

**Corporación Andina  
de Fomento (CAF)**

**Financial Statements**

As of and for the years ended  
December 31, 2023 and 2022

# CORPORACIÓN ANDINA DE FOMENTO (CAF)

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## **Management’s Report on the Effectiveness of Internal Control over Financial Reporting**

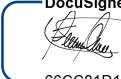
Corporación Andina de Fomento (“CAF”)’s internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with accounting principles generally accepted in the United States of America. An entity’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the entity’s assets that could have a material effect on the financial statements.

Management of CAF is responsible for designing, implementing, and maintaining effective internal control over financial reporting. Management assessed the effectiveness of CAF’s internal control over financial reporting as of December 31, 2023, based on the criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”). Based on that assessment, CAF’s Management concluded that CAF’s internal control over financial reporting is effective as of December 31, 2023.

There are inherent limitations in the effectiveness of any internal control system, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even an effective internal control can provide only reasonable assurance with respect to financial statement preparation. Further, because of changes in conditions, the effectiveness of internal control may vary over time.

CAF's financial statements as of December 31, 2023 and for the year then ended, have been audited by an independent accounting firm, which has also issued an independent auditor's report on CAF's internal control over financial reporting. The Independent Auditor's Report on Internal Control over Financial Reporting, which is included in this document, expresses an unmodified opinion on CAF's internal control over financial reporting as of December 31, 2023.

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Sergio Díaz-Granados  
Executive President 

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Gabriel Felpeto  
Vice-President of Finance

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**CORINA ARROYO**  
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Corina Arroyo  
Acting Executive Vice-President

February 9, 2024

## **Independent Auditor's Report**

To the Board of Directors and Shareholders of  
**Corporación Andina de Fomento (CAF)**

### **Opinion on Internal Control Over Financial Reporting**

We have audited the internal control over financial reporting of **Corporación Andina de Fomento (CAF)** as of December 31, 2023, based on the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, CAF maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on the criteria established in Internal Control – Integrated Framework (2013) issued by COSO.

We also have audited, in accordance with auditing standards generally accepted in the United States of America (GAAS), the financial statements of CAF as of and for the years ended December 31, 2023 and 2022, and our report dated February 9, 2024 expressed an unmodified opinion on those financial statements.

### **Basis for Opinion**

We conducted our audit in accordance with GAAS. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Internal Control Over Financial Reporting section of our report. We are required to be independent of **CAF** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for Internal Control over Financial Reporting**

Management is responsible for designing, implementing, and maintaining effective internal control over financial reporting, and for its assessment about the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on the Effectiveness of Internal Control over Financial Reporting.

### **Auditor's Responsibilities for the Audit of Internal Control Over Financial Reporting**

Our objectives are to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects and to issue an auditor's report that includes our opinion on internal control over financial reporting. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of internal control over financial reporting conducted in accordance with GAAS will always detect a material weakness when it exists.

In performing an audit of internal control over financial reporting in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Obtain an understanding of internal control over financial reporting, assess the risks that a material weakness exists, and test and evaluate the design and operating effectiveness of internal control over financial reporting based on the assessed risk.

### **Definition and Inherent Limitations of Internal Control over Financial Reporting**

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with accounting principles generally accepted in the United States of America. An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements. Also, projections of any assessment of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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February 9, 2024

Caracas - Venezuela

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## **Independent Auditor's Report**

To the Board of Directors and Shareholders of  
**Corporación Andina de Fomento (CAF)**

### **Opinion**

We have audited the financial statements of **Corporación Andina de Fomento (CAF)**, which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of income, shareholders' equity, and cash flows for the years then ended, and the related notes to the financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **CAF** as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with auditing standards generally accepted in the United States of America (GAAS), **CAF's** internal control over financial reporting as of December 31, 2023, based on the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 9, 2024 expressed an unmodified opinion on **CAF's** internal control over financial reporting.

### **Basis for Opinion**

We conducted our audits in accordance with GAAS. 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 required to be independent of **CAF** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CAF ability to continue as a going concern for one year after date that the financial statements are issued.

### **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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CAF ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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February 9, 2024

Caracas - Venezuela

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## CORPORACIÓN ANDINA DE FOMENTO (CAF)

**Balance Sheets**  
**As of December 31, 2023 and 2022**  
(In thousands of U.S. dollars)

	NOTES	2023	2022
<b>ASSETS</b>			
Cash and due from banks		70,592	107,592
Deposits with banks		4,963,938	6,535,869
Cash and due from banks and deposits with banks	<b>3</b>	5,034,530	6,643,461
Marketable securities - trading	<b>4 and 18</b>	9,988,218	8,483,605
Other investments	<b>5</b>	1,265,038	258,372
Loans (US\$ 2,549,568 and US\$ 2,499,856 at fair value as of December 31, 2023 and 2022, respectively)	<b>6 and 18</b>	33,479,085	30,622,324
Less loan commissions, net of origination costs		175,732	166,213
Less allowance for loan losses	<b>6</b>	56,913	63,192
Loans, net		33,246,440	30,392,919
Accrued interest and commissions receivable:	<b>18</b>		
Loans		508,058	362,486
Others		449,514	311,406
		957,572	673,892
Derivative financial instruments	<b>17 and 18</b>	911,749	459,809
Equity investments	<b>7</b>	392,184	381,779
Property and equipment, net		91,675	98,804
Other assets	<b>8</b>	1,926,857	2,984,101
<b>TOTAL</b>		<b>53,814,263</b>	<b>50,376,742</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>LIABILITIES:</b>			
Deposits (US\$ 0 and US\$ 109,377 at fair value as of December 31, 2023 and 2022, respectively)	<b>9 and 18</b>	4,144,495	4,663,591
Commercial papers	<b>10</b>	4,653,512	4,618,797
Borrowings from other financial institutions (US\$ 593,086 and US\$ 665,849 at fair value as of December 31, 2023 and 2022, respectively), net	<b>11 and 18</b>	2,046,796	2,072,776
Bonds (US\$ 24,608,695 and US\$ 21,137,893 at fair value as of December 31, 2023 and 2022, respectively), net	<b>12 and 18</b>	24,759,450	21,252,213
Accrued interest payable	<b>18</b>	846,534	565,916
Derivative financial instruments	<b>17 and 18</b>	2,340,647	3,309,978
Accrued expenses and other liabilities	<b>13</b>	293,109	174,154
Total liabilities		39,084,543	36,657,425
<b>SHAREHOLDERS' EQUITY:</b>			
Subscribed capital	<b>15</b>	9,988,015	8,563,350
Less callable capital portion		1,819,660	1,625,660
Less capital subscriptions receivable		2,570,045	1,412,260
Paid-in capital		5,598,310	5,525,430
Additional paid-in capital		4,380,427	4,252,952
Reserves		3,940,935	3,771,966
Retained earnings		810,048	168,969
Total shareholders' equity		14,729,720	13,719,317
<b>TOTAL</b>		<b>53,814,263</b>	<b>50,376,742</b>

See accompanying notes to the financial statements

# CORPORACIÓN ANDINA DE FOMENTO (CAF)

## Statements of Income For the years ended December 31, 2023 and 2022 (In thousands of U.S. dollars)

	<u>NOTES</u>	<u>2023</u>	<u>2022</u>
Interest income:			
Loans	2 (g)	2,330,525	1,093,099
Investments and deposits with banks	2 (g), 3 and 4	922,659	172,987
Loan commissions	2 (g)	49,239	49,197
Total interest income		<u>3,302,423</u>	<u>1,315,283</u>
Interest expense:			
Bonds		1,640,106	659,043
Commercial papers		236,761	62,532
Deposits		168,407	63,844
Borrowings from other financial institutions		143,978	58,941
Commissions		10,034	10,373
Total interest expense		<u>2,199,286</u>	<u>854,733</u>
Net interest income		1,103,137	460,550
Provision (credit) for loan losses	6	439	(3,287)
Net interest income, after provision (credit) for loan losses		<u>1,102,698</u>	<u>463,837</u>
Non-interest income:			
Dividends and equity in earnings of investees	7	15,939	8,668
Other commissions		2,651	2,967
Other income	6 and 7	39,696	7,306
Total non-interest income		<u>58,286</u>	<u>18,941</u>
Non-interest expenses:			
Administrative expenses		205,161	177,803
Other expenses	7	5,636	25,811
Total non-interest expenses		<u>210,797</u>	<u>203,614</u>
Income before unrealized changes in fair value related to other financial instruments and contributions to Shareholders' Special Funds		950,187	279,164
Unrealized changes in fair value related to other financial instruments	19	(20,139)	(21,195)
Income before contributions to Shareholders' Special Funds, net		930,048	257,969
Contributions to Shareholders' Special Funds	21	120,000	89,000
Net income		<u>810,048</u>	<u>168,969</u>

See accompanying notes to the financial statements

## CORPORACIÓN ANDINA DE FOMENTO (CAF)

Statements of Shareholders' Equity  
For the years ended December 31, 2023 and 2022  
(In thousands of U.S. dollars)

	NOTES	Paid-in capital	Additional paid-in capital	Reserves		Retained earnings	Total shareholders' equity	
				General reserve	Article N° 42 of the Constitutive Agreement			Total reserves
BALANCES AS OF DECEMBER 31, 2021		5,436,375	4,091,298	3,094,768	572,183	3,666,951	105,015	13,299,639
Capital increase	15	254,235	465,585	-	-	-	-	719,820
Capital decrease due to shares' repurchase	6	(165,180)	(303,931)	-	-	-	-	(469,111)
Net income	15	-	-	-	-	-	168,969	168,969
Appropriated for general reserve	15	-	-	94,505	-	94,505	(94,505)	-
Appropriated for reserve pursuant to Article N° 42 of the Constitutive Agreement	15	-	-	-	10,510	10,510	(10,510)	-
BALANCES AS OF DECEMBER 31, 2022		5,525,430	4,252,952	3,189,273	582,693	3,771,966	168,969	13,719,317
Capital increase	15	269,560	489,366	-	-	-	-	758,926
Capital decrease due to shares' repurchase	6	(196,680)	(361,891)	-	-	-	-	(558,571)
Net income	15	-	-	-	-	-	810,048	810,048
Appropriated for general reserve	15	-	-	152,069	-	152,069	(152,069)	-
Appropriated for reserve pursuant to Article N° 42 of the Constitutive Agreement	15	-	-	-	16,900	16,900	(16,900)	-
BALANCES AS OF DECEMBER 31, 2023		<u>5,598,310</u>	<u>4,380,427</u>	<u>3,341,342</u>	<u>599,593</u>	<u>3,940,935</u>	<u>810,048</u>	<u>14,729,720</u>

See accompanying notes to the financial statements

## CORPORACIÓN ANDINA DE FOMENTO (CAF)

Statements of Cash Flows  
For the years ended December 31, 2023 and 2022  
(In thousands of U.S. dollars)

	NOTES	2023	2022
<b>OPERATING ACTIVITIES:</b>			
Net income		810,048	168,969
Adjustments to reconcile net income to net cash (used in) provided by operating activities:			
Unrealized (gain) loss on trading securities		(121,961)	50,336
Loan commissions, net of amortization of origination costs		(18,467)	(20,172)
Provision (credit) for loan losses	6	439	(3,287)
Impairment charge for equity investments	7	1,336	962
Unrealized changes in fair value related to equity investment	7	(11,403)	17,854
Equity in earnings of investees	7	(11,005)	(1,943)
Amortization of deferred charges		3,187	4,751
Depreciation of property and equipment		8,650	8,831
Provision for employees' severance benefits		17,723	15,023
Provision for employees' savings plan		607	744
Unrealized changes in fair value related to other financial instruments	19	20,139	21,195
Net changes in operating assets and liabilities:			
Trading securities, net		(1,490,393)	3,965,795
Accrued interest and commissions receivable		(283,683)	(316,056)
Other assets		(31,362)	(22,004)
Accrued interest payable		280,619	277,683
Severance benefits paid or advanced		(15,862)	(14,417)
Employees' savings plan paid or advanced		(1,648)	(2,101)
Accrued expenses and other liabilities		(47,366)	23,167
Total adjustments and net changes in operating assets and liabilities		<u>(1,700,450)</u>	<u>4,006,361</u>
Net cash (used in) provided by operating activities		<u>(890,402)</u>	<u>4,175,330</u>
<b>INVESTING ACTIVITIES:</b>			
Purchases of other investments	5	(2,694,830)	(562,436)
Maturities of other investments	5	1,814,033	596,456
Loan origination and principal collections, net	6	(3,229,529)	(1,805,360)
Equity investments, net	7	10,667	34,698
Property and equipment, net		<u>(1,521)</u>	<u>(1,648)</u>
Net cash used in investing activities		<u>(4,101,180)</u>	<u>(1,738,290)</u>
<b>FINANCING ACTIVITIES:</b>			
Net (decrease) increase in deposits	9	(514,720)	652,707
Proceeds from commercial papers	10	66,484,410	63,977,481
Repayment of commercial papers	10	(66,449,695)	(62,172,330)
Net decrease (increase) in derivative-related collateral		1,239,557	(2,414,170)
Proceeds from issuance of bonds	12	6,505,253	3,653,612
Repayment of bonds	12	(4,574,471)	(3,923,431)
Proceeds from borrowings from other financial institutions		186,023	797,723
Repayment of borrowings from other financial institutions		(252,632)	(407,254)
Proceeds from issuance of shares	15	758,926	719,820
Net cash provided by financing activities		<u>3,382,651</u>	<u>884,158</u>
NET (DECREASE) INCREASE IN CASH AND DUE FROM BANKS AND DEPOSITS WITH BANKS		(1,608,931)	3,321,198
CASH AND DUE FROM BANKS AND DEPOSITS WITH BANKS AT BEGINNING OF THE YEAR		<u>6,643,461</u>	<u>3,322,263</u>
CASH AND DUE FROM BANKS AND DEPOSITS WITH BANKS AT END OF THE YEAR		<u><u>5,034,530</u></u>	<u><u>6,643,461</u></u>
<b>SUPPLEMENTAL DISCLOSURE:</b>			
Interest paid during the year		<u>1,925,433</u>	<u>612,024</u>
<b>NONCASH FINANCING ACTIVITIES:</b>			
Principal collections - Loans	6	<u>558,571</u>	<u>469,111</u>
Capital decrease	6	<u>(558,571)</u>	<u>(469,111)</u>
Change in derivative instruments assets		<u>(451,940)</u>	<u>52,574</u>
Change in derivative instruments liabilities		<u>(969,331)</u>	<u>2,467,020</u>

# CORPORACIÓN ANDINA DE FOMENTO (CAF)

Notes to the Financial Statements  
For the years ended December 31, 2023 and 2022  
(In thousands of U.S. dollars)

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## 1. ORIGIN

**Business description** – Corporación Andina de Fomento (CAF) began its operations on June 8, 1970 and was established under public international law which abides by the provisions set forth in its Constitutive Agreement. Series “A” and “B” shareholder countries are: Argentina, Bolivia, Brazil, Chile, Colombia, Dominican Republic, Ecuador, El Salvador, Honduras, Panama, Paraguay, Peru, Trinidad and Tobago, Uruguay and Venezuela. Series “C” shareholder countries are: Barbados, Costa Rica, Jamaica, Mexico, Portugal and Spain. In addition, there are 13 banks which are Series “B” shareholders.

CAF is headquartered in Caracas, Venezuela and has offices in Asuncion, Paraguay; Bogota, Colombia; Brasilia and Sao Paulo, Brazil; Buenos Aires, Argentina; Mexico City, Mexico; Panama City, Panama; La Paz, Bolivia; Lima, Peru; Madrid, Spain; Montevideo, Uruguay; Port of Spain, Trinidad and Tobago, Quito, Ecuador, San Salvador, El Salvador, Santiago de Chile, Chile and Santo Domingo, Dominican Republic.

CAF promotes a sustainable development model through credit, non-refundable resources, and supports in the technical and financial structuring of projects in the public and private sectors of Latin America and the Caribbean.

CAF offers financial and related services to the governments of its shareholder countries, as well as their public and private institutions, corporations and joint ventures. CAF's principal activity is to provide short, medium and long-term loans to finance projects, working capital, trade activities and to undertake feasibility studies for investment opportunities in shareholder countries. Furthermore, CAF manages and supervises third-party cooperation funds owned and sponsored by other countries and organizations, destined to finance programs agreed upon with donor countries and organizations which are in line with CAF's policies and strategies.

CAF raises funds to finance its operations from sources both within and outside its shareholder countries.

## 2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

- a. **Financial statement presentation** – The accompanying financial statements have been prepared in accordance with U.S. generally accepted accounting principles with the U.S. dollar as the functional currency.
- b. **Use of estimates** – The preparation of the accompanying financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the balance sheets, as well as the amounts reported as revenues and expenses during the corresponding reporting period. The most important estimates related to the preparation of the accompanying financial statements refer to estimating the allowance for loan losses, and valuation and classification at fair values of financial instruments, among others. Management believes these estimates are adequate. Actual results could differ from those estimates.

# CORPORACIÓN ANDINA DE FOMENTO (CAF)

Notes to the Financial Statements  
For the years ended December 31, 2023 and 2022  
(In thousands of U.S. dollars)

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- c. **Transactions denominated in other currencies** – Transactions denominated in currencies other than U.S. dollars are converted into U.S. dollars at exchange rates prevailing in international markets on the dates of the transactions. Currency balances other than U.S. dollars are converted into U.S. dollars at year-end exchange rates. Any foreign exchange gains or losses, including related hedge effects, are included in the statements of income.
- d. **Cash and deposits with banks** – Cash and deposits with banks comprised of cash, due from banks and short-term deposits with banks with an original maturity of three months or less.
- e. **Marketable securities and other investments** – These investments are classified as trading marketable securities, according to management’s intention and are recorded on the trade date. Trading marketable securities are securities that are mainly bought and held principally for the purpose of selling them in the near term and therefore held for only a short period of time. Trading marketable securities are recorded at fair value. Gains and losses from sales of trading marketable securities and changes in the fair value of trading marketable securities are included in interest income of investments and deposits with banks in the statements of income. Deposits with banks due more than 90 days (original maturity) and Special Drawing Rights are recorded as other investments.
- f. **Reverse repurchase agreements** - CAF has entered into reverse repurchase agreements as part of liquidity management. Under a reverse repurchase agreement, CAF purchases securities with an agreement to resell them to the counterparty on a specific date for a specific price plus interests, with earlier resale permitted. Securities purchased under reverse repurchase agreements are included in the balance sheets under account “Securities purchased under resale agreement” and interests thereon are included in the statements of income under “Investments and deposits with banks”.

All securities covered under reverse repurchase agreements are carried at face value, which approximate fair value due to their short-term in nature and minimal credit risk. There are no open positions as of December 31, 2023 and 2022.
- g. **Loans** – CAF grants short, medium and long-term loans to finance projects, working capital, trade activities and to undertake feasibility studies for investment opportunities, both to public and private entities, for development and integration programs and projects in shareholder countries.

For credit risk purposes, CAF classifies its loans as follow:

- (i) **Sovereign loans** – Include loans granted to national, regional or local governments or decentralized institutions and other loans fully guaranteed by national governments.
- (ii) **Non-sovereign loans** – Include loans granted to corporate and financial sectors (public and private sectors), among others, which are not guaranteed by national governments.

Loans are carried at their unpaid principal balances less: (i) write-offs, (ii) the allowance for loan losses, and (iii) loan commission fees received upon origination net of certain direct origination costs. Interest income is accrued on the unpaid principal balance. Loan commission fees, net of certain direct origination costs, are deferred and recognized as an adjustment of the related loan yield using the effective interest method and are presented as interest income - loan commissions in the statements of income.

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Private sector loans that are 90 days overdue or public sector loans that are 180 days overdue are placed on non-accrual status and, as result, the accrual for interest on non-accrual loans is discontinued unless the loans are well-secured and in process of collection.

Interest accrued but not collected for loans that are placed on non-accrual loans status is reversed against interest income. The interest on non-accrual loans is accounted for on a cash-basis, until the loans qualify for return to accrual status. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Factors considered by management in determining non-accrual loans are payment status and the probability of collecting scheduled principal and interest payments when due.

When a loan is overdue, CAF will immediately suspend any pending disbursement for said loan and for any other loans in which the client is the borrower, beneficiary or guarantor for CAF. CAF charges late payments fees on these overdue loans.

Loan losses, partial or total, are written off against the allowance for loan losses when management confirms the uncollectability of a loan balance. Subsequent recoveries on written off loans, if any, will be credited to the allowance for loan losses.

CAF maintains risk exposure policies to avoid concentrating its loans in any one country or economic group, which might be affected by market situations or other circumstances. For this purpose, CAF uses certain measurement parameters, such as: CAF's shareholders' equity, total loan balance, exposure to economic groups from public and private sectors, among others. CAF reviews, on a semi-annual basis, the credit risk rating of its loans and classifies the risk into the following categories:

- (i) *Satisfactory-excellent* – Extremely strong capacity to meet financial commitments.
- (ii) *Satisfactory-very good* – Strong capacity to meet financial commitments, not significantly vulnerable to adverse economic conditions.
- (iii) *Satisfactory-adequate* – Adequate capacity to meet financial commitments, but more vulnerable to adverse economic conditions.
- (iv) *Watch* – Acceptable payment capacity however some indicators and elements require special attention otherwise they could result in impairment.
- (v) *Special mention* – More vulnerable to adverse economic conditions but currently has the capacity to meet financial commitments.
- (vi) *Sub-standard* – Currently vulnerable and dependent on favorable economic conditions to meet financial commitments.
- (vii) *Doubtful* – Currently highly vulnerable.
- (viii) *Loss* – Payment default on financial commitments.

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- h. Allowance for loan losses** – The allowance for credit losses is maintained at a level CAF believes to be appropriate to absorb expected lifetime credit losses over the contractual life of the loan portfolio.

The allowance for loan losses reflects CAF's current estimate of all expected credit losses based on the information available at the date of the balance sheet, and these information are assessed and updated timely taking into account the market's characteristics, policies and macroeconomic perspectives to adequately reflect the effect of those changes in borrower credit ratings and therefore in expected credit losses.

For purposes of determining the allowance for expected credit losses, CAF management classifies its loans for credit risk purposes into sovereign loans and non-sovereign loans. The allowance for loan losses is estimated considering the credit risk exposure (undiscounted), cumulative default probability for 1 to 5 years tranches and loss given default, based on external data provided by risk rating agencies, recognizing such lifetime expected effects in profit or loss for the reporting period.

Sovereign loans within each country exhibit similar risk characteristics, therefore, the allowance for loan losses on sovereign loans is collectively evaluated at country level and established by CAF based on the individual long-term foreign currency debt rating applicable to the borrower countries, which is determined using the average rating of three recognized international credit rating agencies at the date of each of the balance sheet presented. The long-term foreign currency debt rating considers a default probability. Given CAF's status as a de facto preferred creditor and the immunities and privileges conferred by its shareholder countries, which are established in CAF's Constitutive Agreement and other similar agreements, adjustments are made to reflect a lower default probability – usually equivalent to three levels to the average rating referred above. Historically, none of its sovereign loans has ever been placed in non-accrual status or has been written off. It is not the policy of CAF to restructure its sovereign loans and management does not have any expectation of writing off such loans.

For the non-sovereign loans, the allowance for loan losses is individually evaluated and calculated on a non-discounted cash flow method by considering CAF's internal rating of each borrower, using the probability of default corresponding to the average rating of the equivalent categories of the international risk-rating agencies.

For those cases where the category equivalent to the rating of a particular borrower determined in accordance with any of the international risk-rating agencies is higher than the risk rating in local currency of the country corresponding to such borrower, or if for any reason there is no risk rating, the risk rating in local currency of such country determined by international credit rating agencies will be used.

CAF considers that external data provided by risk rating agencies used to determine the probability of default reflects its expectations about the future economic conditions and there are no other adjustments regarding historical loss information and future conditions that should be considered as significant factor to determining the expected collectability.



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CAF assesses and determine the loss given default which considers the CAF's status as a de facto preferred creditor, the immunities and privileges conferred by its shareholder countries, the collateral of each loan, the effect of interest on late payments to avoid the potential impairment derived by the time value of money and the evidence of historical loss data collected for each country through the years. In addition, given the nature of CAF's lending activities as multilateral bank, in case of delay on payments of sovereign loans, the loss given default reflects the expectation to collect the total amount due, including accrued interests and commissions receivable for the period of delay.

A specific allowance for loan losses is individually evaluated and established by CAF for loans in non-accrual status as these loans do not have the same risk characteristics as other loans. A loan is considered in non-accrual status when, based on currently available information and events, it is probable that CAF will not recover the total amount of principal and interest as agreed in the terms of the original loan contract. The allowance for loan losses is determined on a loan-by-loan basis based on the present value of expected future cash flows, discounted at the original loan's effective interest rate.

- i. **Equity investments** – CAF invests in equity securities of companies and funds in strategic sectors, with the objective of promoting the development of such companies and funds and their participation in the securities markets and to serve as a catalyst in attracting resources to shareholder countries.

If CAF has the ability to exercise significant influence over the operating and financial policies of the investee, which is generally presumed to exist when CAF holds an ownership interest in the voting stock of an investee between 20% and 50%, the equity investments are accounted for using the equity method. Under the equity method, the carrying amount of the equity investment is adjusted to reflect CAF's proportionate share of earnings or losses, dividends received and certain transactions of the investee Company.

Other than those accounted for under the equity method, CAF recorded investments in equity securities without readily determinable fair value, as follows:

- (i) Direct investments in equity securities of companies – These investments, which do not qualify for the net asset value practical expedient to estimate fair value, are accounted for at cost minus impairment (if any), plus or minus changes resulting from observable price changes in orderly transactions for an identical or similar investment of the same issuer.
- (ii) Equity investments in funds – These investments are carried at fair value using the net asset value practical expedient to estimate fair value.

Dividend income from equity investments without readily determinable fair value is recognized when CAF's right to receive payment has been established.

- j. **Property and equipment, net** – Property and equipment are stated at cost less accumulated depreciation. Maintenance and repair expenses are charged directly to the statements of income for the year as incurred, while improvements and renewals are capitalized. Depreciation is calculated using the straight-line method and charged to the statements of income over the estimated useful life of assets.

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The estimated useful life for assets is as follows:

Buildings	30 years
Building improvements	15 years
Leasing building improvements	Term of leasing contract
Furniture and equipment	2 to 10 years
Vehicles	5 years

- k. *Other assets*** – Other assets mainly include the following:
- (i) *Derivative-related collateral* – CAF receives or provides cash collateral from or to individual swap and futures counterparties to mitigate its credit exposure to these counterparties. It is the policy of CAF to restrict and invest cash collateral received from swap and futures counterparties for fulfilling its obligations under the collateral agreement. CAF records cash collateral received in other assets with a corresponding obligation to return the cash collateral received recorded in accrued expenses and other liabilities. Cash collateral provided to swap and futures counterparties, under the collateral agreement, are recorded in other assets.
  - (ii) *Intangible assets* – Include software investments which are reported at cost less accumulated amortization. The amortization is calculated with the straight-line method over the useful life estimated by CAF. The estimated useful life of these assets is between 2 and 5 years.
- l. *Impairment of investment accounted for under the equity method*** – An investment accounted for under the equity method is considered impaired and an impairment loss is recognized only if there are circumstances that indicate impairment as a result of one or more events (“loss events”) that have occurred after recognition of such investment.
- An impairment charge is recorded whenever a decline in value of an investment below its carrying amount is determined to be other-than-temporary. In determining if a decline is other-than-temporary, factors such as the length of time and extent to which the fair value of the investment has been less than the carrying amount of the investment, the near-term and longer-term operating and financial prospects of the affiliate and the intent and ability to hold the investment for a period of time sufficient to allow for any anticipated recovery are considered.
- m. *Deposits*** – Deposits denominated in US\$ are recorded at amortized cost. Deposits denominated in currencies other than the US\$ are recognized at fair value. Gains or losses resulting from changes in the fair value of these deposits are recognized in the statements of income when they occur.
- n. *Commercial papers*** – Commercial papers are recorded at amortized cost.
- o. *Borrowings from other financial institutions*** – The borrowings from other financial institutions, both local or foreign financial institutions, are recorded at amortized cost, except for some borrowings that are designated a fair value hedge or as an economic hedge. The up-front costs and fees related to the issuance of borrowings recorded at amortized cost are deferred and reported in the balance sheets as a

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direct deduction from the face amount of borrowings and amortized during the term of the borrowings as interest expense. The up-front cost and fees related to borrowings that are designated a fair value hedge or as an economic hedge are recognized in the statements of income when they occur.

**p. Bonds** – Medium and long-term bond issuances, whose objective is to provide the financial resources required to finance CAF’s operations, are recorded as follows:

(i) Bonds denominated in currencies other than the US\$ are recognized at fair value. Gains or losses resulting from changes in the fair value of these bonds, as well as the related bond’s up-front costs and fees, are recognized in the statements of income when they occur. CAF enters into cross-currency and interest rate swaps to economically hedge the interest rate and foreign exchange risks related with these bonds.

(ii) Bond denominated in US\$ are recognized at fair value. The interest rate risk on US\$ denominated bonds is hedged using interest rate swaps, and such interest rate swaps are designated as part of fair value hedge accounting relationships assuming no hedge ineffectiveness (the “shortcut method”). The related bond’s up-front costs and fees are deferred and reported in the balance sheets as a direct deduction from the face amount of the bonds and amortized during the term of the bonds as interest expense.

Partial repurchases of bond issuances result in derecognition of the corresponding liabilities. The difference between the repurchase price and the bond’s carrying amount is recognized as income/loss for the year.

**q. Employees’ severance benefits** – Accrual for severance benefits comprises all the liabilities related to the workers’ vested rights according to CAF’s employee policies and the applicable labor law of the member countries. The accrual for employee severance benefits is presented as part of “Employees’ severance benefits and savings plan” account under “Accrued expenses and other liabilities” caption.

Under CAF’s employee policies, employees earn a severance benefit equal to five days of salary per month, up to a total of 60 days per year of service. From the second year of service, employees earn an additional two days salary for each year of service (or fraction of a year greater than six months), cumulative up to a maximum of 30 days of salary per year. Severance benefits are recorded in the accounting records of CAF as they are incurred and interest on the amounts owed to employees are paid annually as a result of employees’ rights to receive severance benefits accrued in the year in which earned.

In the case of unjustified dismissal or involuntary termination, employees have the right to an additional severance benefit of one month of salary per year of service.

**r. Pension plan** – CAF has established a defined benefit plan (the Plan), which is mandatory for all employees hired on or after the establishment of the Plan and voluntary for all other employees. The Plan’s benefits are calculated based on years of service and the average salary of the three consecutive years in which the employee received the highest salary. CAF periodically updates the benefit obligations considering actuarial assumptions.

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- s. ***Derivative financial instruments and hedging activities*** – CAF records all derivative financial instruments on the balance sheet at fair value, regardless of the purpose or intent for holding them.

CAF's policy is not to enter into derivative financial instruments for speculative purposes. CAF also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivative financial instruments that are used in hedging transactions are highly effective in offsetting changes in fair values of the hedged items.

Derivative financial instruments that are considered to be hedges from an accounting perspective are recognized in the balance sheet at fair value with changes in fair value either: (1) offset by changes in fair value of the hedged assets, liabilities or firm commitments through earnings within "Derivative financial instruments assets" or "Derivative financial instruments liabilities" if the derivative is designated as a fair value hedge, or (2) recognized in other income until the hedged item is recognized in earnings if the derivative is designated as a cash flow hedge. The ineffective portion of the change in fair value for a hedged derivative is immediately recognized in earnings as a component of "Unrealized changes in fair value related to other financial instruments", regardless of whether the hedged derivative is designated as a cash flow or fair value hedge. In all situations in which hedge accounting is discontinued, CAF, recognizes any changes in its fair value in the statements of income.

CAF discontinues hedge accounting prospectively upon determining that the derivative financial instrument is no longer effective in offsetting changes in the fair value of the hedged item; the derivative expires or is sold, terminated or exercised; the derivative is de-designated as a hedging instrument, because it is unlikely that a forecasted transaction will occur, a hedged firm commitment no longer meets the definition of a firm commitment, or management determines that the designation of the derivative financial instrument as a hedging instrument is no longer appropriate.

When hedge accounting is discontinued because it is determined that the derivative financial instrument no longer qualifies as an effective fair value hedge, CAF continues to carry the derivative financial instrument on the balance sheets at its fair value, but no longer adjusts the hedged asset or liability for changes in fair value.

Certain derivative financial instruments, although considered to be an effective hedge from an economic perspective (economic hedge), have not been designated as a hedge for accounting purposes. The changes in the fair value of such derivative financial instruments are recognized in the statements of income, concurrently with the change in fair value of the underlying assets and liabilities.

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- t. ***Fair value of financial instruments and fair value measurements*** – An entity is required to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Accounting guidance establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument’s categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Inputs used to measure fair value may fall into one of three levels:

*Level 1* – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

*Level 2* – Applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

*Level 3* – Applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

- u. ***Guarantee fee income*** – CAF provides guarantees on loans originated by third parties to support projects located within a shareholder country that are undertaken by public and private entities. CAF may offer guarantees of private credit agreements or it may offer public guarantees of obligations of the securities of third-party issuers. CAF generally offers partial credit guarantees with the intention of sharing the risk with private lenders or holders of securities. CAF’s responsibility is limited to paying up to the amount of the guarantee upon default by the client. The guarantee fee income received is deferred and recognized over the period covered by the guarantee.
- v. ***Provision for guarantees losses*** – Provision for guarantees is maintained at a level CAF believes adequate to absorb probable losses inherent to the guaranteed loans originated by third parties as of the date of the financial statements. Guaranteed loans are classified as either sovereign or non-sovereign. Provision for guarantees is estimated by CAF considering the credit risk exposure, default probability and loss given default. Provision for sovereign guarantees losses is based on the individual long-term foreign currency debt rating of the guarantor countries (“country risk rating”) considering the weighted average rating of three recognized international risk rating agencies at the date of the financial statements’ preparation. These country risk ratings have associated default probability. Given CAF’s status as a de facto preferred creditor, arising from its status as a multilateral financial institution and from the interest of its borrowers in maintaining their credit standing with CAF, and taking into account the immunities and privileges conferred by its shareholder countries, which are established in CAF’s Constitutive Agreement and other similar agreements, a factor that reflects a lower default probability – usually equivalent to three levels up in this weighted average rating is used. For non-sovereign guarantees, the provision is determined by considering the CAF internal rating of each client and the weighted average rating of the aforementioned agencies.

The provision for guarantees losses are reported as other liabilities.

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## w. *Recent accounting pronouncements –*

### *Recent accounting pronouncements applicable*

#### *ASU 2022-02, Troubled Debt Restructurings and Vintage Disclosures*

In March 2022, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2022-02, Troubled Debt Restructurings and Vintage Disclosures (Topic 326). The amendments in this Update eliminate the accounting guidance for TDRs by creditors in Subtopic 310-40, Receivables—Troubled Debt Restructurings by Creditors, while enhancing disclosure requirements for certain loan refinancings and restructurings by creditors when a borrower is experiencing financial difficulty. The amendments in this Update require that an entity disclose current-period gross write-offs by year of origination for financing receivables and net investments in leases within the scope of Subtopic 326-20, Financial Instruments—Credit Losses—Measured at Amortized Cost. CAF adopted the amendments in this Update on January 1, 2023 and the adoption did not have material effects in the financial statements.

#### *ASU 2020-04, Reference Rate Reform*

In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848). The ASU provides optional expedients and exceptions, for contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. The amendments in this ASU do not apply to contract modifications made or other transactions entered after December 31, 2022. In January 2021, the FASB issued amendments in ASU 2021-01 to the expedients and exceptions in Topic 848 to capture the incremental consequences of the scope clarification and tailor the existing guidance to derivative instruments affected by the discounting transition. In December 2022, the FASB issued an amendment in ASU 2022-06, to defer the sunset date of Topic 848 from December 31, 2022, to December 31, 2024, after which entities will no longer be permitted to apply the relief in Topic 848. The impact of both ASUs have no material effects in the financial statements since the rates were offset between financial assets and liabilities.

### **Libor Replacement**

The replacement of the LIBOR rates with a new reference rate or rates is an industry risk due to the implications it has on the assets as well as the liabilities of financial institutions. In that regard, CAF has been closely following the recent developments and announcements from groups and organizations that are most closely involved with the phasing out of the LIBOR rate that affect the loan and derivatives markets, including the International Swaps and Derivatives Association (ISDA) and its publication of the ISDA 2020 IBOR Fallbacks Protocol, to which CAF has adhered in January 2021. In addition, CAF has established an interdepartmental task force in charge of preparing the institution for the change in reference rates, including measures such as the incorporation of fallback provisions on loans to mitigate any possible impact LIBOR may have. This task force in coordination with management recommended and approved that starting January 1, 2022, all loans originated will be made in the reference rate Term SOFR. New financial liabilities will also be hedged to SOFR. Legacy loans that are referenced to LIBOR rate are being converted after June 2023 when LIBOR rate

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ceases to be representative. It is for this reason that we expected the LIBOR transition to occur smoothly. On April 3, 2023, the Financial Conduct Authority (FCA) announced that US\$ LIBOR rates of 1, 3 and 6 months will be published using an unrepresentative ‘synthetic’ methodology starting July 1, 2023 up to September 30, 2024. These synthetic rates are intended for use in legacy contracts only, to help ensure the incorporation of fallback language in the remaining legacy contracts.

If SOFR or another rate does not achieve wide acceptance as the alternative to LIBOR, there likely will be disruption in financial markets. In the event that SOFR or another reference rate is widely accepted, risks will remain related to outstanding loans, borrowings, derivatives and other instruments using LIBOR related to transitioning those instruments to a new reference rate and the corresponding value transfer that may occur in connection with that transition, as the new reference rate will not exactly mimic LIBOR.

## ***Accounting pronouncements pending adoption***

### ***ASU 2020-06, Simplifies Issuer’s Accounting for Convertible Instruments and Contracts on an Entity’s Own Equity***

On August 5, 2020, the FASB issued ASU 2020-06, which simplifies the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts on an entity’s own equity. This ASU is effective for fiscal years beginning after December 15, 2023 with early adoption permitted. CAF will not early adopt this ASU and estimates it will not have material effects in the financial statements.

### ***ASU 2023-06, Disclosure Improvements***

On October 9, 2023, the FASB issued ASU 2023-06, which amends the disclosure or presentation requirements related to various subtopics in the FASB Accounting Standards Codification (the “Codification”). The ASU was issued in response to the Security Exchange Commission (SEC) Disclosure Update and Simplification Initiative that updated and simplified disclosure requirements that the SEC believed were “redundant, duplicative, overlapping, outdated, or superseded.” The new guidance is intended to align U.S. GAAP requirements with those of the SEC and to facilitate the application of U.S. GAAP for all entities. CAF will not early adopt this ASU and estimates it will not have material effects in the financial statements.

### ***ASU 2023-07, Improvements to Reportable Segment Disclosures***

On November 27, 2023, the FASB issued ASU 2023-07, which amends “improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses.” In addition, the amendments enhance interim disclosure requirements, clarify circumstances in which an entity can disclose multiple segment measures of profit or loss, provide new segment disclosure requirements for entities with a single reportable segment, and contain other disclosure requirements. The purpose of the amendments is to enable “investors to better understand an entity’s overall performance” and assess “potential future cash flows. This ASU is effective for fiscal years beginning after December 15, 2023 with early adoption permitted. CAF will not early adopt this ASU and estimates it will not have material effects in the financial statements.

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### 3. CASH AND DUE FROM BANKS AND DEPOSITS WITH BANKS

Cash and deposits with banks with original maturity of three months or less include the following:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Cash and due from banks	70,592	107,592
Deposits with banks:		
U.S. dollars	4,793,922	5,417,808
Euro	170,016	1,118,061
	5,034,530	6,643,461

### 4. MARKETABLE SECURITIES

#### *Trading*

A summary of trading securities follows:

	<b>December 31, 2023</b>		<b>December 31, 2022</b>	
	<b>Amount</b>	<b>Average maturity (years)</b>	<b>Amount</b>	<b>Average maturity (years)</b>
U.S. Securities	2,542,017	1.45	1,775,459	1.70
Non-U.S. governments and government entities bonds	423,908	1.74	334,634	1.42
Financial institutions and corporate securities:				
Commercial paper	2,610,195	0.39	1,851,803	0.23
Certificates of deposits <sup>(1)</sup>	2,103,754	0.39	2,769,645	0.36
Bonds	1,818,551	2.54	1,325,284	1.69
Collateralized mortgage obligation	377,665	4.56	266,250	5.11
Liquidity funds <sup>(2)</sup>	112,128	1.00	160,530	1.00
	7,022,293	1.18	6,373,512	0.81
Trading	9,988,218	1.27	8,483,605	1.02



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- (1) Each certificate of deposit bears a maturity date and specified fixed interest rate. It also is held through The Depository Trust Company (DTC) and has a CUSIP number, which is a code that identifies a financial security and facilitates trading.
- (2) The liquidity funds are comprised of short-term (less than one year) securities representing high-quality liquid debt and monetary instruments.

The fair value of trading securities includes net unrealized gains of US\$ 56,025 and losses US\$ 65,936 as of December 31, 2023 and 2022, respectively.

For the year ended December 31, 2023 and 2022, Interest income - Investments and deposits with banks includes interest income for US\$ 661,050 and US\$ 230,948, respectively, and gain and loss on the mark-to-market valuations for US\$ 260,233 and US\$ 57,961, respectively. The fluctuation in Interest income - Investments and deposits with banks is mainly due to the increase of the benchmark interest rates since the start of 2022 due to high inflation expectations and the increase of the short-term interest rates by the U.S. Federal Reserve which affected the mark-to-market valuations of CAF's trading securities during the year ended December 31, 2023 and 2022, respectively.

CAF places its short-term investments mainly in high grade financial institutions and corporate securities. CAF has conservative investment guidelines that limit the amount of credit risk exposure, considering among other factors, limits as to credit ratings, limits as to duration exposure, specific allocations by type of investment instruments and limits across sector and currency allocation. As of December 31, 2023 and 2022, CAF does not have any significant concentrations of credit risk according to its investment guidelines. Non-US dollar-denominated securities included in marketable securities amounted to the equivalent of US\$ 283,554 and US\$ 550,973 as of December 31, 2023 and 2022, respectively.

Maturity of marketable securities are as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Less than one year	6,009,404	5,614,860
Between one and two years	2,377,609	1,941,949
Between two and three years	677,273	542,997
Between three and four years	309,478	189,879
Between four and five years	366,187	97,714
Over five years	248,267	96,206
	<u>9,988,218</u>	<u>8,483,605</u>

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## 5. OTHER INVESTMENTS

Other investments are as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Deposits with banks due more than 90 days		
U.S. dollars	1,095,009	111,193
Euro	44,160	-
Colombian pesos	-	147,179
	<u>1,139,169</u>	<u>258,372</u>
Special drawing rights	<u>125,869</u>	-
	<u>1,265,038</u>	<u>258,372</u>

The interest rates on deposits with banks ranged from 2.52% to 6.60% as of December 31, 2023 and from 0.39% to 6.60% as of December 31, 2022.

Special Drawing Rights (SDR) are an international reserve asset issued by the International Monetary Fund (IMF) as a complementary official reserve for member countries, its value is based on a 5 currencies basket (the US dollar, the euro, the Chinese renminbi, the Japanese yen, and the British pound sterling). Since February 2023, CAF was named authorized holder by the International Monetary Fund allowing it hold and exchange SDR only whit authorized holders. SDR holdings earn interest which is determined on weekly basis. The interest rate as of December 31, 2023 is 4.151%. There were no SDR investments as of December 31, 2022.

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## 6. LOANS

Loans include short, medium and long-term loans to finance projects, working capital and trade activities. The majority of the loans are to Series “A” and “B” shareholder countries, or to private institutions or companies domiciled in those countries. Loans by country are summarized as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Shareholder country:		
Argentina	5,503,626	3,981,391
Barbados	175,013	181,098
Bolivia	2,948,465	3,100,722
Brazil	2,970,763	2,633,318
Chile	244,000	192,510
Colombia	3,842,359	3,726,267
Costa Rica	497,638	533,937
Dominican Republic	445,105	412,627
Ecuador	4,246,954	4,232,207
El Salvador	302,000	75,000
Mexico	980,000	955,000
Panama	2,582,659	2,691,924
Paraguay	2,373,889	2,059,119
Peru	1,836,850	1,473,683
Trinidad & Tobago	1,305,459	1,217,246
Uruguay	1,331,442	980,458
Venezuela	2,135,370	2,512,567
Total	33,721,592	30,959,074
Fair value adjustments	(242,507)	(336,750)
Loans	33,479,085	30,622,324

Fair value adjustments of loans represent mainly adjustments to the amount of loans for which the fair value option is elected.

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As of December 31, 2023 and 2022, loans denominated in currencies other than U.S. dollar were granted for an equivalent of US\$ 696,136 and US\$ 468,750, respectively, mainly in Colombian pesos, Uruguayan pesos, Brazilian reales, Swiss francs, Peruvian nuevo sol, Paraguayan guarani and Bolivian bolivianos. All these loans are hedged with Swaps, Borrowings from other financial institution and Bonds. As of December 31, 2023 and 2022, fixed interest rate loans amounted to US\$ 2,226,339 and US\$ 2,209,011, respectively.

Loans classified by sector borrowers and the weighted average yield of the loan portfolio is shown below:

	<b>December 31, 2023</b>		<b>December 31, 2022</b>	
	<b>Amount</b>	<b>Weighted average yield (%)</b>	<b>Amount</b>	<b>Weighted average yield (%)</b>
Public sector	32,327,694	7.30	29,791,001	6.17
Private sector	1,393,898	7.45	1,168,073	6.29
	<u>33,721,592</u>	<u>7.30</u>	<u>30,959,074</u>	<u>6.18</u>

Loans by industry segments are as follows:

	<b>December 31, 2023</b>		<b>December 31, 2022</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Infrastructure programs	14,364,602	43	12,441,156	41
Transport, warehousing and communications	9,003,229	27	8,487,104	27
Electricity, gas and water supply	5,327,072	16	5,696,943	18
Health and social services	2,665,148	8	2,317,517	7
Financial services - Commercial banks	1,259,164	4	1,040,578	4
Financial services - Development banks	985,000	2	841,398	3
Agriculture, hunting and forestry	70,724	-	52,852	-
Manufacturing industry	-	-	24,392	-
Others	46,653	-	57,134	-
	<u>33,721,592</u>	<u>100</u>	<u>30,959,074</u>	<u>100</u>

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Loans mature as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Less than one year	5,715,772	4,060,523
Between one and two years	3,175,175	3,158,733
Between two and three years	3,079,662	2,979,214
Between three and four years	3,210,996	2,785,391
Between four and five years	2,936,228	2,932,946
Between five and ten years	10,231,497	9,749,684
Between ten and fifteen years	4,159,272	3,980,057
Over fifteen years	1,212,990	1,312,526
	<u>33,721,592</u>	<u>30,959,074</u>

CAF maintains an internal risk rating system to evaluate the quality of the non-sovereign loans, which identifies, through a standardized rating and review parameters, those risks related to credit transactions in order to determine an internal risk rating classification designed by CAF. For purpose of determining the allowance for loan losses of sovereign loans as of December 31, 2023 and 2022, rating assigned by external agencies are used.

The credit quality of the sovereign loans of estimating the allowance for credit losses is based on the individual long-term foreign currency debt rating applicable to the borrower countries, which is determined using the average rating of three recognized international credit rating agencies. The credit quality by year of origination and taking the Moody's rating as a reference as of December 31, 2023, is as follows:

Country	Credit Rating	Year of origination						Total
		2023	2022	2021	2020	2019	Prior	
Argentina	Ca	1,540,214	489,970	773,755	697,856	8,969	1,924,493	5,435,257
Barbados	B3	-	-	30,000	100,000	3,695	41,318	175,013
Bolivia	Caa1	12,933	560,810	350,000	42,607	250,952	1,600,034	2,817,336
Brazil	Ba2	-	458,903	-	463,823	448,443	1,230,668	2,601,837
Colombia	Baa2	250,000	600,000	500,000	350,000	500,716	1,013,455	3,214,171
Costa Rica	B1	-	-	-	467,742	-	19,155	486,897
Dominican Republic	Ba3	-	300,000	59,598	-	-	75,507	435,105
Ecuador	Caa3	251,290	454,307	604,415	650,211	527,957	1,658,775	4,146,955
El Salvador	Caa3	227,000	75,000	-	-	-	-	302,000
Mexico	Baa2	380,000	300,000	-	300,000	-	-	980,000
Panama	Baa3	12,433	320,000	356,537	382,143	320,830	893,217	2,285,160
Paraguay	Ba1	187,200	322,763	250,000	414,950	135,793	1,034,307	2,345,013
Peru	Baa1	250,000	154,917	484,599	-	218,750	376,380	1,484,646
Trinidad & Tobago	Ba2	75,000	120,000	175,000	319,903	200,000	415,556	1,305,459
Uruguay	Baa2	520,315	170,674	240,000	40,476	-	192,462	1,163,927
Venezuela	C	-	-	-	-	441,176	1,694,191	2,135,367
		<u>3,706,385</u>	<u>4,327,344</u>	<u>3,823,904</u>	<u>4,229,711</u>	<u>3,057,281</u>	<u>12,169,518</u>	<u>31,314,143</u>

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The credit quality of the non-sovereign loan portfolio by year of origination, as represented by the internal credit risk classification as of December 31, 2023, is as follows:

Credit Rating	Year of origination						Total
	2023	2022	2021	2020	2019	Prior	
Satisfactory - outstanding	244,000	-	-	-	-	60,000	304,000
Satisfactory - very good	351,962	100,000	-	-	-	5,741	457,703
Satisfactory - adequate	543,980	190,059	50,221	45,380	41,882	222,189	1,093,711
Watch	69,500	1,900	8,193	66,667	88,299	-	234,559
Special mention	171,630	-	-	-	-	66,169	237,799
Doubtful	-	-	-	-	-	36,182	36,182
Sub-standard	-	-	-	-	-	29,335	29,335
Loss	-	-	-	-	-	14,160	14,160
	1,381,072	291,959	58,414	112,047	130,181	433,776	2,407,449

The internal and external ratings have been updated as of December 31, 2023.

### *Loan portfolio quality*

The loan portfolio quality indicators and the related amounts are presented below:

	December 31, 2023	December 31, 2022
During the year CAF recorded the following transactions:		
Loans written-off	34,452	11,125
Purchases of loan portfolio	-	-
Sales of loan portfolio	33,000	37,500
	December 31, 2023	December 31, 2022
CAF presented the following amounts and quality indicators as of the end of the year:		
Non-accrual loans	50,342	107,937
Troubled debt restructured	-	23,142
Overdue accrual loans	-	-
Allowance for loan losses as a percentage of loan portfolio	0.17%	0.21%
Non-accrual loans as a percentage of loan portfolio	0.15%	0.35%
Overdue loan principal as a percentage of loan portfolio	0.00%	0.00%

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No loans were restructured during the years ended December 31, 2023 and 2022. As of December 31, 2023, the remaining amount of the restructured loan was collected, including principal and interest, as a result of this transaction CAF, recognized a net gain of US\$ 16,354 in the statement of income as other income.

As of December 31, 2023 and 2022, the total principal amount of non-accrual loans are related to private sector borrowers (non-sovereign loans) which were 2,749 days and 2,384 days overdue, respectively. For the years ended December 31, 2023 and 2022, there were no interest income recognized for non-accrual loans. The allowance of loan losses for non-accrual loans amount to US\$ 6,155 and US\$ 22,103 as of December 31, 2023 and 2022, respectively.

On March 31, 2020, CAF implemented the Support Program for the Liquidity Management in Exceptional Situations (the “Program”) approved by CAF’s Shareholders Assembly on March 3, 2020. The Program allows CAF to repurchase the shares of a shareholder country that fulfills the requirements of the Program and apply the proceeds to that country’s outstanding loans and interest. Pursuant to the Program, CAF notified Venezuela that it fulfills the requirements. Since inception of the Program to December 31, 2022, CAF repurchased a total of 108,693 shares totaling US\$ 1,543,440 deducting the amount of paid-in capital and additional paid-in capital for US\$ 543,465 and US\$ 999,975, respectively. For the year ended December 31, 2023, CAF repurchased an additional 39.336 shares totaling US\$ 558,571 and applied that amount to repay due and overdue amounts of principal and interest and deducting the amount of paid-in capital and additional paid-in capital for US\$ 196,680 and US\$ 361,891, respectively. Thus, since the inception of the Program to December 31, 2023, CAF repurchased 148,029 shares totaling US\$ 2,102,011 and applied that amount to repay due and overdue amounts of principal and interest and deducting the amount of paid-in capital and additional paid-in capital for US\$ 740,145 and US\$ 1,361,866, respectively. As a result of the repurchases, as of February 9, 2024, Venezuela is current with its loans with CAF. It is estimated the Support Program will last during the year 2024. Venezuela is one of the founding shareholders of CAF in 1970. Venezuela has reiterated its commitment and its intention to undertake payments. CAF’s Management monitors its credit exposure periodically.

## *A/B Loans*

CAF only assumes the credit risk for the portion of its participations of the loan. As of December 31, 2023 and 2022, CAF had loans of this nature amounting to US\$ 452,641 and US\$ 361,170, respectively, whereas other financial institutions provided funds for US\$ 364,663 and US\$ 290,279, respectively.

## *Allowance for Loan Losses*

The allowance for credit losses is maintained at a level CAF believes to be appropriate to absorb expected lifetime losses over the contractual life of the loan portfolio and consider available information relevant to assessing the collectability of cash flows including a combination of internal and external information relating to past events, current conditions, and reasonable and supportable forecasts.

# CORPORACIÓN ANDINA DE FOMENTO (CAF)

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Changes in the allowance and the balance for loan losses over the outstanding amounts, individually and collectively evaluated, are presented below:

	For the years ended					
	December 31, 2023			December 31, 2022		
	Credit risk			Credit risk		
	Sovereign	Non-sovereign	Total	Sovereign	Non-sovereign	Total
Balances at beginning of year	-	63,192	63,192	-	76,650	76,650
Provision (credit) for loan losses	-	439	439	-	(3,287)	(3,287)
Loans written-off	-	(34,452)	(34,452)	-	(11,125)	(11,125)
Recoveries	-	27,734	27,734	-	954	954
Balances at end of year	-	56,913	56,913	-	63,192	63,192

Changes in the provision for contingencies and the off-balance-sheet undisbursed loan commitments and financial guarantees, individually and collectively evaluated, are presented below:

	For the years ended					
	December 31, 2023			December 31, 2022		
	Credit risk			Credit risk		
	Sovereign	Non-sovereign	Total	Sovereign	Non-sovereign	Total
Balances at beginning of year	-	15,462	15,462	-	15,202	15,202
(Credit) provision for contingencies	-	(8,613)	(8,613)	-	260	260
Balances at end of year	-	6,849	6,849	-	15,462	15,462

(Credit) provision for contingencies and the off-balance-sheet undisbursed loan commitments and financial guarantees are included in the statements of income as part of other income for the year ended December 31, 2023, and as part of the other expenses for the year ended December 31, 2022.

## 7. EQUITY INVESTMENTS

Equity investments, which have no readily determinable fair value, are as follows:

	December 31, 2023	December 31, 2022
Investments - Equity securities	338,965	340,407
Investments - Equity method	53,219	41,372
	392,184	381,779



# CORPORACIÓN ANDINA DE FOMENTO (CAF)

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CAF recognized the following in the statements of income related to investment in equity securities:

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Dividends	4,934	6,725
Changes in fair value measurements	11,403	(17,854)
Impairment in equity securities	(1,336)	(962)

For the years ended December 31, 2023 and 2022, CAF recognized gains of US\$ 11,403 and losses of US\$ 17,854, respectively, corresponding to the net increase and net decrease in the fair value of investments in equity securities, which are included in the statements of income as part of other income and other expenses, respectively.

In addition, for the years ended December 31, 2023 and 2022, CAF recognized gains of its equity in earnings of the investees for US\$ 11,005 and US\$ 1,943, respectively, for investments under the equity method, which are recorded in the statements of income as part of Dividends and equity in earnings of investees.

## 8. OTHER ASSETS

A summary of other assets follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Derivative related collateral	1,823,920	2,913,970
Intangible assets, net of accumulated amortization of US\$ 10,194 and US\$ 10,212, respectively	63,142	38,463
Receivable from investment securities sold	6,867	2,237
Other	32,928	29,431
	<u>1,926,857</u>	<u>2,984,101</u>

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## 9. DEPOSITS

A summary of deposits follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Demand deposits	212,768	219,557
Time deposits:		
Less than one year	3,931,727	4,442,619
	<u>4,144,495</u>	<u>4,662,176</u>
Fair value adjustments	-	1,415
Carrying value of deposits	<u>4,144,495</u>	<u>4,663,591</u>

As of December 31, 2023 and 2022, the weighted average interest rate was 4.98% and 1.74%, respectively. Deposits are issued for amounts equal to or more than US\$ 100. Total deposits denominated in currencies other than the U.S. dollar amount to an equivalent of US\$ 116,412 and US\$ 610,372 as of December 31, 2023 and 2022, respectively.

## 10. COMMERCIAL PAPERS

A summary of commercial papers follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
U.S. dollars	4,439,048	3,614,583
Euros	292,559	1,057,709
	<u>4,731,607</u>	<u>4,672,292</u>
Less commercial papers issuance discount	(78,095)	(53,495)
Carrying value of commercial papers	<u>4,653,512</u>	<u>4,618,797</u>

As of December 31, 2023 and 2022, the weighted average interest rate was 5.21% and 2.00%, respectively. As of December 31, 2023 and 2022, commercial papers balance matures in 2024 and 2023, respectively.

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## 11. BORROWINGS FROM OTHER FINANCIAL INSTITUTIONS

A summary of borrowings from other financial institutions by currency follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
U.S. dollars	1,507,218	1,509,711
Euros	584,098	651,991
Colombian Pesos	28,695	27,546
Others	4,964	3,010
	2,124,975	2,192,258
Fair value adjustments	(77,562)	(118,191)
Less debt issuance costs	617	1,291
Carrying value of borrowings from other financial institutions	2,046,796	2,072,776

As of December 31, 2023 and 2022, the fixed interest-bearing borrowings amounted to US\$ 330,443 and US\$ 419,693, respectively. As of December 31, 2023 and 2022, the weighted average interest rate after considering the impact of interest rate swaps was 6.38% and 3.40%, respectively.

Borrowings from other financial institutions, by remaining maturities, are summarized below:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Less than one year	432,236	192,930
Between one and two years	410,976	441,786
Between two and three years	209,985	390,697
Between three and four years	190,508	191,040
Between four and five years	153,462	180,539
Over five years	727,808	795,266
	2,124,975	2,192,258

As of December 31, 2023 and 2022, there were unused term credit facilities amounting to US\$ 1,557,697 and US\$ 1,614,675, respectively.

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## 12. BONDS

A summary of outstanding bonds follows:

	December 31, 2023			December 31, 2022		
	At original exchange rate	At spot exchange rate	Weighted average cost, after swaps (%) (year end)	At original exchange rate	At spot exchange rate	Weighted average cost, after swaps (%) (year end)
U.S. dollars	8,115,053	8,115,053	8.42	7,249,762	7,249,762	3.02
Euro	8,784,835	8,322,257	6.79	8,457,619	7,674,839	4.83
Swiss francs	2,793,740	3,119,430	6.84	2,669,895	2,731,206	4.88
Japanese yen	1,614,238	1,333,853	6.74	1,467,350	1,194,018	5.03
Australian dollars	1,340,315	1,284,576	6.83	1,094,600	956,756	5.63
Mexican pesos	1,189,923	1,408,433	6.71	1,078,834	1,124,402	4.98
Norwegian kroner	694,695	471,898	6.89	694,695	490,813	5.26
Hong Kong dollars	584,332	580,710	7.02	584,332	580,725	5.05
Colombian pesos	405,968	348,568	6.55	334,455	207,944	5.96
Brazilian Real	201,662	219,915	6.29	201,662	201,880	4.99
Uruguayan pesos	143,845	137,889	6.02	287,852	287,198	4.20
Turkish lira	108,020	68,872	6.29	45,748	45,430	5.11
Costa Rica Colon	99,047	101,312	6.46	-	-	-
Polish Zloty	61,130	68,737	6.37	-	-	-
New Zealand Dollar	59,898	58,894	6.50	28,758	27,403	5.91
Canadian dollars	30,395	30,182	6.88	30,395	29,542	4.63
Czech Koruna	11,211	11,179	6.28	-	-	-
Paraguayan Guarani	9,952	9,952	1.30	-	-	-
Indonesian Rupee	-	-	-	75,000	66,403	4.28
Kazakhstan Tenge	-	-	-	15,082	13,420	6.25
	<u>26,248,259</u>	<u>25,691,710</u>		<u>24,316,039</u>	<u>22,881,741</u>	
Fair value adjustments		(926,251)			(1,625,155)	
Less debt issuance costs		6,009			4,373	
Carrying value of bonds		<u>24,759,450</u>			<u>21,252,213</u>	

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A summary of the bonds issued, by remaining maturities at original exchange rate, follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Less than one year	3,331,884	4,781,762
Between one and two years	5,210,881	3,230,823
Between two and three years	5,494,526	4,943,054
Between three and four years	4,382,168	3,682,075
Between four and five years	3,193,913	2,574,048
Over five years	4,634,887	5,104,277
	<u>26,248,259</u>	<u>24,316,039</u>

As of December 31, 2023 and 2022, fixed interest rate bonds amounted to US\$ 25,737,649 and US\$ 23,836,526, respectively, of which US\$ 18,134,326 and US\$ 17,079,031, respectively, are denominated in currencies other than U.S. dollar.

There were no bonds repurchased during the years ended December 31, 2023 and 2022.

## 13. ACCRUED EXPENSES AND OTHER LIABILITIES

A summary of accrued expenses and other liabilities follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Derivative-related collateral	152,447	2,940
Employees' severance benefits and savings plan	95,298	99,495
Payable for investment securities purchased	18,461	2,467
Contributions to Shareholders' Special Funds (Note 21)	13,450	44,244
Provision for contingencies (Note 6)	6,849	15,462
Other	6,604	9,546
	<u>293,109</u>	<u>174,154</u>

## 14. PENSION PLAN

As of December 31, 2023 and 2022, the plan has 759 and 714 participants and active employees, respectively. The date used to determine pension plan benefit obligation is December 31 of each year.

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For the years ended December 31, 2023 and 2022, a reconciliation of beginning and ending balances of the benefit obligation follows:

	<b>2023</b>	<b>2022</b>
Benefit obligation at beginning of year	42,766	36,520
Service cost	4,132	3,379
Interest cost	1,689	1,454
Plan participants' contributions	3,031	2,499
Actuarial (gain) loss	(992)	615
Benefit paid	(1,979)	(1,701)
Benefit obligation at the end of year	48,647	42,766

For the years ended December 31, 2023 and 2022, a reconciliation of beginning and ending balances of the fair value of plan assets follows:

	<b>2023</b>	<b>2022</b>
Fair value of plan assets at beginning of year	43,146	36,833
Actual return on plan assets	1,590	1,516
Contributions	6,208	6,498
Benefit paid	(1,979)	(1,701)
Fair value of plan assets at end of year	48,965	43,146

Plan assets are as follows:

	<b>December, 31</b>	
	<b>2023</b>	<b>2022</b>
Marketable securities	48,965	43,146

The table below summarizes the component of the amount of net benefit cost recognized for the years ended December 31, 2023 and 2022:

	<b>2023</b>	<b>2022</b>
Service cost	4,132	3,379
Interest cost	1,689	1,454
Expected return on plan assets	(1,704)	(1,467)
	4,117	3,366

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A summary of the net projected cost for the year ending December 31, 2024 follows:

Service cost	
Contribution to the plan	2,876
Guaranteed benefit	1,177
	<u>4,053</u>
Interest cost	1,931
Expected return on plan assets	(1,944)
	<u><u>4,040</u></u>

A summary of the benefits that are expected to be paid for the next years follows:

2024	746
2025	906
2026	1,515
2027	1,737
2028	1,851
2029-2033	14,076

Weighted-average assumptions used to determine net benefit cost of the Plan to December 31, 2023 and 2022 follows:

	<u>2023</u>	<u>2022</u>
Discount rate	4.00%	4.00%
Expected long-term nominal rate return on Plan assets	4.00%	4.00%
Salary increase rate	3.00%	3.00%

## 15. SHAREHOLDERS' EQUITY

### *Authorized capital*

The authorized capital of CAF as of December 31, 2023 and 2022 amounts to US\$ 25,000,000, of which US\$ 18,000,000 is ordinary capital shares and US\$ 7,000,000 is callable capital shares, distributed among Series "A", "B" and "C" shares.

### *Additional paid-in capital*

The additional paid-in capital is the amount paid by Series "B" and Series "C" shareholders in excess of the par value. The additional paid-in capital of CAF as of December 31, 2023 and 2022 amounts to US\$ 4,380,427 and US\$ 4,252,952, respectively.

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## *Subscribed callable capital.*

In addition to our subscribed paid-in and un-paid capital, our shareholders have subscribed to callable capital totaling US\$ 1,819,660 and US\$ 1,625,660 as of December 31, 2023 and 2022, respectively. Our callable capital (comprised of Series “B” and Series “C” callable capital shares) may be called by the Board of Directors to meet our obligations only to the extent that we are unable to meet such obligations with our own resources.

The Constitutive Agreement provides that the obligation of shareholders to pay for the shares of callable capital, upon demand by the Board of Directors, continues until such callable capital is paid in full. Thus, we consider the obligations of shareholder countries to pay for their respective callable capital subscriptions to be binding obligations backed by the full faith and credit of their respective governments.

## *Shares*

CAF’s Shares are divided into Series “A” Shares, Series “B” Shares and Series “C” Shares.

- (i) Series “A” shares may be owned only by the Member Countries. The term “Member Country” is defined in Article 3 of CAF’s General Regulations as any shareholder country holding at least one Series “A” share that, is either: i) a signatory to the Constitutive Agreement; or ii) a Latin America or the Caribbean country that has adhered to it. As of the date hereof, the Member Countries are the Argentine Republic, the Plurinational State of Bolivia, the Republic of Chile, the Republic of Colombia, Dominican Republic, Ecuador, El Salvador, Honduras, Panama, Paraguay, Peru, Trinidad and Tobago, the Federative Republic of Brazil, the Oriental Republic of Uruguay, and the Bolivarian Republic of Venezuela. Each Member Country owns one Series “A” share, which is held by the government, either directly or through a government-designated social or public purpose institution. Each of the Member Countries owning a Series “A” share is entitled to elect one (1) Director and one (1) Alternate Director to our Board of Directors. The par value of the Series “A” Shares is one thousand two hundred US Dollars (US\$ 1,200).
- (ii) Series “B” shares are currently owned by the Member Countries and are held by the governments either directly or through designated governmental entities, except for certain Series “B” shares currently constituting approximately 0.03% of our outstanding shares, which are owned by thirteen (13) private sector financial institutions in the Member Countries. As owners of Series “B” shares, the Member Countries collectively are entitled to elect five (5) additional Directors and five (5) additional Alternate Directors through cumulative voting, and the 13 private sector financial institutions collectively are entitled to elect one (1) Director and one (1) Alternate Director. The nominal value of the Series “B” Shares is five US Dollars (US\$ 5).
- (iii) Series “C” shares are available for subscription by countries that are not Member Countries to strengthen relationships between these countries and the Member Countries. Series “C” shares are currently owned by six (6) associated shareholder countries: Barbados, Costa Rica, Jamaica, Mexico, Portugal and Spain. Holders of Series “C” shares collectively are entitled to elect two (2) Directors and two (2) Alternate Directors, and up to two (2) additional Directors with their respective two (2)



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Alternate Directors if additional new Series “C” Shares are subscribed and paid beyond certain threshold. In order for an additional director to be elected by the Series “C” shareholders, the subscription and payment for new Series “C” shares must represent an increase of one point five percent (1.5%) of CAF’s subscribed and paid-in capital equity in comparison with the total subscribed and paid-in capital at the end of the most recently completed fiscal year. The par value of the Series “C” Shares is five US Dollars (US\$ 5.)

A summary of the changes in subscribed and paid-in capital for the years ended December 31, 2023 and 2022 follows:

	Note	Number of Shares			Nominal Amounts			Total
		Series “A”	Series “B”	Series “C”	Series “A”	Series “B”	Series “C”	
As of December 31, 2021		11	984,570	100,065	13,200	4,922,850	500,325	5,436,375
Issued for cash		1	47,367	3,240	1,200	236,835	16,200	254,235
Shares' repurchase	6	-	(33,036)	-	-	(165,180)	-	(165,180)
As of December 31, 2022		12	998,901	103,305	14,400	4,994,505	516,525	5,525,430
Issued for cash		3	47,698	5,494	3,600	238,490	27,470	269,560
Shares' repurchase	6	-	(39,336)	-	-	(196,680)	-	(196,680)
Share transfer		-	23,657	(23,657)	-	118,285	(118,285)	-
As of December 31, 2023		15	1,030,920	85,142	18,000	5,154,600	425,710	5,598,310

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Subscribed and paid-in capital as of December 31, 2023 is as follows:

	Number of Shares			Nominal Amounts			Total
	Series "A"	Series "B"	Series "C"	Series "A"	Series "B"	Series "C"	
Shareholder:							
Argentina	1	131,876	-	1,200	659,380	-	660,580
Bolivia	1	66,555	-	1,200	332,775	-	333,975
Brazil	1	115,607	-	1,200	578,035	-	579,235
Chile	1	14,836	-	1,200	74,180	-	75,380
Colombia	1	210,016	-	1,200	1,050,080	-	1,051,280
Dominican Republic	1	17,177	-	1,200	85,885	-	87,085
Ecuador	1	70,447	-	1,200	352,235	-	353,435
El Salvador	1	9,256	-	1,200	46,280	-	47,480
Panama	1	41,988	-	1,200	209,940	-	211,140
Paraguay	1	40,747	-	1,200	203,735	-	204,935
Peru	1	216,835	-	1,200	1,084,175	-	1,085,375
Trinidad & Tobago	1	30,237	-	1,200	151,185	-	152,385
Uruguay	1	41,460	-	1,200	207,300	-	208,500
Venezuela	1	20,649	-	1,200	103,245	-	104,445
Honduras	1	2,691	-	1,200	13,455	-	14,655
Barbados	-	-	4,696	-	-	23,480	23,480
Costa Rica	-	-	11,038	-	-	55,190	55,190
Jamaica	-	-	182	-	-	910	910
Mexico	-	-	15,367	-	-	76,835	76,835
Portugal	-	-	1,920	-	-	9,600	9,600
Spain	-	-	51,939	-	-	259,695	259,695
Commercial banks	-	543	-	-	2,715	-	2,715
	15	1,030,920	85,142	18,000	5,154,600	425,710	5,598,310

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As of December 31, 2023, the detail of unpaid subscribed capital and subscribed callable capital is presented below:

	Capital subscriptions receivable				Capital portion			
	Series "B"		Series "C"		Series "B"		Series "C"	
	Number of shares	Nominal Amount	Number of shares	Nominal Amount	Number of shares	Nominal Amount	Number of shares	Nominal Amount
Shareholder:								
Argentina	56,528	282,640	-	-	25,200	126,000	-	-
Bolivia	17,213	86,065	-	-	14,400	72,000	-	-
Brazil	12,536	62,680	-	-	25,200	126,000	-	-
Chile	93,364	466,820	-	-	25,200	126,000	-	-
Colombia	63,265	316,325	-	-	50,400	252,000	-	-
Dominican Republic	15,220	76,100	-	-	7,200	36,000	-	-
Ecuador	13,639	68,195	-	-	14,400	72,000	-	-
Honduras	29,706	148,530	-	-	7,200	36,000	-	-
El Salvador	23,141	115,705	-	-	7,200	36,000	-	-
Panama	17,200	86,000	-	-	7,200	36,000	-	-
Paraguay	17,961	89,805	-	-	7,200	36,000	-	-
Peru	56,880	284,400	-	-	50,400	252,000	-	-
Trinidad y Tobago	25,562	127,810	-	-	7,200	36,000	-	-
Uruguay	-	-	-	-	7,200	36,000	-	-
Venezuela	48,178	240,890	-	-	50,400	252,000	-	-
Barbados	-	-	2,348	11,740	-	-	-	-
Mexico	-	-	-	-	-	-	1,600	8,000
Portugal	-	-	-	-	-	-	16,332	81,660
Spain	-	-	21,268	106,340	-	-	40,000	200,000
Commercial banks	-	-	-	-	-	-	-	-
	<u>490,393</u>	<u>2,451,965</u>	<u>23,616</u>	<u>118,080</u>	<u>306,000</u>	<u>1,530,000</u>	<u>57,932</u>	<u>289,660</u>

Subscribed and paid-in capital as of December 31, 2022 is as follows:

	Number of Shares			Nominal Amounts			Total
	Series "A"	Series "B"	Series "C"	Series "A"	Series "B"	Series "C"	
Shareholder:							
Argentina	1	125,304	-	1,200	626,520	-	627,720
Bolivia	1	64,794	-	1,200	323,970	-	325,170
Brazil	1	103,071	-	1,200	515,355	-	516,555
Colombia	1	203,209	-	1,200	1,016,045	-	1,017,245
Ecuador	1	68,907	-	1,200	344,535	-	345,735
El Salvador	1	4,628	-	1,200	23,140	-	24,340
Panama	1	40,227	-	1,200	201,135	-	202,335
Paraguay	1	39,747	-	1,200	198,735	-	199,935
Peru	1	216,835	-	1,200	1,084,175	-	1,085,375
Trinidad & Tobago	1	30,237	-	1,200	151,185	-	152,385
Uruguay	1	41,460	-	1,200	207,300	-	208,500
Venezuela	1	59,985	-	1,200	299,925	-	301,125
Barbados	-	-	3,522	-	-	17,610	17,610
Chile	-	-	5,541	-	-	27,705	27,705
Costa Rica	-	-	11,038	-	-	55,190	55,190
Dominican Republic	-	-	13,796	-	-	68,980	68,980
Jamaica	-	-	182	-	-	910	910
Mexico	-	-	15,367	-	-	76,835	76,835
Portugal	-	-	1,920	-	-	9,600	9,600
Spain	-	-	51,939	-	-	259,695	259,695
Commercial banks	-	497	-	-	2,485	-	2,485
	<u>12</u>	<u>998,901</u>	<u>103,305</u>	<u>14,400</u>	<u>4,994,505</u>	<u>516,525</u>	<u>5,525,430</u>

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As of December 31, 2022, the detail of unpaid subscribed capital and of subscribed callable capital is presented below:

	Capital subscriptions receivable				Capital portion			
	Series "B"		Series "C"		Series "B"		Series "C"	
	Number of shares	Nominal Amount	Number of shares	Nominal Amount	Number of shares	Nominal Amount	Number of shares	Nominal Amount
Shareholder:								
Argentina	6,220	31,100	-	-	25,200	126,000	-	-
Bolivia	18,961	94,805	-	-	14,400	72,000	-	-
Brazil	25,072	125,360	-	-	25,200	126,000	-	-
Colombia	13,192	65,960	-	-	50,400	252,000	-	-
Ecuador	15,169	75,845	-	-	14,400	72,000	-	-
El Salvador	27,769	138,845	-	-	7,200	36,000	-	-
Panama	-	-	-	-	7,200	36,000	-	-
Paraguay	-	-	-	-	7,200	36,000	-	-
Peru	-	-	-	-	50,400	252,000	-	-
Trinidad y Tobago	6,601	33,005	-	-	7,200	36,000	-	-
Uruguay	-	-	-	-	7,200	36,000	-	-
Venezuela	48,156	240,780	-	-	50,400	252,000	-	-
Chile	-	-	102,659	513,295	-	-	800	4,000
Dominican Republic	-	-	18,601	93,005	-	-	-	-
Mexico	-	-	-	-	-	-	1,600	8,000
Portugal	-	-	-	-	-	-	16,332	81,660
Spain	-	-	-	-	-	-	40,000	200,000
Commercial banks	52	260	-	-	-	-	-	-
	<u>161,192</u>	<u>805,960</u>	<u>121,260</u>	<u>606,300</u>	<u>266,400</u>	<u>1,332,000</u>	<u>58,732</u>	<u>293,660</u>

## ***General Reserve***

CAF maintains a general reserve approved by the Shareholders' Assembly, which is considered an equity reserve. Shareholders approved the increase in the general reserve by US\$ 152,069 and US\$ 94,505 during the years ended December 31, 2023 and 2022, through appropriations from net income for the years ended December 31, 2022 and 2021, respectively.

## ***Reserve Pursuant to Article N° 42 of the Constitutive Agreement***

CAF's Constitutive Agreement states that at least 10% of annual net income should be appropriated into a reserve fund until that reserve fund amounts to 50% of the subscribed capital. That reserve fund is considered an equity reserve. Additional appropriation may be approved by the shareholders. The Shareholders' Assembly held in March 2023 and 2022, authorized an increase in the reserve fund for US\$ 16,900 and US\$ 10,510, through an appropriation from net income for the years ended December 31, 2022 and 2021, respectively.

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## 16. TAX EXEMPTIONS

Pursuant to its Constitutive Agreement, CAF is exempt, in all of its Member Countries, from all taxes and tariffs on income, properties or assets, and from any liability involving payment, withholding or collection of any taxes.

In addition, CAF has entered into agreements with each of the associated shareholder countries (defined in Article 3 of CAF's General Regulations as any shareholder country holding directly or indirectly shares of CAF). Pursuant to these agreements, each country that is a shareholder but do not qualify as a Member Country has agreed to extend to CAF, with respect to its activities in and concerning that country, immunities and privileges similar to those than have been granted to CAF in the Member Countries.

## 17. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

CAF utilizes derivative financial instruments to reduce exposure to interest rate risk and foreign currency risk. CAF does not hold or issue derivative financial instruments for trading or speculative purposes.

The market risk associated with interest rate and foreign currency is managed by swapping marketable securities - trading, loans, borrowings from other financial institutions and bonds, subject to fixed interest rates and denominated in currency other than the U.S. dollar into floating interest rate instruments denominated in U.S. dollars. CAF enters into derivative financial instruments to offset the economic changes in value of specifically identified marketable securities – trading, loans, borrowings from other financial institutions and bonds.

Derivative financial instruments held by CAF consist of interest rate swaps designated as fair value hedges of specifically identified loans, bonds or borrowings from other financial institutions with fixed interest rates and denominated in U.S. dollars. Also, CAF enters into cross-currency and interest rate swaps as an economic hedge (derivative that is entered into to manage a risk but is not accounted as a hedge) for interest rate and foreign exchange risks related with deposits, bonds, borrowings or loans denominated in currencies other than the U.S. dollar where CAF's management elected to measure those liabilities and assets at fair value under the fair value option guidance.

When the fair value of a derivative financial instrument is positive, the counterparty owes CAF, creating credit risk for CAF. When the fair value of a derivative financial instrument is negative, CAF owes the counterparty and, therefore, it does not have credit risk. CAF minimizes the credit risk in derivative financial instruments by entering into transactions with high-quality counterparties whose credit rating is "A" or higher.

In order to reduce the credit risk in derivative financial instruments, CAF enters into credit support agreements with its major swap counterparties. This provides risk mitigation, as the swap contracts are regularly marked-to-market, and the party being the net obligor is required to post collateral when net mark-to-market exposure exceeds certain predetermined thresholds. This collateral is in the form of cash.

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CAF does not offset for each counterparty, the fair value amount recognized for derivative financial instruments with the fair value amount recognized for the collateral, whether posted or received, under master netting arrangements executed with the same counterparty. CAF reports separately the cumulative gross amounts for the receivable from and payable to for derivative financial instruments.

CAF also utilizes futures derivatives instruments to reduce exposure to price risk. These are contracts for delayed delivery of securities or money market instruments in which the seller agrees to make delivery at a specified future date of a specified instrument at a specified price or yield. Initial margin requirements are met with cash or securities. CAF generally closes out open positions prior to maturity. Therefore, cash receipts or payments are limited to the change in fair value of the future contracts. Additionally, CAF utilizes forward contracts to reduce exposure to foreign currency risk.

The balance sheet details related to CAF's derivative financial instruments are as follows:

	<u>Derivative assets</u>		<u>Derivative liabilities</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cross-currency swap	567,599	97,854	2,059,602	2,923,934
Interest rate swap	341,396	359,337	269,100	369,715
U.S Treasury futures	2,600	2,583	9,996	9
Cross-currency forward contracts	154	35	1,949	16,320
	<u>911,749</u>	<u>459,809</u>	<u>2,340,647</u>	<u>3,309,978</u>

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The following table presents the notional amount and fair values of interest rate swaps and cross-currency swaps and the underlying hedged items:

	Notional amount		Fair value	
	Interest rate swap	Cross-currency swap	Derivative assets	Derivative liabilities
As of December 31, 2023:				
Loans	2,185,292	-	286,406	2,773
Loans	-	555,412	33,917	70,142
Borrowings from other financial institutions	-	584,098	1,134	60,589
Borrowings from other financial institutions	86,551	-	-	3,236
Bonds	-	18,090,473	532,548	1,928,871
Bonds	8,003,323	-	54,990	263,091
	10,275,166	19,229,983	908,995	2,328,702
	Notional amount		Fair value	
	Interest rate swap	Cross-currency swap	Derivative assets	Derivative Liabilities
As of December 31, 2022:				
Loans	2,435,671	-	359,337	2,124
Loans	-	418,772	29,879	14,151
Deposits	-	105,000	3,253	-
Borrowings from other financial institutions	-	651,991	86	98,067
Borrowings from other financial institutions	132,049	-	-	5,983
Bonds	-	17,040,870	64,636	2,811,716
Bonds	7,157,495	-	-	361,608
	9,725,215	18,216,633	457,191	3,293,649

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The following table presents the notional amount and fair values of U.S. treasury futures and cross-currency forward contracts:

## As of December 31, 2023

	<u>Start date</u>	<u>Termination date</u>	<u>Contract Currency</u>	<u>Notional amount</u>	<u>Fair value Derivative assets</u>
Futures long	Various	Until March 2024	US\$	291,300	2,600
Forward contracts	Various	Various	Various	14,599	154

	<u>Start date</u>	<u>Termination date</u>	<u>Contract Currency</u>	<u>Notional amount</u>	<u>Fair value Derivative liabilities</u>
Futures short	Various	Until March 2024	US\$	851,442	(9,996)
Forward contracts	Various	Various	Various	131,513	(1,949)

## As of December 31, 2022

	<u>Start date</u>	<u>Termination date</u>	<u>Contract Currency</u>	<u>Notional amount</u>	<u>Fair value Derivative assets</u>
Futures short	Various	Until March 2023	Various	1,103,112	2,504
Futures long	Various	Until March 2023	US\$	97,000	79
Forward contracts	December 2022	Until January 2023	Various	6,888	35

	<u>Start date</u>	<u>Termination date</u>	<u>Contract Currency</u>	<u>Notional amount</u>	<u>Fair value Derivative liabilities</u>
Futures short	November 2022	Until March 2023	US\$	5,600	-
Futures long	Various	Until March 2023	US\$	25,800	(9)
Forward contracts	Various	Various	Various	279,064	(16,320)

The amounts of collateral posted related to U.S. treasury futures as of December 31, 2023 and 2022, was US\$ 15,844 and US\$ 9,693, respectively. As of December 31, 2023 and 2022, the amount of collateral received related to U.S. treasury futures was US\$ 356 and US\$ 60, respectively.



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CAF enters into International Swaps and Derivatives Association, Inc. (ISDA) master netting arrangements with all of its derivative counterparties. These legally enforceable master netting arrangements give CAF the right to take cash or liquidate securities held as collateral and to offset receivables and payables with the same counterparty, in the event of default by the counterparty. The following tables present information about the effect of offsetting of derivative financial instruments, although CAF has elected not to offset any derivative financial instruments by counterparty in the balance sheet:

## As of December 31, 2023

<u>Description</u>	Gross amounts of recognized assets	Gross amounts not offset in the balance sheet		Net amount
		Financial instruments	Cash and securities collateral received	
Swaps	908,995	(704,676)	(152,091)	52,228

<u>Description</u>	Gross amounts of recognized liabilities	Gross amounts not offset in the balance sheet		Net amount
		Financial instruments	Cash and securities collateral pledged	
Swaps	(2,328,702)	704,676	1,805,746	181,720

## As of December 31, 2022

<u>Description</u>	Gross amounts of recognized assets	Gross amounts not offset in the balance sheet		Net amount
		Financial instruments	Cash and securities collateral received	
Swaps	457,191	(421,915)	(2,880)	32,396

<u>Description</u>	Gross amounts of recognized liabilities	Gross amounts not offset in the balance sheet		Net amount
		Financial instruments	Cash and securities collateral pledged	
Swaps	(3,293,649)	421,915	2,904,277	32,543

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## 18. FAIR VALUE MEASUREMENTS

The following section describes the valuation methodologies used by CAF to measure various financial instruments at fair value, including an indication of the level in the fair value hierarchy in which each financial instrument is classified. Where appropriate, the description includes details of the valuation methodologies and the key inputs to those methodologies.

When available, CAF generally uses quoted prices in active markets to determine fair value.

If quoted market prices in active markets are not available, fair value is based upon internally developed valuation methodologies that use, where possible, current market-based or independently sourced market inputs, such as interest rates, currency rates, etc.

Where available, CAF may also make use of quoted prices in active markets for recent trading activity in positions with the same or similar characteristics to the financial instrument being valued. The frequency and size of trading activity and the amount of the bid-ask spread are among the factors considered in determining the liquidity of markets and the relevance of observed quoted prices from those markets.

The following valuation methodologies are used to estimate the fair value and determine the classification in the fair value hierarchy of CAF's financial instruments:

- *Marketable securities:* CAF uses quoted prices in active markets to determine the fair value of trading securities. These securities are classified in Level 1 of the fair value hierarchy.
- *Loans:* The fair value of fixed rate loans, is determined using a discounted cash flow technique using the current variable interest rate for similar loans. These loans are classified in Level 2 of the fair value hierarchy.
- *Derivative assets and liabilities:* The fair value is calculated using market prices provided by an independent financial information services company, which are determined using discounted cash flow valuation technique using observable inputs.. Derivative assets and liabilities are classified in Level 2 of the fair value hierarchy.
- *Bonds, borrowings from other financial institutions and deposits:* For CAF's bonds issued and medium and long term borrowings from other financial institutions and deposits, fair value is determined by using a discounted cash flow technique, taking into consideration benchmark interest yield curves at the end of the reporting period to discount the expected cash flows for the applicable maturity, thus reflecting market fluctuations of key variables such as interest and exchange rates. These yield curves are adjusted to incorporate CAF credit risk spread. Bonds, borrowings from other financial institutions and deposits are generally classified in Level 2 of the fair value hierarchy based on the observability of significant inputs to the discounted cash flow technique.

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## *Items Measured at Fair Value on a Recurring Basis*

The following tables present for each of the fair value hierarchy levels CAF's financial assets and liabilities that are measured at fair value on a recurring basis:

### As of December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets:</b>				
Marketable Securities:				
U.S. Securities	2,542,017	-	-	2,542,017
Non-U.S. governments and government entities bonds	209,372	214,536	-	423,908
Financial institutions and corporate securities:				
Commercial papers	-	2,610,195	-	2,610,195
Certificate of deposits	2,103,754	-	-	2,103,754
Bonds	1,818,551	-	-	1,818,551
Collateralized mortgage obligation	377,029	636	-	377,665
Liquidity funds	112,128	-	-	112,128
	<u>4,411,462</u>	<u>2,610,831</u>	<u>-</u>	<u>7,022,293</u>
Sub-total financial assets at fair value	<u>7,162,851</u>	<u>2,825,367</u>	<u>-</u>	<u>9,988,218</u>
Loans	-	2,549,568	-	2,549,568
Derivative instruments:				
Cross-currency swap	-	567,599	-	567,599
Interest rate swap	-	341,396	-	341,396
U.S Treasury futures	-	2,600	-	2,600
Cross-currency forward contracts	-	154	-	154
	<u>-</u>	<u>911,749</u>	<u>-</u>	<u>911,749</u>
Total financial assets at fair value	<u>7,162,851</u>	<u>6,286,684</u>	<u>-</u>	<u>13,449,535</u>
<b>Liabilities:</b>				
Borrowings from other financial institutions	-	593,086	-	593,086
Bonds	-	24,608,695	-	24,608,695
Derivative instruments:				
Cross-currency swap	-	2,059,602	-	2,059,602
Interest rate swap	-	269,100	-	269,100
U.S Treasury futures	-	9,996	-	9,996
Cross-currency forward contracts	-	1,949	-	1,949
	<u>-</u>	<u>2,340,647</u>	<u>-</u>	<u>2,340,647</u>
Total financial liabilities at fair value	<u>-</u>	<u>27,542,428</u>	<u>-</u>	<u>27,542,428</u>

# CORPORACIÓN ANDINA DE FOMENTO (CAF)

Notes to the Financial Statements  
For the years ended December 31, 2023 and 2022  
(In thousands of U.S. dollars)

## As of December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets:</b>				
<b>Marketable Securities:</b>				
U.S. Securities	1,775,459	-	-	1,775,459
Non-U.S. governments and government entities bonds	148,493	186,141	-	334,634
<b>Financial institutions and corporate securities:</b>				
Commercial papers	-	1,851,803	-	1,851,803
Certificate of deposits	2,769,645	-	-	2,769,645
Bonds	1,325,284	-	-	1,325,284
Collateralized mortgage obligation	266,250	-	-	266,250
Liquidity funds	160,530	-	-	160,530
	<u>4,521,709</u>	<u>1,851,803</u>	<u>-</u>	<u>6,373,512</u>
Sub-total financial assets at fair value	<u>6,445,661</u>	<u>2,037,944</u>	<u>-</u>	<u>8,483,605</u>
Loans	-	2,499,856	-	2,499,856
<b>Derivative instruments:</b>				
Cross-currency swap	-	97,854	-	97,854
Interest rate swap	-	359,337	-	359,337
U.S Treasury futures	-	2,583	-	2,583
Cross-currency forward contracts	-	35	-	35
	<u>-</u>	<u>459,809</u>	<u>-</u>	<u>459,809</u>
Total financial assets at fair value	<u>6,445,661</u>	<u>4,997,609</u>	<u>-</u>	<u>11,443,270</u>
<b>Liabilities:</b>				
Deposits	-	109,377	-	109,377
Borrowings from other financial institutions	-	665,849	-	665,849
Bonds	-	21,137,893	-	21,137,893
<b>Derivative instruments:</b>				
Cross-currency swap	-	2,923,934	-	2,923,934
Interest rate swap	-	369,715	-	369,715
U.S Treasury futures	-	9	-	9
Cross-currency forward contracts	-	16,320	-	16,320
	<u>-</u>	<u>3,309,978</u>	<u>-</u>	<u>3,309,978</u>
Total financial liabilities at fair value	<u>-</u>	<u>25,223,097</u>	<u>-</u>	<u>25,223,097</u>

# CORPORACIÓN ANDINA DE FOMENTO (CAF)

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***Items that are not measured at fair value.***

The carrying amount and estimated fair values of CAF's financial instruments that are not recognized in the balance sheets at fair value are as follows:

	Hierarchy Levels	December 31, 2023		December 31, 2022	
		Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Financial assets:					
Cash and due from banks	1	70,592	70,592	107,592	107,592
Deposits with banks	1	4,963,938	4,963,938	6,535,869	6,535,869
Other investments:					
Bank deposits	1	1,139,169	1,139,169	258,372	258,372
Special Drawing Rights	2	125,869	125,869	-	-
Loans, net	2	30,696,872	30,684,248	27,893,063	27,880,109
Accrued interest and					
commissions receivable	2	957,572	957,572	673,892	673,892
Derivate related collateral	1	1,823,920	1,823,920	2,913,970	2,913,970
Receivable from investment					
securities sold	1	6,867	6,867	2,237	2,237
Financial liabilities:					
Deposits	2	4,144,495	4,144,495	4,554,214	4,554,214
Commercial papers	2	4,653,512	4,653,512	4,618,797	4,618,797
Borrowings from other financial institutions, net	2	1,453,710	1,444,501	1,406,927	1,399,446
Bonds, net	2	150,755	155,230	114,320	117,070
Accrued interest payable	2	846,534	846,534	565,916	565,916
Derivate related collateral	1	152,447	152,447	2,940	2,940
Payable for investment					
securities purchased	1	18,461	18,461	2,467	2,467

The following methods and assumptions were used to estimate the fair value of those financial instruments not accounted for at fair value on recurring basis:

- *Cash and due from banks, deposits with banks, other investments – Deposits with banks due more than 90 days, accrued interest and commissions receivable, deposits, commercial papers, accrued interest payable, derivative-related collateral, receivable from investment securities sold and payable for investment securities purchased:* The carrying amounts approximate fair value because of the short maturity of these instruments.
- *Other investments – Special drawing rights:* The carrying amount approximates fair value because this asset is based on a basket of 5 international currencies (euro, Japanese yen, renminbi Chinese, pounds sterling and US dollar) reviewed and published by the IMF.

# CORPORACIÓN ANDINA DE FOMENTO (CAF)

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- *Loans:* CAF is one of the few institutions that grant loans for development projects in the shareholder countries. A secondary market does not exist for the type of loans granted by CAF. As rates on variable rate loans are reset on a semiannual basis, the carrying value, adjusted for credit risk, was determined to be the best estimate of fair value. The fair value of fixed rate loans is determined by using the current variable interest rate for similar loans. The fair value of non-accrual status loans is estimated using the discounted cash flow technique.
- *Equity investments:* The direct investments in equity securities of companies without a readily determinable fair value are measured at cost, less impairment plus or minus observable price changes of an identical or similar instrument of the same issuer. As of December 2023 and 2022, the carrying amount of those investments amounted to US\$ 117,358 and US\$ 118,186, respectively. In addition, as of December 31, 2023 and 2022, investments in funds without a readily determinable fair value, with carrying amount of US\$ 221,909 and US\$ 222,222, respectively, and the net effects of impairment and the changes in observable prices for the years ended December 31, 2023 and 2022 amounted to US\$ 10,067 and US\$ (18,816), respectively, are accounted for at fair value applying the practical expedient, using the net asset value per share. These financial instruments are generally classified in level 3 of the fair value hierarchy based on the observability of significant inputs to the valuation methodology (these instruments are not disclosed in the table above).
- *Bonds and borrowings from other financial institutions:* For CAF's bonds issued and medium and long term borrowings, fair value is determined using a discounted cash flow technique, taking into consideration yield curves to discount the expected cash flows for the applicable maturity, thus reflecting the fluctuation of variables such as interest and exchange rates. These yield curves are adjusted to incorporate CAF credit risk spread. Those financial instrument are generally classified in Level 2 of the fair value hierarchy based on the observability of significant inputs to the valuation methodology.

## 19. NET LOSS ON CHANGES IN FAIR VALUE RELATED TO FINANCIAL INSTRUMENTS

The loss on changes in fair value of cross-currency swaps and financial liabilities carried at fair value under the fair value option are as follows:

				<b>Year ended December 31, 2023</b>		
				<b>Gain (loss)</b>	<b>Gain (loss)</b>	<b>Net</b>
				<b>on derivatives</b>	<b>on hedged item</b>	<b>Gain (loss)</b>
<b>Cross-currency swaps:</b>						
Deposits				(3,253)	4,377	1,124
Bonds				1,350,756	(1,421,864)	(71,108)
Loans				(51,954)	89,871	37,917
Borrowings	from	other	financial	38,526	(37,882)	644
institutions						
				<u>1,334,075</u>	<u>(1,365,498)</u>	<u>(31,423)</u>

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	Year ended December 31, 2022		
	Gain (loss) on derivatives	Gain (loss) on hedged item	Net Gain (loss)
<b>Cross-currency swaps:</b>			
Deposits	7,393	(8,258)	(865)
Bonds	(2,348,973)	2,315,379	(33,594)
Loans	15,337	1,980	17,317
Borrowings from other financial institutions	(71,682)	78,689	7,007
	<u>(2,397,925)</u>	<u>2,387,790</u>	<u>(10,135)</u>

In addition, for the years ended December 31, 2023 and 2022, CAF recorded net gains of US\$ 11,284 and losses of US\$ 11,060, respectively, related to changes in fair value of U.S. treasury futures and U.S. treasury forwards and changes in fair value of the U.S. Treasury Notes.

## 20. COMMITMENTS AND CONTINGENCIES

Commitments and contingencies include the following:

	December 31, 2023	December 31, 2022
Loan commitments subscribed – eligible	6,278,476	7,160,613
Lines of credit	5,120,740	4,427,207
Loan commitments subscribed – non eligible	1,812,229	1,681,977
Equity investments agreements subscribed	108,629	74,410
Guarantees	83,917	136,993

These commitments and contingencies arose from the normal course of CAF's business and are related principally to loans that have been approved or committed for disbursement.

In the ordinary course of business, CAF has entered into commitments to extend loans; such loan commitments are reported in the above table upon signing the corresponding loan agreement and are reported as loans in the balance sheets when disbursements are made. Loan commitments that have fulfilled the necessary requirements for disbursement are classified as eligible.

The commitments to extend loans have fixed expiration dates and in some cases expire without a loan being disbursed. Therefore, the amounts of total commitment to extend loans do not necessarily represent future cash requirements. Also, based on experience, portions of the loan commitments are disbursed on average two years after the signing of the loan agreement.

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The lines of credit are extended to financial and corporate institutions as a facility to grant short term loans basically to finance working capital and international trade activities.

Guarantees mature as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Less than one year	6,471	41,053
Between one and five years	15,265	37,712
Over five years	62,181	58,228
	<u>83,917</u>	<u>136,993</u>

To the best knowledge of CAF's management, CAF is not involved in any litigation that is material to CAF's business or that is likely to have any impact on its business, financial condition or results of operations.

## 21. SPECIAL FUNDS AND OTHER FUNDS UNDER MANAGEMENT

CAF, as a multilateral financial institution, acts as administrator of several funds owned by third parties and CAF's shareholders' special funds, created to promote technical and financial cooperation, sustainable human development, and management of poverty relief funds in shareholder countries.

The shareholders' special funds contribute to regional integration and sustainable development through capacity building, increased domestic and international exchanges, generation and use of knowledge, as well as training human resources and fortifying institutions. The shareholders' special funds are governed by the provisions of the Constitutive Agreement and any other provisions that may be established by the Board of Directors.

The Shareholders' Assembly of CAF approves a maximum amount to be contributed to shareholders' special funds during the fiscal year and to recognize these contributions as expenses.

The net assets of the shareholders' special funds, that come from contributions by CAF, are completely independent from the net assets of CAF and are thus so maintained, accounted for, presented, utilized, invested, committed and otherwise disposed of. With regard to the use of the shareholders' special funds, the financial responsibility of CAF, as administrator, is limited to the net assets of each of the constituted shareholders' special funds. CAF has no residual interest in the net assets of the shareholders' special funds.

In March 2023, the Shareholders' Assembly of CAF approved the contribution up to a maximum amount of US\$ 120,000 to some shareholders' special funds for 2023. Subsequently, for the year ended December 31, 2023, based on the analysis of the new commitments contracted or the resources required by the shareholders' special funds, CAF recognized contributions of US\$ 85,000, US\$ 31,500, and US\$ 3,500 to Compensatory Financial Fund (FFC), Technical Cooperation Fund (FCT) and Fund for the Development of Small and Medium Enterprises (FIDE), respectively. For the year ended December 31, 2023, CAF recognized US\$ 120,000 as an expense and, as of December 31, 2023 recognized an unconditional obligation (accounts payable) for US\$ 13,450 which was paid in January 2024.



# CORPORACIÓN ANDINA DE FOMENTO (CAF)

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In March 2022, the Shareholders' Assembly of CAF approved the contribution up to a maximum amount of US\$ 89,000 to some shareholders' special funds for 2022. Subsequently, for the year ended December 31, 2022, based on the analysis of the new commitments contracted or the resources required by the shareholders' special funds, CAF recognized contributions of US\$ 70,000, US\$ 15,000 and US\$ 4,000 to FFC, FCT and Human Development Fund (FONDESHU), respectively. For the year ended December 31, 2022, CAF recognized US\$ 89,000 as an expense and, as of December 31, 2022 recognized an unconditional obligation (accounts payable) for US\$ 44,244 which was paid in January 2023.

Managed funds assets are:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
FFC <sup>(1)</sup>	214,182	191,710
FCT	96,433	88,130
FIDE	66,438	61,411
FONDESHU	3,148	6,837
Others non related with shareholders' special funds	121,147	116,029
	<u>501,348</u>	<u>464,117</u>

<sup>(1)</sup> FFC was created by CAF's shareholders for the purpose of compensating a portion of the interest costs of certain loans granted by CAF to finance economic and social infrastructure projects. For the years ended December 31, 2023 and 2022, FFC compensated interest amounting to US\$ 59,290 and US\$ 63,089, respectively, which amounts are included in interest income – loans in the statements of income.

## 22. SEGMENT REPORTING

Management has determined that CAF has only one operating and reportable segment since it does not manage its operations by allocating resources based on a determination of the contributions to net income of individual operations. CAF does not differentiate on the basis of the nature of the products or services provided, the preparation process, or the method for providing services among individual countries.

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For years ended December 31, 2023 and 2022, loans made to or guaranteed by three countries individually generated in excess, of 10% of interest income on loans, as follows:

	<u>2023</u>	<u>2022</u>
Ecuador	308,457	153,978
Argentina	317,795	148,997
Brazil	238,967	105,214
	<u>865,219</u>	<u>408,189</u>

## 23. SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 9, 2024, the date these financial statements were available to be issued. As a result of this evaluation, management has determined that there are no subsequent events that require a disclosure in these financial statements except for:

- During January 2024, Spain paid US\$ 31.7 million related to 6,330 shares Serie "C".
- During January 2024, CAF repurchased a total of 3,269 shares from Venezuela, totaling US\$ 46.4 million.
- On January 17, 2024, CAF issued bonds for UYU 53.5 million, equivalent to US\$ 1.4 million, 3.61% due 2039, under its EMTN Programme.
- On January 23, 2024, CAF issued bonds for US\$ 25 million, SOFR plus 0.68% due 2026, under its EMTN Programme.
- On January 24, 2024, CAF issued bonds for US\$ 1,750 million, 5.00% due 2029, under its US Shelf Programme.
- On January 29, 2024, Trinidad and Tobago paid US\$ 36.2 million related to 2,552 shares Series "B".
- On January 30, 2024, CAF issued bonds for PYG 222 billion, equivalent to US\$ 30.4 million, 7.80% due 2029, under its Medium-Term Note Programme.
- In February 2024, CAF received the full-payment of the short-term bridge loan for US\$ 960.0 million granted to the Republic of Argentina dated December 19, 2023, to support this country to cover the payment of the debt service to the International Monetary Fund.

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