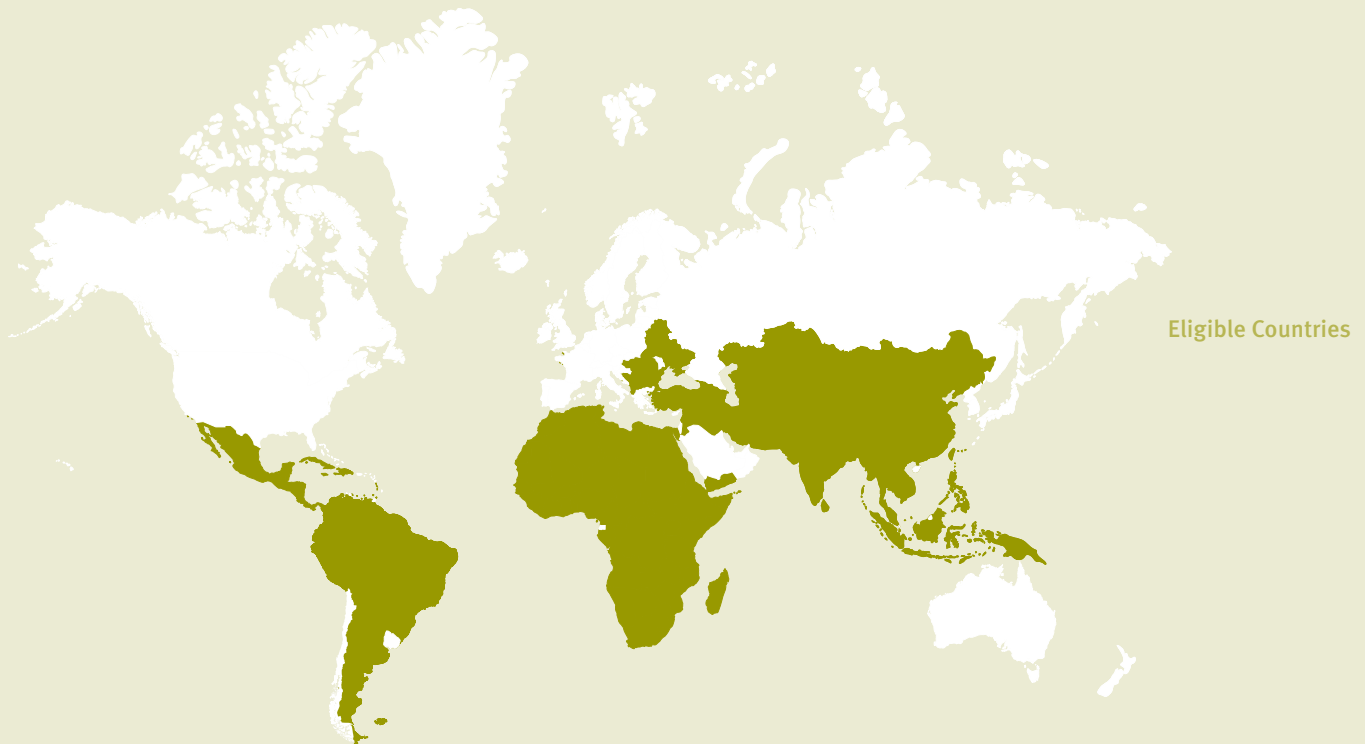
For GCPF, sustainability means uniting economic and ecological reasoning to create a lasting impact in both fields. GCPF takes the following measures to achieve sustainability:

- By financing economically sound investments, the Fund allows for a revolving use of its means – thereby increasing the reach of the fund.
- Through the introduction or enhancement of innovative climate change-oriented loan products by local banks, GCPF assists financial sectors to expand into the green energy financing space.
- By proving the economic sustainability of the Fund's set-up, and by reporting convincing impact achievements, GCPF is establishing itself as an attractive investment opportunity for both public and private investors.

Additionality

Additionality is the concept that the Fund creates 'additional' emissions reductions that would not have occurred without the Fund. Consequently, GCPF provides resources to areas which are currently lacking appropriate funding. GCPF does not address areas where the private sector can already satisfy the financing needs of sustainable energy investments, nor does it seek to compete with subsidized funding.

GCPF's Setup



Geographical Scope

Originally focused on thirteen target countries (Brazil, Chile, China, India, Indonesia, Mexico, Morocco, South Africa, the Philippines, Tunisia, Turkey, Ukraine and Vietnam), GCPF today invests into any emerging and developing country approved by the Board of Directors. Investments in countries highlighted on the map above are currently considered.

Governance Structure

The Fund's shareholders appoint the Board of Directors, which oversees the Fund's activities and is responsible for strategic decisions. The Board of Directors is the legal representative of the Fund. In compliance with GCPF's founding documents and applicable laws and regulations, it has the exclusive power to administer and manage the Fund.

GCPF's Setup



Investment Management

The Board of Directors appoints the Investment Committee which approves the investment decisions proposed by the Investment Manager and monitors the other activities of the Investment Manager.

The Investment Manager conducts the Fund's business on behalf of the Board of Directors and the Investment Committee, and manages the Technical Assistance Facility. Since November 2014, responsAbility Investments AG has assumed the Investment Manager role. responsAbility is one of the world's leading independent asset managers specializing in development-related sectors of emerging economies.

Technical Assistance Facility

The Technical Assistance Facility was launched in 2011 primarily to support the Fund's financial institution investees in successfully on-lending funds for GCPF-eligible purposes. A Technical Assistance Facility Committee represents the Facility's donors and the Investment Committee in order to ensure that the Fund's technical assistance directly supports the Fund's objectives and investment activities.

GCPF's Social and Environmental Management System

GCPF manages social and environmental risks in operations by aligning with the highest recognized standards. The Fund's Social and Environmental Management System (SEMS) outlines the specific performance requirements to which all projects directly or indirectly financed via the Fund must comply.

The SEMS details how compliance with environmental and social management requirements is assessed by the Fund throughout the pre-screening phase, the due diligence process and the subsequent monitoring over the course of the investment. In particular, investees must comply with a Social and Environmental Exclusion List, and adhere to locally-applicable social and environmental laws and the IFC Performance Standards. In the case of discrepancies between the observed status quo and the requirements, the SEMS outlines the corrective action measures to be taken. The SEMS also defines standards on social and environmental reporting to the Fund's stakeholders.

The SEMS reflects the following dimensions during the screening:

1. Human rights
2. Labour standards
3. Environment and impact on communities
4. Corruption

Delsus Limited performed an external review of the GCPF SEMS at the end of 2013, and confirmed that GCPF has a robust and well-designed SEMS in place, and that there are no material gaps in the scope or content of the SEMS as documented and practiced.

For an overview of the current social and environmental assessment of GCPF's partner institutions, please refer to the section "2014 Activities Report: Investments".

GCPF's Business Proposal

How to qualify for GCPF funding

Requirements for financial institutions

The Fund targets various types of financial institution, such as banks, leasing or microfinance institutions. These should:

- Present a business plan for financing green energy projects (renewable energy or energy efficiency)
- Have a social and environmental risk management system or be willing to implement one
- Require financing of between USD 5 m and USD 30 m for on-lending to green energy projects

Requirements for direct investments

The Fund directly finances renewable energy and energy efficiency projects. These should:

- Be able to demonstrate the technical feasibility of the project
- Require debt financing of between USD 5 m and USD 20 m
- Comply with relevant environmental and social standards
- Lack access to private local or international funding sources

Renewable energy projects

- Have signed major contracts or be close to signing them (e.g. PPA, EPC, O&M, land rights, permits & licenses)
- Classify as a Category B or C project according to the IFC Performance Standards

Energy efficiency projects

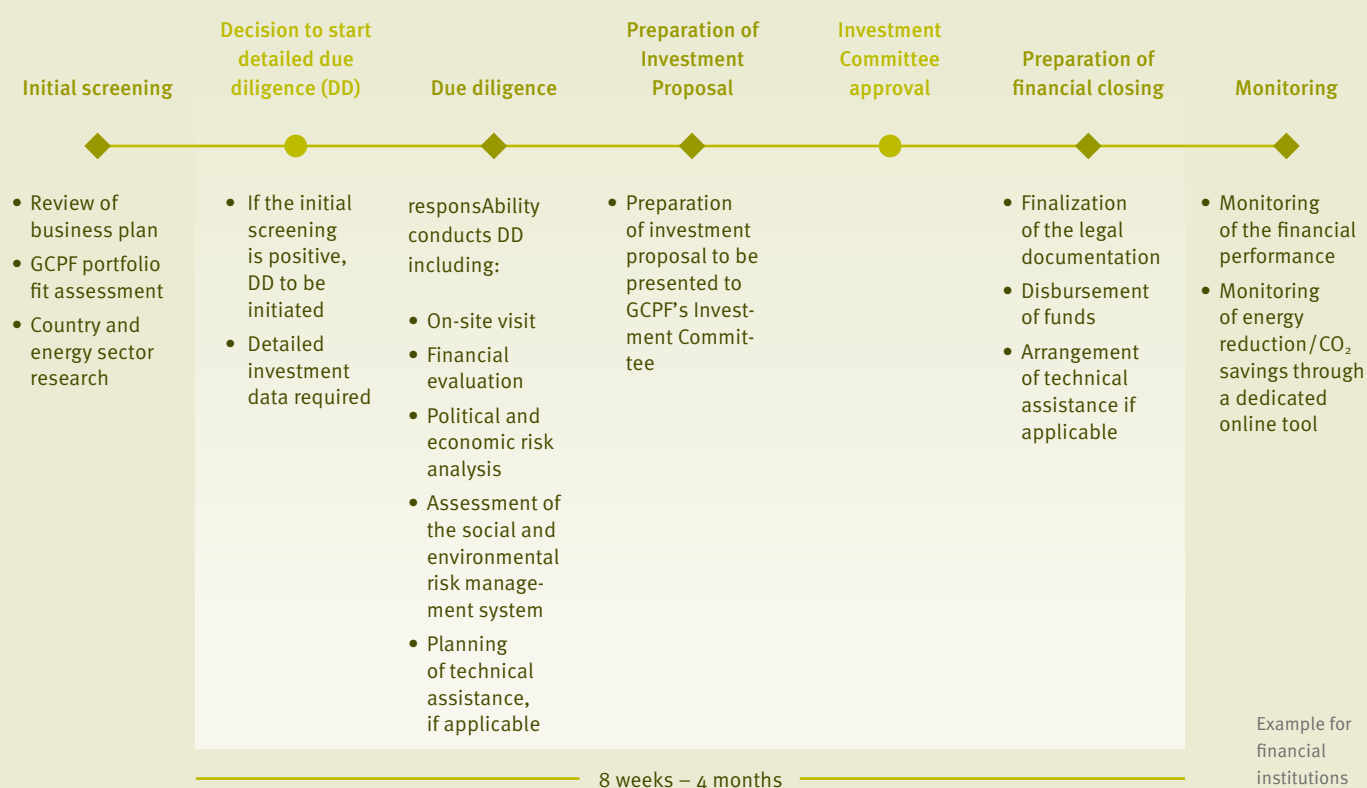
- Have signed major contracts or be close to signing them (e.g. EPC, O&M, permits & licenses)
- Provide a measurement and verification plan for energy efficiency measures

GCPF's Development since its inception

2009	2010	2011	2012		
DECEMBER	AUGUST	APRIL	OCTOBER	MARCH	DECEMBER
GCPF is created and initially capitalized with seed money from the German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety and KfW.	Deutsche Bank is appointed as Investment Manager	Şekerbank joins GCPF as its first partner institution	The first Technical Assistance Facility project on product development begins in Ecuador.	Ukreximbank and Banco ProCredit join GCPF as partner institutions	ÄrzteVersorgung Westfalen-Lippe invests in GCPF. XacBank joins GCPF as a partner institution. The first direct investment, the South African Cronimet PV plant, is completed.
		MAY	DECEMBER	SEPTEMBER	
		IFC and the Danish government join GCPF as investors	VietinBank and Banco Pichincha join GCPF as partner institutions	Banco Pine joins GCPF as a partner institution	



Investment process



2013

2014

SEPTEMBER

Pan Asia Bank joins GCPF as a partner institution

OCTOBER

BanPro joins as a partner institution

DECEMBER

DECC and OeEB invest into GCPF. Ratnakar Bank joins as a partner institution.

MARCH

Banco Atlantida becomes the first GCPF partner institution in Honduras

JULY

The City Bank becomes a partner institution in Bangladesh

SEPTEMBER

SREI Infrastructure Finance becomes the second GCPF partner institution in India

NOVEMBER

responsAbility Investments AG is appointed as Investment Manager

The Gobi Desert spreads across China and Mongolia and has grown in recent years. Climate change is a major contributor to land degradation in dry areas, known as desertification, which reduces land productivity and biodiversity. Desertification also aggravates climate change by reducing the ability of the land to remove carbon dioxide from the atmosphere and sequester it in soil.

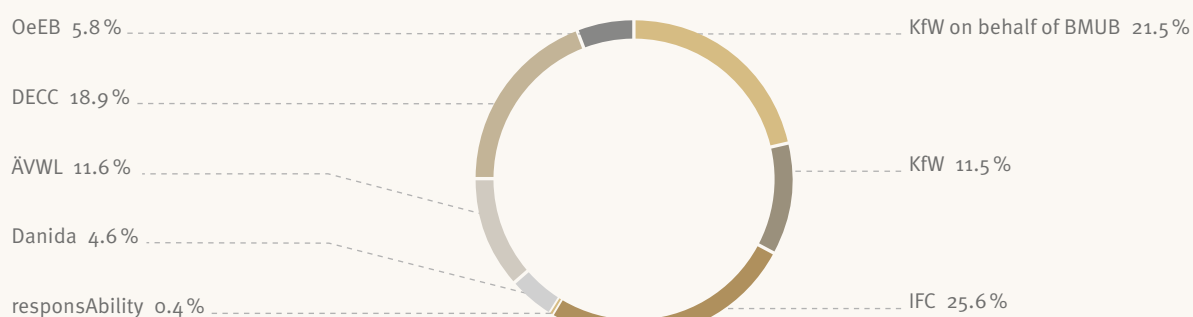


Mongolia's extreme climate requires energy-intensive heating solutions

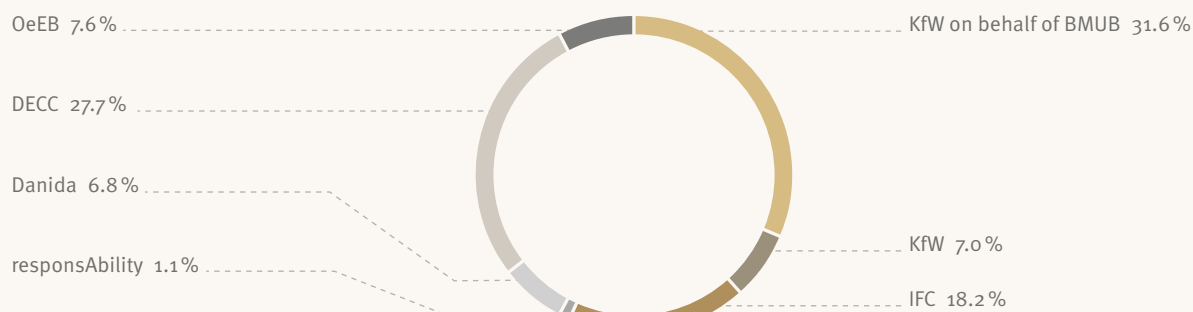
Mongolia's energy sector is almost entirely fossil fuel-based. Consumption has increased rapidly in recent years due to the economic boom, and at peak times Mongolia imports energy. One of Mongolia's climatic features is a long winter season with extremely cold temperatures, which means heating is essential. There is a massive potential to upgrade the widely-used and outdated boilers. These investments aim to increase the degree of energy security as well as to reduce energy costs and greenhouse gas emissions. In Mongolia, GCPF is funding XacBank, which offers energy efficiency financing in the housing sector.

Funding Situation

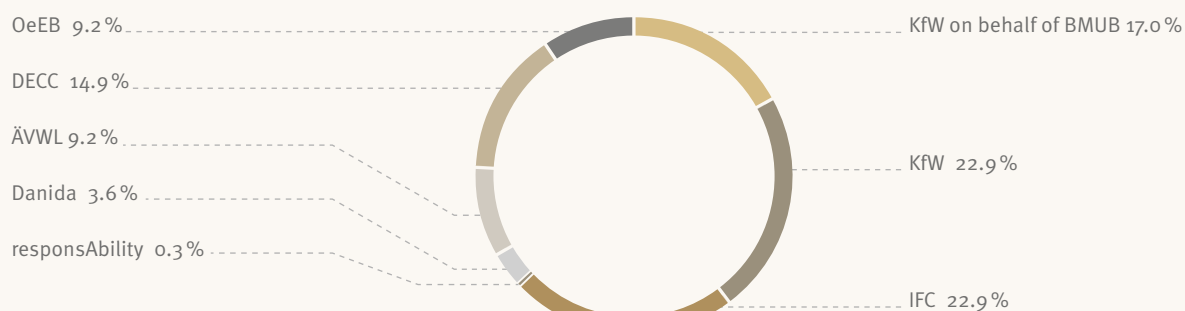
Shareholder structure based on invested capital



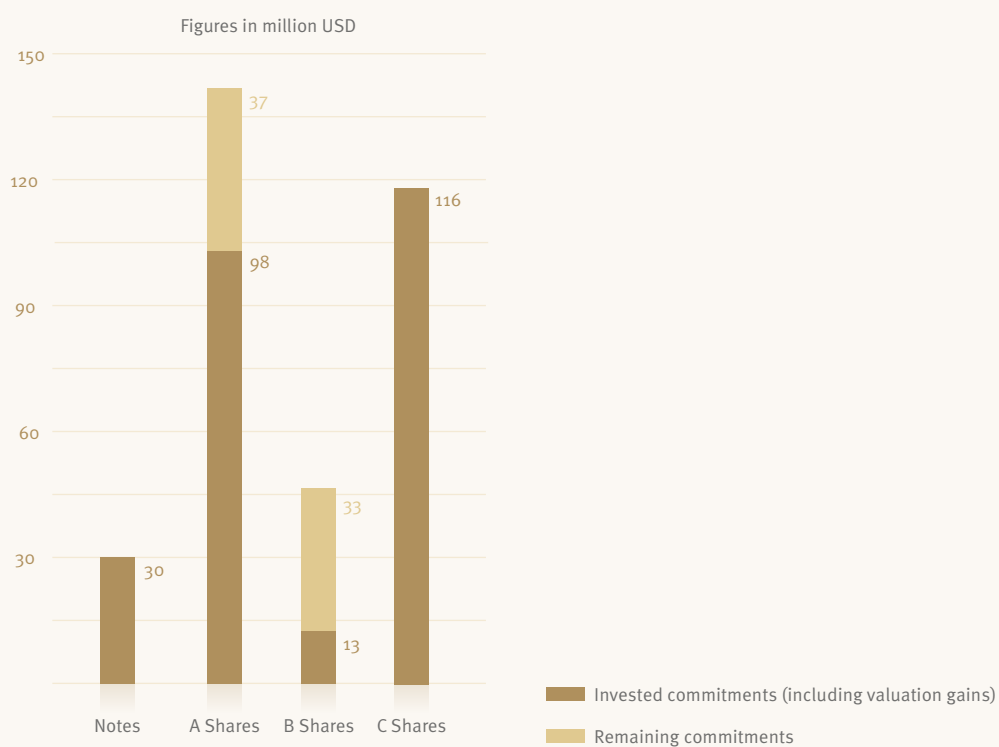
Shareholder structure based on voting rights



Split of commitments to GCPF



Split of commitments according to share class/notes




GCPF funds itself across three share classes: Class C Shares that represent the Fund's first-loss equity, Class B Shares that rank senior to the C Share portion, and Class A shares that rank senior to the other two share classes but junior to all other creditors of the Fund. All these share classes bear voting rights with different weights. While Class C Shares are essentially designed to correspond to the expectations of governments or donors, the other two share classes are of a more commercial nature and are currently held by development banks and the investment manager.

Established as a public-private partnership, the Fund leverages these share classes held by public entities with private funding, notably through the issuing of notes. The first private investment in the Fund was made in 2012 when a USD 30 m notes' issue was acquired by a German pension fund (Ärzteversorgung Westfalen-Lippe). Based on the amount of share funding available, the Fund is able to grow well beyond USD 500 m in size. Going forwards, the Fund is thus in a good position to leverage itself further with private investor funding.

Climate change is impacting agricultural yields in India

Climate change is making India's monsoon season highly unpredictable. As more than 60% of crops are rain-fed, crop yields are highly vulnerable to climate-induced changes in precipitation patterns and extreme heat. This is affecting the availability of food for millions of people. In India, GCPF supports Ratnakar Bank, which provides loans for drip irrigation to smallholder farmers.

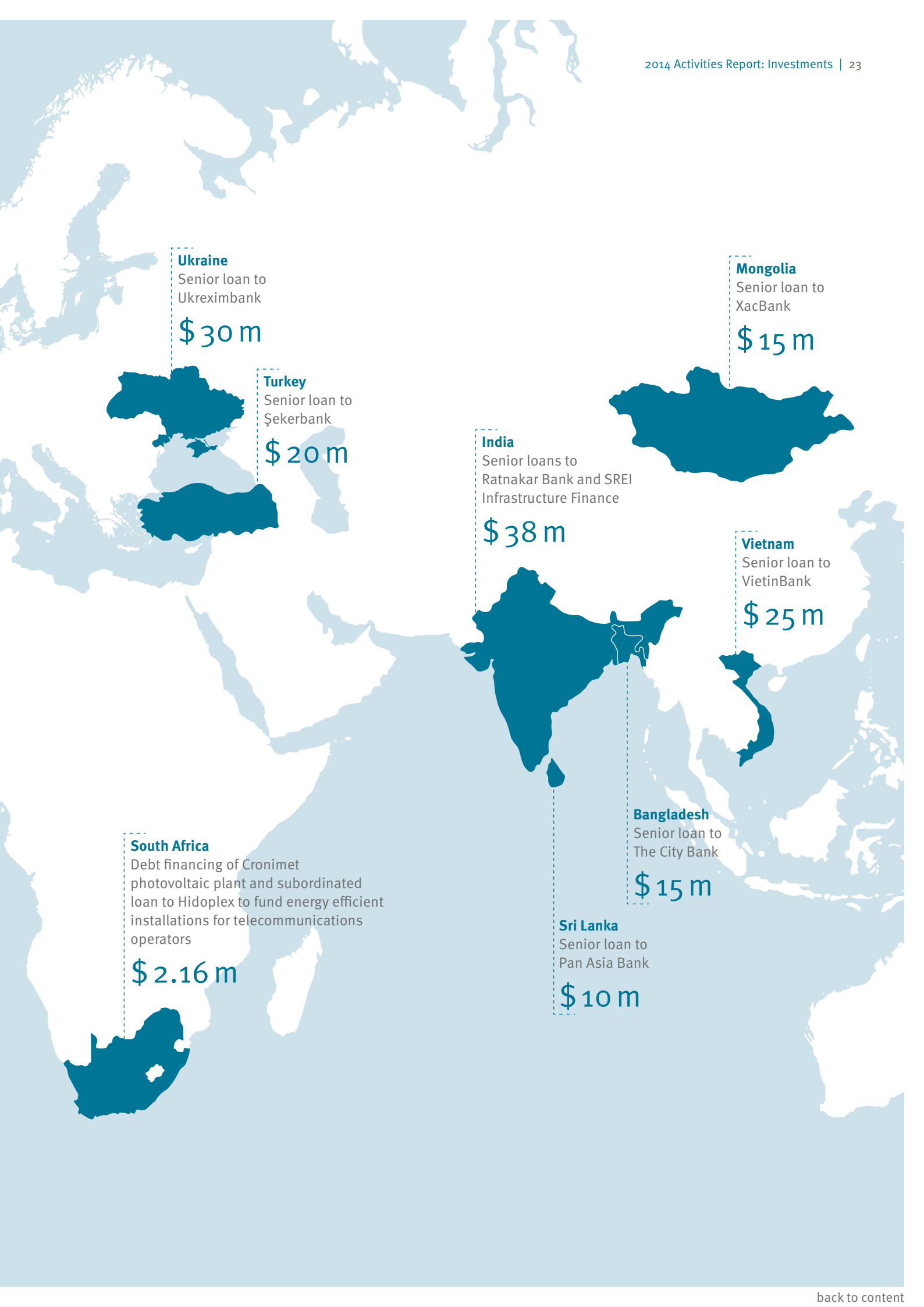
An aerial photograph of the Himalayas, showing a vast range of rugged, snow-capped mountain peaks and deep valleys. The terrain is a mix of brownish-grey rock and white snow, with some patches of green vegetation in the lower valleys. The sky is a clear, deep blue with a few wispy clouds near the horizon.

Millions of years ago, the Himalayas were at the origin of the weather processes that created the Monsoon winds and their life-giving rains. Today, human activity is causing regional climate shifts that are altering rain patterns – and impacting food, water and energy security for hundreds of millions of people.

2014 Activities Report: Investments

Throughout the year 2014, GCPF disbursed a total of USD 43 m to three new partner institutions. In addition, the Fund still has USD 69 m committed to partner institutions that has not yet been drawn down.





Ukraine

Senior loan to
Ukreximbank

\$30 m

Turkey

Senior loan to
Şekerbank

\$20 m

Mongolia

Senior loan to
XacBank

\$15 m

India

Senior loans to
Ratnakar Bank and SREI
Infrastructure Finance

\$38 m

Vietnam

Senior loan to
VietinBank

\$25 m

Bangladesh

Senior loan to
The City Bank

\$15 m

South Africa

Debt financing of Cronimet
photovoltaic plant and subordinated
loan to Hidoplex to fund energy efficient
installations for telecommunications
operators

\$2.16 m

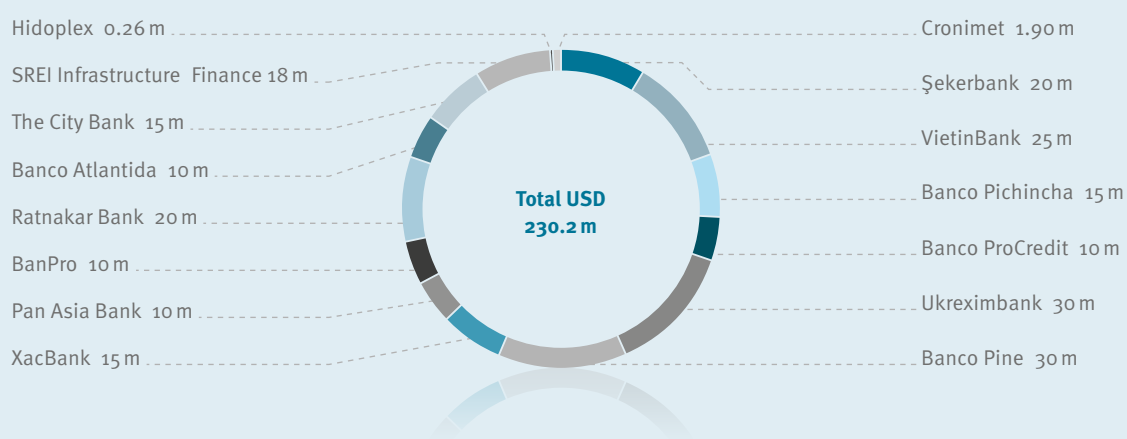
Sri Lanka

Senior loan to
Pan Asia Bank

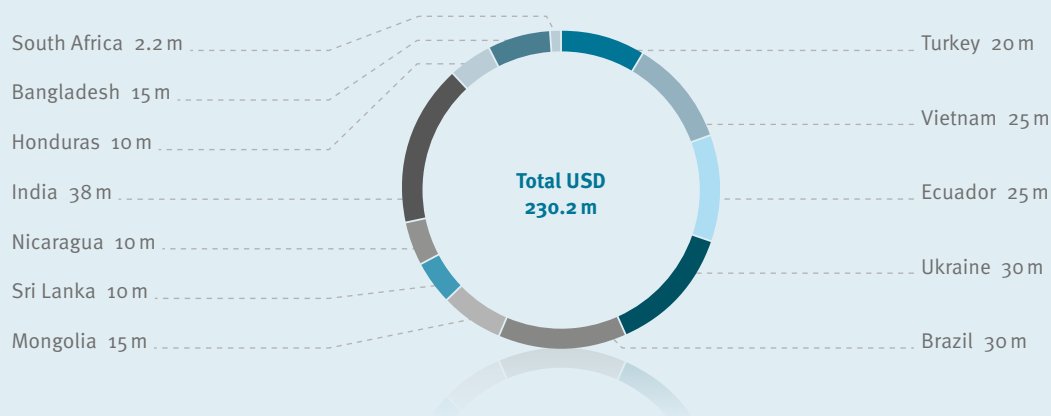
\$10 m

Investment Portfolio

Disbursed Investments to Partner Institutions (USD)

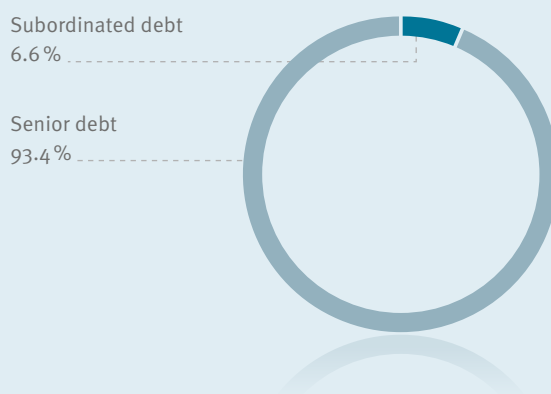
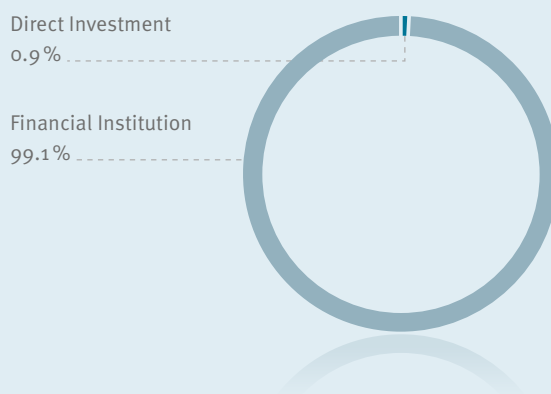


Disbursed Investments by Country (USD)



GCPF disbursed USD 37.8 m to partner institutions in 2014, bringing the total investment portfolio to USD 230.2 m by year's end. Going beyond the portfolio of currently outstanding disbursements, GCPF has committed a total of USD 298.8 m to partner institutions, meaning that a further USD 68.7 m can be drawn down by such institutions. During 2014, committed capital increased by USD 75 m.

The investment portfolio was further diversified geographically and is now present in 12 countries over four continents. All of the new additions were senior loans to local banks.

Disbursed Investments by Currency**Disbursed Investments by Financial Instrument****Disbursed Investments by type of Partner Institution**

The Fund's portfolio consists entirely of USD exposures and bears no direct currency risks. The share of financial institutions grew, now representing 99.1% of the total portfolio. A growing share of direct investments is targeted going forward and will further improve the risk diversification of the overall portfolio.

Honduras



KEY FIGURES

Banco Atlantida		Honduras	
Total assets (USD)	2,702,199,613	Population (m) ²	8.10
Equity/total assets	8.9%	GDP at PPP per capita (USD) ³	4,713
Net income/total equity	7.9%	GDP growth 2014 (constant prices, local currency) ³	3.0%
Net income/total assets	0.7%	Total CO ₂ emissions (thousand metric tons) ⁴	8,108
Commitments to GCPF-eligible projects since inception (USD) ¹	8,974,000	CO ₂ emissions per capita (metric tons) ⁴	1.07

Source: Banco Atlantida, except ¹ – GCPF reporting

Sources:

- 1) GCPF reporting
- 2) World Bank, 2013
- 3) International Monetary Fund, World Economic Outlook Database, October 2014
- 4) Carbon Dioxide Information Analysis Center data on UN Millennium Development Goals, 2010

Banco Atlantida is a commercial bank founded in 1913. While the Bank has traditionally focused on the corporate sector, it also has the most extensive retail network throughout Honduras, with 184 branches and 650 agents. The bank is part of the Atlantida Financial Group, which offers other financial services such as insurance, pension funds, leasing, and bonded warehouses. With GCPF funding, Banco Atlantida finances small-sized hydro power-plants.

SOCIAL AND ENVIRONMENTAL MANAGEMENT SYSTEM

Compliance with GCPF's social and environmental exclusion list	Confirmed by bank as of December 31, 2014
Maintenance of a social and environmental management system	Confirmed by bank as of December 31, 2014
Major issues identified in 2014	None
Social and environmental rating	Category C

Ecuador



KEY FIGURES

Banco Pichincha		Ecuador	
Total assets (USD)	9,883,580,000	Population (m) ²	15.74
Equity/total assets	8.6%	GDP at PPP per capita (USD) ³	11,352
Net income/total equity	10.1%	GDP growth 2014 (constant prices, local currency) ³	4.0%
Net income/total assets	0.9%	Total CO ₂ emissions (thousand metric tons) ⁴	32,636
Disbursements to GCPF-eligible projects since inception (USD) ¹	38,632,953	CO ₂ emissions per capita (metric tons) ⁴	2.26

Source: Banco Pichincha, except ¹ – GCPF reporting

Banco Pichincha is Ecuador's largest private bank, with a market share of over 30%. The bank has over 3 million customers through a network of over 300 branches, and offers services to corporate, consumer and mortgage, SME and microcredit clients. The bank is the head of Grupo Financiero Pichincha, the largest financial group in Ecuador. The group operates in Peru, Colombia, the United States and Spain. With GCPF funding Banco Pichincha mainly finances consumer loans for the replacement of inefficient household appliances, such as old refrigerators and washing machines.

SOCIAL AND ENVIRONMENTAL MANAGEMENT SYSTEM

Compliance with GCPF's social and environmental exclusion list	Confirmed by bank as of December 31, 2014
Maintenance of a social and environmental management system	Confirmed by bank as of December 31, 2014
Major issues identified in 2014	None
Social and environmental rating	Category B

Brazil



KEY FIGURES

Banco Pine		Brazil	
Total assets (USD)	3,897,616,383	Population (m) ²	200.36
Equity/total assets	12.2 %	GDP at PPP per capita (USD) ³	15,153
Net income/total equity	7.4 %	GDP growth 2014 (constant prices, local currency) ³	0.3 %
Net income/total assets	0.9 %	Total CO ₂ emissions (thousand metric tons) ⁴	419,754
Disbursements to GCPF-eligible projects since inception (USD) ¹	8,100,000	CO ₂ emissions per capita (metric tons) ⁴	2.15

Source: Banco Pine's Annual Report 2014, except ¹ – GCPF reporting

Founded in 1997, Banco Pine is a wholesale commercial bank that operates 11 branches in Brazil, one branch in the Cayman Islands and a US subsidiary in New York. The bank principally serves corporate clients and investors with credit platforms, an investment banking unit and FICC (Fixed Income, Commodities and Currencies). The bank has been listed on Sao Paulo's stock exchange since 2007. With GCPF funding, Banco Pine has financed the replacement of outdated industrial machinery.

SOCIAL AND ENVIRONMENTAL MANAGEMENT SYSTEM

Compliance with GCPF's social and environmental exclusion list	Confirmed by bank as of December 31, 2014
Maintenance of a social and environmental management system	Confirmed by bank as of December 31, 2014
Major issues identified in 2014	None
Social and environmental rating	Category B

Ecuador



KEY FIGURES

Banco ProCredit		Ecuador	
Total assets (USD) ¹	425,959,286	Population (m) ²	15.74
Equity/total assets ¹	13.2 %	GDP at PPP per capita (USD) ³	11,352
Net income/total equity ¹	13.2 %	GDP growth 2014 (constant prices, local currency) ³	4.0 %
Net income/total assets ¹	1.6 %	Total CO ₂ emissions (thousand metric tons) ⁴	32,636
Disbursements to GCPF-eligible projects since inception (USD)	5,380,430	CO ₂ emissions per capita (metric tons) ⁴	2.26

Source: Banco ProCredit's Annual Report 2014, except ¹ – GCPF reporting

Launched in 2001, Banco ProCredit belongs to ProCredit Holding, a German group of 22 banks that promotes access to financial services in developing countries. It is a development-oriented full service bank, focused on providing loans to SMEs and micro businesses. As of 2013, Banco ProCredit had almost 100,000 depositors and nearly 38,000 borrowers through a nationwide network of branches. With GCPF funding Banco ProCredit mainly finances SME loans, focusing on the agriculture and transport sectors.

SOCIAL AND ENVIRONMENTAL MANAGEMENT SYSTEM

Compliance with GCPF's social and environmental exclusion list	Confirmed by bank as of December 31, 2014
Maintenance of a social and environmental management system	Confirmed by bank as of December 31, 2014
Major issues identified in 2014	None
Social and environmental rating	Category C

Nicaragua



KEY FIGURES

BanPro		Nicaragua	
Total assets (USD)	1,640,560,716	Population (m) ²	6.08
Equity/total assets	9.2 %	GDP at PPP per capita (USD) ³	4,797
Net income/total equity	21.6 %	GDP growth 2014 (constant prices, local currency) ³	4.0 %
Net income/total assets	2.0 %	Total CO ₂ emissions (thousand metric tons) ⁴	4,547
Disbursements to GCPF-eligible projects since inception (USD) ¹	5,551,688	CO ₂ emissions per capita (metric tons) ⁴	0.79

Source: BanPro's Annual Report 2013, except ¹ – GCPF reporting

Sources:

- 1) GCPF reporting
- 2) World Bank, 2013
- 3) International Monetary Fund, World Economic Outlook Database, October 2014
- 4) Carbon Dioxide Information Analysis Center data on UN Millennium Development Goals, 2010

Banpro is a universal commercial bank and a subsidiary of Central American group Promerica Financial Corporation. The bank has 70 branches across Nicaragua. Banpro serves retail and corporate clients with a variety of services ranging from retail banking to credit card and mortgage businesses, trade finance services, currency hedging and traditional lending products. With GCPF funding BanPro finances several sectors, including PV installations, energy efficient vehicles and agricultural machinery.

SOCIAL AND ENVIRONMENTAL MANAGEMENT SYSTEM

Compliance with GCPF's social and environmental exclusion list	Confirmed by bank as of December 31, 2014
Maintenance of a social and environmental management system	Confirmed by bank as of December 31, 2014
Major issues identified in 2014	None
Social and environmental rating	Category B

Bangladesh



KEY FIGURES

The City Bank		Bangladesh	
Total assets (USD)	1,896,740,000	Population (m) ²	156.59
Equity/total assets	13.3 %	GDP at PPP per capita (USD) ³	3,386
Net income/total equity	4.99 %	GDP growth 2014 (constant prices, local currency) ³	6.2 %
Net income/total assets	0.7 %	Total CO ₂ emissions (thousand metric tons) ⁴	56,153
Disbursements to GCPF-eligible projects since inception (USD) ¹	NA – became partner institution in H2 2014	CO ₂ emissions per capita (metric tons) ⁴	0.38

Source: The City Bank, except ¹ – GCPF reporting

The City Bank Limited (CBL) was incorporated and licensed as a bank in 1983 as one of the first private sector banks in Bangladesh. Corporate banking comprises over half of the portfolio. Other significant portfolio segments include retail banking and SME banking. The bank currently has a total of 112 branches. CBL received Best Bank in Bangladesh awards from both Finance Asia and Euromoney in 2014. With GCPF funding, City Bank aims to finance energy efficiency projects in the textile sector.

SOCIAL AND ENVIRONMENTAL MANAGEMENT SYSTEM

Compliance with GCPF's social and environmental exclusion list	Confirmed by bank as of December 31, 2014
Maintenance of a social and environmental management system	Confirmed by bank as of December 31, 2014
Major issues identified in 2014	None
Social and environmental rating	Category C

South Africa



KEY FIGURES

Photovoltaic Project		South Africa	
Project size	1 MW	Population (m)	52.98
Potential annual energy production (MWh /p. a.) ¹	1,742	GDP at PPP per capita (USD)	12,721
Potential cumulative energy production since beginning of operations (MWh)	3,556	GDP growth 2014 (constant prices, local currency)	1.4 %
Cumulative CO ₂ emissions potentially avoided (t)	3,058	Total CO ₂ emissions (thousand metric tons)	460,124
		CO ₂ emissions per capita (metric tons)	9.18

¹ Potential energy production is the amount of renewable energy that would have been produced by the plant, if the host mine had consumed the entire output of the plant

In 2012, the Fund financed a 1 MW photovoltaic power plant in South Africa – the Fund's first direct investment in a renewable energy production facility. The photovoltaic installation was initiated by CRONIMET Mining Power Solutions GmbH, an Independent Power Producer and member of the German CRONIMET Mining Group. The installation became operational in December 2012 and delivers electrical energy for the daily operations of the CRONIMET Chrome Thaba Mine.

SOCIAL AND ENVIRONMENTAL MANAGEMENT SYSTEM

Compliance with GCPF's social and environmental exclusion list	Confirmed by organization as of December 31, 2014
Maintenance of a social and environmental management system	Confirmed by organization as of December 31, 2014
Major issues identified in 2014	None
Social and environmental rating	Category B

South Africa

Hidoplex

KEY FIGURES

Hidoplex		South Africa	
Energy reduction reached on Hidoplex test site	42 %	Population (m) ²	52.98
Future CO ₂ emissions reductions expected (t/p. a.)	5,526	GDP at PPP per capita (USD) ³	12,721
		GDP growth 2014 (constant prices, local currency) ³	1.4 %
		Total CO ₂ emissions (thousand metric tons) ⁴	460,124
		CO ₂ emissions per capita (metric tons) ⁴	9.18

These are projected figures based on Hidoplex's company business planning.

GCPF directly finances Hidoplex, a company that provides financial and technical services (operating leases) to wireless telecommunication network operators. Its services include energy audits of base transceiver stations (BTS), the provision of energy-efficient equipment, the financing of new equipment and ongoing operational maintenance. Its business concept has been developed by GreenX Ltd.

SOCIAL AND ENVIRONMENTAL MANAGEMENT SYSTEM

Compliance with GCPF's social and environmental exclusion list	Confirmed by organization as of December 31, 2014
Maintenance of a social and environmental management system	Confirmed by organization as of December 31, 2014
Major issues identified in 2014	None
Social and environmental rating	Category C

Sources:

⁵) Based on a conversion factor of 0.83 kg CO₂ emission for 1 kWh, assuming a 42 % energy reduction per base transceiver station consuming on average 4.5 kWh before re-fit and 400 BTS being covered.

Sri Lanka



KEY FIGURES

Pan Asia Bank		Sri Lanka	
Total assets (USD)	607,099,128	Population (m) ²	20.48
Equity/total assets	5.1%	GDP at PPP per capita (USD) ³	10,355
Net income/total equity	10.3%	GDP growth 2014 (constant prices, local currency) ³	7.0%
Net income/total assets	0.6%	Total CO ₂ emissions (thousand metric tons) ⁴	12,710
Disbursements to GCPF-eligible projects since inception (USD) ¹	6,350,920	CO ₂ emissions per capita (metric tons) ⁴	0.61

Source: Pan Asia Bank's Annual Report 2014, except ¹ – GCPF reporting

Sources:

- 1) GCPF reporting
- 2) World Bank, 2013
- 3) International Monetary Fund, World Economic Outlook Database, October 2014
- 4) Carbon Dioxide Information Analysis Center data on UN Millennium Development Goals, 2010

Pan Asia Bank was established as Pan Asia Bank Limited in 1995, and is listed on the Colombo Stock Exchange. The bank offers consumer, corporate and SME banking through a nationwide network of 78 branches. Pan Asia Bank was recognised as the fastest growing commercial bank in Sri Lanka in 2014 and for providing innovative banking products by the London-based Global Banking and Finance Review. With GCPF funding, Pan Asia Bank finances loans for hybrid cars.

SOCIAL AND ENVIRONMENTAL MANAGEMENT SYSTEM

Compliance with GCPF's social and environmental exclusion list	Confirmed by bank as of December 31, 2014
Maintenance of a social and environmental management system	Confirmed by bank as of December 31, 2014
Major issues identified in 2014	None
Social and environmental rating	Category B

India



KEY FIGURES

Ratnakar Bank		India	
Total assets (USD)	3,045,304,863	Population (m) ²	1,252.14
Equity/total assets	11.1%	GDP at PPP per capita (USD) ³	5,777
Net income/total equity	5.1%	GDP growth 2014 (constant prices, local currency) ³	5.6%
Net income/total assets	0.6%	Total CO ₂ emissions (thousand metric tons) ⁴	2,008,823
Disbursements to GCPF-eligible projects since inception (USD) ¹	5,104,889	CO ₂ emissions per capita (metric tons) ⁴	1.64

Source: Ratnakar Bank's Annual Report 2013, except ¹ – GCPF reporting

Licensed as a commercial bank in 1958, Ratnakar Bank Limited (RBL) is now one of India's fastest growing mid-sized banks. RBL provides corporate and institutional banking, commercial banking, retail banking, agri-business and financial inclusion services. In 2014, RBL was recognized as the best bank in the country for the priority sector (agri-business and financial inclusion) by Dun and Bradstreet, India. With GCPF funding, RBL finances drip irrigation and agricultural pump projects.

SOCIAL AND ENVIRONMENTAL MANAGEMENT SYSTEM

Compliance with GCPF's social and environmental exclusion list	Confirmed by bank as of December 31, 2014
Maintenance of a social and environmental management system	Confirmed by bank as of December 31, 2014
Major issues identified in 2014	None
Social and environmental rating	Category C

Turkey



KEY FIGURES

Şekerbank		Turkey	
Total assets (USD)	9,126,472,311	Population (m) ²	74.93
Equity/total assets	11.13 %	GDP at PPP per capita (USD) ³	19,556
Net income/total equity	9.99 %	GDP growth 2014 (constant prices, local currency) ³	3.0 %
Net income/total assets	1.1 %	Total CO ₂ emissions (thousand metric tons) ⁴	298,002
Disbursements to GCPF-eligible projects since inception (USD) ¹	30,130,570	CO ₂ emissions per capita (metric tons) ⁴	4.10

Source: Şekerbank Annual Report 2014, except ¹ – GCPF reporting

Founded in 1953, Şekerbank has a network of 312 branches. Over 60 % of the branches are located outside of Turkey's three largest cities, in line with the banks' community banking mission. The bank provides services to small businesses and the agriculture sector, as well as corporate, SME and retail banking services. In 2014, almost 85 % of its total credit volume comprised of loans to the production sector. With GCPF funding, Şekerbank mainly finances insulation upgrades and PV solar home systems.

SOCIAL AND ENVIRONMENTAL MANAGEMENT SYSTEM

Compliance with GCPF's social and environmental exclusion list	Confirmed by bank as of December 31, 2014
Maintenance of a social and environmental management system	Confirmed by bank as of December 31, 2014
Major issues identified in 2014	None
Social and environmental rating	Category B

India



KEY FIGURES

Srei Infrastructure Finance		India	
Total assets (USD)	2,694,917,835	Population (m) ²	1,252.14
Equity/total assets	16.6 %	GDP at PPP per capita (USD) ³	5,777
Net income/total equity	2.2 %	GDP growth 2014 (constant prices, local currency) ³	5.6 %
Net income/total assets	0.4 %	Total CO ₂ emissions (thousand metric tons) ⁴	2,008,823
Disbursements to GCPF-eligible projects since inception (USD) ¹	NA – became partner institution in H2 2014	CO ₂ emissions per capita (metric tons) ⁴	1.64

Source: SREI Infrastructure Finance's Annual Report 2013, except ¹ – GCPF reporting

Srei Infrastructure Finance is a non-bank finance company (NBFC) classified as an Infrastructure Finance Company, and is the first such partner institution of GCPF. Incorporated in 1985, Srei Infrastructure Finance is among the leading private sector infrastructure finance NBFCs in India, covering all the verticals of infrastructure i. e. project financing, equipment financing, and project development and advisory services. With GCPF funding, Srei intends to finance energy efficiency and fuel conversion projects.

SOCIAL AND ENVIRONMENTAL MANAGEMENT SYSTEM

Compliance with GCPF's social and environmental exclusion list	Confirmed by organization as of December 31, 2014
Maintenance of a social and environmental management system	Confirmed by organization as of December 31, 2014
Major issues identified in 2014	None
Social and environmental rating	Category B



Ukraine

KEY FIGURES

Ukreximbank		Ukraine	
Total assets (USD)	11,390,835,652	Population (m) ²	45.49
Equity/total assets	18.9 %	GDP at PPP per capita (USD) ³	8,240
Net income/total equity	1.1 %	GDP growth 2014 (constant prices, local currency) ³	-6.5 %
Net income/total assets	0.2 %	Total CO ₂ emissions (thousand metric tons) ⁴	304,805
Disbursements to GCPF-eligible projects since inception (USD) ¹	30,000,000	CO ₂ emissions per capita (metric tons) ⁴	6.71

Source: Ukreximbank's Annual Report 2013, except ¹ – GCPF reporting

Sources:

- 1) GCPF reporting
- 2) World Bank, 2013
- 3) International Monetary Fund, World Economic Outlook Database, October 2014
- 4) Carbon Dioxide Information Analysis Center data on UN Millennium Development Goals, 2010

Ukreximbank is 100 % state-owned and is a market leader in green lending in the Ukraine. The bank counts almost 80'000 corporate and 878,000 individual customers. Its mission is to facilitate the development of the Ukrainian economy and of its customers' operations – mainly in export-oriented and import substituting sectors – with financial services and energy efficiency programmes. With GCPF funding, Ukrexim mainly finances the replacement of outdated industrial machinery and solar electricity plants.

SOCIAL AND ENVIRONMENTAL MANAGEMENT SYSTEM

Compliance with GCPF's social and environmental exclusion list	Confirmed by bank as of December 31, 2014
Maintenance of a social and environmental management system	Confirmed by bank as of December 31, 2014
Major issues identified in 2014	None
Social and environmental rating	Category B

Vietnam



KEY FIGURES

VietinBank		Vietnam	
Total assets (USD)	27,460,368,286	Population (m) ²	89.71
Equity/total assets	9.4 %	GDP at PPP per capita (USD) ³	5,621
Net income/total equity	13.2 %	GDP growth 2014 (constant prices, local currency) ³	5.5 %
Net income/total assets	1.1 %	Total CO ₂ emissions (thousand metric tons) ⁴	150,230
Disbursements to GCPF-eligible projects since inception (USD) ¹	11,487,785	CO ₂ emissions per capita (metric tons) ⁴	1.71

Source: VietinBank's Annual Report 2013, except ¹ – GCPF reporting

VietinBank was established in 1988 after being separated from the State Bank of Vietnam. As one of the four largest state-owned commercial banks, VietinBank's total assets account for over 20 % of the Vietnamese banking system, and by capital it is the nation's largest bank. The bank operates a network of 150 branches and over 1,000 transaction and savings offices. With GCPF funding, VietinBank finances energy efficiency projects in the industrial sector.

SOCIAL AND ENVIRONMENTAL MANAGEMENT SYSTEM

Compliance with GCPF's social and environmental exclusion list	Confirmed by bank as of December 31, 2013
Maintenance of a social and environmental management system	Confirmed by bank as of December 31, 2013
Major issues identified in 2014	None
Social and environmental rating	Category B

Mongolia



KEY FIGURES

XacBank		Mongolia	
Total assets (USD)	1,125,145,709	Population (m) ²	2.84
Equity/total assets	6.7 %	GDP at PPP per capita (USD) ³	10,157
Net income/total equity	22.2 %	GDP growth 2014 (constant prices, local currency) ³	9.1 %
Net income/total assets	1.7 %	Total CO ₂ emissions (thousand metric tons) ⁴	11,511
Disbursements to GCPF-eligible projects since inception (USD) ¹	9,653,443	CO ₂ emissions per capita (metric tons) ⁴	4.18

Source: XacBank's Annual Report 2013, except ¹ – GCPF reporting

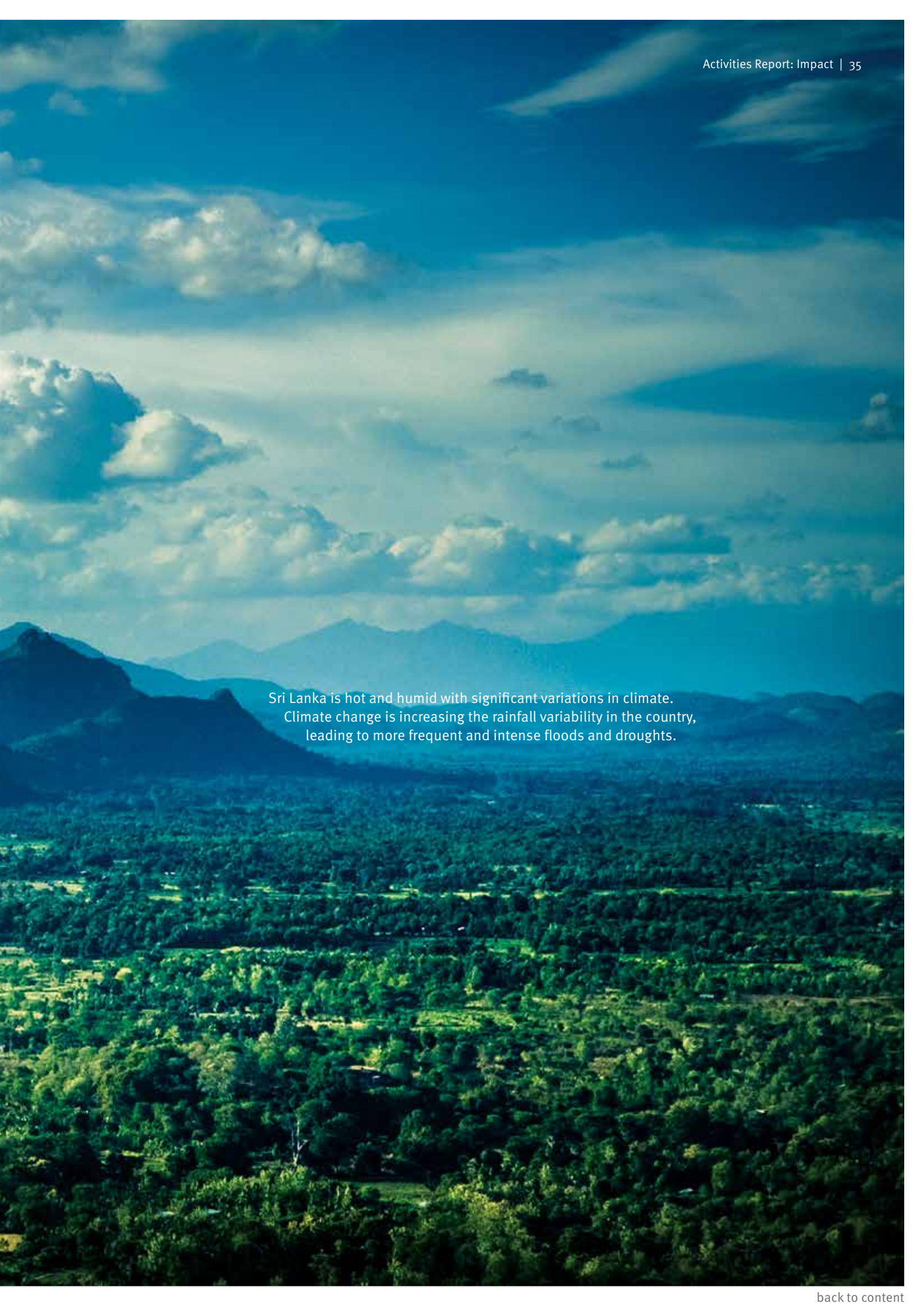
XacBank is a commercial bank with a social mission and is one of Mongolia's largest banks. The bank provides micro customers, SMEs and large corporations with products and services. It operates in all provinces and serves more than 500,000 customers through 104 branches, 400 mobile banking agents and 70 savings and credit cooperatives. With GCPF funding, XacBank mainly finances energy efficiency projects in the housing sector.

SOCIAL AND ENVIRONMENTAL MANAGEMENT SYSTEM

Compliance with GCPF's social and environmental exclusion list	Confirmed by bank as of December 31, 2014
Maintenance of a social and environmental management system	Confirmed by bank as of December 31, 2014
Major issues identified in 2014	None
Social and environmental rating	Category B

Sri Lanka's emissions reduction potential lies in the transport sector

The Sri Lankan economy has grown strongly compared to its regional peers and fossil fuel energy as a proportion of total consumption increased by over 5 % from 2006 to 2011. As almost half of Sri Lanka's carbon emissions originate in the transport sector, there is great investment potential for fuel efficiency and switching to hybrid cars. In Sri Lanka, GCPF supports Pan Asia Bank, which has created dedicated energy efficiency products in the vehicle sector.



Sri Lanka is hot and humid with significant variations in climate. Climate change is increasing the rainfall variability in the country, leading to more frequent and intense floods and droughts.

Energy and Greenhouse Gas Emissions Savings

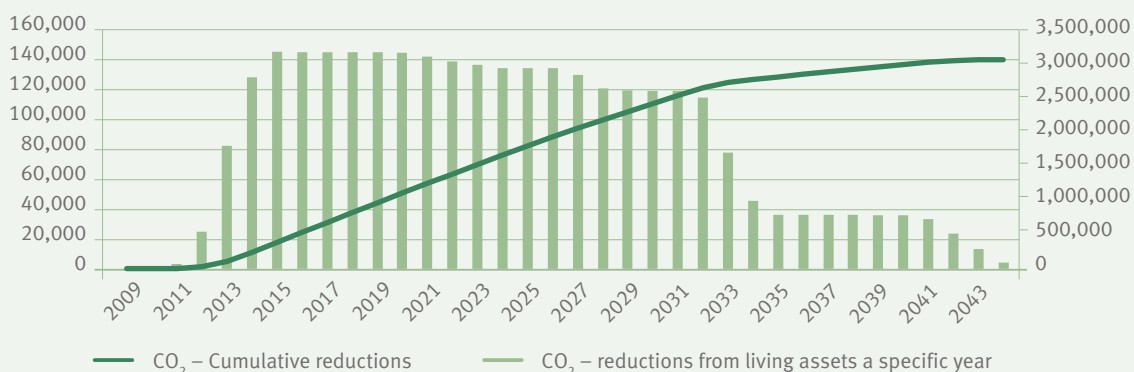
In 2014, 11,648 new sub-loans were disbursed by GCPF's partner institutions. This represents an increase of 84 % compared to in 2013. The total number of sub-loans disbursed since the Fund's inception reached over 25,400 by the end of 2014, and their cumulative total value reached USD 160 m.

The total expected lifetime CO₂t reduction for all projects financed by the Fund since its inception is 3.1m CO₂t. Projects financed in 2014 contributed over 1m CO₂t to this total.

Cumulative value of disbursed sub-loans, since inception (USD)



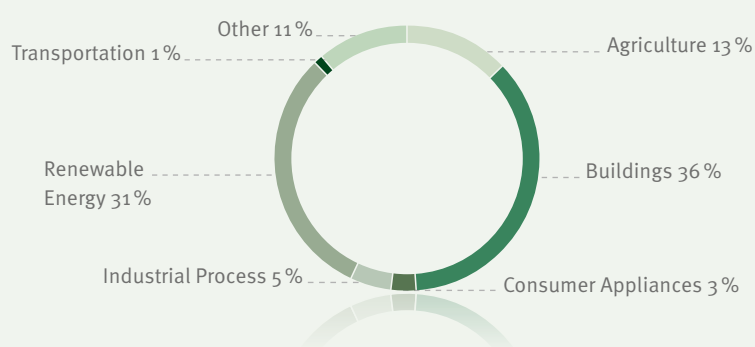
Projected lifetime CO₂ savings of financed assets



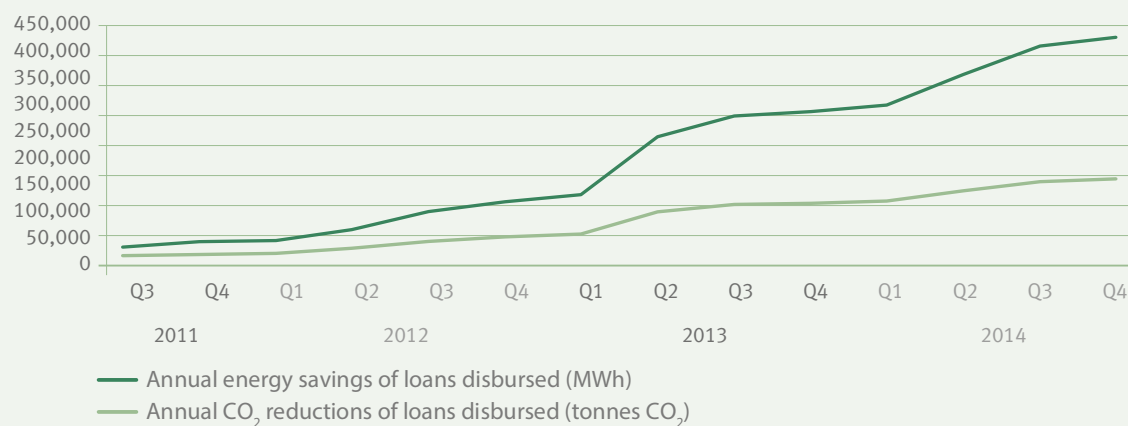
Reporting on impact by partner institutions is an important topic for the Fund, given that financial institutions may not always have the internal ability to estimate the CO₂ reductions of the projects they finance. GCPF therefore aims to provide straightforward reporting tools to its partners. Here,

the key factors include ensuring the tools in question are user-friendly, ensuring that the data collection burden is kept as low as possible, and the further development of standardized technology reporting through the integration of baseline studies.

CO₂ savings by technology since inception



Annual energy and CO₂ emission savings of living assets in portfolio¹



Special notice: Restatement of carbon impact figures

The GCPF carbon impact figures have been restated as of Q2 2015, due to errors in the estimation of carbon reduction of two projects that have a substantial impact on overall Fund figures. Therefore, relevant figures in this report have been re-stated – or deleted where recalculation was not feasible – to ensure accuracy and consistency across all reports. It is clearly indicated wherever figures have been restated, and all other information in the report remains unchanged.

The impact of these two projects on average % CO₂ savings of sub-loans is negligible, as this indicator is calculated using a simple average of all sub-loans. Therefore, the figures for this indicator have not been restated.

¹) Only includes financed assets that have not reached their service lifetime i.e. assets still generating savings

Example Projects

1. Ratnakar Bank – Drip Irrigation

Background

The agricultural sector accounts for 17.6 % of India's greenhouse gas emissions¹. Given the large untapped opportunities for energy savings in agribusinesses, Ratnakar Bank (RBL) targets this segment to generate economic value for the bank, farmers and other stakeholders. Almost half of RBL's agribusiness portfolio consists of retail loans to individual farmers.



Project information

RBL disburses small loans to farmers for drip irrigation technology, with which water is supplied at regular intervals to the roots of crops using pipes. This method significantly reduces water waste compared to traditional flooding irrigation – the water savings are estimated to be 47 % for sugarcane and 33 % for banana cultivation².

As irrigation relies on electricity-intensive water pumps, using less water reduces electricity consumption, and consequently CO₂ emissions. Estimates based on field survey data show that drip irrigation saves over 1 CO₂ t for sugarcane and almost 0.9 CO₂ t for bananas per hectare.

Drip irrigation creates value beyond reducing CO₂ emissions. Farmers who adopt drip irrigation have lower electricity costs, lower water consumption, lower fertilizer costs due to increased efficiency, and are able to grow multiple crops throughout the year – which leads to substantially higher incomes.

To reach farmers, RBL works in partnership with a local rural development NGO, Dilasa, which acts as an intermediary and provides training to farmers on the technology.

RBL has so far reported 1,915 subloans for small-scale drip irrigation projects in Maharashtra, Tamil Nadu and Karnataka. The bank plans to issue around 20,000 drip irrigation loans over 5 years. It also plans to finance energy-efficient pumps as well as solar pumps in the future.

1) Indian Network for Climate Change Assessment, May 2010
2) According to a baseline study commissioned by the GCPF TA Facility, carried out from May – July 2014 in Maharashtra.

KEY FIGURES (OF DRIP IRRIGATION LOANS)

Sub-loan portfolio		Climate metrics	
Total disbursed loan volume (USD)	3,175,798	Annual CO ₂ savings (tonnes)	3,539
Number of loans	1,915	Annual energy savings (MWh)	4,110
Term	N/A	Lifetime CO ₂ savings (tonnes)	24,773
Disbursement date	N/A	Capital deployed per tonne lifetime CO ₂ savings (USD/tonne CO ₂)	128.2



“Before I approached RBL, other banks wouldn’t help finance me because of the size of my smallholding. RBL was the only bank that understood the basic realities and challenges of electricity and water shortages, and financed the drip irrigation loan. I can now stand on my own two feet and earn more than I did before.”

Karansingh Maher

Karansingh Maher is a smallholder farmer in the Aurangagbad district of Maharashtra. In March 2014, RBL provided Mr. Maher with a loan of INR 99,475 (ca. USD 1,600) to install drip irrigation in his 1.15 Ha smallholding. Mr. Maher previously used flood irrigation to cultivate his cotton and sweet lime crops. As the yields were low, the farm income was not enough to meet

the basic needs of his family of six. After adopting drip irrigation, his yields have increased by 180 %, and he has started intercropping onion, onion seeds and coriander to maximize his income. As a result of their increased income, he and his wife no longer need to supplement their household income with extra work.

Example Projects

2. Pan Asia Bank – Hybrid Cars Leasing



Background

Almost half of Sri Lanka's CO₂ emissions stem from transportation¹. Moreover, the number of vehicles on the road more than doubled in the decade to 2014.

Project information

Upon receiving GCPF funding, Pan Asia Bank launched a 'hybrid car leasing' product. This product was given preferential leasing rates by the bank against petroleum fuel based vehicle financing, and was actively marketed to customers across the country. The annual CO₂ reduction for Pan Asia Bank's hybrid car portfolio is estimated at 28 % from 268 vehicles.

Pan Asian Bank has significantly expanded the scope of its hybrid cars leasing thanks to GCPF funding. In the three years prior to the dedicated hybrid car leasing that began in 2014, only 7.8 % of the portfolio consisted of hybrid vehicles. Since then, this share has increased to 46.6 %. The success of the product can be attributed to the preferential interest rates offered as well as the fuel efficiency of the cars themselves.

KEY FIGURES

Sub-loan portfolio		Climate metrics	
Total disbursed loan volume (USD)	6,350,920	Annual CO ₂ savings (tonnes)	311
Number of loans	268	Annual energy savings (MWh)	1,241
Term	N/A	Lifetime CO ₂ savings (tonnes)	2,491
Disbursement date	N/A	Capital deployed per tonne lifetime CO ₂ savings (USD/tonne CO ₂)	2,549.76

¹) World Development Indicators, September 2014

3. Banco Atlantida – Hydro Power Plant



Background

Honduras relies on oil and diesel-fired power plants for more than half of its electricity. While Honduras has the potential to meet a large proportion of its electricity needs through hydro power – the country's potential is estimated at 5 GW – only 10.5 % of the potential capacity has been installed. Therefore, the government has introduced incentives for renewable energy producers such as a price premiums and tax breaks, and in 2014 it approved a new electricity law aimed at increasing private participation in the power sector.

Project information

Banco Atlantida is financing the development of a hydroelectric power plant on the Betulia river in the north-east of Honduras. With an installed capacity of 9.16 MW, the plant is classified as a small hydro according to international standards¹. Its annual generation will total 29.5 GWh. The power plant will be grid-connected and is being implemented by a

private sponsor with the backing of a PPA contract with the National Electricity Energy Company.

The total cost of the project is estimated at USD 26.5 m. The annual CO₂ savings are 8,567 tonnes, resulting in total expected lifetime savings over 20 years of 171,340 tonnes.

KEY FIGURES

Sub-loan		Climate metrics	
Total loan volume (USD)	8,974,000	Annual CO ₂ savings (tonnes)	8,567
Number of loans	1	Annual energy savings (MWh)	29,544
Term	10 years	Lifetime CO ₂ savings (tonnes)	171,340
Disbursement date	15.08.2014	Capital deployed per tonne lifetime CO ₂ savings (USD/tonne CO ₂)	52.38

¹) According to the International Commission on Large Dams

Example Projects

4. BanPro – Air Conditioners

Background

Nicaragua has a tropical climate, making it very important for hospitals to install high quality air conditioning to ensure a safe and comfortable internal environment. In turn, air conditioners account for a significant proportion of hospitals' energy consumption – 26 % in the case below – and therefore represent a substantial cost.



Project information

In 2014 BanPro financed the installation of seven new high-efficiency air conditioner units for a private hospital in Nicaragua. With standard efficiency air conditioners, the hospital spent USD 8,360 per month on electricity for air conditioning, but with the installation of the new equipment this has been reduced to USD 6,170, translating into USD 27,750 annual savings for the hospital.

The installation reduces the annual energy consumption by 134 MWh. The CO₂ emissions were 242 tonnes each year pre-installation, and this has been reduced to 179 tonnes each year, which corresponds to a 26 % reduction.

KEY FIGURES

Sub-loan		Climate metrics	
Total disbursed loan volume (USD)	263,808	Annual CO ₂ Savings (tonnes)	63
Number of loans	1	Annual energy savings (MWh)	134
Term	4 years	Lifetime CO ₂ savings (tonnes)	945
Disbursement date	23.04.2014	Capital deployed per tonne lifetime CO ₂ savings (USD /tonne CO ₂)	279.16

Fire and ice – the summit of Volcán Cayambe in Ecuador is a permanent snowcap. As imposing as it may seem, it continues to shrink inexorably as the result of climate change.



Ecuador's economic growth is driving increased demand for energy

Ecuador's economy is growing strongly, and partially as a result of this, its consumption of electrical power increased by 57 % from 2005 to 2011. As Ecuador's energy mix is largely dependent on oil, installing energy efficient lighting, appliances and equipment is central to reducing the demand for energy and to lowering costs and carbon emissions. In Ecuador, GCPF supports Banco Pichincha and Banco ProCredit, which finance energy efficiency projects with SMEs and retail clients.

Technical Assistance

Background

The GCPF Technical Assistance (TA) Facility was launched in 2011 to provide technical assistance to GCPF partner institutions and to prepare or protect the Fund's investments as required. The services delivered by the TA Facility are therefore complementary to the Fund's objectives – both in terms of maximizing the outreach of the Fund to achieve climate change mitigation impact, as well as attaining the Fund's goal of developing local financial sectors.

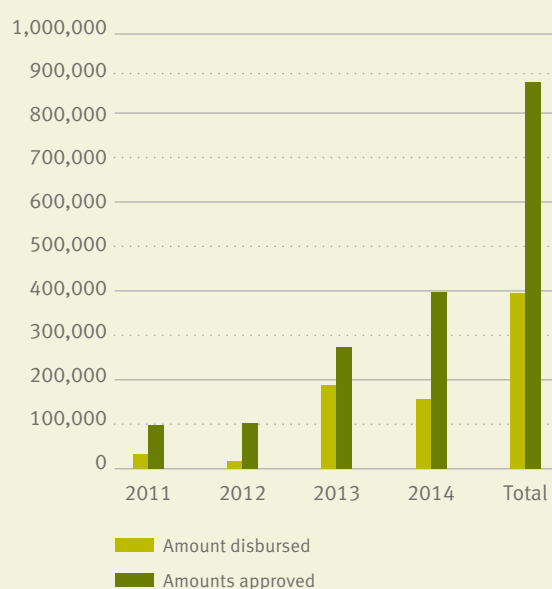
The TA Facility is set-up independently from the Fund and activities are overseen by the TA Facility Committee (TAC), which acts separately and at arm's length from the Fund. The TA Facility is managed by a dedicated team within the Investment Manager – responsAbility Investments AG – that initiates technical assistance projects in close collaboration with GCPF investees. The implementation of TA services is carried out by third party consulting service providers who are selected through a tender process.

The TA Facility is sponsored by the German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB) and the Development Bank of Austria (OeEB). A share of the Fund's net profit is also regularly contributed which reflects the concept of the TA Facility being a perpetual support element of the Fund. The Facility is endowed with about USD 3.1 m at the end of 2014.

Activities

Typical examples of activities funded by the TA Facility include projects to support financial institutions in developing their sustainable energy financing portfolio, including the design of dedicated products. Moreover, technical assistance is provided to improve the social and environmental management systems (SEMS) of GCPF partner institutions. Other areas of possible intervention for technical assistance include market research as well as feasibility studies to enable the start-up and planning phases of potential direct investments.

Approved and disbursed amounts per year since inception

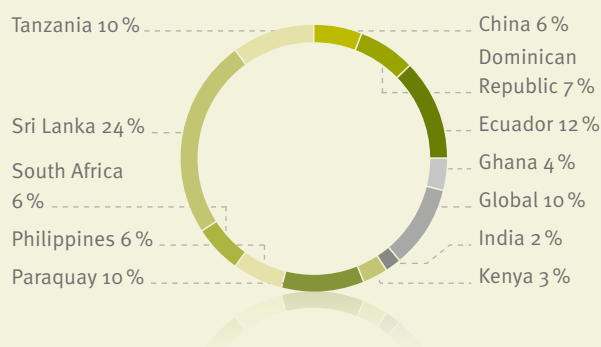


Outlook

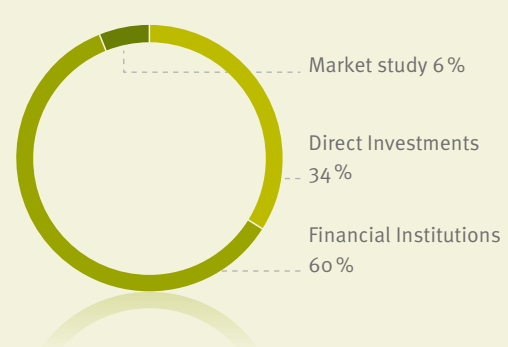
The amount of funds approved for new TA projects continued to grow in 2014. Six new projects worth a total of USD 397,550 were approved during the year. Of these, four TA projects support financial institutions in their sustainable energy lending activities and in their reporting of sub-loans to the Fund, while two TA projects are building capacity within direct investment projects of GCPF. In total, USD 869,744 has been approved by the TAC since 2011 for 16 projects, of which 12 were completed by the end of 2014.

In 2015, the activities of the GCPF TA Facility will focus on supporting GCPF partner institutions. The number of projects is expected to increase considerably – in line with investment activity – as TA projects are driven by demand from GCPF partner institutions. It is expected that TA project support will focus on capacity building within financial institutions to extend the range of sustainable energy products and in supporting marketing as well as raising awareness for these products. For financial institutions that are experienced in sustainable energy financing, technical assistance will be limited to supporting the scaling-up of lending activities.

Approved TAF amounts since inception per country




Approved amounts since inception per type of TA beneficiary



Strong potential for energy efficiency in the Brazilian building sector

Emissions from the Brazilian buildings sector are expected to increase by 42% by 2030. One way of reducing emissions and consumers' energy costs is to upgrade inefficient lighting systems – around half of the lights used in the country are incandescent. Improving lighting systems accounts for 25% of the total abatement potential for the building sector across the nation.¹ In Brazil, GCPF funds Banco Pine, which finances energy efficiency projects.

¹ McKinsey & Company, 2009, Pathways to a Low-Carbon Economy for Brazil

An aerial photograph of the Lençóis Maranhenses National Park in Brazil. The landscape is a vast expanse of white sand dunes, some of which are partially submerged in shallow, crystal-clear turquoise lagoons. The water is so clear that the sandy bottom is visible. The dunes are shaped into smooth, undulating hills, and the lagoons are nestled between them. The overall scene is a striking contrast of white sand and deep blue water under a clear sky.

Located in northeastern Brazil, the Lençóis Maranhenses National Park looks like a desert. In the rainy season, however, the rain creates ponds of crystal clear water between the white dunes. These lagoons become home to fish, turtles and clams. Although the lagoons dry completely during the dry season, life returns to the fragile ecosystem each year with the rain. Changes in the local climate, with reduced rainfall and increased temperatures, will have a direct impact on the formation of the lagoons.

Balance Sheet

STATEMENT OF FINANCIAL POSITION As at December 31, 2014 (Expressed in USD)

	December 31, 2014	December 31, 2013
ASSETS		
Non-current assets		
Loans and advances to partner institutions	229,895,928.58	192,320,642.86
Total non-current asset	229,895,928.58	192,320,642.86
Current assets		
Interest receivable	1,596,745.65	117,628.88
Derivative financial instruments	136,638.65	218,577.87
Other receivables and repayments	36,880.43	12,063.48
Cash and cash equivalents	32,276,006.58	68,863,311.10
Total current assets	34,046,271.31	69,211,581.33
Total Assets	263,942,199.89	261,532,224.19
LIABILITIES		
Current liabilities		
Distribution payable to holders of Class A and Class B Shares	3,359,468.66	2,543,530.68
Technical assistance facility	488,792.19	379,981.57
Withholding taxes		–
Fund management fees	1,763,625.13	1,234,093.45
Direct operating expenses payable	768,094.29	876,904.91
Notes	30,000,000.00	30,000,000.00
Total current liabilities	36,379,980.27	35,034,510.61
Total liabilities	36,379,980.27	35,034,510.61
Net assets attributable to holders of redeemable ordinary shares		
Class A Shares	97,950,248.76	97,950,248.76
Class B Shares	13,475,124.38	16,475,124.38
Total net assets attributable to holders of redeemable ordinary shares	111,425,373.14	114,425,373.14
EQUITY		
Share capital	116,097,611.60	111,858,100.10
Loss brought forward	214,240.34	–14,451.59
Profit for the year	139,699.01	228,691.93
Total equity	116,451,550.95	112,072,340.44
Total liabilities and equity	263,942,199.89	261,532,224.19

Income Statement

STATEMENT OF COMPREHENSIVE INCOME For the year ended December 31, 2014 (Expressed in USD)

	For the year ended December 31, 2014	For the year ended December 31, 2013
INCOME		
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	–	128,114.17
Interest revenue	8,619,177.26	6,816,021.78
Other income	378,811.00	300,000.00
Net foreign exchange gains	23,687.25	4,557.79
Total Income	9,021,675.51	7,248,693.74
EXPENSES		
Loan loss allowance	(260,000.00)	–
Net loss on financial assets and liabilities at fair value through profit or loss	(191,782.44)	–
Fund management fees	(2,543,507.70)	(2,169,725.45)
Direct operating expenses	(1,591,049.28)	(1,317,508.62)
Other operating expenses	(714,027.41)	(752,696.71)
Realised foreign exchange losses	(8,958.96)	(17,529.72)
Withholding taxes	(213,182.05)	(219,010.63)
Total expenses	(5,522,507.84)	(4,476,471.13)
Total operating profit before taxes and distribution	3,499,167.67	2,772,222.61
Distribution to holders of redeemable ordinary shares	(3,359,468.66)	(2,543,530.68)
Profit for the year	139,699.01	228,691.93
Other comprehensive income for the year (net of tax)	–	–
Total comprehensive income for the year (net of tax)	139,699.01	228,691.93

Statement of Changes in Net Assets

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO HOLDERS OF REDEEMABLE ORDINARY SHARES AND EQUITY
For the year ended December 31, 2014
 (Expressed in USD)

	CLASS A SHARES		CLASS B SHARES
	Net assets attributable to shareholders	Number of shares	Net assets attributable to shareholders
At December 31, 2013	97,950,248.76	652.98	16,475,124.38
Issue of redeemable ordinary shares	—	—	1,000,000.00
Redemption of redeemable ordinary shares	—	—	(4,000,000.00)
Issue of equity	—	—	—
Redemption of equity	—	—	—
As at December 31, 2014	97,950,248.76	652.98	13,475,124.38
Increase in net assets attributable to holders of redeemable ordinary shares from transactions in shares	—	—	—
Decrease in net assets attributable to holders of redeemable ordinary shares from transactions in share	—	—	—
Operating gain before tax and distribution	2,613,455.99	—	746,012.67
Distribution to holders of Class A and Class B Shares	(2,613,455.99)	—	(746,012.67)
As of December 31, 2014	97,950,248.76	652.98	13,475,124.38

CLASS C SHARES

Number of shares	Net assets attributable to shareholders	Number of shares	Combined net assets attributable to shareholder
659.01	112,072,340.44	2,234.11	226,497,713.58
40.00	—	—	1,000,000.00
(160.00)	—	—	(4,000,000.00)
—	4,239,511.50	83.59	4,239,511.50
—	—	—	—
539.01	116,311,851.94	2,317.70	227,737,225.08
—	—	—	—
—	—	—	—
—	139,699.01	—	3,499,167.67
—	—	—	(3,359,468.66)
539.01	116,451,550.95	2,317.70	227,876,924.09

Cash Flow Statement

STATEMENT OF CASH FLOWS For the year ended December 31, 2014 (Expressed in USD)

	For the year ended 2014	For the year ended 2013
Cash flows from operating activities		
Profit for the year	139,699.01	228,691.93
Adjustments to reconcile profit for the year to net cash flows:		
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	81,939.22	(218,577.87)
Loans to Partner Institutions (loss) allowance	260,000.00	–
Working capital adjustments:		
Net (increase) / decrease in other receivable and prepayments	(24,816.95)	(1,124.80)
Net (increase) / decrease in interest receivable	(1,479,116.77)	(107,715.53)
Net increase / (decrease) in distribution payable to holders of Class A and Class B Shares	815,937.98	661,807.07
Net increase / (decrease) in withholding taxes	–	(117,229.88)
Net increase / (decrease) in fund management fees	529,531.68	514,357.17
Net increase / (decrease) in direct operating expenses payable	(314,704.47)	319,802.81
Net cash flows from / (used in) operating activities	8,469.70	1,280,010.90
Cash flows from investing activities		
Net (increase) in loans to partner institutions	(37,835,285.72)	(39,490,642.86)
Net cash flows used in investing activities	(37,835,285.72)	(39,490,642.86)
Cash flows from financing activities		
Cash received on shares issued	5,239,511.50	102,791,848.24
Cash paid on shares redeemed	(4,000,000.00)	–
Proceeds from borrowings	–	–
Net cash flows from financing activities	1,239,511.50	102,791,848.24
Net (decrease) / increase in cash and cash equivalents	(36,587,304.52)	64,581,216.28
Cash and cash equivalents at January 1	68,863,311.10	4,282,094.82
Closing cash and cash equivalents at December 31	32,276,006.58	68,863,311.10

Legal Notice

Contact information

www.gcpf.lu
info@gcpf.lu

Publisher:

Global Climate Partnership Fund, SA SICAV-SIF
14, Boulevard Royal,
2449 Luxembourg

Legal disclaimer

The information contained in this document (hereinafter “information”) is based on sources considered to be reliable, but its accuracy and completeness are not guaranteed. The information is subject to change at any time and without obligation to notify the investors. Unless otherwise indicated, all figures are unaudited and are not guaranteed. Any action derived from this information is always at the investors’ own risk. This document is for information purposes only, and is not an official confirmation of terms. The value of an investment and any income from it are not guaranteed. Changes in the assumptions may have a substantial impact on the return. Past performance is no indication of current or future performance, and the performance data do not take account of the commissions and costs incurred on the issue and redemption of shares. Based on the Issue Document expenses and fees will be charged in particular for administration and investment management services.

The Global Climate Partnership Fund (GCPF) is an investment company with variable capital governed by the laws of the Grand Duchy of Luxembourg and is subject to the Law of 13 February 2007. The fund is reserved to certain Eligible Investors as defined in the Issue Document. The current issue document is obtainable at the registered office of the Fund. This information is not intended as an offer or a recommendation or an invitation to purchase or sell financial instruments or financial services and does not release the recipient from making his/her own assessment. In particular, the recipient is advised to assess the information, with the assistance of an advisor if necessary, with regard to its compatibility with his/her own circumstances in view of any legal, regulatory, tax, investment-related, and other implications. Investments held by the financial product described in this document are associated with a higher risk than investments in more developed markets or countries. Investors are expressly made aware of the risks described in the Issue Document and the lower liquidity and greater difficulty in determining the value of the fund’s investments (which are

generally unlisted and not traded), and must also be prepared to accept substantial price losses including the entire loss of their investment. The investment manager and/or the members of its board of directors and employees may hold shares in the financial product (or any related investments) mentioned in this document and may add to or sell these positions from time to time. Additionally, the members of the board of directors and employees of the investment manager may serve as members of boards of directors of the investments in which the financial product is invested. This document is expressly not intended for persons who, due to their nationality or place of residence, are not permitted access to such information under applicable law. The financial product specified in this document is and will not be licensed for distribution in the United States of America. As a result, it may not be offered, sold, or delivered there. Neither the present document nor copies thereof shall be sent or taken to the United States of America, or issued in the US or to a US person (in the terms of Regulation S of the United States Securities Act of 1933, in the respective current version). The distribution of the Issue Document and the offering of the Shares and Notes may be restricted in certain jurisdictions. This product is not authorized for distribution to the public in Switzerland. The present document is therefore strictly limited to internal use and may not be passed on to any third party, unless (i) such third party has solicited so on its own initiative, or (ii) such third party is a qualified investor under the terms of the Swiss Federal Act on Collective Investment Schemes and related regulations.

This work is protected by copyright law. All rights reserved, in particular with respect to translation, reproduction, communication, copying of images and tables, broadcasting, microfilming or reproduction by other means, as well as storage on data processing equipment, even where such use only applies to excerpts. Reproduction of this work or parts thereof is permissible only within the scope of statutory provisions.



GLOBAL CLIMATE
PARTNERSHIP FUND

Contact:

info@gcpf.lu
www.gcpf.lu

