Annex I: Audited financial statements of the Green Climate Fund for the year ended 31st December 2023

The audited financial statements of the Green Climate Fund for the year ended 31st December 2023 are contained below.

Green Climate Fund Draft Audited Financial Statements

For the years ended December 31, 2023, and 2022

Prepared Under International Financial Reporting Standards

Contents	**Page No.**

APPROVAL OF FINANCIAL STATEMENTS

[Decision text to be added after the approval of the financial statements by the Board.]

overview of financial results

The Financial Statements for the Green Climate Fund (GCF/the Fund) have been prepared following the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The Financial Statements are presented in US dollars which is the Fund's reporting and functional currency. Unless otherwise stated, the figures are rounded to the nearest thousand.

Financial Performance

GCF's income for the year 2023 increased by 78% compared to the 2022 figure. The trend is normal in the GCF's resource mobilization cycles, which typically last four years. Contributions are high in the first two years and decrease gradually towards the end of the cycle. In 2023, GCF undertook its second replenishment drive. The initial resource mobilization (IRM) was meant to secure funds for the 2015 – 2018 programming period. Most of the contributions for the IRM period were received gradually until 2019 when the replenishment exercise was conducted. The funds secured in the first replenishment exercise were projected to support programming for 2020 – 2023. The second replenishment is meant to secure funds for the 2024 - 2027 programming period. As of 31st December 2023, GCF had received USD 9.1 billion out of USD 9.9 billion confirmed pledges for the initial resource mobilization (IRM) and USD 8.1 billion was received out of USD 9.9 billion for the first replenishment. For the second replenishment (GCF-2) cycle, GCF has received USD 272 million out of 12.8 billion confirmed pledges[1].

Overall, requests for project disbursements from Accredited Entities and administrative expenditure increased by 22% in 2023 compared to 2022. Although there was an increase in expenditure, the significant increase in the income received resulted in a 104% increase in comprehensive income compared to 2022. The summary of financial performance is as per figure 1 below, while the comparison to 2022 expenditure is shown in table 1.

[1] The figures have been calculated using the reference exchange rates established for the replenishment periods.

FIGURE 1: SUMMARY OF GCF 2023 FINANCIAL PERFORMANCE.

Summary of 2023 Financial Performance (in USD '000')

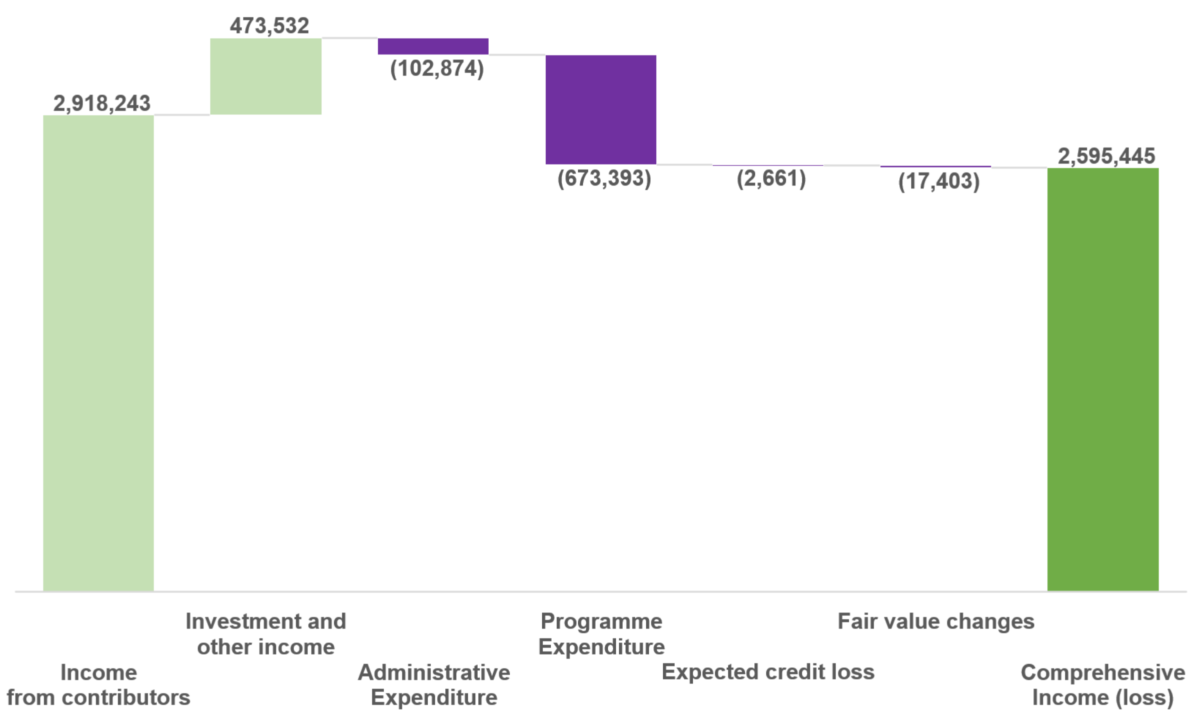


TABLE 1: COMPARISON OF GCF 2023 AND 2022 FINANCIAL PERFORMANCE

Comparison of 2023 and 2022 Financial Performance (in USD '000')

	2023	2022	Change		% change
Income	3,391,775	1,906,721	1,485,054	▲	78%
Expenditure	(778,926)	(624,518)	(154,408)	▲	25%
Fair value changes	(17,403)	(10,415)	(6,988)	▼	67%
Comprehensive Income (loss)	**2,595,445**	**1,271,788**	**1,323,657**	▲	104%

Income

In 2023, the Fund's income from contributors, the largest source of income, increased by 62% over 2022 as cash was received from the contributions for the initial resource mobilization and first replenishment as well as some advanced contribution for second replenishment period. To curb the rising inflation, many countries increased their interest rates. The increase in interest rates, coupled with a higher cash balance due to contributions for IRM and GCF-1 and front loading of GCF-2 contributions in 2023, resulted in a 394% increase in the revenue realized from investments of the cash held with the Trustee compared to the income earned in 2022. The funds held by the Trustee are mainly invested in short-term government securities. Other income, mainly reflows from investments, increased by 249% in 2023. On the other hand, there was a 7% decrease in loan interest from investments, as shown in table 2. As shown in figure 2, income from contributors remains the largest source of income, making up 86% of the income, while the other components added up to 14% of the total income.

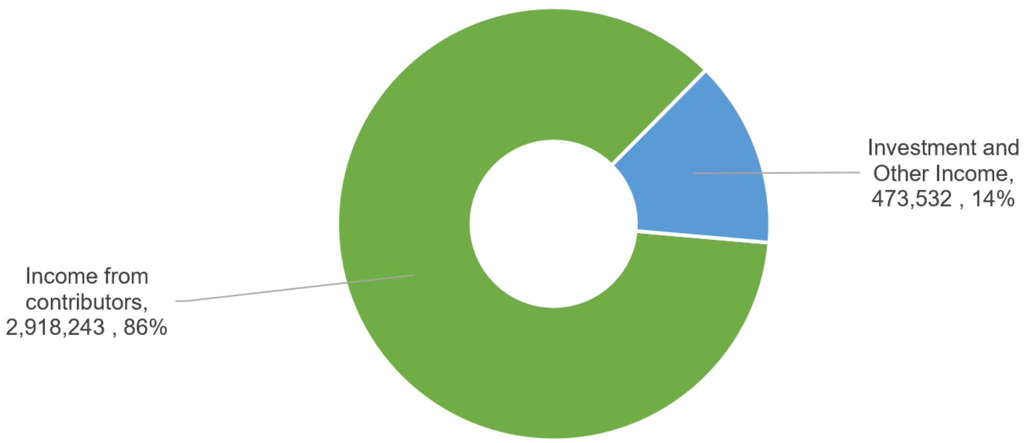
TABLE 2: SUMMARY OF THE FUND'S INCOME

Comparison of the Fund's 2023 and 2022 income (in USD '000')

	2023	2022	Change		% change
Income from contributors	2,918,243	1,802,036	1,116,207	▲	62%
Trust fund investment income	431,486	87,306	344,180	▲	394%
Loan Interest	6,722	7,244	(522)	▼	-7%
Other Income	35,324	10,135	25,189	▲	249%
Total Income	**3,391,775**	**1,906,721**	**1,485,054**	▲	78%

FIGURE 2: ANALYSIS OF 2023 INCOME BY TYPE

Analysis of 2023 income by type (in USD '000')



Expenses

The 2023 administrative expenses, grant expenditure for approved projects, Accredited Entity (AE) fees, and Project Preparatory Facility increased by 22%, 36% and 25% respectively over the 2022 expenditure due to the increased disbursement requests from the Accredited Entities. On the other hand, expenditure for the readiness and preparatory support programme, fair value adjustment on equity investments through Profit and loss, and impairment loss provision decreased by 16, 31% and 82%, respectively, compared to the 2022 expenditure. The change in fair value on equity investments and the increase in impairment loss provision were expected in line with the increase in the loan and equity-funded projects. Overall, the total expenditure increased by 23% over the 2022 expenditure. The summary of the expenses is shown in table 3.

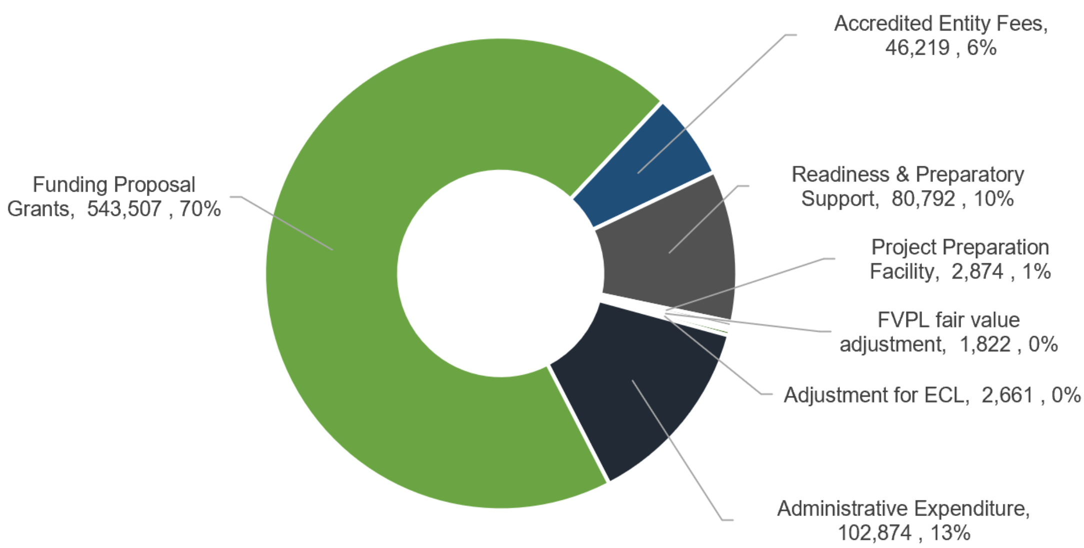
TABLE 3: SUMMARY OF 2023 AND 2022 EXPENSES

Summary of the Fund's expenses in 2023 and 2022 (in USD '000')				
	2023	**2022**	**Change**	**% change**
Funding Proposal Grants	543,507	399,696	143,811	36%
Accredited Entity Fees	46,219	36,884	9,335	25%
Readiness & Preparatory Support	80,793	95,929	(15,136)	-16%
Project Preparation Facility	2,874	4,187	(1,313)	-31%
Administrative Expenditure	102,874	84,038	18,836	22%
Adjustment for ECL	2,661	3,784	(1,123)	-30%
FVPL fair value adjustment	1,822	10,353	(8,531)	-82%
Total Expenses	**780,749**	**634,871**	**145,878**	**23%**

GCF's 2023 expenditure totaled USD 781 million. Out of this, USD 543 million (70%) was spent on funding proposal grants, USD 46 million (6%) on Accredited Entity fees, USD 81 million (10%) on the readiness and preparatory support programme, USD 3 million (1%) on the project preparation facility, USD 103 million (13%) on administrative expenses, USD 2 million (~1%) on adjustments for fair value adjustment through profit and loss (FVPL), and USD 2 million (~1%) was for adjustment to the provision of Expected credit loss on loan portfolio. The composition of the expenditure is shown in figure 3.

FIGURE 3: ANALYSIS OF 2023 EXPENSES BY TYPE

Analysis of 2023 expenses by type (in USD '000')



Financial Position

As shown in Table 4, the Fund's assets for the year ended 31st December 2023 increased by 22% over the 2022 figure, mainly due to additional cash inflows from contributors. The Fund's liabilities increased by 1%, attributable to additional loan drawdowns from contributors. Overall, the net assets increased by 24%. The summary of the financial position as of 31st December 2023 is shown in Figure 4 below.

Out of the USD 13.5 billion available net assets as of 31st December 2023, USD 10 billion (74%) is committed by means of approved funding proposals, project fees, and to support the Readiness and Preparatory support programme. The committed funds by amounts and type and progress of disbursements are shown in table 4 and figure 4 below:

FIGURE 4: SUMMARY OF GCF'S FINANCIAL POSITION AS OF 31ST DECEMBER 2023

Summary of Financial Position as at 31st December 2023 (in USD '000')

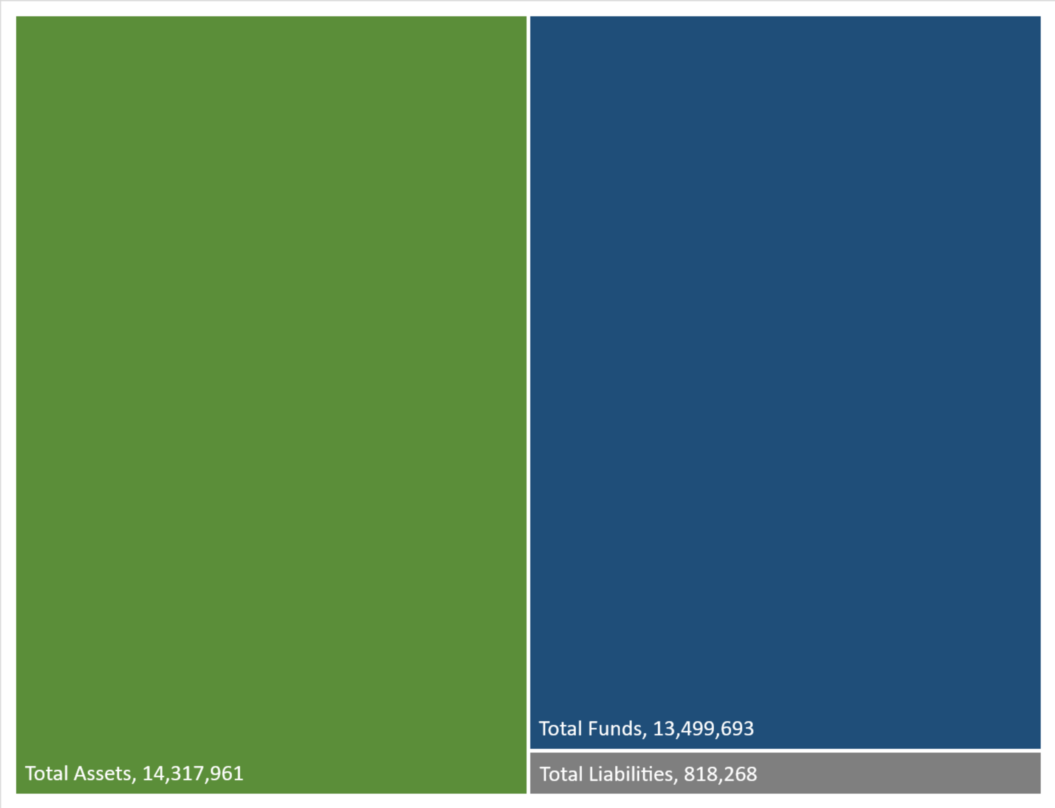


TABLE 4: GCF'S SUMMARY OF FINANCIAL POSITION AS OF 31ST DECEMBER 2023 AND 31ST DECEMBER 2022

Summary of the Fund's financial position in 2023 and 2022 (in USD '000')

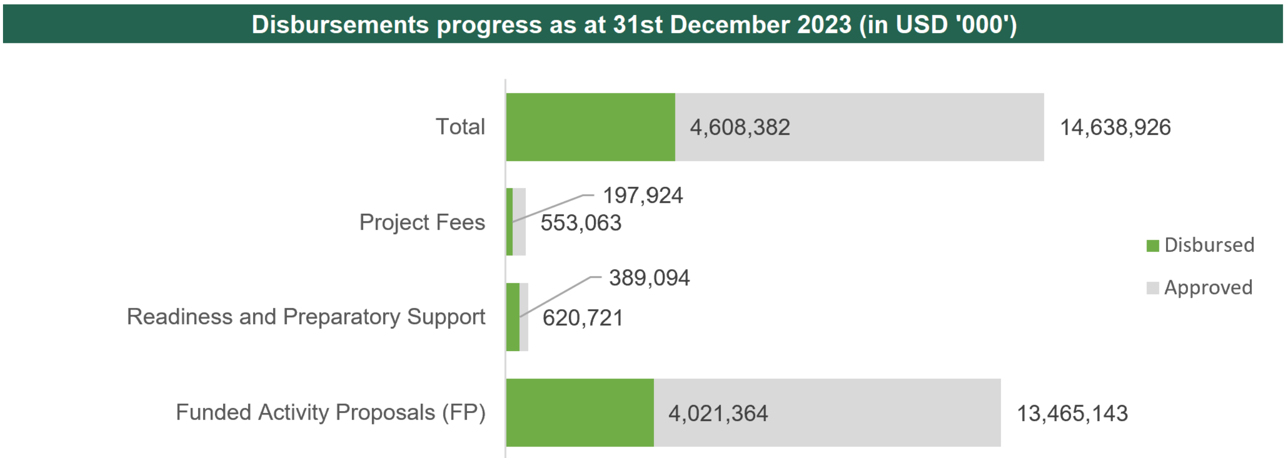
	2023	2022	Change		% change
Total Assets	14,317,961	11,713,316	2,604,645	▲	22%
Total Liabilities	(818,268)	(809,068)	(9,200)	▲	1%
Total Funds/net assets	**13,499,693**	**10,904,248**	**2,595,445**	▲	24%

Table 5: Summary of committed funds as of 31st December 2023[2]

Summary of committed funds as at 31st December 2023 (in USD '000')

	Approved	Disbursed	Committed
Funded Activity Proposals (FP)	13,465,143	4,021,364	9,443,779
Readiness & Preparatory Support	620,721	389,094	231,627
Project Fees	553,063	197,924	355,139
Total	**14,638,926**	**4,608,382**	**10,030,545**

FIGURE 5: PROGRESS OF DISBURSEMENTS FOR APPROVED PROJECTS AS AT 31ST DECEMBER 2023



[2] The figures are cumulative to date

Assets

In 2023, GCF's cash and due from banks increased by 25% over the 2022 figure due to increased cash inflows from contributors. There was a 12% increase in promissory notes balances as of 31st December 2023 as more promissory notes were deposited during the year and with favorable impact of FX rates. There was also an increase of 56% and 31%, respectively, in disbursements for equity and loan projects over 2022 figures as the AEs called up more equity and drew down more loans for the implementation of the approved projects. Ultimately, the increase in cash and due from banks and contributions receivable outweighed the increased demand for disbursement for loans and equity investments. As a result, the total assets increased by 22% over the 2022 figure. Table 6 below summarizes the comparison between 2023 and 2022 figures.

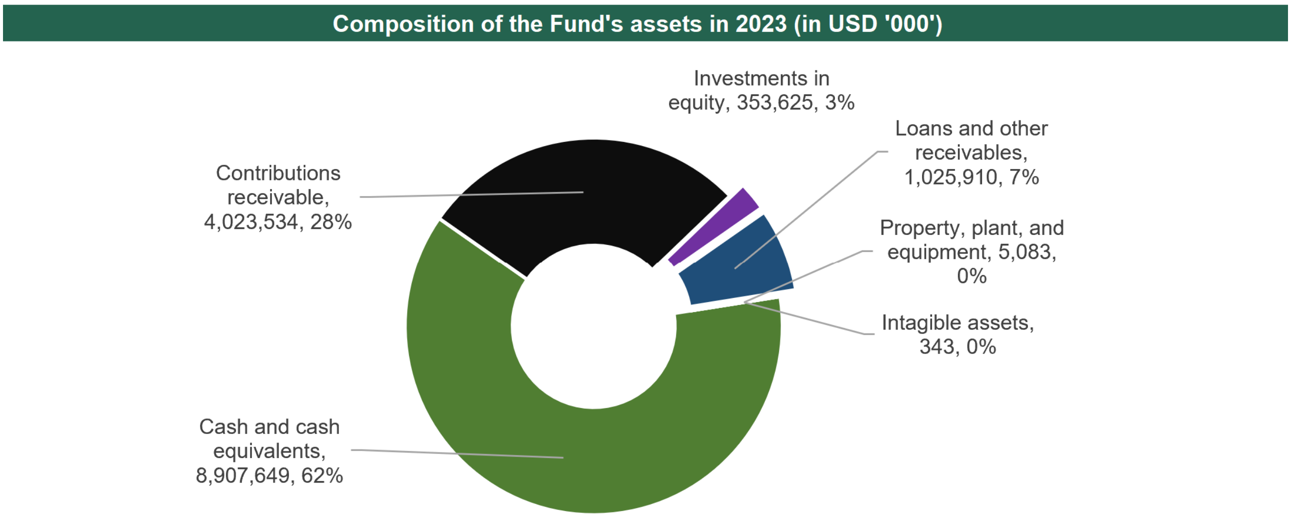
Table 6: Changes in the Fund's assets over 2023

Summary of the Fund's assets in 2023 and 2022 (in USD '000')

	2023	2022	Change		% change
Cash and due from banks	8,907,649	7,109,279	1,798,370	▲	25%
Contribution receivables	4,023,534	3,585,541	437,993	▲	12%
Investments in equity	353,625	226,826	126,799	▲	56%
Loans and other receivables	1,025,910	783,701	242,209	▲	31%
Property, plant, and equipment	5,083	4,081	1,002	▲	25%
Intangible assets	343	217	126	▲	100%
Prepayments	1,817	3,671	(1,854)	▼	-51%
Total Assets	**14,317,962**	**11,713,316**	**2,604,646**	▲	**22%**

As of 31st December 2023, the largest portion of GCF's assets (62%) comprised of cash and due from banks followed by 28% in the form of contribution receivables (i.e., promissory notes deposited by contributors). The promissory notes are expected to be encashed gradually until 2031. As shown in Figure 6 below, the balance of 10% comprises loans and other receivables, investment in equity, property, plant, and equipment, and prepayments.

Figure 6: GCF's assets composition as of 31st December 2023



Liabilities

In 2023, there was an increase of 1% in Long-term borrowings, mainly due to Exchange rate differences. The accruals for employee leave entitlements and administrative expenses increased by 34%, while the dues to vendors declined by 4%. Overall, the Fund's liabilities increased by 1% over 2022. The changes in liabilities and the composition of liabilities as of 31st December 2023 are summarized in Table 7 and Figure 7 below.

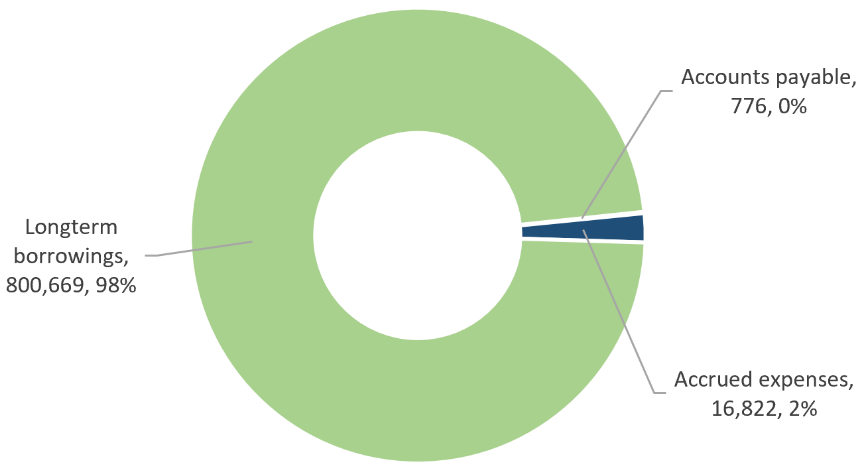
TABLE 7: CHANGE IN THE FUND'S LIABILITIES OVER 2023

Summary of the Fund's liabilities in 2023 and 2022 (in USD '000')

	2023	2022	Change	% change
Accounts payable	776	806	(30)	▼ -4%
Accrued expenses	16,822	12,553	4,269	▲ 34%
Longterm borrowings	800,669	795,709	4,960	▲ 1%
Total Liabilities	**818,268**	**809,068**	**9,200**	▲ **1%**

FIGURE 7: GCF'S LIABILITIES COMPOSITION AS OF 31ST DECEMBER 2023

Composition of the Fund's liablities in 2023 (in USD '000')



Cashflow

The largest movement was witnessed in cash flow from operations, given the increased cash from contributors, which was more than disbursements made for programme activities and administrative expenses. Disbursements for loans and equity investments increased by 38% in response to the increased demand for cash from AEs to finance program activities.

The cash flow from financing activities was reduced by 104% as there were no drawdowns on loans from contributors in 2023. GCF also paid a portion of the loan as per the repayment schedule. Overall, there was a net increase of USD 1.8 million (25%) over the 2022 balance. The summary of the changes is shown in table 8 and figure 8 below.

FIGURE 8: CHANGES IN GCF CASHFLOW POSITION IN 2023

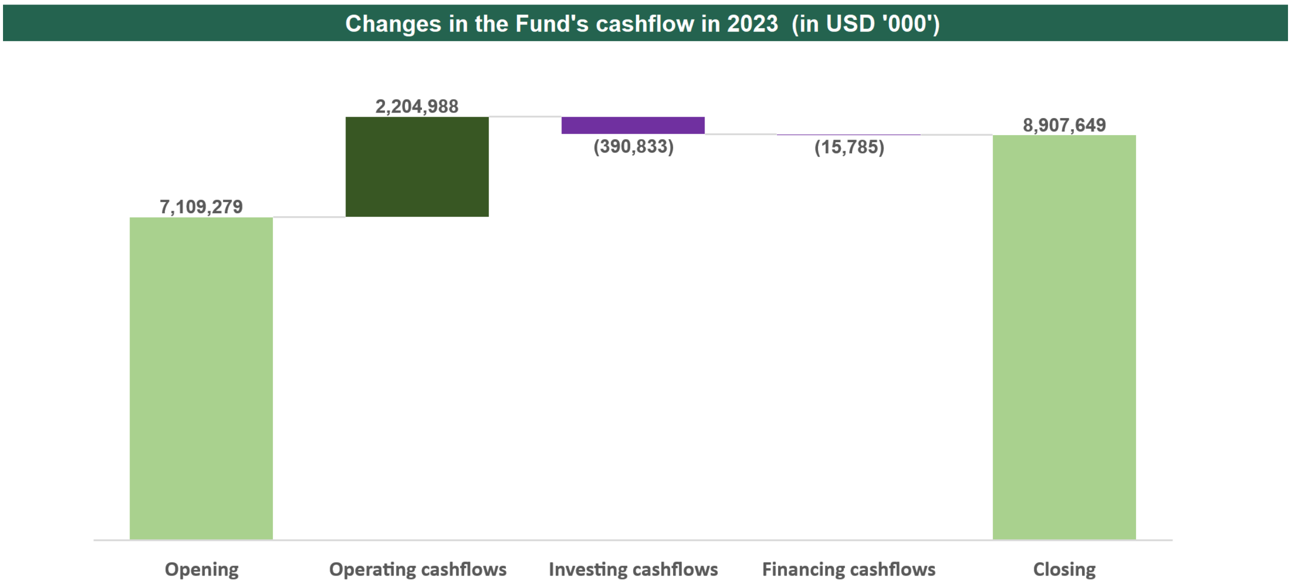


TABLE 8: COMPARISON OF GCF'S CASHFLOW POSITION IN 2023 AND 2022

Summary of the Fund's cashflow in 2023 and 2022 (in USD '000')

	2023	2022	Change		% change
Cashflow from operations	2,204,988	1,361,963	843,025	▲	62%
Cashflow from investing activities	(390,833)	(280,205)	(110,628)	▲	39%
Cashflow from financing activities	(15,785)	408,964	(424,749)	▼	-104%
Beginning cash and cash equivalents	7,109,279	5,618,557	1,490,722	▲	27%
Closing cash and cash equivalents	**8,907,649**	**7,109,279**	**1,798,370**	▲	**25%**

Independent Auditors' Report

To the Board of the Green Climate Fund

Opinion

We have audited the accompanying financial statements of the Green Climate Fund (the "Fund"), which comprise the statements of financial position as of 31st December 2023 and 2022, the statements of comprehensive income, the statements of changes in funds, and the statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as of 31st December 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards("IFRS").

Basis for Opinion

We conducted our audits in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

We have determined “Valuation on equity instrument” as a key audit matter because equity valuation is significant to the financial statements of the Fund and involves subjective estimations and computational complexity in its determination.

As of the end of the reporting period, the key audit procedures we have performed in connection with the valuation on the equity instrument are as follows.

- Review of accounting policy for the valuation of equity instrument
- Confirm ownerships and acquisition costs of the equity instrument
- Evaluate valuation results and processes conducted by the management

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines that is necessary to enable the preparation of financial statements free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. But it is not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

- Evaluate the appropriateness of accounting policies used in the preparation of the financial statements and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor’s report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Seoul, Korea

xx, 2024

This report is effective as of xx, 2024, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

statementS of financial position

As of 31st December 2023, and 2022

(In '000 USD)	Note	2023	2022
Assets			
Cash and due from banks	5, 6	8,907,649	7,109,279
Contribution receivables	6,7	799,057	1,386,409
Prepayments	-	1,817	3,671
Other receivables	-	58	24
Total current assets		**9,708,581**	**8,499,383**
Contribution receivables	6,7	3,224,477	2,199,132
Investment in equity	6,8	353,625	226,826
Loan receivables	6,8	1,025,852	783,677
Property, plant and equipment, net	9	5,083	4,081
Intangible assets, net	10	343	217
Total non-current assets		**4,609,380**	**3,213,933**
Total assets		**14,317,961**	**11,713,316**
Account payables	6	776	806
Accrued expenses	6	16,822	12,553
Current portion of long-term borrowings	6,11	15,785	15,671
Total current liabilities		**33,384**	**29,030**
Long-term borrowings	6,11	669,683	655,996
Deferred income	11	115,201	124,042
Total non-current liabilities		**784,884**	**780,038**
Total liabilities		**818,268**	**809,068**
Temporarily restricted funds	12	5,711,881	4,328,061
Unrestricted funds		7,787,812	6,576,187
Total funds		**13,499,693**	**9,632,460**
Total liabilities and funds		**14,317,961**	**11,713,316**

See accompanying notes to the financial statements.

Statements oF COMPREHENSIVE INCOME

For the years ended 31st December 2023 and 2022

(In '000 USD)	Note	2023	2022
Income			
Income from contributors	13	2,918,243	1,802,036
Investment & other income	14	473,532	104,685
Total income		**3,391,775**	**1,906,721**
Administrative expenses	15	(102,874)	(84,038)
Programme expenses	16	(673,393)	(550,528)
Expected credit loss provision	8B	(2,661)	(3,784)
Gain/(loss) on equity investments at fair value through profit and loss (FVPL)	8A	(1,822)	3,479
Total expense		**(780,749)**	**(634,871)**
Increase in fund for the year		**2,611,026**	**1,271,850**
Gain(loss) on equity investments at fair value through Other Comprehensive Income (FVOCI)	8A	(15,581)	(62)
Total comprehensive income for the year		**2,595,445**	**1,271,788**

See accompanying notes to the financial statements

Statements oF CHANGES IN FUNDS

For the years ended 31st December 2023 and 2022

(In '000 USD)

	Temporarily restricted funds	Unrestricted funds	Total
As at 1 January 2022	**4,403,721**	**5,228,739**	**9,632,460**
Fund released from restriction	(900,236)	900,236	-
Comprehensive income	824,576	447,212	1,271,788
As at 31st December 2022	**4,328,061**	**6,576,187**	**10,904,248**
As at 1 January 2023	**4,328,061**	**6,576,187**	**10,904,248**
Fund released from restriction	(893,623)	893,623	-
Comprehensive income	2,277,443	332,517	2,609,960
As at 31st December 2023	**5,711,881**	**7,802,327**	**13,514,208**

See accompanying notes to the financial statements.

Statements oF CASH FLOWS

For the years ended 31st December 2023 and 2022

(In '000 USD)	2023	2022
Cash flows from operating activities		
Cash receipts from contributors	2,499,232	1,859,624
Interest and Investment Income	438,208	94,550
Other income	35,324	10,135
Cash paid to suppliers & personnel	(99,231)	(86,624)
Program Payments	(673,392)	(536,696)
Realised foreign currency gain/(loss)	4,846	20,974
Net cash provided by (used in) operating activities	**2,204,988**	**1,361,963**
Cash flows from investing activities		
Acquisition of property, plant, and equipment	(1,795)	(4,219)
Disbursements to GCF funded equity projects	(144,202)	(117,262)
Disbursements to GCF funded loan Projects	(244,836)	(158,724)
Net cash provided by (used in) investing activities	**(390,833)**	**(280,205)**
Cash flows from financing activities		
Borrowings from contributors	(15,785)	408,964
Net cash from financing activities	**(15,785)**	**408,964**
Net increase in cash and due from banks	**1,798,370**	**1,490,722**
Cash and due from banks at the beginning of the year	**7,109,279**	**5,618,557**
Cash and due from banks at the end of the year	**8,907,649**	**7,109,279**

See accompanying notes to the financial statements.

For the years ended 31st December 2023 and 2022

1. Reporting entity

The Green Climate Fund (GCF/the Fund) has been established by 196 Parties to the United Nations Framework Convention on Climate Change (UNFCCC). The Fund was established by a decision of the Conference of the Parties (COP) to the UNFCCC on 11 December 2011. Its headquarter is based in Songdo, the Republic of Korea, and the principal place of business is G-Tower 175, Art Center-daero Yeonsu-gu, Incheon 22004. The Fund seeks to contribute to the achievement of the ultimate objective of the Convention. In the context of sustainable development, the Fund promotes the paradigm shift towards low-emission and climate-resilient development pathways by providing support to developing countries to limit or reduce their greenhouse gas emissions and to adapt to the impacts of climate change, taking into account the needs of those developing countries particularly vulnerable to the adverse effects of climate change. The Fund is guided by the principles and provisions of the Convention.

The Fund plays a key role in channeling new and predictable financial resources to developing countries. GCF seeks to catalyze climate finance – both public and private, and at the national, regional, and international levels. The Fund is intended to operate at a larger scale than other comparable funds to promote the paradigm shift towards low-emission and climate-resilient development pathways.

The Fund is governed and supervised by a Board that has full responsibility for funding decisions and receives the guidance of the COP. The Board oversees the operation of all relevant components of the Fund, approving specific operational policies and guidelines, and approving funding for projects and programmes. The Board comprises 24 members and 24 alternate members, with equal representation from developing and developed country Parties. In accordance with the Fund's Governing Instrument, the World Bank provides Trustee services to the Fund.

The financial statements for the year ended 31st December 2023 were authorized for issue by the Fund's Board on XXXXX.

2. Basis of Preparation

The principal accounting policies applied in the preparation of these financial statements are set out below. These accounting policies have been applied by the Fund consistently to all periods presented.

Statement of Compliance

The financial statements have been prepared following the International Financial Reporting Standards (IFRSs). Where the IFRS are silent or do not give guidance on how to treat transactions specific to the non-profit sector, accounting policies have been based on the general IFRS principles and other relevant accounting standards, as detailed in the IASB Framework for the Preparation and Presentation of Financial Statements.

Basis of Measurement

The financial statements have been prepared on the historical cost basis, except for investments (other than associates or joint ventures) and certain financial assets and liabilities, which are presented at fair value.

Functional and Presentation Currency

The accompanying financial statements are presented in United States Dollars ("USD"), the Fund's functional currency. All financial information has been rounded off to the nearest thousand unless otherwise indicated.

Use of Estimates and Judgements

The preparation of the financial statements under IFRSs requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, incomes, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

3. Application of new and revised IFRS

Several new or amended standards became effective for annual periods beginning after 1 January 2023. The Fund has assessed that these new/amended standards had no significant impact on the preparation of financial statements for the period to 31st December 2023.

Amendments to IAS 1 - Presentation of Financial Statements – Disclosure of Accounting Policies

The amendments clarify the accounting policy information, and an entity is required to disclose its material accounting policy information instead of its significant accounting policies. The amendments clarify that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements and that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments clarify that accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The amendments also clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

Standards issued but not yet effective

The following new standards, interpretations, and amendments to existing standards have been published and are applicable for annual periods beginning after January 1, 2024. The Fund is in the process of assessing how the standards, interpretations, or amendments to significantly impact its reporting.

Amendments to IAS 1 - Presentation of Financial Statements - Classification of Liabilities as Current or Non-current

Classification is unaffected by the likelihood that an entity will exercise the right to defer settlement of the liability or the expectations of management. If a liability meets the criteria for being classified as a non-current liability, it is classified as a non-current liability even if management intends or expects to settle the liability within 12 months after the reporting period or even if the liability is settled between the end of the reporting period and the date of authorization for issue. Also, the settlement of liability includes the transfer of the entity's own equity instruments, however, it would be excluded if an option to settle them by the entity's own equity instruments if compound financial instruments is met the definition of equity instruments and recognized separately from the liability.

Amendments to IAS 1 - Presentation of Financial Statements – Disclosure of Non-current liabilities with covenants

The amendments to IAS 1 specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the financial statements.

Amendments to IAS 7 and IFRS 7 – Cashflow statements (IAS 7) and Financial Instruments: Disclosures (IFRS 7) – Supplier Finance Arrangements

The amendments require additional disclosures that complement the existing disclosures in these two Standards. They require entities to disclose.

- the terms and conditions of the arrangement
- the amount of the liabilities that are part of the arrangements, breaking out the amounts for which the suppliers have already received payment from the finance providers, and stating where the liabilities are included on the statement of financial position.
- ranges of payment due dates
- liquidity risk information

Amendments to IAS 21 - The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability

The amendment clarifies the approach that should be taken by preparers of financial statements when they are reporting foreign currency transactions, translating foreign operations, or presenting financial statements in a different currency and there is a long-term lack of exchangeability between the relevant currencies.

The amendments introduce a definition of whether a currency is exchangeable, and the process by which an entity should assess this exchangeability. This includes application guidance included in a new Appendix A. It also provides guidance on how an entity should estimate a spot exchange rate in cases where a currency is not exchangeable. The amendment requires additional disclosures in cases where an entity has estimated a spot exchange rate due to a lack of exchangeability, including the nature and financial impact of the lack of exchangeability, and details of the spot exchange rate used and the estimation process. The additional disclosure requirements provide useful information about the additional level of estimation uncertainty and risks arising for the entity due to the lack of exchangeability.

Amendments to IAS 16 – Leases

The amendments add requirements for the subsequent measurement of sale-and-leaseback transactions that are accounted for as sales in accordance with IFRS 15, Revenue from Contracts with Customers. The amendments require the seller lessee to calculate the ‘lease payments’ or ‘revised lease payments’ in a way that does not result in the seller-lessee recognizing any gain or loss for the rights of use that the seller-lessee continues to retain after the lease commences.

4. Summary of significant accounting policies

a. cash and due from banks

Cash and due from banks include cash on hand, deposits held at call with banks, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

b. ReceivableS

All receivable balances are valued at their net realizable value, that is, the gross amount of receivable minus, if applicable, allowances provided for doubtful debts. Any receivable or portion of receivable judged to be uncollectable is written off. Write-offs of receivables are done via allowances for doubtful accounts after all efforts to collect have been exhausted.

c.1. Property, PLANT, and equipment

Property, plant, and equipment are initially measured at cost. After initial recognition, property, plant, and equipment are carried at cost less any accumulated depreciation and any accumulated impairment losses.

The cost of property, plant, and equipment comprises its purchase price and all other incidental expenses incurred to bring the asset to its working condition for its intended use.

Subsequent costs are recognized in the carrying amount of property, plant, and equipment at cost or, if appropriate, as separate items if it is probable that future benefits associated with the item will flow to the Fund and the cost of the item can be measured reliably. The costs of the day-to-day operation are recognized as expenses.

Property, plant, and equipment are depreciated on a straight-line basis over the estimated useful lives of each part of an item of property, plant, and equipment. The estimated useful lives for the current period are as follows:

Item of property, plant, and equipment	Useful life
Computer equipment, Software* and IT infrastructure	3 years
Leasehold Improvements	10 Years
Office Equipment and Furniture	3 Years
Motor Vehicles	5 Years

* The software included under this category is judged to be an integral part of the computer equipment.

Depreciation methods, useful lives, and residual values are reviewed at the end of each reporting date and adjusted, if appropriate.

Depreciation is charged in the year the asset is placed in operation and continued until the asset is fully depreciated or its use is discontinued.

c.2. INTANGIBLE ASSETS - software

Intangible assets are identifiable non-monetary assets without physical substance. In line with the relevant financial reporting standard, intangible assets are identifiable when they are separable (i.e. they can be sold, transferred, or licensed) or when they arise from contractual or other legal rights. For GCF, other than financial assets, the major intangible asset is software for the various functions, which may be bought externally or developed internally.

Capitalization limit: Intangible assets are capitalized if their acquisition cost or the estimated cost of their internal development exceeds USD 20,000.

Recognition, measurement, and derecognition: Only costs related to the application development and implementation can be considered for capitalization. Costs incurred during the preliminary assessment and post-implementation stages are expensed. Training, data conversion, and general administrative costs are expensed.

If it is determined at any time that software whose costs had been capitalized cannot be used for its intended purpose, any unamortized portion is immediately expensed.

Amortization: Both internally developed and externally acquired intangible assets are amortized monthly on a straight-line basis over 36 months unless a longer useful life can be justified.

d. Foreign currency transactions and translations

Foreign currency-denominated transactions are translated to US dollars for reporting purposes at rates that approximate the exchange rates prevailing at the dates of the transactions.

Exchange differences arising from the: (a) settlement of foreign currency-denominated monetary items at rates which are different from which they were initially booked, and (b) translation of balances of foreign currency-denominated monetary items as at the reporting date, are credited or charged to operations during the year.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

e. Accounting for Contributions

E1.1 Revenue recognition

Contributions, including unconditional promises for the use of the contributions, are recognized as revenue at the earlier of when there is reasonable assurance that the contributions will be received or when such contributions are received.

Contributions, including conditional promises to support specified projects or activities mutually agreed upon by the Fund and the contributor, are fully recognized as revenue at the earlier of when there is reasonable assurance that the contributions will be received or when such contributions are received, unless there is a doubt that the Fund will be able to use the contributions for their intended purposes, in which case the revenue is recognized only to the extent of the expenses incurred during the year.

E1.2 Contribution receivables

The Fund recognizes contribution receivables where there is reasonable assurance that the contributions will be received, but the cash has not been received. Contribution receivables are stated at their cost net of an allowance for uncollectible contributions.

Promissory notes receivables are measured initially at fair value by discounting the future cash flows with the appropriate discount rates, reflecting the duration and credit risk of the issuer and presented at amortized cost using the effective rate method at each reporting date. At the end of each reporting period, the Fund assesses whether there is any objective evidence that the promissory notes are impaired. If any such evidence exists, the Fund determines the amount of any impairment loss.

E1.3 Deferred contribution revenue

The Fund recognizes deferred contribution revenue where there is a doubt that the Fund will be able to use the contributions for their intended purposes, in which case, any unused portion of the contribution received will need to be refunded to the contributor. The revenue recognition for such contributions is deferred to future periods to match the underlying related expenses. The revenue is realized in the statement of comprehensive income on a systematic basis in the period during which the associated underlying expenditures are incurred.

F. Accounting for investments in equity

The Fund is “capital agnostic”. The Fund does not seek controlling interests or to influence the returns earned from equity investments. Rather its involvement seeks to de-risk investment and crowd in public and private investment to achieve transformative results. It also seeks to build novel alliances with different entities to achieve ambitious programmatic objectives. As such, equity investments on the Fund’s statement of financial position are either measured at Fair Value through profit and loss or Fair value through other comprehensive income.

Where the Fund's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Dividend income from such investments continues to be recognized in profit or loss as 'other non-operating income' when the right to receive payments is established. Changes in the fair value of financial assets at fair value through profit or loss are recognized in ‘Gain/(loss) on equity investments at fair value through profit and loss (FVPL)' in the statement of profit or loss as applicable.

G. Accounting for Grants

The accounting for grants uses the principles of IAS 37: Provisions, liabilities, and contingent liabilities, together with the "general framework" document to determine when the grants should be recognized as contingent liabilities, grant payables, and subsequently recorded in the statement of comprehensive income.

G1.1 Contingent Liability

The first point of recognition for grants is at the point of Board approval, where the maximum liability of the grant becomes clear and is agreed with the Accredited Entity. The accounting treatment at this point is to recognize the grant as a contingent liability due to the uncertainty over the amount of the grant and the substantive ability of the Fund to de-commit funds if conditions are not met, or funding is not available. Accordingly, the point of Board approval is not considered a constructive obligation as defined under IAS 37.

Following the Board's approval, the grants are governed by a written grant agreement that includes substantive conditions based on performance. There is no constructive obligation for the total value of the grant at the signing date of the grant agreement. Accordingly, an obligation only arises once all criteria have been addressed or otherwise resolved.

G1.2 Recognition of grants payable and expenditure

The recognition of grants payable is determined when the conditions are met, and the accredited entity makes the disbursement request. At this point, the Fund has a constructive obligation to the accredited entity. Therefore, the amount requested for disbursement is recognized as a grant payable and recorded as expenditure within the statement of comprehensive income.

G1.3 Recoverable from grants

During the implementation period, a part of the funds disbursed for grants may be determined as recoverable from the accredited entity based on the audits and investigations conducted. Grants recoverable are recognized at fair value upon notification to the accredited entity. They are subject to the same valuation policy, risk assessment, and asset impairment as contributions recoverable from a contributor.

H. FAIR VALUE MEASUREMENT

In applying Fair Value measurement, the Fund classifies fair value measurements in accordance with the fair value hierarchy that reflects the significance of the inputs used in fair value measurement, and the level of the fair value hierarchy is as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 : Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The fair value of financial instruments traded in active markets is based on quoted market prices at the dates of the separate statements of financial position. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arms-length basis. The quoted market price used for financial assets held by the Fund is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily listed equity investments classified as trading securities or available-for-sale.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Reliance may also be placed on the fund managers to provide a valuation of the funds managed by them as long as these are audited as per IFRS. If the fund believes the value provided by the fund managers is misleading, it may apply discounted cashflows to undertake independent valuations.

I. Financial instruments

Financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual provisions of the underlying instruments.

I1.1 Financial assets

I1.1.1 Classification

From 1 January 2018, the Fund classifies its financial assets in the following measurement categories:

a) Those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss)
b) Those to be measured at amortized cost

The classification depends on the Fund's business model for managing the financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. The Fund reclassifies debt investments only when its business model for managing those assets changes.

For investments in equity instruments that are not held for trading, the classification will depend on whether the Fund has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. Changes in fair value of the investments in equity instruments that are not accounted for as other comprehensive income are recognized in profit or loss.

I1.1.2 Measurement

At initial recognition, the Fund measures a financial asset, in the case of a financial asset not at fair value through profit or loss, at its fair value plus transaction costs directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Comprehensive Income.

a) Financial assets measured at amortized cost.

Assets that are held for the collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in 'financial income' using the effective interest rate method.

b) Financial assets measured at fair value through other comprehensive income (FVTOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows solely represent payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment loss (reversal of impairment loss), interest income, and foreign exchange gains and losses, which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'Financial income' using the effective interest rate method. Foreign exchange gains and losses are presented in 'financial income and expenses, and impairment losses are presented in 'other non-operating expenses.

c) Financial assets measured at fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented in the statement of profit or loss within 'other non-operating income and expenses' in the year in which it arises.

I.1.1.3 Expected Credit Loss (ECL) Provision

As per the IFRS 9 guidance, GCF makes an allowance for expected credit losses (ECL) on its loan portfolio using a 3-Stage approach.

Stage 1: All loans are initially classified in stage 1. If at the end of the year, it is assessed that there are no changes in the credit quality of the loan since inception, the loans are retained in this stage. A loss allowance equal to 12-month expected credit losses is measured for loans classified in this stage.

Stage 2: If the credit risk on a loan instrument is assessed to have increased significantly since initial recognition, but the financial instrument is not assessed to be credit-impaired, the loan is classified in stage 2. Changes in the credit risk of the loan recipient or the country where the GCF loan-funded project/programme is being implemented are the first indicators for credit risk deterioration. Other indicators are issues such as significant delays in the implementation of the GCF loan-funded project/programme. That notwithstanding, there is a rebuttable presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due unless there is reasonable and supportable information that demonstrates that the credit risk has not increased significantly since initial recognition even though the contractual payments are more than 30 days past due. A loss allowance equal to lifetime expected credit losses is measured for loans classified in stage 2.

Stage 3: Loans deemed to be credit-impaired are classified in stage 3. For such instruments, cumulative changes in lifetime expected credit losses are recognized. Sovereign-backed loans are considered credit-impaired if they are in arrears for more than 180 days. For non-sovereign backed loans, the following events provide evidence that a loan is impaired:

- Breach of loan covenants or conditions.
- Initiation of bankruptcy proceedings or other financial reorganization by the borrower.
- Significant financial difficulty of the borrower
- Principal or interest payments are in arrears for 90 days.

Expected credit losses are measured in a manner that reflects:

a. **An unbiased and probability-weighted amount determined by evaluating a range of possible outcomes**.

b. **The time value of money.** The measured credit losses are discounted to the reporting date using the effective interest rate determined or approximated at initial recognition to account for the time value of money.

c. **Reasonable and supportable information** available without undue cost or effort at the reporting date about past events, current conditions, and forecasts of future economic conditions.

I1.1.4 Recognition and Derecognition

Regular way purchases and sales of financial assets are recognized or derecognized on trade-date, the date on which the Fund commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred, and the Fund has transferred all the risks and rewards of ownership substantially. If a transfer does not result in derecognition because the Fund has retained substantially all the risks and rewards of ownership of the transferred asset, the Fund continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received. The Fund classifies the financial liability as "borrowings" in the statement of financial position.

I1.1.5 Offsetting of financial instruments

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position, where there is a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the assets and settle the liability simultaneously. The legally enforceable right must not be contingent on future events. It must also be enforceable in the ordinary course of business and in the event of default, insolvency, or bankruptcy of the Fund or the counterparty.

I1.2 Financial liabilities

Financial liabilities at fair value through profit or loss are financial instruments held for trading. Financial liabilities are classified in this category if incurred principally to repurchase them in the near term. Derivatives that are not designated as hedges or bifurcated from financial instruments containing embedded derivatives are also categorized as held-for-trading.

The Fund classifies non-derivative financial liabilities, except for financial liabilities at fair value through profit or loss, financial guarantee contracts, and financial liabilities that arise when a transfer of financial assets does not qualify for derecognition, as financial liabilities carried at amortized cost and presented as 'account payables,' 'borrowings,' and 'other financial liabilities' in the statement of financial position.

J. Finance income and finance costs

Interest income is accrued on a time basis by reference to the principal outstanding and applicable interest rate.

K. Taxation

Under the agreement between the Republic of Korea and the Green Climate Fund (GCF) concerning the Headquarters of the Green Climate Fund, signed on 10 June 2013, the GCF is exempt from all direct taxes, except those which are no more than charges for public utility services. It is also exempt from all indirect taxes, including any value-added or similar taxes and excise duties levied on imported goods and services for official purposes.

L. risk management

GCF's risk appetite

As per the GCF Governing Instrument, 'the Fund will promote the paradigm shift towards low-emission and climate-resilient development pathways by providing support to developing countries to limit or reduce their greenhouse gas emissions and to adapt to the impacts of climate change'[3]. To achieve a paradigm shift, the Fund needs to finance new and unconventional projects and programmes and the scaling-up of conventional technologies that are new to a location. The projects, programmes, and technologies would typically not be financed on the market because of perceived or real risk or a lack of economic and financial viability due to their cost or insufficient revenue. By their nature, these activities and technologies would at times assume a higher level of risk than conventional investments undertaken on the market. As such, the Fund must strike a balance between taking excessive risk and insufficient risk. Excessive risk would result in excessive non-viable projects that would endanger the long-term viability and sustainability of the Fund. On the other hand, insufficient risk mean that the Fund would not achieve its purpose as outlined in the Governing Instrument.

GCF's risk exposure and mitigation measures

As detailed in the Fund's risk register, the nature of GCF's operations exposes it to risks that include but are not limited to compliance risk, legal risk, reputational risk, operational risk and IT risk, project/programme failure risk, market risk, foreign exchange risk, credit risk, liquidity risk, asset-liability mismatch risk, counterparty risk. To support GCF's risk management efforts, the GCF Board has adopted the Risk Management Framework (RMF), which is meant to provide:

a) Greater clarity on the risks inherent in individual decisions and the day-to-day functioning of the GCF, enabling the Board to make appropriate trade-offs.
b) Greater consistency in decisions across the organization, tied together by Board expressed consistent views on what are the key risks, how much risk is acceptable, and how the risks should be managed.
c) A more assured path towards achieving the mandate of the GCF (with well-understood likelihood and impact of risks); and
d) Faster decision-making enabled by clarity and consistency (e.g., the RMF provides clarity to accredited entities and the Secretariat on what funding proposals should include)

Financial Risk Management

In addition to the risk management framework, the Board also adopted the Financial Risk Management Framework, whose purpose is to:

a) Establish over time the overall level of financial risk the Board is willing to assume for the Fund in pursuit of its objectives (the Fund's risk appetite or risk limit), to be reflected in the

[3] https://www.greenclimate.fund/document/governing-instrument paragraph 2

Fund's investment framework that sets out the criteria for the process of approving funded project and programs, as well as in the Fund's financial policies relating to resource mobilization;

b) Ensure that the risks assumed by the Fund lie within the Board-approved ceiling for the risk appetite at any given time, by monitoring, assessing, and reporting the actual level of financial risk.
c) Provide an analytical framework in which the Fund's portfolio will be reviewed and managed, and a feedback mechanism for the Board to adjust its approval criteria for funding proposals from time to time, based on the Board-determined risk appetite and the level of actual risk assumed by the Fund; and
d) Define the roles and responsibilities of the different actors involved in, as well as the procedures for, the Fund's financial risk management.

Financial risk monitoring and reporting

The Fund's Chief Financial Officer (CFO) and Head of Risk Management and Compliance are responsible for the quantification and measurement of financial risk exposure, while the Risk Management Committee is responsible for overseeing the monitoring of the risk. To support financial risk monitoring and reporting, the Fund utilizes the following tools:

a) Risk management dashboard – The risk management dashboard brings together into one concise report the quantification of the most critical risks highlighting Board-imposed ceilings where appropriate.
b) Risk register –The risk register provides more granular details on the financial risks and highlights the measures to manage the risks.
c) Financial statements – The preparation of financial statements and comparing critical ratios over time help paint a picture of the institution's overall financial health, enabling instituting corrective measures if ratios point to a deteriorating condition.
d) Annual portfolio review – The portfolio review based on the periodic submission of information from accredited entities as outlined in the Funded Activity Agreements (FAA) helps identify indicators of financial risk within the portfolio, enabling the Fund to respond proactively.
e) Annual external audit – Annual external audits conducted by independent auditors' help verify the financial information presented in the financial statements and highlight the risks that the Fund may have overlooked.
f) The Committee of Sponsoring Organization of the Treadway Commission (COSO) risk monitoring self-evaluation. The Fund adopted COSO as a self-assessment framework to determine the effectiveness of financial risk monitoring and reporting.

Financial Risk Governance

To effectively identify, assess, manage, and communicate financial risks, responsibility is shared among different parties as below:

a) The **Board's Risk Management Committee** provides overall oversight of the risk management of the Fund. It recommends risk ceilings to the Board, reviews compliance to the risk ceilings, oversees the risk monitoring system, and reports to the Board.
a) The **Secretariat** reviews the Fund's level of financial risk compared to the ceilings set by the Board's Risk Management Committee
b) The **CFO** maintains the financial and risk reporting systems, asset-liability management processes and liaises with the Trustee to ensure accurate and timely monitoring of financial risks.

Review of select risks

Credit Risk

Credit risk is the risk that a GCF loan financing recipient will become unwilling or unable to satisfy the terms of a loan obligation to the GCF or that the value of a loan asset declines due to a deterioration in the issuer's creditworthiness. GCF actively assumes credit risk to meet its strategic mandate of promoting a paradigm shift towards low-emission and climate-resilient development pathways. The GCF is willing to take on risks that other investors will not take. It aims to utilize its investments to crowd-in other debt and enhance the creditworthiness of a project. The GCF also enters relatively high-risk transactions to meet its strategic mandate, such as junior positions in credit structures or being the sole investor.

To mitigate credit risk, concept notes and funding proposals are screened for this risk, and such evaluations influence the decisions taken on them. Accreditation decisions are also dependent on credit risk assessment. GCF continuously evaluates projects/programmes / AEs for credit risk through the ongoing project/programme and AE monitoring and review process and takes corrective action as required.

For the purpose of credit risk management, GCF loans are mainly classified into sovereign-guaranteed loans, and non-sovereign guaranteed backed loans. To assess its credit risk exposure for sovereign-guaranteed loans, GCF uses the publicly available credit ratings for the different countries as a guide for its exposure. For non-sovereign-guaranteed loans, GCF calculates the default spread of the country where the project/programme is being implemented.

GCF is also exposed to credit risk if the contributors' default on their obligations on promissory notes deposited with the Fund or if the banks and Trustee are unable to avail the funds held by them for use by GCF when required. The maximum exposure to credit risk as of 31st December 2023 and 31st December 2022 is as follows:

(In '000 USD)	2023	2022
Cash and due from banks	8,907,649	7,109,279
Contributions receivables	4,023,534	3,585,541
Loans receivable	1,025,852	783,677
Total exposure	**13,957,035**	**11,478,497**

Concentration Risk

To ensure that the GCF maintains a diverse portfolio to optimize the deployment of its financial resources, the Fund maintains prudential risk appetite levels on the funding allocated to result areas, countries, and projects. To mitigate the concentration risk, GCF monitors its exposure levels (in the nominal amount of cumulative GCF cash transfers and funding approvals for ongoing projects at a Fund level) for the following:

(a) The GCF targets no more than [50%] of the total investible amount into a single results area.

(b) The GCF targets no more than [10%] of the total investible amount into a single country.

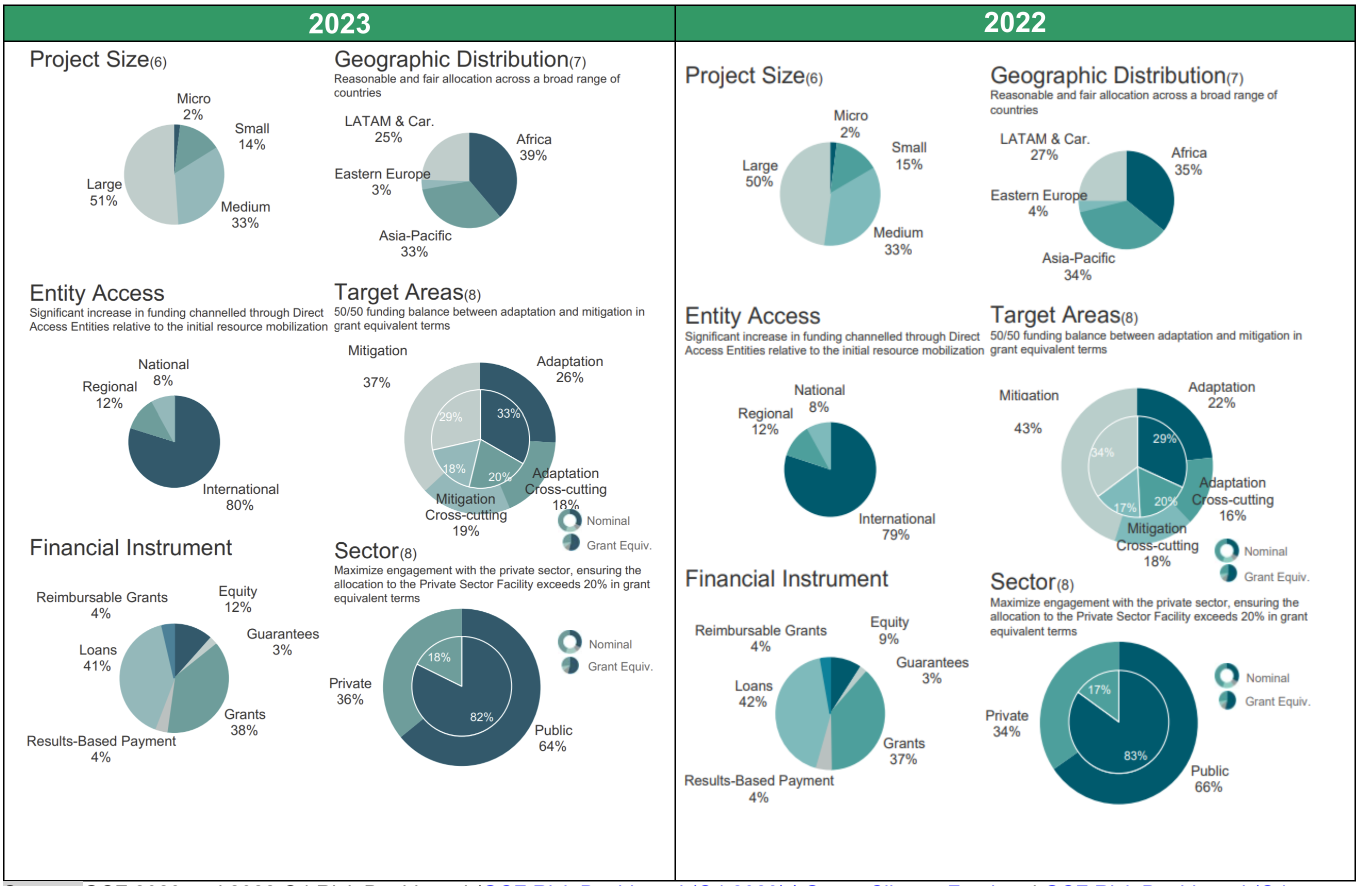
(c) The GCF targets no more than [10%] of the total investible amount into a single proposal

The total investible amount is defined as the sum of the GCF's liquid asset portfolio size, the nominal amount of GCF's uncashed promissory notes with fixed encashment dates deposited with the Trustee, and the total nominal amount disbursed to live projects/programmes. The liquid asset portfolio is defined as cash or cash equivalents held in Trust or GCF's bank accounts.

In addition, the GCF monitors its exposure to a single Accredited Entity (AE) and the impact of this exposure on other risk dimensions (e.g., credit risk, equity risk, impact risk). The Fund also balances its deployment of funding instruments (i.e., grant, equity, loan, and guarantees) following its investment policies and guidelines.

The concentration of approved funding proposals by project size, geographic distribution, entity access, target areas, financial instrument, and the sector is as below:

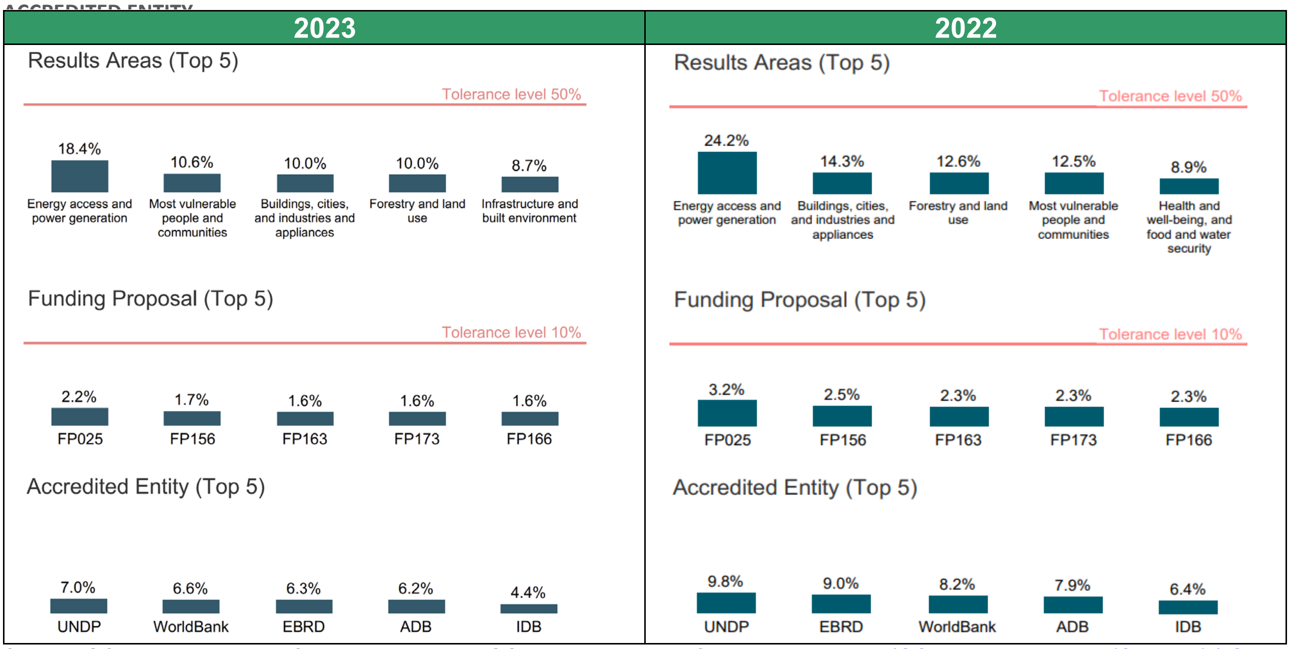
FIGURE 6: CONCENTRATION OF APPROVED FUNDING PROPOSALS AS OF 31ST DECEMBER 2023 AND 2022



Source: GCF 2023 and 2022 Q4 Risk Dashboard (GCF Risk Dashboard (Q4 2023) | Green Climate Fund and GCF Risk Dashboard (Q4 2022) | Green Climate Fund)

The concentration by result areas, funding proposal, and the accredited entity is as below:

FIGURE 7: CONCENTRATION OF FUNDING FOR GCF APPROVED PROPOSALS BY RESULT AREAS, FUNDING PROPOSAL AND ACCREDITED ENTITY

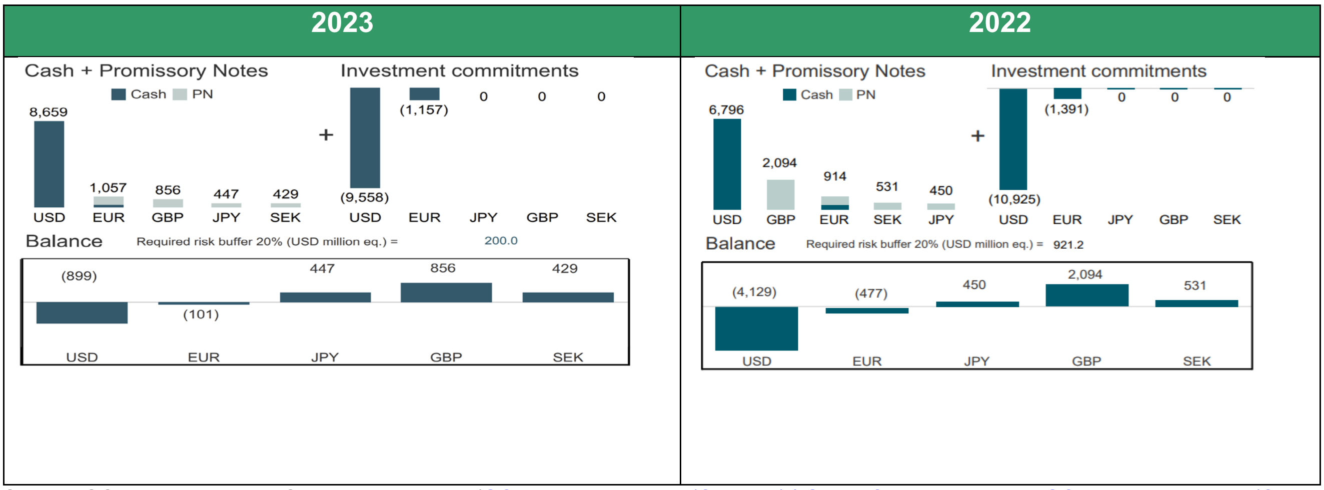


Source: GCF 2022 and 2021 Q4 Risk Dashboard GCF 2023 and 2022 Q4 Risk Dashboard (GCF Risk Dashboard (Q4 2023) | Green Climate Fund and GCF Risk Dashboard (Q4 2022) | Green Climate Fund)

Foreign exchange (FX) risk

The GCF is exposed to FX risk by receiving contributions in currencies that do not match the currency in which programme and administrative commitments are denominated. The Fund receives contributions in US dollars (USD), Euro (EUR), Japanese Yen, British pounds, and Swedish Krona while its investment commitments are denominated in USD and EUR. As such, the Fund maintains both EUR and USD deposits, to mitigate FX risk. Disbursements for EUR commitments are made from the EUR deposits, while disbursements for USD commitments are made from USD deposits. It also monitors the currency mismatch between received funding and investment commitments and sets aside a risk buffer to cover the currency mismatch. The figure below shows the currency mismatch between contributions and investments as at 31st December 2023 and 31st December 2022.

FIGURE 8: ANALYSIS OF THE FX RISK EXPOSURE AS AT 31ST DECEMBER 2023 AND 31ST DECEMBER 2022

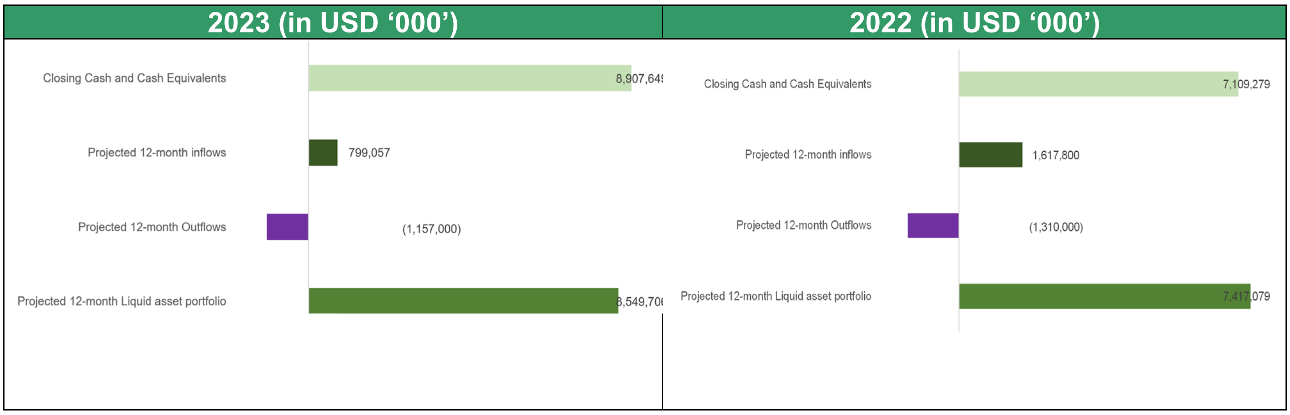


Source: GCF 2023 and 2022 Q4 Risk Dashboard (GCF Risk Dashboard (Q4 2023) | Green Climate Fund and GCF Risk Dashboard (Q4 2022) | Green Climate Fund)

Liquidity risk

Liquidity risk arises if GCF experiences a shortage of cash to meet its payment obligations, such as disbursements for the projects and programmes and paying back loans to loan contributors. The Fund also maintains a liquidity reserve sufficient to meet its net funding requirements for at least one year. Net funding requirements refer to planned contribution encashment over a certain period less planned programme and administrative disbursements over the same period. To mitigate this risk, the Fund commits to only making funding commitment against available cash and promissory note deposits, and monitors the contributions pledged which are not received on schedule, and the concentration of the funding of contributors. The projected liquid asset portfolio 12 months forward as at 31st December 2023 and 31st December 2022 are as below:

FIGURE 9: ANALYSIS OF THE FUND'S ASSET PORTFOLIO AS AT 31ST DECEMBER 2023 AND 31ST DECEMBER 2022



Reputational risk

Given that the GCF operates in new, transformational areas that may be untested, continued support from global stakeholders is essential to the GCF's success. Reputation risk refers to adverse perception, which has a material effect on the credibility of GCF. To manage the reputational risks, the Fund:

a) Actively engages stakeholders and plans and responds to reputational issues which may arise in its daily operations.
b) Applies stringent monitoring and oversight policies across its operations.
c) Monitors and manages adverse publicity and grievances from projects and daily operations.

Legal risk

Legal risk for the GCF is the risk of loss caused by defective transactions, penalties, or sanctions originating from lawsuits filed against the Fund, sanctions pronounced by a regulatory or government body, and changes to legal frameworks. The GCF manages its legal risk by closely monitoring the number of legal disputes that arise across the operations of the GCF and taking the appropriate action.

Compliance Risk

GCF categorizes compliance risks into two major categories.

i. Regulation and sanctions/embargo breach and engagement in prohibited practices

The risk that GCF, Accredited Entities (AE)/Executing Entities (EE), or other related parties fail to adhere to the laws and regulations, including sanctions and embargoes, in jurisdictions relevant to the operations of the GCF as well as to GCF's Anti-Money Laundering and Countering the Financing of Terrorism Policy and Policy on Prohibited Practices.

ii. Internal compliance breach

The risk would occur if GCF covered persons (including Board members, Board-appointed officials, or other personnel) failed to comply with the standards and codes of conduct set by GCF through its policies and procedures.

GCF has zero-tolerance for compliance risk. It screens potential AEs/EEs, concept notes and funding proposals, human resources decisions, procurement decisions, changes in laws and regulations, and other internal processes. It takes necessary action to drive compliance/ethics culture across GCF. GCF will also secure necessary privileges and immunities that are not yet in place and conduct periodic exchanges with home country authorities.

Operation and IT Risk

GCF is exposed to operation and IT risk due to losses or disruptions arising from but not limited to operational process errors, cyber-attacks, IT systems failure, natural or manmade catastrophic attacks. To mitigate this risk, GCF closely monitors the following and takes proactive and corrective action where necessary:

a) Timelines for funding proposal approval and target timelines for AE approval

b) The vacancy rate, employee turnover rate, and internal or external complaints on employee behavior
c) Number of information security breach attempts and number of system failures
d) Natural catastrophe occurrences, geopolitical events, wars, pandemics, and terrorism.

M. Critical Accounting Estimates and Assumptions

The preparation of financial statements requires the Fund to make estimates and assumptions concerning the future. Management also needs to exercise judgment in applying the Fund's accounting policies. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. As the resulting accounting estimates will, by definition, seldom equal the related actual results, It can contain a significant risk of causing material adjustment.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. Additional information on significant judgment and assumptions of certain items are included in relevant notes.

M1. The fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Fund uses its judgment to select various methods and make assumptions based on market conditions existing at the end of each reporting period.

M2. Impairment of financial assets

The allowance for impairment for financial assets is based on assumptions about the risk of default and expected loss rates. The Fund uses judgment in making these assumptions and selecting the inputs to the impairment calculation based on the Fund's past history, existing market conditions, and forward-looking estimates at the end of each reporting period.

N. Events after the Reporting Date

Post-year-end events that provide additional information about the Fund's financial position at the reporting date (adjusting events) are reflected in the financial statements when material. Post-year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

5. Cash and due from banks

(a) Cash and due from banks as of 31st December 2023 and 2022 are summarized as follows:

(In '000 USD)	2023	2022
Balance held in the GCF Trust Fund (at the World Bank)	8,868,812	7,072,208
Balances held in local Commercial Banks	38,837	37,071
Total	**8,907,649**	**7,109,279**

The World Bank is serving as the Trustee of the Fund. The Trustee administers contributions received in the Trust Fund following the Amended and Restated Agreement on the Terms and Conditions for the Administration of the Green Climate Fund Trust Fund (including all Annexes and Attachments attached thereto, which constitute an integral part thereof), dated 22 April 2015 between the Fund and the Trustee (the "GCF Trust Fund Agreement"). The Fund signed a revised agreement with the World Bank on 07 February 2023.

(b) Cash and due from banks denominated in foreign currencies as of 31st December 2023 and 2022 are as follows:

	2023			2022		
Foreign currency	Foreign currency amount (in '000)	Ending exchange rate*	Translation into '000 USD	Foreign currency amount (in '000)	Ending exchange rate*	Translation into '000 USD
EUR	189,043	0.9028	209,396	259,166	0.9367	276,686
GBP	49	0.7846	62	52	0.8306	63
KRW	519,381	1,300.6269	399	551,842	1,326.5433	416

* The exchange rate is stated in terms of USD/foreign currency and rounded off to 4 decimals for presentation purposes.

6. Financial Instruments by Categories

(a) Categories of financial assets as of 31st December 2023 and 2022 are summarized as follows:

(i) 31st December 2023				
(In '000 USD)	Financial assets measured at amortized cost	Financial assets measured at FVTOCI	Financial assets measured at FVTPL	Total Amount
Financial Assets				
Cash and due from banks	8,907,649	-	-	8,907,649
Contribution receivables	4,023,534	-	-	4,023,534
Loan Receivables	1,025,852	-	-	1,025,852
Investments in equity		187,558	166,068	353,626
Total	**13,957,035**	**187,558**	**166,068**	**14,310,661**
(ii) 31st December 2022				
(In '000 USD)	Financial assets measured at amortized cost	Financial assets measured at FVTOCI	Financial assets measured at FVTPL	Total Amount
Cash and due from banks	7,109,279	-	-	7,109,279
Contribution receivables	3,585,541	-	-	3,585,541
Loan receivables	783,677	-	-	783,677
Investments in equity		181,149	45,677	226,826
Total	**11,478,497**	**181,149**	**45,677**	**11,705,323**

The details of disclosure by level according to the fair value hierarchy of the Fund's financial instruments measured at fair value as of the end of the reporting period are as follows:

(i) 31st December 2023				
(In '000 USD)	Level 1	Level 2	Level 3	Total Amount
Financial assets				
Investments in equity	-	-	353,626	353,626

(ii) 31st December 31 2022				
(In '000 USD)	Level 1	Level 2	Level 3	Total Amount
Investments in equity	-	-	226,826	226,826

(b) Categories of financial liabilities as of 31st December 2023 and 2022 are summarized as follows:

(i) 31st December 2023			
(In '000 USD)	Financial liabilities measured at amortized cost	Financial liabilities measured at FVTPL	Total Amount
Financial Liabilities			
Account payables	776	-	776
Accruals	16,822	-	16,822
Long-term borrowings	685,468	-	685,468
Total	**703,067**	**-**	**703,067**

(ii) December 31 2022			
(In '000 USD)	Financial liabilities measured at amortized cost	Financial liabilities measured at FVTPL	Total Amount
Account payables	806	-	806
Accrued expenses	12,553	-	12,553
Long-term Borrowings	671,667	-	671,667
Total	**685,026**	**-**	**685,026**

(c) Detail of net gains (or losses) on each category of financial instruments by category for the years ended 31st December 2023 and 2022 are summarized as follows:

	2023		2022	
(In '000 USD)	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Bank and trust fund income	431,486	-	83,706	-
Foreign exchange gain (loss)	160,018	23,405	(377,548)	(9,769)
Impairment (loss)/gain	(2,661)	-	(3,784)	-
Fair value (loss)/gain on equity investments	(17,403)	-	3,417	-
Present value amortization on promissory notes	(16,375)	-	17,397	-
Total	**555,065**	**23,405**	**(273,212)**	**(9,769)**

7. Contribution Receivables

In accordance with signed arrangements/ agreements, several contributors have deposited promissory notes. As the Trustee of the Fund, the World Bank is holding these promissory notes on behalf of the Fund. These are non-interest-bearing and payable at par value. Promissory notes encashable within one year from the end of the reporting period are classified as current assets- receivables. Promissory notes encashable after more than one year from the end of the reporting period are classified as non-current assets-receivables.

The promissory notes receivables are measured initially at fair value by discounting the future cash flows with the appropriate discount rates, reflecting the duration and the credit risk of the issuer, and presented at amortized cost using the effective rate method at each reporting date. At the end of each reporting period, the Fund assesses whether there is any objective evidence that the promissory notes will not be received. If any such evidence exists, the Fund determines the amount of any bad debts to be written off. Promissory notes denominated in Euro, Japanese Yen, Swedish Krona, Korean Won, and Pound Sterling were revalued to United States Dollars (USD) at the end of the reporting period at the prevailing exchange rates.

As of 31st December 2023, the encashment schedule and details of present value on promissory notes are as follows:

Encashment	Amount (In '000 USD)
In 2024	799,057
In 2025	867,603
In 2026	702,637
In 2027	662,277
In 2028	545,478
In 2029	311,105
In 2030	286,326
In 2031	225,757
Nominal value of promissory notes	4,400,240
Unamortized present value discount	(376,706)
Present value of promissory notes	**4,023,534**

Contribution receivables denominated in foreign currencies as of 31st December 2023 and 2022 are as follows:

	2023			2022		
Foreign currency	Foreign currency amount (in '000)	Ending exchange rate*	Translation into '000 USD	Foreign currency amount (in '000)	Ending exchange rate*	Translation into '000 USD
EUR	765,000	0.9028	847,391	597,210	0.9367	637,581
GBP	2,015,280	0.7846	2,568,676	1,739,048	0.8306	2,093,640
JPY	63,200,188	141.5450	446,502	59,343,532	131.7450	450,442
KRW	141,172,000	1300.6269	108,542	-	-	-
SEK	4,295,200	10.0091	429,129	6,134,000	11.5439	531,365
Total			**4,400,240**			**3,713,029**

* The exchange rates have been rounded off to a maximum of 4 decimal places for presentation purposes.

8. financial assets at fair value

a. equity investments

i) Details of equity investments as of 31st December 2023 and 2022 are as follows:

(In '000 USD)	31-Dec-23					
	Committed GCF financing (%)	**Amounts disbursed**	**Carrying Amount (FVOCI)**	**Carrying Amount (FVPL)**	**Total**	**Cumulative FV Changes**
KawiSafi Ventures	30	17,959	18,179	-	18,179	220
Acumen Resilient Agriculture Fund	40	16,959	15,333	-	15,333	(1,626)
Espejo de Tarapaca	20	4,573	-	-	-	(4,573)
Arbaro Fund	20	22,407	13,047	-	13,047	(9,360)

Energy Access Relief Facility	100	29,343	29,343	-	29,343	-
Global Subnational Climate Fund	83	50,000	36,451	-	36,451	(13,549)
Green Growth Equity Fund	25	83,333	75,205	-	75,205	(8,128)
Global Coral Reefs Investment Window	83	50,000	-	50,677	50,677	677
Catalytic Capital for First Private Investment Fund for Adaptation Technologies in Developing Countries	12	27,213	-	25,391	25,391	(1,822)
Universal Green Energy Access Programme	97	40,000		40,000	40,000	-
E-Mobility Financing Program	100	50,000		50,000	50,000	-
Total		**391,786**	**187,557**	**166,068**	**353,626**	**(38,160)**

	31-Dec-22					
(In '000 USD)	**Committed GCF financing (%)**	**Amounts disbursed**	**Carrying Amount (FVOCI)**	**Carrying Amount (FVPL)**	**Total**	**Total**
KawiSafi Ventures	20	17,514	17,724	-	17,724	1,746
Acumen Resilient Agriculture Fund	46	11,094	8,988	-	8,988	418
Espejo de Tarapaca	13.43	6,195	4,177	-	4,177	(2,018)
Arbaro Fund	20.0	17,626	12,520	-	12,520	(2,338)
Energy Access Relief Facility		29,672	29,672	-	29,672	-
Global Subnational Climate Fund	20	50,000	36,451	-	36,451	(4,099)
Green Growth Equity Fund	14.5	71,000	71,617	-	71,617	970
Global Coral Reefs Investment Window	25	25,000	-	25,677	25,677	3,479
Catalytic Capital for First Private Investment Fund for Adaptation Technologies in Developing Countries	25	20,000	-	20,000	20,000	-
Total		**248,101**	**181,149**	**45,677**	**226,826**	**(1,842)**

ii) Changes in the value of financial assets at FVTOCI for the years ended 31st December 2023 and 2022 are as follows:

	2023		
Amounts *(In '000 USD)*	**Equity measured at FVOCI**	**Equity measured at FVPL**	**Total**

Balance as at January 1, 2022	181,149	45,677	**226,826**
Disbursements for equity projects	23,941	122,213	**146,154**
Close-out/return of capital	(1,952)	-	**(1,952)**
Changes in fair value	(15,581)	(1,822)	**(17,403)**
Amount as at December 31, 2023	**187,557**	**166,068**	**353,626**

	2022		
	Equity measured at FVOCI	**Equity measured at FVPL**	**Total**
Balance as at January 1, 2022	119,979	-	**119,979**
Disbursements for equity projects	72,262	45,000	**117,262**
Close-out/return of capital	-	-	**-**
Changes in fair value	(11,092)	677	**(10,415)**
Amount as at December 31, 2022	**181,149**	**45,677**	**226,826**

B. loan recEIvables

Loan receivables relate to loans that have been disbursed to accredited entities for implementing activities as per the different funding proposals presented to and approved by the GCF board. The loans are valued at amortized cost as required by *"IFRS 9 Financial Instruments"* since they are held solely to collect principal and interest. Details of the loans disbursed as of 31st December 2023 and 2022 are as below:

	2023		2022	
(In '000 USD)	Current	Non-current	Current	Non-current
Gross Carrying Amount	-	1,046,880	-	809,497
Unrealized Forex gain(loss)	-	5,549	-	(1,904)
Expected Credit Loss (ECL) Allowance (See note below)	-	(26,577)	-	(23,916)
Net Carrying Amount		**1,025,852**	**-**	**783,677**

The concentration of loans by region as of 31st December 2023 and 2022 is as below:

	2023			2022		
Draw-down Amounts *(In '000 USD)*	**Stage 1**	**Stage 2**	**Total**	**Stage 1**	**Stage 2**	**Total**
Africa	200,909	-	**200,909**	59,144	10,117	**69,261**
Asia Pacific	336,321	-	**336,321**	169,778	105,500	**275,278**
Latin America and Caribbean	160,474	-	**160,474**	118,815	32,964	**151,779**
Multiple Regions**	354,725	-	**354,725**	162,423	148,851	**311,274**
Total	**1,052,429**	**-**	**1,052,429**	**510,160**	**297,432**	**807,592**

	2023			2022		
ECL Allowance *(In '000 USD)*	**Stage 1**	**Stage 2**	**Total**	**Stage 1**	**Stage 2**	**Total**
Africa	12,317	-	**12,317**	42	91	**133**
Asia Pacific	10,718	-	**10,718**	4,136	3	**4,139**
Latin America and Caribbean	890	-	**890**	3,092	73	**3,165**
Multiple Regions**	2,652	-	**2,652**	16,470	9	**16,479**
Total	**26,577**	**-**	**26,577**	**23,740**	**176**	**23,916**

Reclassifications have been made to the stage of the loan portfolio in line with a refinement of accounting estimates related to loans receivable and credit risk. There have been no changes in the credit quality of the loans since their inception, and as a result, the loans remain classified in Stage 1.

The coverage ratio, calculated as ECL allowance / Draw-down amounts, for the different regions as at 31st December 2023 and 2022 is as below:

	2023			2022		
Coverage rate (%)	**Stage-1**	**Stage - 2**	**Total**	**Stage-1**	**Stage - 2**	**Total**
Africa	6.1%	n/a	6.1%	0.1%	0.9%	0.2%
Asia Pacific	3.2%	n/a	3.2%	2.4%	0.0%	1.5%
Latin America and Caribbean	0.6%	n/a	0.6%	2.6%	0.2%	2.1%
Multiple Regions**	0.7%	n/a	0.7%	10.1%	0.0%	5.3%
Total	2.5%	n/a	2.5%	**4.7%**	**0.1%**	**3.0%**

**Loans in this category will be used for implementing projects spanning across more than one region.

Movements in loan Drawdowns

	2023		
Draw-down Amounts *(In '000 USD)*	**Stage 1**	**Stage 2**	**Total**
Gross carrying amounts as at January 1, 2023	510,160	297,433	**807,593**
Drawdowns in 2023	274,172	-	**274,172**
Repayments in 2023	(34,599)	-	**(34,599)**
FX movement	5,262	-	**5,262**
Transfers between stages	297,433	(297,433)	**-**
Amount as at December 31, 2023	**1,052,429**	**-**	**1,052,429**

	2023		
ECL allowance on drawdowns *(In '000 USD)*	**Stage 1**	**Stage 2**	**Total**
ECL as at January 1, 2023	23,740	176	**23,916**
2023 changes	2,661	-	**2,661**
Transfers between stages	176	(176)	**-**
ECL allowance as at December 31, 2023	**26,577**	**-**	**26,577**

9. Property, PLANT, and Equipment

(a) Details of property, plant, and equipment as of 31st December 2023 and 2022 are as follows:

(i) 31st December 2023			
(In '000 USD)	Acquisition cost	Accumulated depreciation	Carrying amount
Computer/IT equipment	4,187	3,657	530
Leasehold Improvements	5,470	1,049	4,421
Office Furniture & Equipment	1,482	1,351	131
Motor Vehicles	80	80	-
Total	**11,219**	**6,137**	**5,082**

(ii) 31st December 31 2022			
(In '000 USD)	Acquisition cost	Accumulated depreciation	Carrying amount
Computer/IT equipment	3,760	3,698	62
Leasehold Improvements	4,515	561	3,954
Office Furniture & Equipment	1,400	1,337	63
Motor Vehicles	80	78	2
Total	**9,755**	**5,674**	**4,081**

(b) Changes in property, plant, and equipment for the years ended 31st December 2023 and 2022 are summarized as follows:

(In '000 USD)	January 1, 2023	Acquisitions	Disposals	Depreciation	31st December, 2023
Computer/IT equipment	62	427	-	41	530
Leasehold Improvements	3,954	955	-	(488)	4,421
Office Furniture & Equipment	63	81	-	(13)	131
Motor Vehicles	2	-	-	(2)	-
Total	**4,081**	**1,463**	**-**	**(462)**	**5,082**

	January 1, 2022	Acquisitions	Disposals	Depreciation	31st December, 2022
Computer/IT equipment	3,753	286		291	62

Leasehold Improvements	57	3,805		235	3,954
Office Furniture & Equipment	253	128		391	63
Motor Vehicles	16	-		11	2
Total	**4,079**	**4,219**		**928**	**4,081**

10. intangible assets

(a) Details of intangible assets as of 31st December 2023 and 2022 are as follows:

(i) 31st December 2023			
(In '000 USD)	Acquisition cost	Accumulated amortization	Carrying amount
Software	698	(355)	343
Total	**698**	**(355)**	**343**
(ii) 31st December 31 2022			
(In '000 USD)	Acquisition cost	Accumulated amortization	Carrying amount
Software	367	(150)	217
Total	**367**	**(150)**	**217**

(b) Changes in intangible assets for the years ended 31st December 2023 and 2022 are summarized as follows:

(In '000 USD)	January 1, 2023	Acquisitions	Disposals	Amortization	31st December, 2023
Software	217	331	-	(205)	343
Total	**217**	**331**	**-**	**(205)**	**343**
	January 1, 2022	Acquisitions	Disposals	Depreciation	31st December, 2022
Software	340	-	-	(123)	217
Total	**340**	**-**	**-**	**(123)**	**217**

11. LONG-TERM BORROWINGS

i) The classification of long-term borrowings as of 31st December 2023 and 2022 is as follows:

(In '000 USD)	2023		2022	
	Current	Non-Current	Current	Non-Current
Long-term borrowings	15,785	669,683	15,671	655,996
Total	**15,785**	**669,683**	**15,671**	**655,996**

ii) Details of long-term borrowings as of 31st December 2023 are as follows

Lender	Loan Currency	Amount in Loan Currency '000'	Amount in USD '000'	Maturity Date	Interest rate p.a	Interest Payment Start Date	Principal Repayment Start Date	No. of Installments
France	EUR	587,875	635,404	June 15, 2042	0%	N/A	December 15, 2022	40
Canada	CAD	220,000	168,094	June 15, 2044	1%	June 15, 2024	June 15, 2024	40
*Deferred Income			(118,030)					
Total Long-term Borrowings			**685,468**					

* Deferred income of USD 118 m refers to the interest implicit in the long-term borrowings and will be realized across the maturity period
** Although the loan was issued in CAD, the repayment will be in USD.

iii) Changes in the value of the loans in 2023 and 2022 are as below

(In '000 USD)	**2023**	**2022**
Balance at January 1	671,667	369,073
Acquisition/draw down	-	408,015
Repayments	(15,785)	(7,607)
Forex loss (gain)	23,405	(9,769)
Decrease/(Increase) in present value discount	6,181	(88,045)
Balance as at December 31	**685,468**	**671,667**

12. Funds

All contributions received where the use is limited by contributor-imposed purpose or time restrictions have been classified as temporarily restricted funds. All other funds are recognized as unrestricted funds.

Changes in nominal value of temporarily restricted funds by type of restriction for the year ended 31st December 2023 are as follows:

(In '000 USD)	1st January 2023	Released	Received with restriction	Reclassification to restricted funds	Unrealized Exchange gain/loss	31st December 2023
Time restriction only	2,884,753	(845,150)	1,405,351	142,655	135,373	3,722,981
Time & contributor-imposed restriction	767,456	(48,473)	-	(81,835)	40,111	677,259
Contributor imposed restriction only-Loan Cushions	162,779		-	-	-	162,779
Contributor imposed restriction only	513,073		553,932	81,857	-	1,148,863
Total	**4,328,061**	**(893,623)**	**1,959,282**	**142,678**	**175,483**	**5,711,882**

Time restriction represents the funds to be collected in future years (i.e., promissory notes) that were recorded at the present value of future collections as at the end of the reporting period. This type of fund will be reclassified into unrestricted funds in the year of receipt.

Contributor-imposed restriction represents the funds whose use is limited by the contributor. Contributor-imposed restrictions relate to contributions for which the contributor has outlined specific uses for which the contributions may be applied and capital contributions, which can only be disbursed as financial instruments that generate reflows. They may, therefore, not be used to finance grants and administrative expenditure unless the terms of the contribution state so.

Time and contributor-imposed restrictions represent the funds whose use is restricted as outlined above and that will be collected in future periods.

Loan cushions represent funds that loan contributors have designated to be used to cushion the fund against any loan defaults.

13. Income from Contributors

As stated in Note 5, contributions are received through GCF's Trust Fund account at the World Bank administered by the Trustee. The change in the carrying value of the resources in the GCF Trust Fund is due to contribution revenues, investment returns on GCF Trust Fund balances, foreign currency transactions or translations, and present value amortization on promissory notes. Those changes comprise the comprehensive income of the Fund.

Details of income from GCF Trust Fund for the year ended 31st December 2023 and 31st December 2022 are as follows:

(i) 31st December 2023			
(In '000 USD)	Nominal value	Unamortized present value discount on promissory note	Total
Contribution revenues	3,007,444	(232,844)	2,774,600
Foreign exchange gain(loss)	160,018	-	160,018
Present Value amortization on promissory note	-	(16,375)	(16,375)
Total	**3,167,462**	**(249,219)**	**2,918,243**

(ii) 31st December 2022			
(In '000 USD)	Nominal value	Unamortized present value discount on promissory note	Total
Contribution revenues	2,229,648	(67,461)	2,162,187
Foreign exchange gain(loss)	(377,548)		(377,548)
Present Value amortization on promissory note	-	17,397	17,397
Total	**1,852,100**	**(50,064)**	**1,802,036**

The foreign exchange gain (loss) is primarily due to exchange gain/loss at the time of encashment of promissory notes and on year-end revaluation of promissory notes received in a currency other than USD. On the reporting date, promissory notes held by the Trustee were revalued at the year-end exchange rate.

As at 31st December 2023, the cumulative contributions received through the Trust Fund account since inception were USD 17.5 billion. USD 8.1 billion relate to the Initial Resource Mobilization period, USD 9.1 billion relate to the 1st replenishment period and USD 0.27 billion relate to the 2nd replenishment period. The details of changes in the total cumulative contribution that the Fund has received through the Trust Fund account for the year ended 31st December 2023 are presented as follows:

(a) By contributor:

(In '000 USD)	1st January 2023	Increase (Decrease)	31st December 2023
Australia	152,318	-	152,318
Austria	147,385	27,260	174,645
Belgium	148,736	21,876	170,612
Belgium - Brussels Capital Region	5,090	-	5,090
Belgium – Flanders	16,076	-	16,076
Belgium - Walloon Region	10,828	439	11,267
Bulgaria	195	-	195
Canada	460,913	-	460,913
Chile	300	-	300
Columbia	787	-	787
Cyprus	415	-	415
Czech Republic	4,857	-	4,857
Denmark	187,290	-	187,290
Estonia	1,123	-	1,123
Finland	141,092	26,241	167,333
France	2,520,896	290,060	2,810,956
France - City of Paris	1,181	-	1,181
Germany	1,977,763	545,409	2,613,724
Hungary	4,176	-	4,176
Iceland	2,600	800	3,400
Indonesia	494	256	750
Ireland	22,373	9,853	32,256
Italy	339,239	31,377	370,616
Japan	2,357,485	256,239	2,523,172
Korea	148,745	141,802	290,547

(In '000 USD)	1st January 2023	Increase (Decrease)	31st December 2023
Latvia	417	-	417
Liechtenstein	211	-	211
Lithuania	113	-	113
Luxembourg	67,026	10,918	77,944
Malta	948	433	1,381
Mexico	10,000	-	10,000
Monaco	5,275	825	6,100
Mongolia	50	-	50
Netherlands	213,259	33,030	246,289
New Zealand	12,269	-	12,269
Norway	501,546	75,726	577,272
Panama	1,000	-	1,000
Poland	3,103	-	3,103
Portugal	3,379	-	3,379
Romania	97	17	114
Russian Federation	13,000	-	13,000
Slovakia	3,582	530	4,112
Slovenia	1,106	-	1,106
Spain	277,252	25,553	302,805
Sweden	1,247,666	15,322	1,262,988
Switzerland	213,062	37,500	250,562
United Kingdom	2,098,542	658,838	2,757,380
United States	1,000,000	1,000,000	2,000,000
Vietnam	1,000	-	1,000
Total	**14,326,260**	**3,210,303**	**17,536,563**

(b) By contribution type:

(In '000 USD)	January 1, 2023	Increase (Decrease)	December 31, 2023
Cash	10,613,231	2,523,092	13,136,323
Promissory note	3,713,029	687,211	4,400,240
Total	**14,326,260**	**3,210,303**	**17,536,563**

(c) By instrument type:

(In '000 USD)	January 1, 2023	Increase (Decrease)	December 31, 2023
Capital	1,280,552	545,570	1,826,122
Grant	12,242,392	2,640,874	14,883,266
Loan	803,316	23,859	827,175
Total	**14,326,260**	**3,210,303**	**17,536,563**

14. Investment & Other Income

Investment and other income comprise the following.

(In '000 USD)	2023	2022
Investment income	431,486	87,306
Loan interest	6,722	7,244
Other income	35,324	10,135
Total	**473,532**	**104,685**

Investment income represents the investment return on GCF Trust Fund balances that were invested in accordance with the investment strategy established for all trust funds administered by the World Bank.

Loan interest represents interest received on loans advanced to an accredited entity.

Other income represents the non-interest reflows from accredited entities, accreditation fees, and interest on local bank deposits.

15. Administrative Expenses

Details of administrative expenses for the Fund for the year ended 31st December 2023 and 31st December 2022 are as follows:

(In '000 USD)	2023	2022
Staff Costs (a)	65,784	50,114
Consultants Fees	5,021	6,467
Contractual Services	12,028	12,215
Supplies and Services	14,229	11,761
Travel	5,144	2,428
Depreciation and amortization	667	1,052
Total	**102,874**	**84,038**

(a) As of 31st December 2023, the Fund had 325 full-time staff[4] (267 as of December 31, 2022). The details of the staff costs are as below:

(In '000 USD)	2023	2022
Short-term employee benefits	56,186	42,886
Defined contribution plans	6,813	5,241
Other Costs	2,785	1,987
Total	**65,784**	**50,114**

[4] Includes both Secretariat and Independent units' staff.

16. Programme

Programme expenditures for the years ended 31st December 2023 and 2022 are related to 'Funding Proposal Grants,' 'Accredited Entity Fees,' the 'Readiness & Preparatory Support Programme,' National Adaptation Plans, and the Project Preparation Facility.

(In '000 USD)	2023	2022
Funding Proposal Grants	543,507	399,696
Accredited Entity Fees	46,219	36,884
Readiness & Preparatory Support Programme (inc. NAPs) (a)	80,792	95,929
Project Preparation Facility	2,874	4,187
Total	**673,392**	**536,696**

a) Readiness & Preparatory Support Programme

Details of 'Readiness & Preparatory Support Programme' expenditures for the years ended 31st December 2023 and 2022 are as follows:

(In '000 USD)	2023	2022
Consultants Fees	1,082	1,452
Regional workshops & NDA visits	1,437	1,323
Grants – Readiness	76,925	90,976
Professional Services	1,210	688
Travel	138	353
Other Operating Costs	-	1,137
Total	**80,792**	**95,929**

17. COMMITMENTS AND Contingent Liabilities

Contingent liabilities for Readiness & Preparatory Support Programme, and Project Preparation Facility (PPF), approved funding proposals, and accredited entity fees as of 31st December 2023 and 2022 are analyzed below:

b) Readiness & Preparatory Support Programme

(In '000 USD)	2023	2022
Cumulative funds approved as at the end of December	565,207	508,870
Disbursed as at the end of December	(357,756)	(327,840)
Total Commitment	**207,451**	**181,030**

c) Project Preparation Facility

(In '000 USD)	2023	2022
Cumulative funds approved as at the end of December	55,514	38,443
Disbursed as at the end of December	(31,338)	(29,792)
Total Commitment	**24,176**	**8,651**

d) Project Funding Decisions

The total cumulative value of projects approved by the GCF Board but pending disbursements is as below:

(In '000 USD)	2023	2022
Approved Funding Proposals (cumulative)	13,465,143	11,335,451

Disbursed as at the end of December	(4,021,364)	(3,043,881)
Total Commitment	**9,443,779**	**8,291,570**

e) Project Fees

The total cumulative value of Accredited Entity (AE) fees approved, but pending disbursements are as below:

(In '000 USD)	2023	2022
Approved AE fees as of the end of December	553,063	451,584
Disbursed as at the end of December	(197,924)	(150,964)
Total Commitment	**355,139**	**300,620**

18. Lease

Under the agreement between the Ministry of Strategy and Finance of the Republic of Korea, the Incheon Metropolitan City of the Republic of Korea, and the Green Climate Fund signed on 8th October 2013, Incheon City provides to the Fund the use of premises free of payment of rental for the entire duration of the Fund's operation in Songdo. The fair value of free rental provided to GCF since inception is estimated as below:

(In '000 USD)

	2023	2022*	2013 – 2021* (Cumulative)
Fair Value of lease rental	966	842	4,512

* Please note that the numbers for 2022 and prior years were updated to reflect the foreign exchange rate at the time of reporting

19. Related Parties

Related parties include the board members, board committees, senior management and close family members of the board, board committees, and senior management. There was no loan to or from related parties outstanding as of 31st December 2023 and 2022. The Fund does not remunerate its Board members. All transactions with the board are made at terms equivalent to an arm's length transaction within the operational framework of the Secretariat.

The remuneration of key management for 2023 and 2022 is as below:

(In '000 USD)	2023	2022
Salaries	4,360	3,444
Retirement plan	785	620

Other Benefits	692	419
Termination benefits	306	-
Total	**6,143**	**4,483**

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