Annex I: Audited financial statements of the Green Climate Fund for the year ended 31 December 2019

The audited financial statements of the Green Climate Fund for the year ended 31 December 2019 are contained below.

Green Climate Fund Draft audited Financial Statements

For the years ended December 31, 2019 and 2018

Prepared Under International Financial Reporting Standards

Contents

OVERVIEW OF FINANCIAL RESULTS

The Financial Statements for the Green Climate Fund (GCF/the Fund) have been prepared in accordance with 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 2019 reduced by 56% from the 2018 figure as contributions for the Initial Resource Mobilization (IRM) reached their peak. At the same time, program implementation gathered pace resulting in an 89% increase in the expenses. In effect, the Fund recorded a reduction of 85% in its comprehensive income.

Table 1: Summary of Financial Performance

Summary of Financial Performance				
(In '000 USD)	**2019**	**2018**	**Change**	**Percentage Change**
Income	573,832	1,297,839	(724,007)	-56%
Expenses	417,232	220,748	196,484	89%
Total Comprehensive Income(loss)	**156,600**	**1,077,091**	**(920,491)**	**-85%**

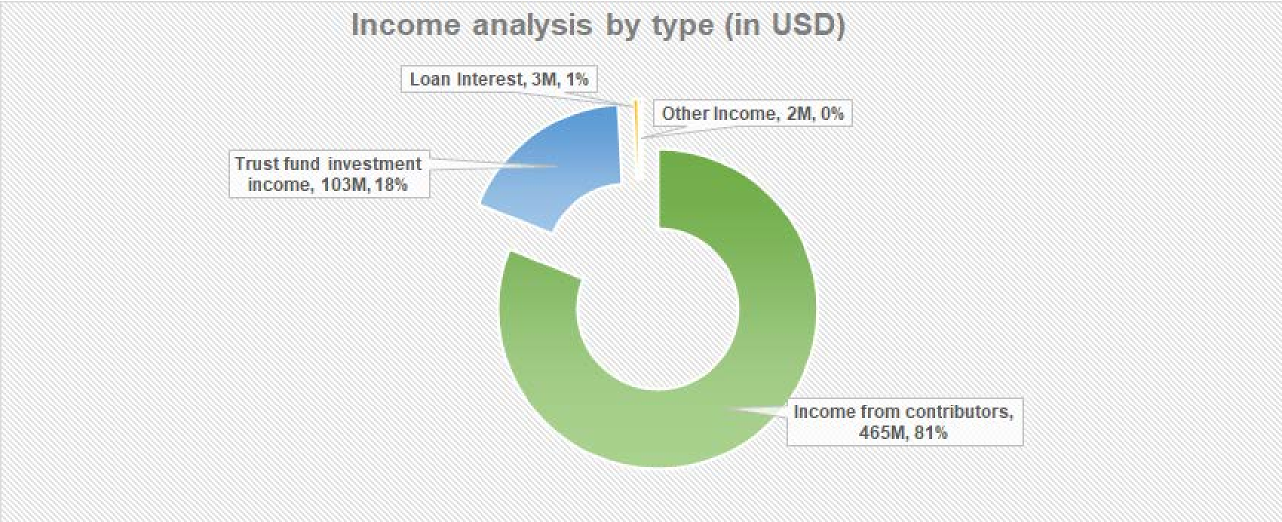
Income

In 2019, the Fund's income from contributors, the largest source of income, reduced by 62% over 2018 as most contributors have paid up their pledges for the IRM. Conversely, the Fund's investment income on trust fund balances, interest on loans and other incomes increased by 40%, 590% and 143% respectively. The analysis is as below:

Table 2: Summary of the Fund's Income

(In '000 USD)	**2019**	**2018**	**Change**	**Percentage Change**
Income from contributors	465,479	1,222,926	(757,477)	-62%
Trust fund investment income	103,252	73,690	29,562	40%
Loan Interest	3,285	476	2,809	590%
Other Income	1,816	747	1,069	143%
Total Income	**573,832**	**1,297,839**	**(724,007)**	**-56%**

Figure 1: Analysis of 2019 income by type



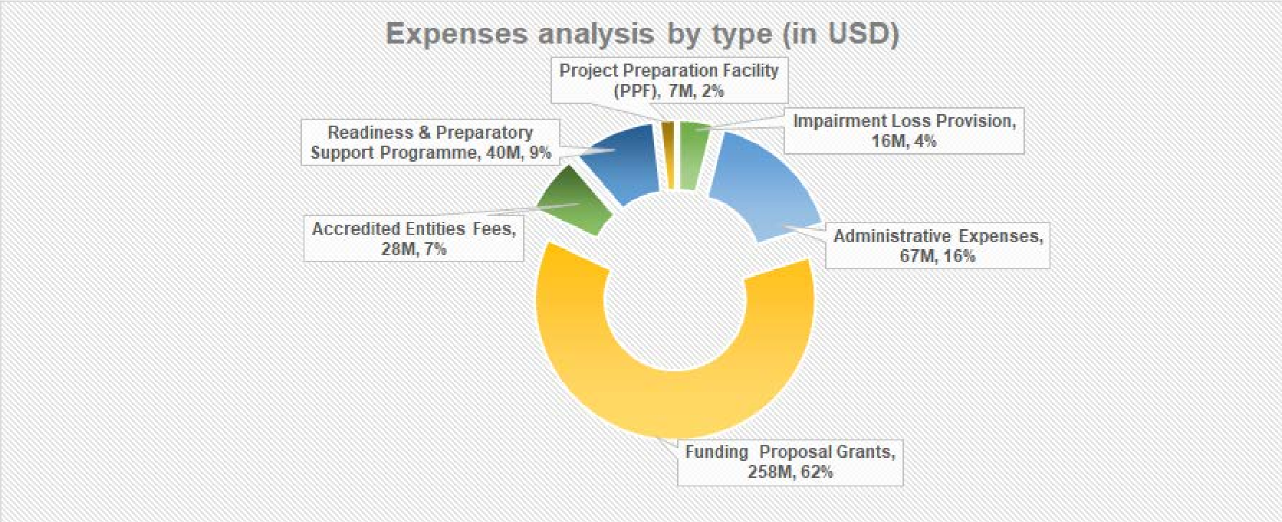
Expenses

As the Fund's implementation gathered momentum in 2019, there was an increase in both administrative and programme expenses resulting in an overall increase of 89% over the 2018 expenditure. The summary of the expenses and composition is shown in table 3 and figure 2 below:

Table 3: Summary of expenses

(In '000 USD)	2019	2018	Change	Percentage Change
Impairment Loss Provision	16,275	-	16,275	100%
Administrative Expenses	67,462	56,983	10,479	18%
Funding Proposal Grants	258,489	106,389	152,100	143%
Accredited Entity Fees	27,779	14,152	13,627	96%
Readiness & Preparatory Support Programme	39,896	39,263	633	2%
Project Preparation Facility (PPF)	7,331	3,961	3,370	85%
Total Expenses	**417,232**	**220,748**	**196,484**	**89%**

Figure 2: Analysis of 2019 expenses by type



Financial Position

For the year ended December 31, 2019, the Fund's assets increased by 3% over the 2018 figure mainly due to increase in cash inflow from contributors and cash inflow from investments. The Fund's liabilities increased by 22%. The increase is attributable to a contributor loan drawdown. Overall, as shown in table 4, the net assets increased by 3%.

Out of the 6.4 billion available as at 31st December 2019, 5 billion (78%) 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 5 and figure 4 below:

Table 4: GCF's Total Assets and Liabilities

(In USD billion)	2019	2018	Change	Percentage Change
Total Assets	**6.8**	**6.6**	**0.2**	**3%**
Total liabilities	0.4	0.3	0.1	33%
Total Funds/net assets	6.4	6.3	0.1	3%
Total Liabilities and Funds	**6.8**	**6.6**	**0.2**	**3%**

Figure 3: GCF's Assets and Liabilities as at 31st December 2019

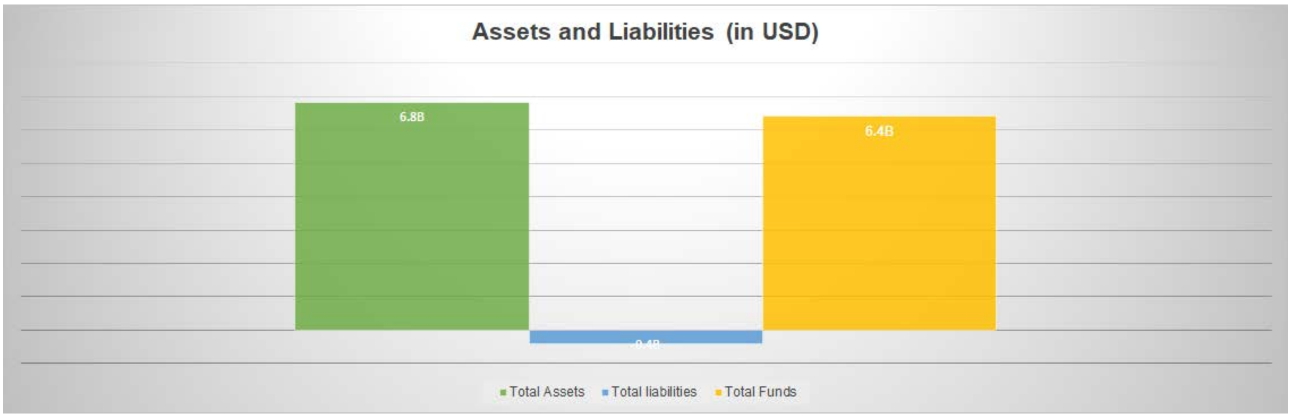
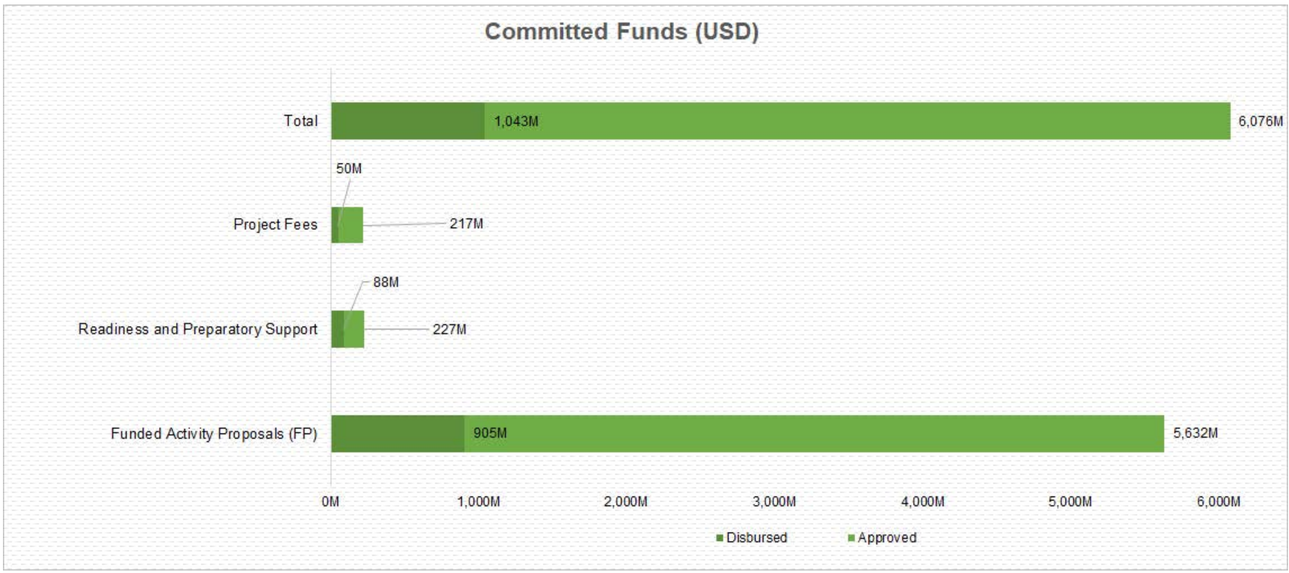


Table 5: Summary of committed funds as at 31st December 2019

(In USD)	**Approved as at 31st December 2019**	**Disbursed as at 31st December 2019**	**Committed Funds as at 31st December 2019**
Funded Activity Proposals (FP)	5,632M	905M	4,727M
Readiness and Preparatory Support	227M	88M	139M
Project Fees	217M	50M	167M
Total	**6,076M**	**1,043M**	**5,033M**

Figure 4: Progress of disbursements for approved projects as at 31st December 2019



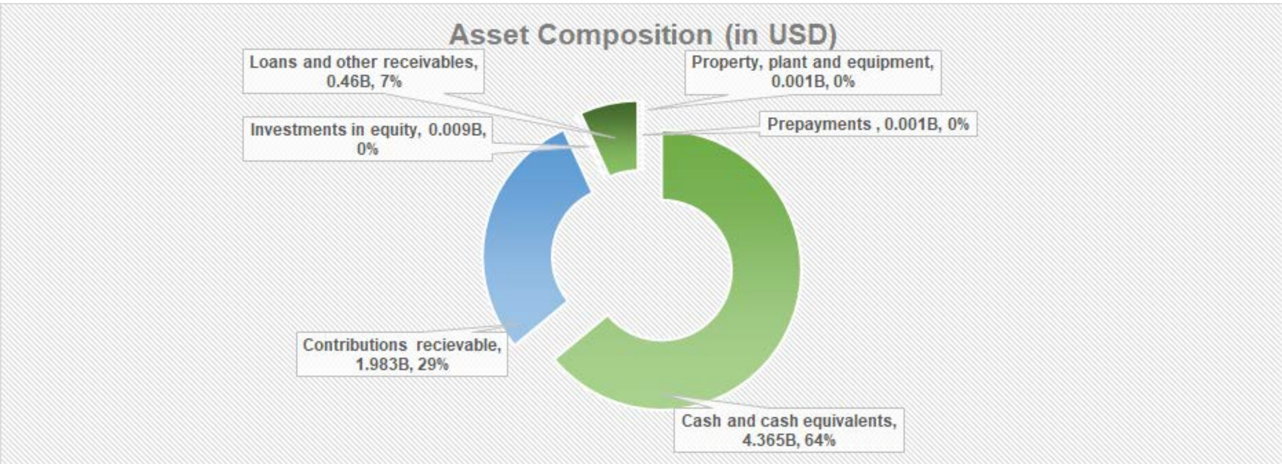
Assets

The largest portion of GCF's assets (64%) comprise cash and investments to enable it to meet requests for disbursements against the approved projects. The second largest portion (29%) of assets consists of contributions receivable (i.e. promissory notes deposited by IRM contributors). The promissory notes are expected to be encashed gradually until 2023. The summary of the assets by type is as per table 6 and figure 5 below:

Table 6: Changes in the Fund's assets over 2018

(In '000 USD)	2019	2018	Change	Percentage Change
Cash and cash equivalents	4,365,306	3,837,758	527,548	14%
Contributions receivable	1,983,452	2,481,927	(498,475)	-20%
Investments in equity	9,034	8,146	888	11%
Loans and other receivables	460,168	259,302	200,866	78%
Property, plant and equipment	1,264	1,607	(343)	-21%
Prepayments	1,076	1,024	52	5%
Total Assets	**6,820,300**	**6,589,764**	**230,536**	**3%**

Figure 5: GCF's Assets Composition as at 31st December 2019



Liabilities

The Fund's liabilities increased by 22% over the 2018 figure due to an additional loan contribution. 99% of the Fund's liabilities relate to loans from contributors.

Table 7: Change in the Fund's Liabilities over 2018

(In '000' USD)	2019	2018	Change	Percentage Change
Accounts Payable	1,043	2,723	-1,680	-60%
Accrued Expenses	4,632	5,111	-479	-9%
Loans	402,477	326,382	76,095	23%
Total Liabilities	**408,152**	**334,216**	**73,936**	**22%**

Figure 6: GCF's Liabilities Composition as at 31st December 2019

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 December 31, 2019 and 2018, and the statements of comprehensive income, changes in funds and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as of December 31, 2019 and 2018 and of its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit 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 audit opinion.

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

The Board and Secretariat ("management") are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are 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.

The Ethics and Audit committee is responsible for overseeing the Fund’s financial reporting process.

Auditors' Responsibility 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 not for the purpose of expressing an opinion on the effectiveness of the Fund’s internal control.

- Evaluate the appropriateness of accounting policies used 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.

2913, Nambusunwhan-ro, Seoul, 06280, Korea

May 16, 2020

This report is effective as of 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 there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

STATEMENT OF FINANCIAL POSITION

As of December 31, 2019 and 2018

(In '000 USD)	Note	2019	2018
Assets			
Cash and cash equivalents	5, 6	4,365,306	3,837,758
Contributions receivable	6,7	441,620	307,737
Prepayments	-	1,076	1,024
Other receivables	-	162	96
Total current assets		**4,808,164**	**4,146,615**
Contributions receivable	6,7	1,541,832	2,174,190
Investment in equity	6,8	9,034	8,146
Loans Receivable	6,8	460,006	259,206
Property, plant and equipment, net	9	1,264	1,607
Total non-current assets		**2,012,136**	**2,443,149**
Total assets		**6,820,300**	**6,589,764**
Funds and Liabilities			
Accounts payable	6	1,043	2,723
Accrued expenses	6	4,632	5,111
Total current liabilities		**5,675**	**7,834**
Long-term borrowings	6,10	360,257	281,216
Present value discount	10	42,220	45,166
Total non-current liabilities		**402,477**	**326,382**
Total liabilities		**408,152**	**334,216**
Temporarily restricted funds	11	2,657,851	3,075,929
Unrestricted funds		3,754,297	3,179,619
Total Funds		**6,412,148**	**6,255,548**
Total liabilities and funds		**6,820,300**	**6,589,764**

See accompanying notes to the financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the years ended December 31, 2019 and 2018

(In '000 USD)	Note	2019	2018
Income			
Income from contributors	12	465,479	1,222,926
Investment & other income	13	108,353	74,913
Total income		**573,832**	**1,297,839**
Expense			
Impairment loss provision	8B	16,275	-
Administrative expenses	14	67,462	56,983
Programme	15	333,495	163,765
Total expense		**417,232**	**220,748**
Increase in fund for the year		**156,600**	**1,077,091**
Other Comprehensive Income (loss)		-	-
Total comprehensive income for the year		**156,600**	**1,077,091**

See accompanying notes to the financial statements

STATEMENT OF CHANGES IN FUNDS

For the years ended December 31, 2019 and 2018

(In '000 USD)

	Temporarily restricted funds	Unrestricted funds	Total
As at 1 January 2018	**2,631,600**	**2,546,857**	**5,178,457**
Fund released from restriction	(409,358)	409,358	-
Comprehensive income	853,687	223,404	1,077,091
As at 31 December 2018	**3,075,929**	**3,179,619**	**6,255,548**
As at 1 January 2019	**3,075,929**	**3,179,619**	**6,255,548**
Fund released from restriction	(529,862)	529,862	-
Reclassification to restricted funds (note 11)	64,000	(64,000)	-
Comprehensive income	47,784	108,816	156,600
As at 31 December 2019	**2,657,851**	**3,754,297**	**6,412,148**

See accompanying notes to the financial statements.

STATEMENT OF CASH FLOWS

For the years ended December 31, 2019 and 2018

(In '000 USD)	2019	2018
Cash flows from operating activities		
Cash receipts from contributors	957,223	791,765
Investment Income	103,252	73,690
Loan Interest and Other income	6,087	1,223
Cash paid to suppliers & personnel	(62,038)	(58,650)
Program Payments	(333,495)	(163,765)
Realised foreign currency gain/(loss)	(6,564)	(12,575)
Net cash provided by (used in) operating activities	**664,465**	**631,688**
Cash flows from investing activities		
Acquisition of property, plant and equipment	(447)	(804)
Investment in equity	(889)	-
Loans to Accredited Entities/GCF Funded Projects	(218,060)	(173,521)
Net cash provided by (used in) investing activities	**(219,396)**	**(174,325)**
Cash flows from financing activities		
Loan from contributors	82,479	-
Net cash from financing activities	**82,479**	**-**
Net increase in cash and cash equivalents	**527,548**	**457,363**
Cash and cash equivalents at beginning of the year	**3,837,758**	**3,380,395**
Cash and cash equivalents at end of year	**4,365,306**	**3,837,758**

See accompanying notes to the financial statements.

For the years ended December 31, 2019 and 2018

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 Dec 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 that 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 is composed of 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 2019 were authorized for issue by the Fund's Board on ________.

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 in accordance with 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 recorded 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 in accordance with 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

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED DURING 2019

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the financial statements for the year ended 31 December 2018.

During 2019 the following new standards and amendments became applicable for the first time. The potential impact on the Fund is outlined below:

Standard	Effective Application Date	Expected Impact
IFRS 16 - Leases, issued in January 2016	1 January 2019	In its state of operations, the standard has no impact on the fund since it has no contracts under lease. However, if it enters into lease contracts in the future, it may be required to recognize obligations under the leases
Amendments to IAS 28, Investment in Associates	1 January 2019	In its state of operations, the standard has no impact on the fund since it does not hold any rights or power to participate in the financial and operating decision of any investee. However, if it holds such rights in later periods, it may be impacted if it chooses to apply IFRS 9 to long-term interests in an associate or joint venture

STANDARDS ISSUED BUT NOT YET EFFECTIVE

No new standards or amendments that come into effect in the next 12 months were assessed to have an impact on the Fund's operations.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. CASH AND CASH EQUIVALENTS

Cash and cash equivalents 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. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are initially measured at cost. Subsequent to 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 costs in bringing 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 that 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 made in the year the asset is placed in operation and continued until the asset is fully depreciated or its use is discontinued.

D. FOREIGN CURRENCY TRANSACTIONS AND TRANSLATIONS

Foreign currency-denominated transactions are translated to US Dollars for reporting purposes at rates which 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 originally 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 Contributions receivable

The Fund recognizes contributions receivable where there is reasonable assurance that the contributions will be received but the cash has not been received. Contributions receivable are stated at their cost net of a provision for uncollectible contributions.

Promissory notes receivable are measured initially at fair value by discounting the future cash flows with the appropriate discount rates, which reflects the duration and the credit risk of the issuer and presented at amortized cost using the effective rate method at each reporting date. The Fund assesses at the end of each reporting period 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 in order 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 underlying related expenses are incurred.

F. ACCOUNTING FOR INVESTMENTS IN EQUITY

F1.1 Investment in associates

Investments in associates are initially recognized at acquisition cost using the equity method. Unrealized gains on transactions between the Fund and its associates are eliminated to the extent of the Fund’s interest in the associates. If there is any objective evidence that the investment in the associate is impaired, the Fund recognizes the difference between the recoverable amount of the associate and its book value as impairment loss.

Associates are all entities over which the Fund has significant influence (that is the power to participate in the financial and operating policy decisions of the investee) but is not in control or joint control of those policies. If the Fund holds, directly or indirectly (e.g. through subsidiaries), 20 percent or more of the voting power of the investee, it is presumed that the Fund has significant influence, unless it can be clearly demonstrated that this is not the case e.g. by evidence that all or almost all the following conditions are absent or do not apply:

(a) Representation on the board of directors or equivalent governing body of the investee;
(b) Participation in the investee's policy-making processes, including participation in decisions about dividends and other distributions;
(c) Material transactions between the Fund and the investee;
(d) Interchange of managerial personnel between the Fund and the investee;
(e) Provision of essential technical information between the Fund and the investee.

F1.2 Investment in joint ventures

A joint arrangement of which two or more parties have joint control is classified as either a joint operation or a joint venture. A joint operator has rights to the assets, and obligations for the liabilities, relating to the joint operation and recognizes the assets, liabilities, revenues and expenses relating to its interest in a joint operation. A joint venturer has rights to the net assets relating to the joint venture and accounts for that investment using the equity method.

F1.3 Investment not subject to associates or joint ventures

Any investment in equity that is not subject to associates or joint ventures is accounted for at fair value through other comprehensive income in accordance with *"IFRS 9 Financial Instruments".*

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 decommit funds if conditions are not met or funding is not available. Accordingly, the point of Board approval is not considered to be a constructive obligation as defined under IAS 37.

Following the Board approval, the grants are governed by a written grant agreement that includes substantive conditions based on performance. There is no constructive obligation for the full 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 to be the point at which the conditions are met and the disbursement request is made by the accredited entity. At this point, the Fund has a constructive obligation to the accredited entity and the valid amount requested for disbursement is therefore 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 and are subject to the same policy of valuation, risk assessment and asset impairment as contributions recoverable from a contributor.

H. FINANCIAL INSTRUMENTS

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

H1.1 Financial assets

H1.1.1 Classification

From January 1, 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.

H1.1.2 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 that are 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.

H1.1.2.1 Debt Instruments

Subsequent measurement of debt instruments depends on the Fund's business model for managing the asset and the cash flow characteristics of the asset. The Fund classifies its debt instruments into one of the following three measurement categories:

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.

H1.1.2.2 Expected Credit Losses (ECL)

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

Stage 1: For financial instruments whose credit risk is assessed not to have increased significantly since initial recognition, a loss allowance equal to 12-month expected credit losses is measured. However, where significant cashflows relating to a financial instrument only arise after the 12-month period, the loan is automatically allocated to Stage 2.

Stage 2: If the credit risk on a financial instrument is assessed to have increased significantly since initial recognition but the financial instrument is not assessed to be credit impaired, a loss allowance equal to lifetime expected credit losses is measured.

Stage 3: Financial instruments deemed to be credit impaired are classified and stage 3. For such instruments, cumulative changes in lifetime expected credit losses are recognized.

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**.
   In this respect, 3 possible scenarios (worst case, most likely case and best case) are considered. The current weighting for the possible scenarios is 25%, 50% and 25% respectively.
b) **The time value of money.**
   To account for 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.
c) **Reasonable and Supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions**.
   The final recipients of the loans are assessed by Accredited Entities and GCF may not have access to detailed information regarding the final recipients. Reliance is thus placed on the Accredited Entities to make assessments regarding the credit losses. GCF makes further provisions and estimates based on the information received from accredited entities.

For both 12-month and Lifetime expected credit losses, ECL is estimated using the formula below:

$$ECL = PD \times LGD \times EAD$$

Probability of Default (PD) is calculated based on the credit rating of the final borrower. Where the final borrower is not known at the time the Accredited Entity draws down the loan, an estimate of the rating is made based on the average rating for the region.

Loss Given Default (LGD) is set at 45% for all loans based on the International Convergence of Capital Measurement and Capital Standards guidance for LGD for unsecured claims or unrecognized collaterals.

Exposure at Default (EAD) is calculated as the gross balance as at the reporting date.

H1.1.2.3 Equity Instruments
The Fund subsequently measures all equity investments at fair value. 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.

When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to retained earnings. 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 'Other non-operating income and expenses' in the statement of profit or loss as applicable.

H1.1.3 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 substantially all the risks and rewards of ownership. 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.

H1.1.4 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 and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Fund or the counterparty.

H1.2 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 for the purpose of repurchasing 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 'accounts payable', 'borrowings', and 'other financial liabilities' in the statement of financial position.

I. FINANCE INCOME AND FINANCE COSTS

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

J. 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 in fact no more than charges for public utility services; and exempt from all indirect taxes, including any value-added and/or similar taxes and excise duties levied on important purchase of goods and services for official purposes.

K. RISK MANAGEMENT

The Fund is and will continue to be exposed to various kinds of risk (compliance risk, reputational risk, legal risk, IT risk, credit risk, market risk, currency risk, liquidity risk, operational risk). The Fund has its Risk Management and Investment frameworks. The Board adopted a risk appetite methodology and risk registers to manage its exposure to various risk categories. The Fund will continue establishing risk policies and guidelines to further improve risk management tools in financial and non-financial risk management. Funds held in trust by the Trustee are invested in accordance with the World Bank's policies and procedures for the investment of trust funds administered by the World Bank.

L. 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 CASH EQUIVALENTS

(a) Cash and cash equivalents as of December 31, 2019 and 2018 are summarized as follows:

(In '000 USD)	2019	2018
Balance held in the GCF Trust Fund (at the World Bank)	4,352,711	3,822,378
Balances held in local Commercial Banks	12,595	15,380
Total	**4,365,306**	**3,837,758**

The World Bank is serving as the Trustee of the Fund. The Trustee administers contributions received in the Trust Fund in accordance with 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 April 22, 2015 between the Fund and the Trustee (the "GCF Trust Fund Agreement"). The Fund signed a revised agreement with the World Bank on 12th April 2019. Under the revised agreement, the World Bank shall continue to provide trustee services for the next four years.

The Local Commercial Banks used by the GCF in the Republic of Korea are Shinhan Bank and Nonghyup Bank.

(b) Cash and cash equivalents denominated in foreign currencies as of December 31, 2019 and 2018 are as follows:

	2019			2018		
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	409,700	1.1228	460,011	230,100	1.1452**	263,514
KRW	352,152	0.0009	317	356,783	0.0009	324
NZD	15,000	0.6739	10,109	-	-	-

* The exchange rate is stated in terms of Foreign Currency/USD and rounded off to 4 decimals for presentation purpose.

** In 2018, the exchange rate was stated in terms USD/EUR. The exchange rate has been restated as EUR/USD for consistency.

6. FINANCIAL INSTRUMENTS BY CATEGORIES

(a) Categories of financial assets as of December 31, 2019 and 2018 are summarized as follows:

(i) December 31, 2019				
(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 cash equivalents	4,365,306	-	-	4,365,306
Contributions receivable	1,983,452	-	-	1,983,452
Loans Receivable	460,006	-	-	460,006
Investments in equity	-	9,034	-	9,034
Total	**6,808,764**	**9,034**	**-**	**6,817,798**
(ii) December 31, 2018				
(In '000 USD)	Financial assets measured at amortized cost	Financial assets measured at FVTOCI	Financial assets measured at FVTPL	Total Amount
Cash and cash equivalents	3,837,758	-	-	3,837,758
Contributions receivable	2,481,927	-	-	2,481,927
Loans Receivable	259,206	-	-	259,206
Investments in equity	-	8,146	-	8,146
Total	**6,578,891**	**8,146**	**-**	**6,587,037**

(b) Categories of financial liabilities as of December 31, 2019 and 2018 are summarized as follows:

(i) December 31, 2019			
(In '000 USD)	Financial liabilities measured at amortized cost	Financial liabilities measured at FVTPL	Total Amount
Financial Liabilities			
Accounts payable	1,043	-	1,043
Accruals	4,632	-	4,632
Long-term borrowings	360,257	-	360,257
Total	**365,932**	**-**	**365,932**
(ii) December 31, 2018			
(In '000 USD)	Financial liabilities measured at amortized cost	Financial liabilities measured at FVTPL	Total Amount
Accounts payable	2,723	-	2,723
Accruals	5,111	-	5,111
Long-term borrowings	281,216	-	281,216
Total	**289,050**		**289,050**

(c) Detail of net gains (or losses) on each category of financial instruments by category for the years ended December 31, 2019 and 2018 are summarized as follows:

	2019			2018		
(In '000 USD)	Loans and receivables	Other assets	Financial liabilities	Loans and receivables	Other Assets	Financial liabilities
Bank and trust fund income	-	103,352	-	-	73,824	-
Foreign exchange gain (loss)	21,198	-	(6,384)	(99,599)*	-	(15,248)
Impairment (loss)/gain	(16,275)	-	-	-	-	-
Present value amortization on promissory note	3,543	-	-	280*	-	-
Total	**8,466**	**103,252**	**(6,384)**	**(99,319)***	**73,824**	**(15,248)**

* The disclosure was erroneously omitted in the 2018 Financial Statements. However, the figures were correctly reflected in the 2018 income statement and other explanatory notes.

7. CONTRIBUTIONS RECEIVABLE

In accordance with signed arrangements/ agreements, several contributors have deposited promissory notes. The World Bank, as the Trustee of the Fund, 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, which reflects the duration and the credit risk of the issuer and presented at amortized cost using the effective rate method at each reporting date. The Fund assesses at the end of each reporting period 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 at December 31, 2019, encashment schedule and details of present value on promissory notes are as follows:

Encashment	Amount (In '000 USD)
In 2020	441,620
In 2021	555,250
In 2022	379,320
In 2023	625,861
Nominal value of promissory notes	**2,002,051**
Unamortized present value discount	(18,599)
Present value of promissory notes	**1,983,452**

Contributions receivable denominated in foreign currencies as of December 31, 2019 and 2018 are as follows:

	2019			2018		
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	309,010	0.8906	346,957	480,910	0.8732	550,738
GBP	720,000	0.7570	951,120	720,000	0.7813	919,368
JPY	64,383,978	108.5650	593,045	82,713,388	109.95	752,316
KRW	34,995,900	1,154.6144	30,310	-	-	-
SEK	750,000	9.3030	80,619	2,140,000	8.95	239,077
			2,002,051			**2,461,499**

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

8. FINANCIAL ASSETS AT FAIR VALUE

A. FINANCIAL ASSETS AT FAIR VALUE THROUGH COMPREHENSIVE INCOME

i) Financial assets at Fair Value through Other Comprehensive Income (FVTOCI) as at December 31, 2019 and 2018 are as follows:

(In '000 USD)	2019	2018
Equity Instruments	9,034	8,146

Details of equity instruments as at December 31, 2019 and 2018 are as follows:

	December 31, 2019			
(In '000 USD)	No. of Shares owned	Percentage of Ownership (%)	Acquisition cost	Carrying Amount (Fair Value)
KawiSafi Ventures	20,000	47.45	9,034	9,034
	December 31, 2018			
(In '000 USD)	No. of Shares owned	Percentage of Ownership (%)	Acquisition cost	Carrying Amount (Fair Value)
KawiSafi Ventures	20,000	47.45	8,146	8,146

Investments in equity relate to the acquisition of equity in "KawiSafi" Ventures Limited in accordance with GCF Board approval under decision B.11/11. The investment in equity in KawiSafi is accounted for in accordance with "*IFRS 9 Financial Instruments"* as the Fund does not have significant influence over the invested entity's financial or operating decisions. The acquisition cost is considered a reasonable estimate for the fair value of the investment. The carrying amount as at December 31, 2019 and 2018 are as below:

ii) Changes in the value of financial assets at FVTOCI for the years ended December 31, 2019 and 2018 are as follows:

(In '000 USD)	2019	2018
Balance at January 1	8,146	8,146
Acquisition/Additional call-up	888	-
Balance as at December 31	**9,034**	**8,146**

B. LOANS RECEIVABLE

Loans receivable relate to loans that have been disbursed to accredited entities for the implementation of 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 for the collection of principal and interest. Details of the loans disbursed as at 31st December 2019 and 2018 are as below:

	2019		2018	
(In '000 USD)	Current	Non-current	Current	Non-current
Gross Carrying Amount	-	477,266	-	259,206
Unrealized Forex loss	-	(985)	-	-
Expected Credit Loss (ECL) Allowance *	-	(16,275)	-	-
Net Carrying Amount	**-**	**460,006**	**-**	**259,206**

*As at the end of 2018, most loans were still held by Accredited Entities and had not been disbursed to final recipients. As a result, GCF did have enough information to estimate the Expected Credit Losses as at the end of 2018. Information on the credit rating or average credit rating of final recipients began to evolve in mid-2019 as the Accredited Entities submitted their 2018 Annual Progress Reports (APR) hence the first estimation of the expected credit losses was possible in 2019.

Expected Credit Losses (ECL) and concentration of loans.

For both 12-month and Lifetime expected credit losses, ECL is estimated using the formula below:

$ECL = PD \times LGD \times EAD$

Probability of Default (PD) is calculated based on the credit rating of the final borrower. Where the final borrower is not known at the time the Accredited Entity draws down the loan, an estimate of the rating is made based on the average rating for the region.

Loss Given Default (LGD) is set at 45% for all loans.

Exposure at Default (EAD) is calculated as the gross balance as at the reporting date.

The concentration of loans by region as at 31st December 2019 and 2018 is as below:

i) By Draw-down Amounts

	2019		2018	
Draw-down Amounts *(In '000 USD)*	**Stage -2**	**Total**	**Stage -2**	**Total**
Africa	65,800	65,800	65,800	65,800
Asia Pacific	237,127	237,127	115,052	115,052
Latin America and Caribbean	45,000	45,000	-	-
Multiple Regions**	128,354	128,354	78,354	78,354
Total	**476,281**	**476,281**	**259,206**	**259,206**

	2019		2018	
ECL *(In '000 USD)*	**Stage -2**	**Total**	**Stage -2**	**Total**
Africa	1,454	1,454	-	-
Asia Pacific	7,166	7,166	-	-
Latin America and Caribbean	4,664	4,664	-	-
Multiple Regions**	2,991	2,991	-	-
Total	**16,275**	**16,275**	**-**	**-**

The coverage ratio, calculated as ECL allowance/Exposure at Default, for the different regions as at 31st December 2019 and 2018 is as below:

	2019		2018	
Coverage rate (%)	**Stage -2**	**Total**	**Stage -2**	**Total**
Africa	2.21%	2.21%	-	-
Asia Pacific	3.02%	3.02%	-	-
Latin America and Caribbean	10.36%	10.36%	-	-
Multiple Regions**	2.33%	2.33%	-	-
Total	**3.42%**	**3.42%**	**-**	**-**

ii) By Commitments

	2019		2018	
Draw-down Amounts *(In '000 USD)*	**Stage -2**	**Total**	**Stage -2**	**Total**
Africa	150,000	150,000	150,000	150,000
Asia Pacific	350,150	350,150	134,150	134,150
Latin America and Caribbean	100,000	100,000	-	-
Multiple Regions**	344,000	344,000	344,000	344,000
Total	**944,150**	**944,150**	**628,150**	**628,150**

	2019		2018	
ECL *(In '000 USD)*	**Stage -2**	**Total**	**Stage -2**	**Total**
Africa	3,315	3,315	-	-
Asia Pacific	13,828	13,828	-	-
Latin America and Caribbean	10,364	10,364	-	-
Multiple Regions**	8,017	8,017	-	-
Total	**35,524**	**35,524**	**-**	**-**

Movements in loan draw-downs and commitments

i) Movement in loan draw-downs

	2019	
Draw-down Amounts *(In '000 USD)*	**Stage -2**	**Total**
Gross carrying amounts as at January 1, 2019	259,206	259,206
Draw-downs in 2019	217,075	217,075
Amount as at December 31, 2019	**476,281**	**476,281**

	2019	
ECL on draw-downs *(In '000 USD)*	**Stage -2**	**Total**
ECL as at January 1, 2019	-	-
Additions	16,275	16,275
ECL as at December 31, 2019	**16,275**	**16,275**

ii) Movement in loan commitments

	2019	
Commitment Amounts *(In '000 USD)*	**Stage -2**	**Total**
Gross carrying amounts as at January 1, 2019	628,150	628,150
New commitments in 2019	316,000	316,000
Amount as at December 31, 2019	**944,150**	**944,150**

	2019	
ECL on Commitments *(In '000 USD)*	**Stage -2**	**Total**
ECL as at January 1, 2019	-	-
Additions	35,524	35,524
ECL as at December 31, 2019	**35,524**	**35,524**

9. PROPERTY, PLANT AND EQUIPMENT

(a) Details of property, plant and equipment as of December 31, 2019 and 2018 are as follows:

(i) December 31, 2019			
(In '000 USD)	Acquisition cost	Accumulated depreciation	Carrying amount
Computer/IT equipment	3,300	(2,777)	523
Leasehold Improvements	514	(145)	369
Office Furniture & Equipment	665	(339)	326
Motor Vehicles	81	(35)	46
Total	**4,560**	**(3,296)**	**1,264**

(ii) December 31, 2018			
(In '000 USD)	Acquisition cost	Accumulated depreciation	Carrying amount
Computer/IT equipment	3,127	(2,310)	817
Leasehold Improvements	387	(43)	344
Office Furniture & Equipment	518	(135)	383
Motor Vehicles	81	(18)	63
Total	**4,113**	**(2,506)**	**1,607**

(b) Changes in property, plant and equipment for the years ended December 31, 2019 and 2018 are summarized as follows:

(In '000 USD)

	January 1, 2019	Acquisition	Disposals	Depreciation	December 31, 2019
Computer/IT equipment	817	173	-	(467)	523
Leasehold Improvements	344	127	-	(102)	369
Office Furniture & Equipment	383	147	-	(204)	326
Motor Vehicles	63	(0)	-	(17)	46
Total	**1,607**	**447**	**-**	**(790)**	**1,264**

	January 1, 2018	Acquisition	Disposals	Depreciation	December 31, 2018
Computer/IT equipment	1,051	291	-	(525)	817
Leasehold Improvements	222	151	-	(29)	344
Office Furniture & Equipment	164	316	-	(97)	383
Motor Vehicles	30	46	-	(13)	63
Total	**1,467**	**804**	**-**	**(664)**	**1,607**

10. LONG-TERM BORROWINGS

i) The classification of long-term borrowings as at December 31, 2019 and 2018 is as follows:

(In '000 USD)	2019		2018	
	Current	Non-Current	Current	Non-Current
Long-term borrowings		360,257	-	281,216
Total		**360,257**	**-**	**281,216**

ii) Details of long-term borrowings as of December 31, 2019 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	285,000	319,998	June 15, 2042	0%	N/A	December 15, 2022	40
Canada	USD	82,479	82,479	June 15, 2044	1%	June 15, 2024	June 15, 2024	40
Present Value Discount*			(42,220)					
Total Long-term Borrowings			**360,257**					

* Present value discount of USD 42m refers to the interest implicit in the long-term borrowings and will be realized across the maturity period.

iii) Changes in the value of the loans in 2019 and 2018 are as below:

(In '000 USD)	2019	2018
Balance at January 1	281,216	293,382
Acquisition/draw down	82,479	-
Repayments	-	-
Forex loss (gain)	(6,384)	(15,248)
Decrease/(Increase) in present value discount	2,946	3,082
Balance as at December 31	**360,257**	**281,216**

11. 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 December 31, 2019 are as follows:

(In '000 USD)	January 1, 2019	Released	Received with restriction	Reclassification to restricted funds	Unrealized Exchange gain/loss	December 31, 2019
Time restriction only	1,776,305	(529,862)	-	-	3,299	1,249,742
Time & contributor-imposed restriction	727,194	-	-	-	25,115	752,309
Contributor imposed restriction only-Loan Cushions	-	-	16,522	64,000	-	80,522
Contributor imposed restriction only	572,430	-	2,848	-	-	575,278
Total	**3,075,929**	**(529,862)**	**19,370**	**64,000**	**28,414**	**2,657,851**

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 use to which the contributions may be applied and capital contributions which can only be disbursed as financial instruments which generate reflows. They may therefore not be used to finance grants 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.

12. 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 December 31, 2019 and December 31, 2018 are as follows:

(i) December 31, 2019			
(In '000 USD)	Nominal value	Unamortized present value discount on promissory note	Total
Contribution revenues	440,323	-	440,323
Foreign exchange gain(loss)	22,183	(570)	21,613
Present Value amortization on promissory note	-	3,543	3,543
Total	**462,506**	**2,973**	**465,479**
(ii) December 31, 2018			
(In '000 USD)	Nominal value	Unamortized present value discount on promissory note	Total
Contribution revenues	1,335,412	(13,828)	1,321,584
Foreign exchange gain(loss)	(99,599)	661	(98,938)
Present Value amortization on promissory note	-	280	280
Total	**1,235,813**	**(12,887)**	**1,222,926**

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.

The details of changes in the total contribution that the Fund has received through the Trust Fund account for the year ended December 31, 2019 are presented as follows:

(a) By contributor:

(In '000 USD)	January 1, 2019	Increase (Decrease)	December 31, 2019
Australia	141,451	10,867	152,318
Austria	29,047	33,255	62,302
Belgium	58,821	22,423	81,244
Belgium - Brussels Capital Region	3,863	-	3,863
Belgium - Flanders	10,395	5,681	16,076
Belgium - Walloon Region	9,481	-	9,481
Bulgaria	109	-	109
Canada	128,230	99,001	227,231
Chile	300	-	300
Columbia	287	-	287
Cyprus	415	-	415
Czech Republic	4,857	-	4,857
Denmark	62,265	-	62,265
Estonia	1,123	-	1,123
Finland	38,256	25,229	63,485
France	884,320	165,621	1,049,941
France - City of Paris	1,181	-	1,181
Germany	884,851	(6,980)*	877,871
Hungary	3,511	-	3,511
Iceland	900	200	1,100
Indonesia	244	-	244
Ireland	6,743	2,213	8,956
Italy	227,940	-	227,940
Japan	1,375,555	9,371	1,384,926
Korea	100,000	(1,215)*	98,785
Latvia	417	-	417
Liechtenstein	50	-	50
Lithuania	113	-	113
Luxembourg	27,886	5,698	33,583
Malta	389	112	501
Mexico	10,000	-	10,000
Monaco	1,079	1,700	2,779
Mongolia	50	-	50
Netherlands	115,623	(1,556)*	114,067
New Zealand	2,198	10,071	12,269
Norway	205,366	43,634	249,000
Panama	1,000	-	1,000
Poland	103	-	103
Portugal	2,168	-	2,168
Romania	50	-	50
Russian Federation	3,000	-	3,000
Slovakia**	-	2,000	2,000
Slovenia**	-	1,106	1,106
Spain	49,483	87,593	137,076
Sweden	461,336	(9,523)*	451,813
Switzerland	100,562	-	100,562
United Kingdom	924,268	31,752	956,020
United States	1,000,000	-	1,000,000
Total	**6,879,286**	**538,253**	**7,417,539**

* The negative change results from exchange loss on promissory notes held in contributor's home currency.

** The countries did not contribute during the Initial Resource Mobilization (IRM) period but have contributed during the GCF-1 period.

(b) By contribution type:

(In '000 USD)	January 1, 2019	Increase (Decrease)	December 31, 2019
Cash	4,375,787	1,039,702	5,415,489
Promissory note	2,503,499	(501,449)	2,002,051
Total	**6,879,286**	**538,253**	**7,417,539**

*The negative change in the contributions is as a result of encashment of promissory notes.

(c) By instrument type:

(In '000 USD)	January 1, 2019	Increase (Decrease)	December 31, 2019
Capital	1,299,646	27,963	1,327,609
Grant	5,253,258	434,195	5,687,453
Loan	326,382	76,095	402,477
Total	**6,879,286**	**538,253**	**7,417,539**

13. INVESTMENT & OTHER INCOME

Investment and Other income comprise the following.

(In '000 USD)	**2019**	**2018**
Investment income	103,252	73,690
Loan interest	3,285	476
Other income	1,816	747
Total	**108,353**	**74,913**

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 bank deposits.

14. ADMINISTRATIVE EXPENSES

Details of administrative expenses for the Fund for the year ended December 31, 2019 and December 31, 2018 are as follows:

(In '000 USD)	2019	2018
Staff Costs [(a)]	41,754	37,284
Consultants Fees	4,613	4,045
Contractual Services	8,242	4,670
Supplies and Services	8,902	7,772
Travel	3,161	2,548
Depreciation	790	664
Total	**67,462**	**56,983**

[(a)] As at December 31 2019, the Fund had 229 full-time staff (227 as at December 31, 2018). The details of the staff costs are as below:

(In '000 USD)	2019	2018
Short-term employee benefits	36,100	33,104
Defined contribution plans	4,464	3,167
Other Costs	1,190	1,013
Total	**41,754**	**37,284**

15. PROGRAMME

Programme expenditures for the years ended December 31, 2019 and December 31, 2018 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)	2019	2018
Funding Proposal Grants[(a)]	258,489	106,389
Accredited Entity Fees[(b)]	27,779	14,152
Readiness & Preparatory Support Programme (Inc. NAPs)[(c)]	39,896	39,263
Project Preparation Facility[(d)]	7,331	3,961
Total	**333,495**	**163,765**

a) Funding Proposal Grants

Details of Funding Proposal Grants channeled through the various accredited entities are as follows as at 31st December 2019 and 2018:

(In '000 USD)	2019	2018
Acumen	1,250	
Agence Française de Développement (AFD)	4,288	-
Asian Development Bank (ADB)	76,144	14,780
Antigua and Bermuda Department of Environment	3,000	-
Caribbean Community Climate Change Centre (CCCCC)	5,000	-
Conservation International (CI)	3,300	800
Environmental Investment Fund (EIF)	7,435	7,232
European Bank for Reconstruction & Development (EBRD)	37,728	16,951
Food and Agriculture Organization (FAO)	5,641	-
Inter-American Development Bank (IDB)	8,140	-
KfW Development Bank (KfW)	-	150
Ministry of Environment - Rwanda (MINIRENA)	5,243	-
Ministry of Finance and Economic Cooperation of the Federal Democratic Republic of Ethiopia (MOFEC)	3,752	-
Netherlands Development Finance Company (FMO)*	21,488	-
Peruvian Trust Fund for National Parks and Protected Areas (PROFONANPE)	1,300	-
The Secretariat of the Pacific Regional Environment Programme (SPREP)	1,978	297
The World Bank	8,000	-
United Nations Development Programme (UNDP)	51,808	66,179
United Nations Environmental Programme (UNEP)	6,202	-
World Wildlife Fund Inc (WWF)	5,792	-
XacBank	1,000	-
Total	**258,489**	**106,389**

* The amount is a reimbursable grant. When it is determined with certainty that the amount will reflow to GCF, it will be recognized as a receivable.

b) Accredited Entity Fees

Details of Accredited Entity Fees for the disbursements to the different Accredited Entities are as follows:

(In '000 USD)	2019	2018
Acumen	130	-
Agence Française de Développement (AFD)	1,589	-
Asian Development Bank (ADB)	4,907	1,090
Antigua and Bermuda Department of Environment	270	-
Caribbean Community Climate Change Centre (CCCCC)	425	-
Conservation International (CI)	297	72
Environmental Investment Fund (EIF)	744	723
European Bank for Reconstruction & Development (EBRD)	5,422	5,996
Food and Agriculture Organization (FAO)	355	-
Inter-American Development Bank (IDB)	1,452	-
KfW Development Bank (KfW)	-	9
Ministry of Environment - Rwanda (MINIRENA)	352	-
Ministry of Finance and Economic Cooperation of the Federal Democratic Republic of Ethiopia (MOFEC)	113	-
National Bank for Agriculture and Rural Development (NABARD)	2,500	-
Peruvian Trust Fund for National Parks and Protected Areas (PROFONANPE)	130	-
The Secretariat of the Pacific Regional Environment Programme (SPREP)	178	27
United Nations Development Programme (UNDP)	4,170	5,638
United Nations Environmental Programme (UNEP)	554	-
The World Bank	3,635	-
World Wildlife Fund Inc. (WWF)	463	-
XacBank	93	597
Total	**27,779**	**14,152**

c) Readiness & Preparatory Support Programme

Details of 'Readiness & Preparatory Support Programme' expenditures for the years ended December 31, 2019 and December 31, 2018 are as follows:

(In '000 USD)	2019	2018
Consultants Fees	906	1,218
Regional workshops & NDA visits	2,064	4,381
Grants - Readiness (See below)	34,404	28,931
Professional Services	1,287	493
Travel	112	207
Other Operating Costs	1,123	1,344
Total	**39,896**	**36,574**

The following countries received readiness grants for the years ended December 31, 2019 and December 31, 2018:

(In '000 USD)	2019	2018
Afghanistan	240	-
Albania	153	-
Algeria	-	60
Antigua and Bermuda	1,868	294
Argentina	1,097	506
Armenia	430	150
Azerbaijan	421	180
Bahamas	253	-
Bangladesh	260	637
Barbados	250	-
Belize	636	-
Benin	543	-
Bhutan	359	296
Bosnia-Herzegovina	715	165
Botswana	209	
Brazil	503	197
Burkina Faso	-	563
Burundi	239	239
Cambodia	108	120
Central African Republic	160	290
Chad	130	-

(In '000 USD)	2019	2018
Chile	-	1,678
Colombia	1,109	631
Comoros	-	115
Cook Islands	743	8
Costa Rica	-	635
Cote d'Ivoire	488	-
Cuba	167	167
Democratic Republic of Congo	169	678
Dominica	105	-
Dominican Republic	83	1,262
Ecuador	945	195
Egypt	-	-
Equatorial Guinea	189	703
Eswatini	216	828
Ethiopia	341	-
Federal States of Micronesia	100	-
Fiji	495	-
Gabon	880	130
Gambia	49	-
Georgia	-	227
Ghana	924	-
Grenada	385	409
Guatemala	533	-
Guinea Bissau	255	-
Guyana	120	556
Haiti	743	390
Honduras	393	379
India	-	150
Indonesia	355	281
Iraq	322	334
Islamic Republic of Iran	387	-
Jamaica	471	327
Jordan	-	190
Kazakhstan	-	300
Kenya	43	216
Kyrgyzstan	143	-
Kiribati	-	146
Kyrgyz Republic	-	155
Lao PDR	811	527
Latin America & the Caribbean	505	-
Lesotho	3	188
Liberia	992	-
Libya	120	130
Madagascar	-	178

(In '000 USD)	2019	2018
Malawi	830	-
Malaysia	-	593
Maldives	101	-
Mali	445	-
Mauritania	-	872
Mauritius	125	325
Mexico	232	-
Micronesia	500	-
Moldova	87	-
Mongolia	190	656
Montenegro	155	-
Morocco	-	150
Mozambique	-	120
Myanmar	225	452
Namibia	-	286
Nauru	-	130
Nepal	480	419
Nicaragua	627	-
Niger	-	501
Niue	-	295
Northern Macedonia	-	246
Oman	-	100
Pakistan	208	79
Palestine	208	414
Panama	243	517
Papua New Guinea	1,019	220
Paraguay	-	573
Peru	-	366
Philippines	193	-
Republic of Congo	524	501
Republic of Marshall Islands	-	400
Republic of Moldova	-	80
Rwanda	177	424
Saint Kitts and Nevis	-	309
Saint Lucia	214	60
Sao Tome and Principe	240	-
Senegal	253	-
Serbia	444	130
Seychelles	-	305
South Africa	-	195
South Sudan	147	152
Sri Lanka	736	-
State of Palestine	159	-
Sudan	123	273

(In '000 USD)	2019	2018
Syria	249	-
Tajikistan	100	150
Thailand	172	548
Timor-Leste	150	150
Togo	240	100
Tonga	-	140
Trinidad and Tobago	151	
Tunisia	250	-
Uganda	126	-
Uruguay	1,549	492
Vanuatu	135	269
Vietnam	-	130
Zambia	60	-
Zimbabwe	179	999
Total	**34,404**	**28,931**

d) Project Preparatory Facility (PPF)

Details of Project Preparatory Facility grants by Implementing Partner for the years ended December 31, 2019 and December 31, 2018 are as follows:

(In '000 USD)	2019	2018
Agency for Agricultural Development of Morocco (ADA)	-	557
Caribbean Community Climate Change Centre (CCCCC)	674	363
Development Bank of Latin America (CAF)	891	1,078
Development bank of Southern Africa (DBSA)	223	-
Food and Agriculture Organization (FAO)	260	-
Ministry of Environment - Rwanda (MINIRENA)	15	166
United Nations Development Programme (UNDP)	-	934
United Nations Environmental Programme (UNEP)	-	279
United Nations Office of Project Services (UNOPS)	4,795	584
World Meteorological Organization (WMO)	107	-
Xac Bank	366	-
Total	**7,331**	**3,961**

16. CONTINGENT LIABILITIES

Contingent liabilities for Readiness & Preparatory Support Programme, and Project Preparation Facility (PPF), approved funding proposals and accredited entity fees as of December 31, 2019 and 2018 are analyzed below

a) Readiness & Preparatory Support Programme

(In '000 USD)	2019	2018
Cumulative funds approved as at end of December	209,315	123,445
Disbursed as end of December	(75,367)	(32,618)
Total Commitment	**133,948**	**90,827**

b) Project Preparation Facility

(In '000 USD)	2019	2018
Cumulative funds approved as at end of December	17,584	10,827
Disbursed as at end of December	(12,940)	(5,609)
Total Commitment	**4,644**	**5,218**

c) Project Funding Decisions

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

(In '000 USD)	2019	2018
Approved Funding Proposals (cumulative)	5,632,040	5,034,827
Disbursed as at end of December	(904,812)	(427,727)
Total Commitment	**4,727,228**	**4,607,100**

d) Project Fees

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

(In '000 USD)	2019	2018
Approved AE fees as at end of December	217,408	101,016
Disbursed as at end of December	(49,584)	(21,799)
Total Commitment	**167,824**	**79,217**

17. 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.

18. RELATED PARTIES

Related parties include the members of the board, 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 at 31 December 2019 and 2018. 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.

Remuneration of key management for 2019 and 2018 is as below:

(In '000 USD)	2019	2018
Salaries	3,060	3,348
Retirement plan	551	603
Other Benefits	609	1,312
Termination benefits	-	34
Total	**4,220**	**5,297**

19. EVENTS AFTER THE REPORTING DATE

The COVID-19 epidemic and associated responses have caused major disruptions throughout the world. While there were no adjustments reflected in the financial statements as at 31st December 2019 or for the year then ended, the following are possible impacts on the 2020 financial statements:

- Impact of exchange rate fluctuations on cash, promissory notes and liabilities denominated in foreign currencies if those currencies strengthen/weaken against the USD within 2020. As at 31st December 2019, 35% of assets and 78% of liabilities were denominated in foreign currencies.
- Delays in implementation of GCF funded projects, resulting in a slower rate of disbursements for committed obligations.
- There may be a slower rate of additions to committed obligations.
- Reduction in the fair value of loan and equity investments in 2020 due to worldwide business disruption.
- While there are no loan receivables maturing in 2020, we may expect an increase in expected credit losses (ECL) allowances if the disruption of business materially impacts implementation of projects funded by GCF loans in 2020, exacerbating the project and credit risks.

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