

**GCPF
ANNUAL
REPORT
2017**

20

17

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GCPF ANNUAL REPORT 2017

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“In 2017, GCPF has grown by nearly 50 % and is now firmly established as an important player in the climate finance sector.”

Claudia Arce,
Chairperson of the Board



2017 has been a successful year for the Global Climate Partnership Fund on more than one level:

Funding commitments to GCPF increased by 48% or USD 200 million to a total of USD 616 million at year-end. Importantly, the share of private investors in the Fund doubled to over 30% of total liabilities.

Over the same period, GCPF further diversified its investment portfolio, adding 9 partner institutions and bringing the number of investment markets up to 22 across four continents. At the end of 2017, GCPF’s 30 partner institutions had disbursed sub-loans amounting to USD 137 million, a 53% increase over 2016.

As a result, investment volume grew by 43%, the highest year-on-year growth seen in

the past five years. With USD 482 million invested volume at the end of 2017, the psychologically important USD 500 million threshold was crossed in early 2018, establishing the Fund as a successful major player in the climate finance sector open to private investors.

In line with GCPF’s mission to mitigate climate change, projects financed since inception of the Fund contributed over 10 million t of CO₂ lifetime savings. Projects financed in 2017 contributed 1.7 million t of CO₂ to this total.

This strong growth reflects the confidence of both public and private investors in GCPF’s ability to scale up climate financing in developing countries with the objective to effectively combat climate change while delivering attractive returns for investors.

THE GLOBAL CLIMATE PARTNERSHIP FUND

» 2017



10.1 m t

Total expected lifetime CO₂ reduction for projects financed since inception of the Fund



USD 482 m

invested capital



22

investment countries



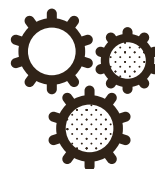
53,404

sub-loans disbursed by partner institutions since inception



30

partner institutions



44

Technical Assistance projects initiated in 2017 to promote green lending

HIGHLIGHTS

»» 2017

Ten million t of CO₂ lifetime savings:

Total expected lifetime CO₂ reductions for all projects financed by the Fund since inception reached 10 million t in 2017 – the equivalent of total CO₂ emissions of Tanzania for 2015.

Forty-four % growth in invested volume:

The volume invested by the Fund increased from USD 335 million at the end of 2016 to USD 482 million at the end of 2017, the highest year-on-year growth in invested volume in the past five years.

Increased geographical reach:

GCPF further expanded its network in 2017, adding nine new partner institutions – Ameriabank, Armenia; Banco Davivienda, El Salvador; CIFI and Global Bank, Panama; Hatton National Bank, Sri Lanka; Aloe Investments, Namibia; Mobisol, Tanzania; Cleantech Solar, active across Asia; and Ganesh, India – in new markets – Armenia, El Salvador, Namibia and Panama.

New financing structure employed:

GCPF closed its first project finance-type transaction for a 5 MW solar power plant project in Namibia. The plant became operational in mid-2017 and has started delivering electricity to consumers.

Landmark transaction closed:

In one of the largest special purpose vehicle debt transactions in the off-grid solar market to date, GCPF co-financed Tanzania-based Mobisol, a leader in the off-grid solar space. This off-balance-sheet structured receivable financing facility was the first closed by GCPF.

Share of private investments doubled:

2017 saw a USD 124 million increase in private investments in the Fund – from existing investors Ärzteversorgung Westfalen-Lippe and ASN Bank, a new individual private investor and responsibility-managed fund – bringing the share of private investors to over 30% of total liabilities.

Substantial increase in Class A and Class B shares:

GCPF secured USD 75 million of commitments in Class A and Class B shares from the European Investment Bank (EIB), which can be drawn down over a five-year period.

Technical Assistance boosted:

The GCPF Technical Assistance Facility initiated 44 new projects with existing and potential investees. In order to inspire financial institutions to tap the green lending potential in their market segments the Technical Assistance unit developed a dedicated green lending guide for practitioners.

EUROPE/ASIA

Mongolia

XacBank

Ukraine

Ukreximbank

Georgia

TBC Bank

Armenia

Ameriabank

Turkey

Şekerbank

Bangladesh

The City Bank
Southeast Bank

India

RBL Bank
SREI Infrastructure Finance

Sri Lanka

Hatton National Bank
Pan Asia Bank

Vietnam

VietinBank

Cambodia

Prasac

Singapore

Cleantech Solar

AFRICA

Kenya

Chase Bank

Tanzania

Mobisol
Off Grid Electric

Namibia

Aloe Investments

South Africa

Cronimet



INVESTMENT UNIVERSE

» USD 482 M
INVESTED IN
22 COUNTRIES
GLOBALLY



LATIN AMERICA

Honduras

Banco Atlántida

El Salvador

Banco Davivienda

Dominican Republic

Banco Promerica

Nicaragua

Banpro

Costa Rica

Banco Promerica
Costa Rica

Panama

CIFI
Global Bank

Ecuador

Banco Pichincha
Banco ProCredit

Brazil

Banco Pine

Figures in USD m

INVESTMENT PORTFOLIO

Disbursed investments by partner institution Outstanding amount (USD m)

Şekerbank	30	Cleantech Solar	20	HNB	10
SREI Infrastructure Finance	30	RBL Bank	20	Banco ProCredit	6
The City Bank	30	Southeast Bank	20	Banco Promerica Dominican Republic	5
Ukreximbank	30	Banco Atlántida	15	Prasac	5
Pan Asia Bank	27	Banco Pichincha	15	Mobisol	4
Banpro	25	Banco Davivienda	15	Cronimet	1
TBC Bank	25	XacBank	15	Off Grid Electric	1
VietinBank	25	Global Bank	13	Ganesh	0*
CIFI	23	Aloe Investments	13		
Banco Promerica Costa Rica	20	Ameriabank	10		
Chase Bank	20	Banco Pine	10		
Total USD m					482**

Disbursed investments by country Outstanding amount (USD m)

Bangladesh	50	Kenya	20
India	50	Singapore***	20
Sri Lanka	37	El Salvador	15
Panama	36	Honduras	15
Turkey	30	Mongolia	15
Ukraine	30	South Africa	13
Georgia	25	Armenia	10
Nicaragua	25	Brazil	10
Vietnam	25	Cambodia	5
Ecuador	21	Dominican Republic	5
Costa Rica	20	Mauritius	5
Total USD m			482****

* USD 2.4 million committed but not yet disbursed

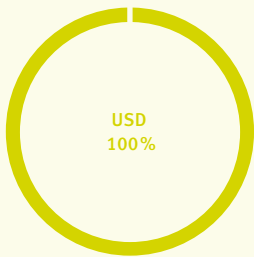
** Individual figures and totals represent the value with the smallest rounding error.

*** Corporate loan to a Singapore holding company. The holding company has 9 months to utilize the capital for projects located in South and South-East Asia. Once capital will be allocated to projects, the country will be adjusted.

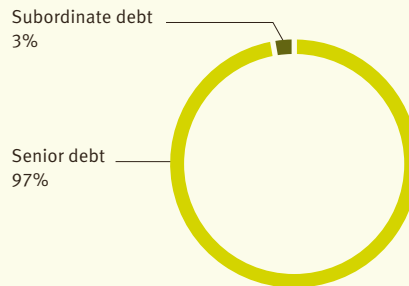
**** All figures are rounded.

GCPF's invested volume grew by USD 147 million to USD 482 million in 2017, a year-on-year increase of 43%. Contributing to this were USD 107 million and USD 65 million of disbursements to new and existing counterparties, respectively, with repayments accounting for the difference between the amount disbursed and the growth in investment volume. The investment portfolio was further diversified geographically and now covers 22 countries across four continents.

Disbursed investments by currency

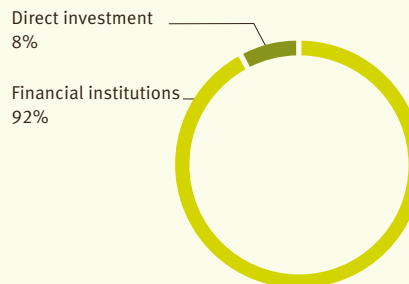


Disbursed investments by financial instrument



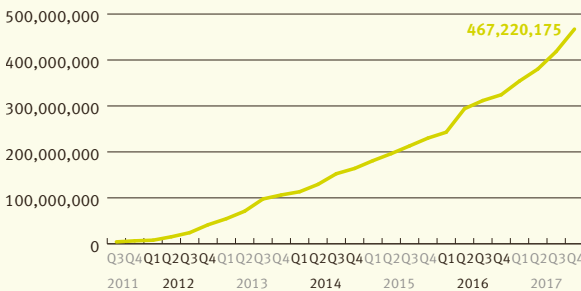
The Fund's portfolio consists only of USD exposures and bears no direct currency risk. Financial institutions account for 92% of the portfolio. GCPF has increased its share of DI investments from 2% in 2016 to 8% in 2017 by disbursing USD 36 million to three new counterparties in Africa and Asia.

Disbursed investments by type of partner institution

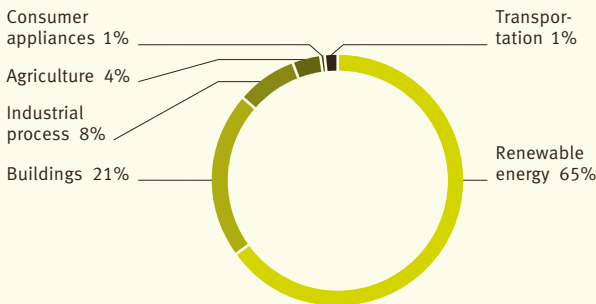


ENERGY AND CO₂ EMISSION REDUCTIONS

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



Annual CO₂ reductions by technology since inception*



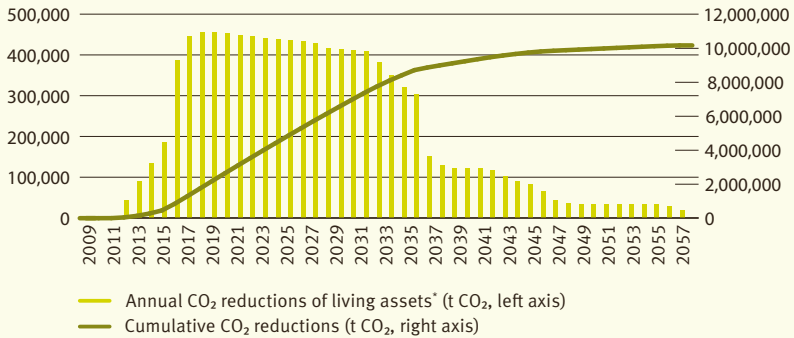
In 2017, GCPF’s partner institutions disbursed sub-loans with a value of over USD 137 million, an increase of 53 % compared to 2016. The average loan size has increased due to a decrease in consumer appliances loans with relatively small average size. Since inception, the Fund disbursed more than 53,400 sub-loans with a cumulative total value of over USD 467 million. While the share of funds allocated to renewable energy projects has increased in the last two years, the energy efficiency projects continue to constitute the majority of the Fund’s portfolio representing 61 % of the total on-lent amount since inception.

The total annual renewable energy production from projects financed by the Fund amounted to almost 700 GWh by the end of 2017.

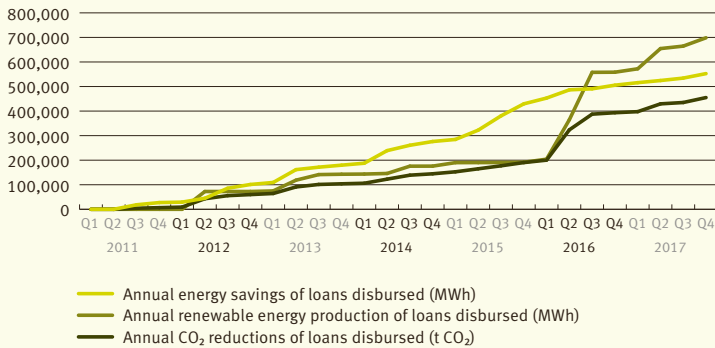
The sub-loans disbursed in 2017 contributed to over 140 GWh to this total. The increase of capacity in production mainly came from the financing of small-scale solar and biogas projects.

In addition, energy efficiency projects financed by the Fund

Projected lifetime CO₂ savings of financed assets



Annual energy savings, renewable energy production and CO₂ reductions of portfolio*



are expected to generate energy savings of over 550 GWh annually. The sub-loans disbursed in 2017 contributed with about 72 GWh compared to 80 GWh in 2016. The slight decrease is due to increased financing of green buildings which have a low investment efficiency.

As of the end of 2017, the total expected lifetime CO₂ emission reductions for all projects financed by the Fund since inception amount to over 10 million t of CO₂. Projects financed in 2017 contributed 1.7 million t of CO₂

to this total, a decrease compared to 2016 given the lower amount of renewable energy produced by projects financed during the year.

The impact of the GCPF portfolio is reviewed by an external auditor every three years according to the external quality assurance system embedded in the GCPF project assessment and monitoring framework. The last portfolio review in 2016 recognized a high degree of completeness in the design of the methodology.

* Only includes financed assets still generating savings.

PARTNER INSTITUTIONS

Institution facts

Partner institution	Country	Type of projects funded	Disbursements to GCPF-funded eligible projects since inception (USD)
Ameriabank	Armenia	Mainly corporate energy efficiency loans, such as industrial and agricultural processes upgrades	–
Banco Atlántida	Honduras	Small hydropower projects	15,000,000
Banco Pichincha	Ecuador	Mainly energy-efficient appliances such as washing machines and fridges. The opportunity to finance energy efficient vehicles is being reviewed.	79,366,226
Banco Pine	Brazil	Energy efficiency measures for industrial processes	9,527,319
Banco ProCredit	Ecuador	Mainly small/mid-size SME loans for equipment replacement, ranging from bakery ovens to sewing equipment, workshop machines, plotters, tractors, taxis	14,403,819
Banco Promerica CR	Costa Rica	Predominantly RE (PV/hydro) and bus fleet replacements	12,604,953
Banco Promerica DR	Dominican Republic	Targeting solar PV and consumer lending for energy-efficient appliances	2,773,670
Banpro	Nicaragua	Projects across all sectors, ranging from commercial AC replacement projects, through industrial process upgrades and car replacement projects to solar PV projects – from small to 1MW scale	26,076,469
Chase Bank	Kenya	The bank has not reported any loans given the receivership situation.	–
Cifi	Panama	Renewable energy projects – mainly biomass and solar PV	2,100,000
Banco Davivienda	El Salvador	Renewable energy projects – mainly solar PV	3,103,503
Hatton National Bank	Sri Lanka	Not applicable – GCPF partner as of September 2017 – most likely the institutions will finance renewable energy projects.	–
Pan Asia Bank	Sri Lanka	Hybrid cars are accounted for 100% of the reported green lending portfolio.	23,627,001
Prasac	Cambodia	Mainly EE farming equipment, SHS and energy-efficient consumer appliances	7,061,774
RBL Bank	India	Primarily efficient pumping and drip irrigation systems for smallholders. In addition, one solar PV equipment supplier has also been financed.	20,882,907

¹ Compliance with GCPF's social and environmental exclusion list and maintenance of a social and environmental management system: last check

² World Bank, 2016 figures

³ Gross domestic product at purchasing power parity, per capita, World Bank, figures for 2016

⁴ Gross domestic product growth, constant prices, local currency, World Bank, figures for 2016

⁵ OECD Air and GHG emissions, 2015 figures

Country facts

Compliance confirmed ¹	Population (m) ²	GDP (USD m) ³	GDP growth ⁴	Total CO ₂ emissions (t) ⁵	CO ₂ emissions per capita (t) ⁶
December 2016	3.0	8,833	0.2%	4,700,000	1.6
June 2017	9.1	4,737	3.6%	9,200,000	1.1
June 2017	16.4	11,242	-1.6%	37,600,000	2.3
June 2017	207.7	15,124	-3.6%	450,800,000	2.2
May 2017	16.4	11,242	-1.6%	37,600,000	2.3
June 2017	4.9	16,610	4.3%	6,900,000	1.4
June 2017	10.6	15,205	6.7%	21,400,000	2
June 2017	6.2	5,540	4.7%	5,100,000	0.8
June 2017	48.5	3,155	5.8%	14,100,000	0.3
August 2017	4.0	23,009	4.8%	10,700,000	2.7
December 2016	6.3	8,617	2.4%	6,500,000	1.1
August 2016	21.2	12,552	4.4%	19,500,000	0.9
June 2017	21.2	12,552	4.4%	19,500,000	0.9
June 2017	15.8	3,737	7.0%	8,000,000	0.5
June 2017	1,324.2	6,571	7.1%	2,066,000,000	1.6

⁶ OECD Air and GHG emissions, 2015 figures





Institution facts

Partner institution	Country	Type of projects funded	Disbursements to GCPF-funded eligible projects since inception (USD)
Şekerbank	Turkey	Mainly insulation projects, but also some tractors and solar thermal installations for agricultural clients	64,887,181
Southeast Bank	Bangladesh	Primarily energy efficiency projects in the ready-made garment sector, financing equipment such as label weaving machines, dryers, irons and washing machines	13,394,397
SREI	India	One large 50 MW wind-power plant reported, accounting for 2m tonnes of the Fund's lifetime savings	30,000,000
TBC Bank	Georgia	Focus is on RE energy projects – this far only small-scale hydropower plants	9,000,000
The City Bank	Bangladesh	Mainly energy efficiency projects in the ready-made garment sector, financing equipment such as label weaving machines, dryers, irons and washing machines	19,265,815
Ukreximbank	Ukraine	Several RE projects, mainly solar PV, as well as industrial process loans	30,000,000
VietinBank	Vietnam	Mainly industrial processes upgrades in various industries, pharmaceutical, plastic and agricultural sector. Going forward, the GCPF scope will be mainly on small-scale hydro.	13,646,735
XacBank	Mongolia	A variety of projects, mainly linked to the building sector, such as insulation and windows, mortgages for energy-efficient housing, and boiler replacement. Also hybrid cars have been reported, using a baseline study financed by the TA facility.	20,050,448
Global Bank	Panama	Targeting green buildings for a new green lending product, as well as renewable energy projects	10,400,000
Cronimet	South Africa	Off-grid solar PV installation for a chromium mine in South Africa. The PV substitutes part of the electricity which would otherwise be produced by diesel generators.	2,830,000
Off Grid Electric	Tanzania	Off-grid solar home system distributor. The systems are sold together in packages with energy-efficient appliances (e.g. LEDs, TVs, fans).	1,217,959
Aloe Investments	Namibia	Grid-connected PV installation	8,600,000 ⁸
Cleantech Solar ⁷	Pan-Asia	Rooftop solar projects in various countries in South-East Asia	–
Mobisol	Tanzania	Financing of receivables of credit sales of SHS and appliances to households and SMEs in Tanzania	3,500,000

¹ Compliance with GCPF's social and environmental exclusion list and maintenance of a social and environmental management system: last check

² World Bank, 2016 figures

³ Gross domestic product at purchasing power parity, per capita, World Bank, figures for 2016

⁴ Gross domestic product growth, constant prices, local currency, World Bank, figures for 2016

⁵ OECD Air and GHG emissions, 2015 figures

Country facts

Compliance confirmed ¹	Population (m) ²	GDP (USD m) ³	GDP growth ⁴	Total CO ₂ emissions (t) ⁵	CO ₂ emissions per capita (t) ⁶
June 2017	79.5	25,247	3.2%	317,200,000	4.1
June 2017	163.0	3,580	7.1%	70,500,000	0.4
June 2017	1,324.2	6,571	7.1%	2,066,000,000	1.6
June 2017	3.7	10,005	2.8%	8,400,000	2.3
June 2017	163.0	3,580	7.1%	70,500,000	0.4
June 2017	45.0	8,270	2.3%	189,400,000	4.2
June 2017	92.7	6,296	6.2%	168,300,000	1.8
October 2017	3.0	12,252	1.2%	17,200,000	5.8
July 2017	4.0	23,009	4.9%	10,700,000	2.7
June 2017	55.9	13,197	0.3%	427,600,000	7.8
June 2017	55.6	2,786	7.0%	11,600,000	0.2
April 2016	2.5	10,625	1.1%	3,800,000	1.6
June 2017	-	-	-	-	-
July 2017	55.6	2,786	7.0%	11,600,000	0.2

⁶ OECD Air and GHG emissions, 2015 figures

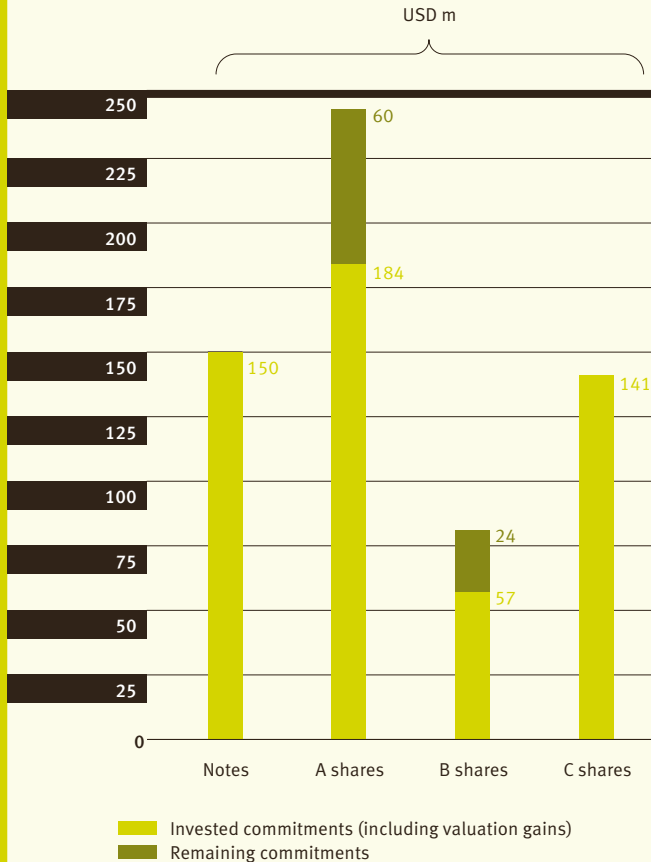
⁷ The holding company based in Singapore has 9 months to utilize the capital for projects located across

South and South-East Asia. Once capital is allocated to a specific project, the respective country will be added to the list.

⁸ GCPF extended a loan of USD 12.5 m to a conduit bank to serve as a guarantee to fund the renewable project in local currency. The actual amount allocated to the project is USD 8.6 m.

FUNDING SITUATION

Split of commitments and subscriptions according to share class/notes

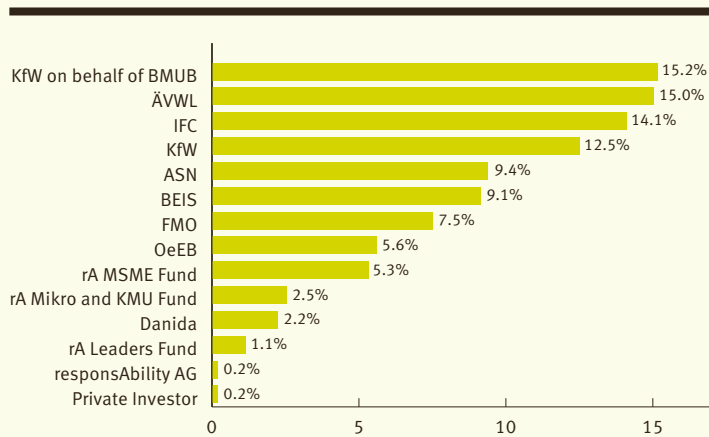


NB: Figures are rounded.

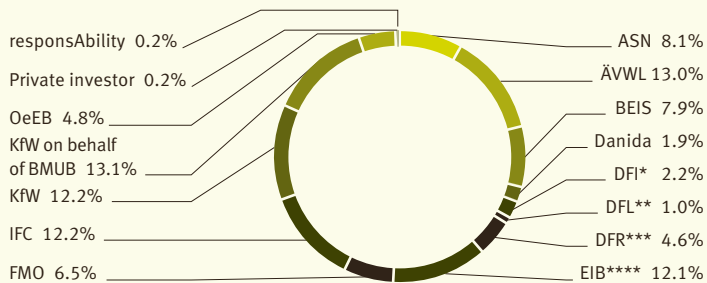
As of the end of 2017, funding commitments to GCPF totalled USD 616 million resulting in an increase of USD 200 million for the year. Out of the total commitments USD 532 million were subscribed. During the year the Fund has raised notes capital from responsibility-managed funds and one additional private investor and increased the existing subscription with the Dutch bank ASN and the German Pension Fund AVWL. Consequently the share of private investors doubled in 2017 bringing it to over 30% of the total liabilities. The Fund also raised additional Class A and Class B shares from EIB and responsibility-managed funds.

Subscribed capital by investor (%)

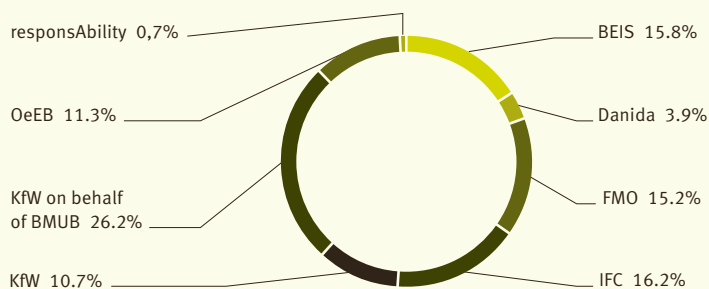
Note: In percentage of total drawn amount plus notes at nominal



Current split of investments committed to GCPF



Shareholder structure based on voting rights



* RESPONSABILITY SICAV (LUX) MIKRO- UND KMU FINANZ FONDS

** RESPONSABILITY SICAV (LUX) MICRO AND SME FINANCE LEADERS

*** rA MICRO AND SME FINANCE FUND

**** Funds from EIB were committed but not yet disbursed

TECHNICAL ASSISTANCE

TAILORED SUPPORT FOR PARTNER INSTITUTIONS

2017 was an exceptional year for the Global Climate Partnership Fund's Technical Assistance (TA) Facility. Thanks to the contribution from the UK Department for Business, Energy and Industrial Strategy (BEIS) as well as a contribution from the Fund's income, the Facility's funding situation is secured for the coming years.

This allowed the TA Manager to focus on streamlining processes and entering into framework contracts with specialized consultants to meet recurrent consultancy demand for GCPF partner institutions. Under clear predefined eligibility criteria and capped funding thresholds, the Manager can inform potential and existing partner institutions about such standard offerings, which will complement the tailored TA projects going forward.

THE GCPF TECHNICAL ASSISTANCE FACILITY

The GCPF Technical Assistance is key to the success of improved energy efficiency and the growth of renewable energy markets in the target countries. The GCPF Technical Assistance Facility helps bridge knowledge gaps and supports GCPF in fulfilling its role as a market enabler.

The Technical Assistance Facility is set up independently from the Fund. Its activities are overseen by the TA Committee (*see p. 20*), which acts at arm's length from the Fund.

The Facility is managed by a dedicated team within the investment manager responsAbility Investments. It initiates projects in close cooperation with GCPF partner institutions. Consultancy services are implemented by third-party providers who are selected through a tender process.

GCPF TECHNICAL ASSISTANCE FACILITY: KEY FIGURES 2017

Projects managed (ongoing and completed)	45
Projects approved	44
Funds disbursed	USD 0.7 m
Funding approved	USD 2.6
Partner institutions supported	24 (out of 30)
Consultants hired	15

In the course of 2017, 44 new Technical Assistance projects were approved, an increase of over 175% compared to 2016. Among others, GCPF entered into a partnership with UN Environment to develop country-specific baseline studies which aim at facilitating the reporting of standard measures for vehicles and appliances in different markets. GCPF will benefit from this collaboration in terms of having a consistent calculation methodology and cost-efficient delivery of baseline data.

The USD 2.6 million of new funds approved include the funding of standardized measures which are expected to be disbursed over a time frame of 1–3 years. To communicate the availability of these measures to partner

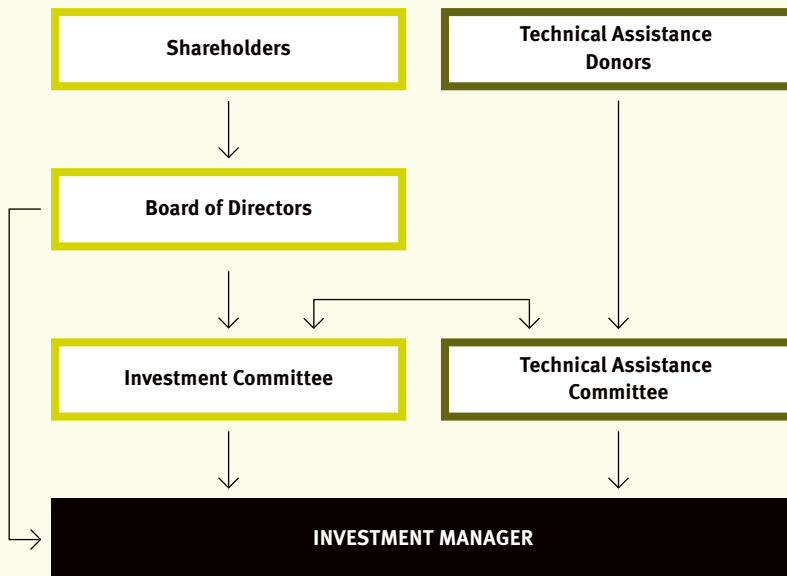
institutions, a series of leaflets have been developed.

In order to raise awareness for the TA offering, the TA Manager furthermore increased its communication activities towards existing and potential partner institutions. This includes the development of a green lending guidebook designed to enable bank staff to quickly understand the opportunity of climate loans within their daily business and to recommend adequate measures to their clients.

The TA Manager furthermore continued its efforts to create a platform for peer exchange within the green lending community that will go live in 2018.

FUND

>> GOVERNANCE



Board of Directors

Appointed by the GCPF shareholders, the Board of Directors has an oversight role and is responsible for defining GCPF's strategic direction. It has sole power to administer and manage the Fund.

- Claudia Arce, Chairperson
- Sharmila Hardi
- Constanze Kreiss
- Cornelis van Aerssen
- James McEwen

Investment Committee

The Investment Committee is appointed by the Board of Directors. Its main function is to approve the investment decisions proposed by the investment manager and to monitor its other activities.

- Dr Claudia Loy, Chairperson
- Judith Brandsma
- Dr Juan Alario
- Lydia Schot

Technical Assistance Committee

Appointed by facility donors, the Technical Assistance Committee ensures that the Technical Assistance provided by GCPF supports the Fund's objectives and activities.

- Constanze Kreiss
- Ritu Kumar

Claudia Arce (since 2015)

is Director for South Asia at KfW Group and has ample experience in climate change and energy efficiency financing through public-private partnerships.

Juan Alario, PhD (since 2017)

is an independent project advisor in energy matters with 30 years of experience in project evaluation and financing for the European Investment Bank.

Judith Brandsma (since 2015)

has been a member of GCPF's Investment Committee since 2015. She has more than 20 years of experience in financial sector development, at the World Bank and as an independent advisor to international development finance institutions.

Sharmila Hardi (since 2017)

is the Global Head of IFC's Banking, Small and Medium Enterprise Business line, SME Finance Forum and the Banking on Women product and has had 25 years of experience in financing with IFC.

Constanze Kreiss (since 2015)

is a qualified banker with ample experience in development finance, Constanze joined KfW in 2008 and specializes in financial sector development.

Ritu Kumar (since 2015)

is Director of Environmental and Social Responsibility at the UK development finance institution CDC Group. Ritu has over 25 years of experience in managing environment and social issues in emerging markets.

Claudia Loy, PhD (since 2010)

As KfW's Sustainability Officer, she heads the bank's centre of competence for environmental and social sustainability.

James McEwen (since 2016)

is Finance Director of the Legal Aid Agency, which is part of the UK's Justice Department. At the former Department of Energy & Climate Change, James served as Head of Financial Strategy and as a Director for Energy Efficiency and Fuel Poverty.

Lydia Schot (since 2017)

has over 20 years of experience in a project development and financing environment, mainly in the energy sector in the emerging markets of Africa, Eastern Europe and Asia. Lydia is currently a commercial manager at Eneco and prior to that she was a senior project development manager at IFC InfraVentures where she co-developed a number of infrastructure projects in Eastern Africa.

Cornelis van Aerssen (since 2016)

In his role as Senior Investment Officer at FMO, he arranges syndicated loans for financial institutions in Africa, Asia, Europe and Latin America and has ample experience in funding financial institutions in Eastern Europe and Central Asia.

GCPF's clear governance structures underscore its commitment to transparency and accountability.

AN EXPERT »» INVESTMENT TEAM

responsAbility Investments AG, a globally leading asset manager in the field of development investments, is responsible for running GCPF's business activities and for managing the Technical Assistance Facility. Headquartered in Zurich, Switzerland, and with local offices across four continents, responsAbility manages 14 investment vehicles.

Extensive networks

As a leading private sector investor in micro and SME finance, responsAbility has developed strong and long-standing working relationships with a broad network of financial institutions in emerging economies. Through 15 years of operations, responsAbility investment specialists have developed a thorough understanding of the needs and aspirations of these partner institutions.

Interdisciplinary teams

Within responsAbility, GCPF is managed by a core team of 18 experts that combine expertise in investment, energy, technical assistance as well as environmental and social risk management. Working closely with responsAbility specialists across the globe, they ensure that funded projects meet the Fund's objectives as to the reduction of CO₂ emissions and economic viability.

responsAbility

(responsAbility Investments AG)

FOUNDED

2003

ASSETS UNDER MANAGEMENT

USD 3 bn

OFFICES WORLDWIDE

10

EMPLOYEES WORLDWIDE

240

INVESTMENT COUNTRIES

90

HIGH-IMPACT PORTFOLIO COMPANIES

540

FINANCIAL STATEMENTS

BALANCE SHEET

STATEMENT OF FINANCIAL POSITION As at 31 December 2017 (in USD)

	31.12.2017	31.12.2016
NON-CURRENT ASSETS		
Loans and advances to partner institutions	421,361,786	332,824,459
	421,361,786	332,824,459
CURRENT ASSETS		
Derivative financial instruments	–	55,678
Loans and advances to partner institutions	41,217,959	–
Interest receivable on loans to partner institutions	1,687,123	98,228
Other receivables and prepayments	657,533	–
Cash and cash equivalents	64,774,120	55,601,732
	108,336,734	55,755,638
Total assets	529,698,520	388,580,097

STATEMENT OF FINANCIAL POSITION
As at 31 December 2017 (in USD)

	31.12.2017	31.12.2016
CURRENT LIABILITIES		
Distribution payable to holders of Class A shares and Class B shares	8,224,044	5,341,976
Accrued investment management fees	2,729,639	1,814,920
Accrued Technical Assistance Facility contribution	423,900	627,487
Direct operating expenses payable	733,771	733,404
Other payables	–	–
Structuring fees payable	–	199,751
Derivative financial instruments	9,912	–
Interest on notes	470,076	–
	12,591,342	8,717,538
NON-CURRENT LIABILITIES		
Class A shares	183,675,373	151,925,373
Class B shares	57,425,373	32,425,373
Notes	150,000,000	55,000,000
	391,100,746	239,350,746
TOTAL LIABILITIES	403,692,088	248,068,284
EQUITY		
Share capital	141,324,176	141,324,176
Profit brought forward	(812,363)	(1,824,130)
Profit for the year	(14,505,381)	1,011,767
Total equity	126,006,432	140,511,813
Total liabilities and equity	529,698,520	388,580,097

INCOME STATEMENT

STATEMENT OF COMPREHENSIVE INCOME For the year from 1 January to 31 December 2017 (in USD)

	2017	2016
INCOME		
Interest income	19,729,241	13,991,774
Other income	1,693,507	384,345
Realized foreign exchange gains	12,674	15,100
Total income	21,435,422	14,391,219
EXPENSES		
Loan loss allowance	(16,400,002)	–
Net fair value movement on derivative financial instruments	(20,904)	(48,591)
Investment management fees	(6,152,392)	(4,513,764)
Technical Assistance Facility contribution	(423,900)	(627,487)
Direct operating expenses	(1,449,979)	(1,349,103)
Other operating expenses	(4,724)	(2,805)
Interest on notes	(2,985,568)	(1,248,428)
Realized foreign exchange losses	(19,886)	(10,009)
Withholding taxes	(259,406)	(237,289)
Total expenses	(27,716,760)	(8,037,477)
Total operating profit before taxes and distribution	(6,281,338)	6,353,743
Distribution to holders of redeemable ordinary shares	(8,224,043)	(5,341,976)
Profit for the year	(14,505,381)	1,011,767
Other comprehensive income (net of tax)	–	–
Total comprehensive income for the period (net of tax)	(14,505,381)	1,011,767

STATEMENT OF CHANGES IN NET ASSETS

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE ORDINARY SHARES AND EQUITY For the year from 1 January to 31 December 2017 (in USD)

	CLASS A SHARES		CLASS B SHARES		CLASS C SHARES		COMBINED NET ASSETS ATTRIBUTABLE TO SHARE- HOLDER
	Net assets attributable to shareholders	Number of shares	Net assets attributable to shareholders	Number of shares	Net assets attributable to shareholders	Number of shares	
As at 31 December 2016	151,925,373	1,013	32,425,373	1,297	140,511,813	2,822	324,862,559
Issue of redeemable ordinary shares	31,750,000	212	25,000,000	1,000	–	–	56,750,000
Redemption of redeemable ordinary shares	–	–	–	–	–	–	–
Issue of equity	–	–	–	–	–	–	–
Redemption of equity	–	–	–	–	–	–	–
As at 31 December 2017	183,675,373	1,224	57,425,373	2,297	140,511,813	2,822	381,612,559
Increase in net assets attribut- able to holders of redeemable ordinary shares from transactions in shares	–	–	–	–	–	–	–
Decrease in net assets attribut- able to holders of redeemable ordinary shares from transactions in shares	–	–	–	–	–	–	–
Operating gain before tax and distribution	5,575,286	–	2,648,758	–	(14,505,381)	–	(6,281,338)
Distribution pay- able to holders of Class A and Class B shares	(5,575,286)	–	(2,648,758)	–	–	–	(8,224,043)
As of 31 December 2017	183,675,373	1,224	57,425,373	2,297	126,006,432	2,822	367,107,178

The accompanying notes are an integral part of the financial statements.

CASH FLOW STATEMENT

STATEMENT OF CASH FLOWS For the year ended 31 December 2017 (in USD)

	2017	2016
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the year	(14,505,381)	1,011,767
Adjustments to reconcile profit for the year to net cash flows:		
Net fair value movement on derivative financial instruments	52,184	19,344
Loans to partner institutions (loss) allowance	(16,400,002)	–
Working capital adjustments:		
Net (increase) / decrease in other receivables and prepayments	(644,127)	61,461
Net (increase) / decrease in interest receivable	(1,588,895)	587,427
Net increase / (decrease) in distribution payable to holders of Class A and Class B shares	2,882,068	1,477,423
Net increase / (decrease) in interest payable to noteholders	470 076.05	–
Net increase / (decrease) in investment management fees	914,719	86,201
Net increase / (decrease) in Technical Assistance Facility contribution	(203,587)	114,422
Net increase / (decrease) in direct operating expenses payable	(2,633)	253,148
Net increase / (decrease) in other payable	–	(20,000,000)
Net increase / (decrease) in structuring fees payable	(196,751)	99,751
Net cash flows from / (used in) operating activities	(29,222,328)	(16,289,056)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net (increase) / decrease in loans to partner institutions	(113,355,284)	(49,373,245)
Net cash flows used in investing activities	(113,355,284)	(49,373,245)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received on shares issued	56,750,000	63,176,813
Cash paid on shares redeemed	–	–
Cash received from notes issued	95,000,000	25,000,000
Net cash flows from financing activities	151,750,000	88,176,813
Net (decrease) / increase in cash and cash equivalents	9,172,388	22,514,513
Cash and cash equivalents at 1 January	55,601,732	33,087,220
Closing cash and cash equivalents at 31 December	64,774,120	55,601,732

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