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Corporación Andina de Fomento (CAF)

Financial Statements

As of and for the years ended
December 31, 2021 and 2020

CORPORACIÓN ANDINA DE FOMENTO (CAF)

Contents

DEVELOPMENT BANK OF LATIN AMERICA

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, 2021, 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, 2021.

Internal control over financial reporting has inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. 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.

CAF's financial statements as of December 31, 2021 and for the year 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, 2021.

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Sergio Díaz-Granados Guida
Executive President

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Vice-President of Finance

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Javier González
Acting Vice-President of Risk

February 14, 2022

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Independent Auditor's Report

To the Board of Directors and Stockholders 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, 2021, 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, 2021, 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 the years ended December 31, 2021 and 2020, and our report dated February 14, 2022 expressed an unmodified opinion on those financial statements.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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.

Deloitte

February 14, 2022

Caracas - Venezuela

Lara Marambio & Asociados. A member firm of Deloitte Touche Tohmatsu Limited.

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Independent Auditor's Report

To the Board of Directors and Stockholders 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, 2021 and 2020, and the related statements of comprehensive income, stockholders' 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, 2021 and 2020, 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, 2021, 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 14, 2022 expressed an unmodified opinion on CAF's internal control over financial reporting.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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.

Deloitte

February 14, 2022

Caracas - Venezuela

CORPORACIÓN ANDINA DE FOMENTO (CAF)

Balance Sheets
As of December 31, 2021 and 2020
(In thousands of U.S. dollars)

	NOTES	2021	2020
ASSETS			
Cash and due from banks		112,047	123,204
Deposits with banks		3,210,216	2,825,086
Cash and due from banks and deposits with banks	**3**	3,322,263	2,948,290
Marketable securities:			
Trading	**4 and 19**	12,503,067	10,961,847
Other investments	**5**	292,392	811,205
Loans (US$ 2,389,651 and US$ 2,088,750 at fair value as of December 31, 2021 and 2020 respectively)	**6 and 19**	29,595,386	28,117,867
Less loan commissions, net of origination costs		153,955	134,011
Less allowance for loan losses	**6**	76,650	95,015
Loans, net		29,364,781	27,888,841
Accrued interest and commissions receivable		357,836	386,625
Equity investments	**7**	433,350	432,600
Derivative financial instruments	**18 and 19**	512,383	1,766,932
Property and equipment, net	**8**	105,987	111,734
Other assets	**9**	700,291	1,537,829
TOTAL		47,592,350	46,845,903
LIABILITIES AND STOCKHOLDERS' EQUITY			
LIABILITIES:			
Deposits (US$ 106,119 and US$ 24,101 at fair value as of December 31, 2021 and 2020 respectively), net	**10 and 19**	4,002,626	3,337,574
Commercial paper	**11**	2,813,646	1,598,696
Borrowings from other financial institutions (US$ 740,028 and US$ 792,217 at fair value as of December 31, 2021 and 2020 respectively), net	**12 and 19**	1,772,171	1,672,301
Bonds (US$ 24,074,774 and US$ 24,706,736 at fair value as of December 31, 2021 and 2020 respectively), net	**13 and 19**	24,260,537	24,882,419
Accrued interest payable		288,233	308,986
Derivative financial instruments	**18 and 19**	842,958	404,842
Accrued expenses and other liabilities	**14**	312,540	1,646,184
Total liabilities		34,292,711	33,851,002
STOCKHOLDERS' EQUITY:	**16**		
Subscribed capital		7,716,975	7,867,755
Less callable capital portion		1,589,660	1,589,660
Less capital subscriptions receivable		690,940	912,045
Paid-in capital		5,436,375	5,366,050
Additional paid-in capital		4,091,298	3,961,900
Reserves		3,666,951	3,427,129
Retained earnings		105,015	239,822
Total stockholders’ equity		13,299,639	12,994,901
TOTAL		47,592,350	46,845,903

See accompanying notes to the financial statements

CORPORACIÓN ANDINA DE FOMENTO (CAF)

Statements of Comprehensive Income
For the years ended December 31, 2021 and 2020
(In thousands of U.S. dollars)

	NOTES	2021	2020
Interest income:			
Loans	2 (g)	603,903	837,815
Investments and deposits with banks	2 (e), 3 and 4	23,098	203,211
Loan commissions	2 (g)	44,990	40,139
Total interest income		671,991	1,081,165
Interest expense:			
Bonds		329,247	523,480
Borrowings from other financial institutions		22,427	30,768
Deposits		4,109	18,285
Commercial paper		5,077	10,488
Commissions		10,415	12,136
Total interest expense		371,275	595,157
Net interest income		300,716	486,008
Provision for loan losses	6	29,869	2,923
Net interest income, after provision for loan losses		270,847	483,085
Non-interest income:			
Dividends and equity in earnings of investees	7	5,108	6,979
Other commissions		2,055	2,327
Other income	7	31,794	8,411
Total non-interest income		38,957	17,717
Non-interest expenses:			
Administrative expenses		157,353	149,324
Other expenses	7	14,048	37,552
Total non-interest expenses		171,401	186,876
Income before unrealized changes in fair value related to other financial instruments and contributions to Stockholders' Special Funds		138,403	313,926
Unrealized changes in fair value related to other financial instruments	20	(3,388)	(2,089)
Income before contributions to Stockholders' Special Funds, net		135,015	311,837
Contributions to Stockholders' Special Funds	22	30,000	72,015
Net income and total comprehensive income		105,015	239,822

See accompanying notes to the financial statements

CORPORACIÓN ANDINA DE FOMENTO (CAF)

Statements of Stockholders' Equity
For the years ended December 31, 2021 and 2020
(In thousands of U.S. dollars)

	NOTES	Paid-in capital	Additional paid-in capital	Reserves: General reserve	Reserves: Article N° 42 of the Constitutive Agreement	Reserves: Total reserves	Retained earnings	Total stockholders' equity
BALANCES AS OF DECEMBER 31, 2019		5,380,715	3,988,884	2,585,947	515,600	3,101,547	325,582	12,796,728
Capital increase	16	212,840	391,625	-	-	-	-	604,465
Capital decrease due to shares' repurchase	6	(227,505)	(418,609)	-	-	-	-	(646,114)
Net income and total comprehensive income	16	-	-	-	-	-	239,822	239,822
Appropriated for general reserve	16	-	-	292,982	-	292,982	(292,982)	-
Appropriated for reserve pursuant to Article N° 42 of the Constitutive Agreement	16	-	-	-	32,600	32,600	(32,600)	-
BALANCES AS OF DECEMBER 31, 2020		5,366,050	3,961,900	2,878,929	548,200	3,427,129	239,822	12,994,901
Capital increase	16	221,105	406,833	-	-	-	-	627,938
Capital decrease due to shares' repurchase	6	(150,780)	(277,435)	-	-	-	-	(428,215)
Net income and total comprehensive income	16	-	-	-	-	-	105,015	105,015
Appropriated for general reserve	16	-	-	215,839	-	215,839	(215,839)	-
Appropriated for reserve pursuant to Article N° 42 of the Constitutive Agreement	16	-	-	-	23,983	23,983	(23,983)	-
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

See accompanying notes to the financial statements

CORPORACIÓN ANDINA DE FOMENTO (CAF)

Statements of Cash Flows
For the years ended December 31, 2021 and 2020
(In thousands of U.S. dollars)

	NOTES	2021	2020
OPERATING ACTIVITIES:			
Net income and total comprehensive income		105,015	239,822
Adjustments to reconcile net income to net cash used in operating activities:			
Unrealized loss (gain) on trading securities		72,788	(20,837)
Loan commissions, net of amortization of origination costs		(18,630)	(15,201)
Provision for loan losses	**6**	29,869	2,923
Impairment charge for equity investments	**7**	117	5,977
Unrealized changes in fair value related to equity investment	**7**	(26,748)	18,722
Equity in losses of investees	**7**	871	1,533
Amortization of deferred charges		5,020	3,547
Depreciation of property and equipment	**8**	8,895	8,231
Provision for employees' severance benefits		13,207	12,799
Provision for employees' savings plan		823	879
Unrealized changes in fair value related to other financial instruments		3,388	2,089
Net changes in operating assets and liabilities:			
Trading securities, net		(1,620,056)	(579,216)
Accrued interest and commissions receivable		28,789	145,168
Other assets		(18,891)	(8,263)
Accrued interest payable		(20,753)	(94,574)
Severance benefits paid or advanced		(10,345)	(5,632)
Employees' savings plan paid or advanced		(783)	233
Accrued expenses and other liabilities		(44,330)	22,996
Total adjustments and net changes in operating assets and liabilities		(1,596,769)	(498,626)
Net cash used in operating activities		(1,491,754)	(258,804)
INVESTING ACTIVITIES:			
Purchases of other investments	**5**	(2,010,262)	(3,171,778)
Maturities of other investments	**5**	2,529,075	3,357,490
Loan origination and principal collections, net	**6**	(2,096,433)	(2,050,142)
Equity investments, net	**7**	25,010	4,993
Property and equipment,net	**8**	(3,148)	(7,647)
Net cash used in investing activities		(1,555,758)	(1,867,084)
FINANCING ACTIVITIES:			
Net increase in deposits	**10**	668,277	665,306
Proceeds from commercial paper	**11**	24,847,310	18,224,698
Repayment of commercial paper	**11**	(23,632,360)	(17,534,135)
Net (decrease) increase in derivative-related collateral		(445,293)	325,875
Proceeds from issuance of bonds	**13**	4,478,803	3,950,027
Repayment of bonds	**13**	(3,320,266)	(3,904,211)
Proceeds from borrowings from other financial institutions		374,681	922,463
Repayment of borrowings from other financial institutions		(177,605)	(701,379)
Proceeds from issuance of shares	**16**	627,938	604,465
Net cash provided by financing activities		3,421,485	2,553,109
NET INCREASE IN CASH AND DUE FROM BANKS AND DEPOSITS WITH BANKS		373,973	427,221
CASH AND DUE FROM BANKS AND DEPOSITS WITH BANKS AT BEGINNING OF THE YEAR		2,948,290	2,521,069
CASH AND DUE FROM BANKS AND DEPOSITS WITH BANKS AT END OF THE YEAR		3,322,263	2,948,290
SUPPLEMENTAL DISCLOSURE:			
Interest paid during the year		374,796	668,793
NONCASH FINANCING ACTIVITIES:			
Principal collections	**6**	428,215	646,114
Capital decrease	**6**	(428,215)	(646,114)
Change in derivative instruments assets		1,254,549	(1,340,672)
Change in derivative instruments liabilities		438,116	(237,883)

See accompanying notes to the financial statements

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” stockholder countries are: Argentina, Bolivia, Brazil, Colombia, Ecuador, Panama, Paraguay, Peru, Trinidad and Tobago, Uruguay and Venezuela. Series “C” stockholder countries are: Barbados, Chile, Costa Rica, Dominican Republic, Jamaica, Mexico, Portugal and Spain. In addition, there are 13 banks which are Series “B” stockholders.

CAF is headquartered in Caracas, Venezuela and has offices in Asuncion, Paraguay; Bogota, Colombia; Brasilia, 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 and Quito, Ecuador.

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.

CAF offers financial and related services to the governments of its stockholder 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 stockholder 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 stockholder countries.

COVID-19

In March 2020, the World Health Organization declared the novel coronavirus (COVID-19) a global pandemic, which has generated high volatility in global capital markets with an impact on equity investments and the mark-to-market value of marketable securities.

To date, CAF has maintained the continuity of its operations, and the demand for loans from our stockholder countries has increased; notwithstanding, decreases or increases have been observed in external risk ratings for most of our borrowers. COVID-19 has had not material effects on the results of operations, cash flows and financial position of CAF for the year ended December 31, 2021.

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.

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 comprehensive 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*** **–** 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 comprehensive income.

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 comprehensive 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, 2021 and 2020.

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 stockholder 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 comprehensive income.

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 loan 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 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 stockholders’ 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.

h. ***Troubled debt restructuring*** **–** A restructuring of a loan constitutes a troubled debt restructuring if CAF, for economic or legal reasons related to the borrower´s financial difficulties, grants a concession to the borrower that it would not otherwise consider.

The concession granted by CAF may include the modifications or renegotiation of the contractual terms of the loans such as interest rate reductions, change in the frequency of payment, extension of loan terms, and other modifications in order to minimize possible economic losses.

Loans whose terms are modified in a troubled debt restructuring, generally, are identified as non-accrual loans. CAF's management evaluates the compliance with the new terms of the restructured loan for a reasonable period to calculate specific allowances for loan losses and, if the remaining balance of the restructured loan is considered collectible, the restructured loan could return to accrual status.

i. ***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 year tranches and loss given default, based on external data provided by risk rating agencies, recognizing such life time 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 stockholder 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.

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 stockholder 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.

j. ***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 stockholder 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.

k. ***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 comprehensive 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 comprehensive income over the estimated useful life of assets.

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

l. ***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.

m. ***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.

n. ***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 comprehensive income when they occur.

o. ***Commercial paper*** **–** Commercial paper are recorded at amortized cost.

p. ***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 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 comprehensive income when they occur.

q. ***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 comprehensive 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.

r. ***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.

s. ***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.

t. ***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 comprehensive 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 comprehensive 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 comprehensive income, concurrently with the change in fair value of the underlying assets and liabilities.

u. ***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 – A*pplies 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.

v. ***Guarantee fee income –*** CAF provides guarantees on loans originated by third parties to support projects located within a stockholder 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.

w. ***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 stockholder 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.

x. ***Recent accounting pronouncements –***

Recent accounting pronouncements applicable

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. CAF is currently assessing the impact of both ASUs and plans to adopt the available expedients and exceptions allowed through December 31, 2022.

(In thousands of U.S. dollars)

Libor Replacement

The replacement of the LIBOR rates with a new reference rate or rates is an industry risk due 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 recent publication of the ISDA 2020 IBOR Fallbacks Protocol 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 rate 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 will be converted after June 2023 when LIBOR rate ceases to be representative. It is for this reason that we expected the LIBOR transition to occur smoothly.

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.

On the funding side, as of December 31, 2021, CAF has ceased issuance of Floating Rate Notes (FRN) linked to LIBOR, and all outstanding LIBOR FRNs (totaling US$ 100 million) will reset before the first half of 2023. On June 15, 2021, CAF issued its first FRN that is linked to the SOFR for US$ 400 million, an important step in the LIBOR transition process.

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:

	December 31, 2021	December 31, 2020
Cash and due from banks	112,047	123,204
Deposits with banks:		
U.S. dollars	3,210,216	2,825,086
	3,322,263	2,948,290

(In thousands of U.S. dollars)

4. MARKETABLE SECURITIES

Trading

A summary of trading securities follows:

	December 31, 2021		December 31, 2020	
	Amount	Average maturity (years)	Amount	Average maturity (years)
U.S. Treasury Notes	2,219,711	1.60	2,038,268	1.73
Non-U.S. governments and government entities bonds	556,230	0.80	187,446	2.86
Financial institutions and corporate securities:				
Commercial paper	3,861,129	0.14	2,895,110	0.14
Certificates of deposits [1]	3,284,428	0.24	2,912,973	0.22
Bonds	1,941,602	1.93	2,242,321	2.41
Collateralized mortgage obligation	290,805	5.95	286,954	4.27
Liquidity funds [2]	349,162	1.00	398,775	1.00
	9,727,126	0.73	8,736,133	0.93
Trading	12,503,067	0.89	10,961,847	1.11

(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 loss of US$ 15,600 and gain US$ 57,188, as of December 31, 2021 and 2020, respectively.

Net realized gains from trading securities of US$ 22,761 and US$ 107,939 for the years ended December 31, 2021 and 2020, respectively, are included in the statements of comprehensive income as part of Interest income - Investments and deposits with banks. For the year ended December 31, 2021 and 2020, the fluctuation in Interest income – Investments and deposits with banks is mainly due to the reduction of benchmark interest rates and the volatility in global capital markets as a result of COVID-19 pandemic.

(In thousands of U.S. dollars)

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, 2021 and 2020, 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$ 307,437 and US$ 26,294 as of December 31, 2021 and 2020, respectively.

Maturity of marketable securities are as follows:

	December 31, 2021	December 31, 2020
Remaining maturities:		
Less than one year	8,891,515	7,013,042
Between one and two years	2,351,677	2,326,298
Between two and three years	500,274	696,239
Between three and four years	407,059	293,262
Between four and five years	235,344	373,908
Over five years	117,198	259,098
	12,503,067	10,961,847

5. OTHER INVESTMENTS

Deposits with banks due with more than 90 days (original maturity) are as follows:

	December 31, 2021	December 31, 2020
U.S. dollars	292,392	811,205

The interest rates on these deposits ranged from 0.11% to 0.34% at December 31, 2021 and from 0.21% to 2.00% at December 31, 2020.

(In thousands of U.S. dollars)

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" stockholder countries, or to private institutions or companies domiciled in those countries. Loans by country are summarized as follows:

	December 31, 2021	December 31, 2020
Stockholder country:		
Argentina	3,842,317	3,725,343
Barbados	172,683	170,267
Bolivia	2,752,463	2,612,977
Brazil	2,698,038	2,621,465
Chile	304,187	459,745
Colombia	3,403,385	2,795,238
Costa Rica	547,145	564,353
Dominican Republic	110,789	145,010
Ecuador	4,201,415	4,122,246
Mexico	825,000	885,000
Panama	2,562,057	2,076,210
Paraguay	1,511,665	1,086,175
Peru	1,743,908	1,524,531
Trinidad & Tobago	1,163,978	1,048,889
Uruguay	903,243	923,990
Venezuela	2,871,509	3,199,717
Total	29,613,782	27,961,156
Fair value adjustments	(18,396)	156,711
Loans	29,595,386	28,117,867

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

As of December 31, 2021 and 2020, loans denominated in currencies other than U.S. dollar were granted for an equivalent of US$ 170,401 and US$ 106,858, respectively, mainly in Colombian pesos, Peruvian nuevos soles, Uruguayan pesos and Bolivian bolivianos. All these loans are hedged with Borrowings and Bonds issued in the same currency. As of December 31, 2021 and 2020, fixed interest rate loans amounted to US$ 2,321,999 and US$ 1,898,265, respectively.

(In thousands of U.S. dollars)

There has been an increase in demand for loans from our stockholder countries as a result of COVID-19 pandemic. In that regard, as of December 31, 2021 and 2020, CAF approved emergency credit lines aggregating up to US$ 9.1 billion and US$ 7.3 billion, respectively, available to CAF stockholder countries, of which disbursement for US$ 3.8 billion have been made as of December 31, 2021 and US$ 2.1 billion as of December 31, 2020. The emergency credit lines are aimed at enhancing a prompt and appropriate response in stockholder countries and mitigating the adverse consequences from the pandemic.

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

	December 31, 2021		December 31, 2020	
	Amount	Weighted average yield (%)	Amount	Weighted average yield (%)
Public sector	27,723,931	2.25	25,619,424	2.30
Private sector	1,889,851	1.98	2,341,732	2.25
	29,613,782	2.23	27,961,156	2.30

Loans by industry segments are as follows:

	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
Social and other infrastructure programs	12,496,820	42	10,416,802	37
Transport, warehousing and communications	8,326,436	28	8,104,691	29
Electricity, gas and water supply	6,025,830	20	6,482,061	23
Financial services - Development banks	1,367,969	5	916,277	3
Financial services - Commercial banks	1,230,670	4	1,816,919	6
Agriculture, hunting and forestry	62,104	-	78,402	1
Manufacturing industry	32,291	-	59,971	-
Others	71,662	1	86,033	1
	29,613,782	100	27,961,156	100

(In thousands of U.S. dollars)

Loans mature as follows:

	December 31, 2021	December 31, 2020
Remaining maturities:		
Less than one year	5,176,788	4,942,050
Between one and two years	2,721,602	2,782,180
Between two and three years	2,818,766	2,642,696
Between three and four years	2,811,208	2,690,045
Between four and five years	2,575,262	2,663,923
Over five years	13,510,156	12,240,262
	29,613,782	27,961,156

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, 2021 and 2020, 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, 2021 is as follows:

	Credit	Year of origination					
Country	Rating	2021	2020	2019	2018	Prior	Total
Argentina	Ca	509,767	460,242	4,396	639,375	2,167,659	3,781,439
Barbados	Caa1	12,000	100,000	195	-	60,488	172,683
Bolivia	B2	350,000	25,000	202,352	71,970	2,012,474	2,661,796
Brazil	Ba2	-	363,358	263,585	250,340	1,108,694	1,985,977
Colombia	Baa2	500,000	350,000	500,151	300,000	994,326	2,644,477
Costa Rica	B2	-	500,000	-	-	26,817	526,817
Dominican Republic	Ba3	-	-	-	-	110,789	110,789
Ecuador	Caa3	485,000	718,175	548,702	517,797	1,916,470	4,186,144
Mexico	Baa1	500,000	300,000	-	-	-	800,000
Panama	Baa2	350,000	387,500	341,841	4,017	1,085,629	2,168,987
Paraguay	Ba1	250,000	370,046	91,966	495,380	278,773	1,486,165
Peru	Baa1	350,000	-	250,000	-	613,206	1,213,206
Trinidad & Tobago	Ba2	135,000	324,533	200,000	260,000	244,445	1,163,978
Uruguay	Baa2	242,677	50,000	-	15,601	442,083	750,361
Venezuela	C	-	-	500,000	-	2,371,509	2,871,509
		3,684,444	3,948,854	2,903,188	2,554,480	13,433,362	26,524,328

(In thousands of U.S. dollars)

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, 2021 is as follows:

	Year of origination					
Credit Rating	**2021**	**2020**	**2019**	**2018**	**Prior**	**Total**
Satisfactory - outstanding	150,000	-	-	-	210,000	360,000
Satisfactory - very good	782,436	99,000	-	-	51,931	933,367
Satisfactory - adequate	592,668	55,881	53,954	33,993	234,447	970,943
Watch	207,889	100,938	67,633	46,679	102,897	526,036
Special mention	-	-	23,198	100,209	-	123,407
Doubtful	-	-	-	-	87,059	87,059
Sub-standard	-	-	-	25,000	50,575	75,575
Loss	-	-	-	-	13,067	13,067
	1,732,993	255,819	144,785	205,881	749,976	3,089,454

The internal and external ratings have been updated as of December 31, 2021.

Loan portfolio quality

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

	December 31, 2021	**December 31, 2020**
During the period CAF recorded the following transactions:		
Loans written-off	48,234	-
Purchases of loan portfolio	-	-
Sales of loan portfolio	-	103,466

	December 31, 2021	**December 31, 2020**
CAF presented the following amounts and quality indicators as of the end of the period / year:		
Non-accrual loans	112,059	69,066
Troubled debt restructured	29,206	36,485
Overdue loans	-	-
Allowance for loan losses as a percentage of loan portfolio	0.26%	0.34%
Non-accrual loans as a percentage of loan portfolio	0.38%	0.25%
Overdue loan principal as a percentage of loan portfolio	0.00%	0.00%

For the year ended December 31, 2020, a non-sovereign loan, classified as non-accrual status, with an outstanding balance of US$ 36,485 was restructured. The restructuring consisted of an extension of loan term, interest rate reductions and deferment of monthly interest payments until January 2021 resulting in the increase of future cash flows throughout the restructured term of the loan. For the year ended December 31, 2021, CAF has received interest payments according to the restructuring agreement. For the year ended December 31, 2021, there was not restructured loans.

As of December 31, 2021 and 2020, the total principal amount of non-accrual loans is related to private sector borrowers (non-sovereign loans) which are 2,019 days and 1,654 days overdue, respectively. For the years ended December 31, 2021 and 2020, there were no interest income recognized for non-accrual loans. The allowance of loan losses for loans in non-accrual status amount to US$ 18,603 and US$ 16,200 as of December 31, 2021 and 2020, respectively.

As of December 31, 2021 and 2020 there were no overdue loans.

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 stockholder 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, 2021, CAF repurchased a total of 75,657 shares owned by Venezuela totaling US$ 1,074,329 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$ 378,285 and US$ 696,044, respectively. For the year ended December 31, 2021, CAF repurchased an additional 30,156 shares totaling US$ 428,215 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$ 150,780 and US$ 277,435, respectively. Since the inception of the Program to December 31, 2020, CAF repurchased 45,501 shares totaling US$ 646,114 deducting the amount of paid-in capital and additional paid-in capital for US$ 227,505 and US$ 418,609, respectively. As a result of the repurchases, as of February 14, 2022, Venezuela is current with its loans with CAF.

A/B Loans

CAF only assumes the credit risk for the portion of its participations of the loan. As of December 31, 2021 and 2020, CAF had loans of this nature amounting to US$ 103,675 and US$ 159,142, respectively, whereas other financial institutions provided funds for US$ 46,215 and US$ 92,136, 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.

(In thousands of U.S. dollars)

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, 2021			December 31, 2020		
	Credit risk			Credit risk		
	Sovereign	Non-sovereign	Total	Sovereign	Non-sovereign	Total
Balances at beginning of year	-	95,015	95,015	47,475	44,167	91,642
Provision for loan losses	-	29,869	29,869	(47,475)	50,398	2,923
Loans written-off	-	(48,234)	(48,234)	-	-	-
Recoveries	-	-	-	-	450	450
Balances at end of year	-	76,650	76,650	-	95,015	95,015

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, 2021			December 31, 2020		
	Credit risk			Credit risk		
	Sovereign	Non-sovereign	Total	Sovereign	Non-sovereign	Total
Balances at beginning of year	-	14,833	14,833	1	3,790	3,791
Provision for contingencies	-	369	369	(1)	11,043	11,042
Balances at end of year	-	15,202	15,202	-	14,833	14,833

Provision for contingencies are included in the statements of comprehensive income as part of other expenses.

7. EQUITY INVESTMENTS

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

	December 31, 2021	December 31, 2020
Investments - Equity securities	380,167	378,882
Investments - Equity method	53,183	53,718
	433,350	432,600

(In thousands of U.S. dollars)

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

	December 31, 2021	December 31, 2020
Dividends	5,108	8,512
Changes in fair value measurements	26,748	(18,722)
Impairment in equity securities	(117)	(5,977)

For the years ended December 31, 2021 and 2020, CAF recognized gains of US$ 26,748 and losses of US$ 18,722, respectively, corresponding to the net increase and net decrease in the fair value of investments in equity instruments, are included in the statements of comprehensive income as part of other income and other expenses, respectively.

For the years ended December 31, 2021 and 2020, CAF recognized losses of its equity in earnings of the investees for US$ 871 and US$ 1,533, respectively, for investments under the equity method, which are recorded in the statements of comprehensive income as part of Other expenses, respectively.

8. PROPERTY AND EQUIPMENT, NET

A summary of property and equipment, net follows:

	December 31, 2021	December 31, 2020
Land	29,756	29,756
Buildings	85,188	85,994
Buildings improvements	10,942	21,787
Leasing building improvements	5,168	9,497
Furniture and equipment	36,030	39,816
Vehicles	1,041	1,083
	168,125	187,933
Less accumulated depreciation	64,612	81,248
Projects in progress	2,474	5,049
	105,987	111,734

Depreciation expenses of US$ 8,895 and US$ 8,231 for property and equipment for the years ended December 31, 2021 and 2020, respectively, are included in the statements of comprehensive income as part of administrative expenses.

(In thousands of U.S. dollars)

9. OTHER ASSETS

A summary of other assets follows:

	December 31, 2021	December 31, 2020
Derivative related collateral	645,632	1,495,033
Intangible assets, net of accumulated amortization of US$ 8,381 and US$ 7,400, respectively	25,386	18,783
Receivable from investment securities sold	4,017	6,025
Other	25,256	17,988
	700,291	1,537,829

10. DEPOSITS

A summary of deposits follows:

	December 31, 2021	December 31, 2020
Demand deposits	83,157	59,532
Time deposits:		
Less than one year	3,919,679	3,277,987
	4,002,836	3,337,519
Fair value adjustments	(210)	55
Carrying value of deposits	4,002,626	3,337,574

As of December 31, 2021 and 2020, the weighted average interest rate was 0.11% and 0.67%, respectively. Deposits are issued for amounts equal to or more than US$ 100. Total deposits denominated in currencies other than the U.S. dollar to an equivalent of US$ 259,991 and US$ 24,201 as of December 31, 2021 and 2020, respectively.

11. COMMERCIAL PAPER

As of December 31, 2021 and 2020, the outstanding amount of commercial paper issued by CAF, amounts to US$ 2,813,646 and US$ 1,598,696, respectively, of which matures in 2022 and 2021, respectively. As of December 31, 2021 and 2020, the weighted average interest rate was 0.23% and 0.86%, respectively.

(In thousands of U.S. dollars)

12. BORROWINGS FROM OTHER FINANCIAL INSTITUTIONS

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

	December 31, 2021	December 31, 2020
U.S. dollars	1,179,623	1,088,287
Euros	590,809	482,794
Colombian Pesos	30,764	27,418
Peruvian nuevos soles	-	3,591
Others	-	1,985
	1,801,196	1,604,075
Fair value adjustments	(28,328)	68,879
Less debt issuance costs	697	653
Carrying value of borrowings from other financial institutions	1,772,171	1,672,301

As of December 31, 2021 and 2020, the fixed interest-bearing borrowings amounted to US$ 410,531 and US$ 503,289, respectively. As of December 31, 2021 and 2020, the weighted average interest rate after considering the impact of interest rate swaps was 1.52% and 2.49%, respectively.

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

	December 31, 2021	December 31, 2020
Less than one year	178,039	166,519
Between one and two years	388,211	369,480
Between two and three years	248,616	156,064
Between three and four years	191,271	202,466
Between four and five years	169,039	156,067
Over five years	626,020	553,479
	1,801,196	1,604,075

The agreements on some borrowing from other financial institutions agreements contains covenants requiring the use of the proceeds for specific purposes or projects.

As of December 31, 2021 and 2020, there were unused term credit facilities amounting to US$ 1,899,056 and US$ 2,279,096, respectively.

(In thousands of U.S. dollars)

13. BONDS

A summary of outstanding bonds follows:

	December 31, 2021			December 31, 2020		
	At original exchange rate	At spot exchange rate	Weighted average cost, after swaps (%) (period end)	At original exchange rate	At spot exchange rate	Weighted average cost, after swaps (%) (year-end)
U.S. dollars	8,428,409	8,428,409	1.35	8,281,073	8,281,073	2.02
Euro	8,637,076	8,274,796	1.25	8,143,452	8,370,175	1.70
Swiss francs	2,203,076	2,297,342	1.42	2,582,176	2,777,778	2.29
Japanese yen	1,404,689	1,297,358	1.28	727,654	740,777	1.95
Australian dollars	1,026,690	945,521	1.58	1,070,538	1,042,275	1.76
Hong Kong dollars	635,865	632,757	1.73	757,314	758,107	1.87
Norwegian kroner	694,695	544,687	1.24	622,501	491,492	2.23
Mexican pesos	574,643	569,250	1.41	426,031	402,436	1.89
Colombian pesos	334,464	248,243	1.53	334,472	294,215	1.53
Uruguayan pesos	280,304	250,040	1.27	268,556	251,676	1.34
Brazilian Real	201,662	191,590	0.70	-	-	-
Indonesian Rupee	75,000	72,467	0.46	75,000	73,601	0.54
Indian Rupee	31,891	28,729	2.71	31,891	29,167	2.71
Canadian dollars	30,395	31,385	2.50	30,395	31,341	2.50
Kazakhstan Tenge	15,082	14,295	1.21	15,082	14,742	1.31
New Zealand Dollar	13,651	14,554	1.66	13,651	15,335	1.76
Peruvian nuevos soles	-	-	-	53,378	48,892	0.77
	24,587,592	23,841,423		23,433,164	23,623,082	
Fair value adjustments		425,217			1,269,492	
Less debt issuance costs		6,103			10,155	
Carrying value of bonds		24,260,537			24,882,419	

(In thousands of U.S. dollars)

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

	December 31, 2021	December 31, 2020
Remaining maturities:		
Less than one year	3,944,492	3,215,774
Between one and two years	4,557,150	3,946,477
Between two and three years	3,245,067	4,562,569
Between three and four years	4,256,759	1,591,088
Between four and five years	3,787,884	4,261,471
Over five years	4,796,240	5,855,785
	24,587,592	23,433,164

As of December 31, 2021 and 2020, fixed interest rate bonds amounted to US$ 24,108,665 and US$ 23,350,889, respectively, of which US$ 16,173,655 and US$ 15,165,519, respectively, are denominated in currencies other than U.S. dollar.

There were no bonds repurchased for the years ended December 31, 2021 and 2020.

14. ACCRUED EXPENSES AND OTHER LIABILITIES

A summary of accrued expenses and other liabilities follows:

	December 31, 2021	December 31, 2020
Derivative-related collateral	148,773	1,443,467
Employees' severance benefits and savings plan	104,083	107,250
Payable for investment securities purchased	17,437	14,960
Provision for contingencies	15,202	14,833
Contributions to Stockholders´ Special Funds	12,467	55,090
Other	14,578	10,584
	312,540	1,646,184

15. PENSION PLAN

As of December 31, 2021 and 2020, the plan has 687 and 636 participants and active employees, respectively. The date used to determine pension plan benefit obligation is December 31 of each year.

(In thousands of U.S. dollars)

For the years ended December 31, 2021 and 2020, a reconciliation of beginning and ending balances of the benefit obligation follows:

	2021	2020
Change in benefit obligation:		
Benefit obligation at beginning of year	32,079	27,339
Service cost	3,024	2,923
Interest cost	1,275	1,091
Plan participants' contributions	2,225	2,277
Actuarial gain	(553)	(682)
Benefit paid	(1,530)	(869)
Benefit obligation at the end of year	36,520	32,079

For the years ended December 31, 2021 and 2020, a reconciliation of beginning and ending balances of the fair value of plan assets follows:

	2021	2020
Change in plan assets:		
Fair value of plan assets at beginning of year	32,455	27,809
Actual return on plan assets	1,208	1,145
Contributions	4,700	4,370
Benefit paid	(1,530)	(869)
Fair value of plan assets at end of year	36,833	32,455

Plan assets are as follows:

	December 31,	
	2021	2020
Plan assets:		
Marketable securities	36,833	32,455

The table below summarizes the component of the periodic cost of projected benefits related to the PBO for the years ended December 31, 2021 and 2020:

	2021	2020
Service cost	3,024	2,923
Interest cost	1,275	1,091
Expected return on plan assets	(1,290)	(1,109)
	3,009	2,905

(In thousands of U.S. dollars)

A summary of the net projected cost for the year ending December 31, 2021 follows:

Service cost	
Contribution to the plan	2,425
Guaranteed benefit	880
	3,305
Interest cost	1,455
Expected return on plan assets	(1,467)
	3,293

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

2022	336
2023	1,037
2024	872
2025	1,002
2026	1,148

Weighted-average assumptions used to determine net benefit cost since the origination of the Plan to December 31, 2021 and 2020 follows:

	2021	**2020**
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%

16. STOCKHOLDERS' EQUITY

Authorized capital

The authorized capital of CAF as of December 31, 2021 and 2020 amounts to US$ 15,000,000, of which US$ 10,000,000 is ordinary capital shares and US$ 5,000,000 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" stockholders in excess of the par value. The additional paid-in capital of CAF as of December 31, 2021 and 2020 amounts to US$ 4,091,298 and US$ 3,961,900, respectively.

Subscribed callable capital

In addition to our subscribed paid-in and un-paid capital, our shareholders have subscribed to callable capital totaling US$ 1,589,660 as of December 31, 2021 and 2020. 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 the 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, either is a signatory to the Constitutive Agreement or, being of Latin America or the Caribbean, has adhered to it (as of the date hereof, the Member Countries are the Argentine Republic, the Plurinational State of Bolivia, the Republics of Colombia, Ecuador, 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 nominal value of the Series "A" Shares is 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 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 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 eight (8) associated shareholder countries: Barbados, Chile, Costa Rica, Dominican Republic, 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) 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 nominal value of the Series “B” Shares is US$ 5.

(In thousands of U.S. dollars)

A summary of the changes in subscribed and paid-in capital for the years ended December 31, 2021 and 2020 follows:

		Number of Shares			Nominal Amounts			
	Note	Series “A”	Series “B”	Series “C”	Series “A”	Series “B”	Series “C”	Total
As of December 31, 2019		11	978,015	95,488	13,200	4,890,075	477,440	5,380,715
Issued for cash		-	39,839	2,729	-	199,195	13,645	212,840
Shares' repurchase	6	-	(45,501)	-	-	(227,505)	-	(227,505)
As of December 31, 2020		11	972,353	98,217	13,200	4,861,765	491,085	5,366,050
Issued for cash		-	42,373	1,848	-	211,865	9,240	221,105
Shares' repurchase	6	-	(30,156)	-	-	(150,780)	-	(150,780)
As of December 31, 2021		11	984,570	100,065	13,200	4,922,850	500,325	5,436,375

Subscribed and paid-in capital as of December 31, 2021 is as follows:

	Number of Shares			Nominal Amounts			
	Series “A”	Series “B”	Series “C”	Series “A”	Series “B”	Series “C”	Total
Stockholder:							
Argentina	1	119,079	-	1,200	595,395	-	596,595
Bolivia	1	62,360	-	1,200	311,800	-	313,000
Brazil	1	94,284	-	1,200	471,420	-	472,620
Colombia	1	196,613	-	1,200	983,065	-	984,265
Ecuador	1	65,115	-	1,200	325,575	-	326,775
Panama	1	37,793	-	1,200	188,965	-	190,165
Paraguay	1	37,313	-	1,200	186,565	-	187,765
Peru	1	211,432	-	1,200	1,057,160	-	1,058,360
Trinidad & Tobago	1	28,037	-	1,200	140,185	-	141,385
Uruguay	1	39,026	-	1,200	195,130	-	196,330
Venezuela	1	93,021	-	1,200	465,105	-	466,305
Barbados	-	-	3,522	-	-	17,610	17,610
Chile	-	-	5,541	-	-	27,705	27,705
Costa Rica	-	-	11,038	-	-	55,190	55,190
Dominican Republic	-	-	10,556	-	-	52,780	52,780
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
	11	984,570	100,065	13,200	4,922,850	500,325	5,436,375

(In thousands of U.S. dollars)

As of December 31, 2021, the detail of unpaid subscribed capital and subscribed callable capital is presented below:

	Unpaid Subscribed Capital				Subscribed Callable Capital			
	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
Stockholder:								
Argentina	12,445	62,225	-	-	25,200	126,000	-	-
Bolivia	2,434	12,170	-	-	14,400	72,000	-	-
Brazil	33,859	169,295	-	-	25,200	126,000	-	-
Colombia	19,788	98,940	-	-	50,400	252,000	-	-
Ecuador	-	-	-	-	14,400	72,000	-	-
Panama	2,434	12,170	-	-	7,200	36,000	-	-
Paraguay	2,434	12,170	-	-	7,200	36,000	-	-
Peru	5,403	27,015	-	-	50,400	252,000	-	-
Trinidad y Tobago	8,801	44,005	-	-	7,200	36,000	-	-
Uruguay	2,434	12,170	-	-	7,200	36,000	-	-
Venezuela	48,156	240,780	-	-	50,400	252,000	-	-
Barbados	-	-	-	-	-	-	-	-
Chile	-	-	-	-	-	-	800	4,000
Dominican Republic	-	-	-	-	-	-	-	-
Mexico	-	-	-	-	-	-	1,600	8,000
Portugal	-	-	-	-	-	-	16,332	81,660
Spain	-	-	-	-	-	-	40,000	200,000
Commercial banks	-	-	-	-	-	-	-	-
	138,188	690,940	-	-	259,200	1,296,000	58,732	293,660

Subscribed and paid-in capital as of December 31, 2020 is as follows:

	Number of Shares			Nominal Amounts			
	Series "A"	Series "B"	Series "C"	Series "A"	Series "B"	Series "C"	Total
Stockholder:							
Argentina	1	112,854	-	1,200	564,270	-	565,470
Bolivia	1	59,926	-	1,200	299,630	-	300,830
Brazil	1	92,438	-	1,200	462,190	-	463,390
Colombia	1	190,017	-	1,200	950,085	-	951,285
Ecuador	1	65,115	-	1,200	325,575	-	326,775
Panama	1	35,359	-	1,200	176,795	-	177,995
Paraguay	1	34,879	-	1,200	174,395	-	175,595
Peru	1	195,223	-	1,200	976,115	-	977,315
Trinidad & Tobago	1	26,276	-	1,200	131,380	-	132,580
Uruguay	1	36,592	-	1,200	182,960	-	184,160
Venezuela	1	123,177	-	1,200	615,885	-	617,085
Barbados	-	-	3,522	-	-	17,610	17,610
Chile	-	-	5,541	-	-	27,705	27,705
Costa Rica	-	-	11,038	-	-	55,190	55,190
Dominican Republic	-	-	10,556	-	-	52,780	52,780
Jamaica	-	-	182	-	-	910	910
Mexico	-	-	15,367	-	-	76,835	76,835
Portugal	-	-	1,920	-	-	9,600	9,600
Spain	-	-	50,091	-	-	250,455	250,455
Commercial banks	-	497	-	-	2,485	-	2,485
	11	972,353	98,217	13,200	4,861,765	491,085	5,366,050

(In thousands of U.S. dollars)

As of December 31, 2020, the detail of unpaid subscribed capital and of subscribed callable capital is presented below:

	Unpaid Subscribed Capital				Subscribed Callable Capital			
	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
Stockholder:								
Argentina	18.670	93.350	-	-	25.200	126.000	-	-
Bolivia	4.868	24.340	-	-	14.400	72.000	-	-
Brazil	35.705	178.525	-	-	25.200	126.000	-	-
Colombia	26.384	131.920	-	-	50.400	252.000	-	-
Ecuador	-	-	-	-	14.400	72.000	-	-
Panama	4.868	24.340	-	-	7.200	36.000	-	-
Paraguay	4.868	24.340	-	-	7.200	36.000	-	-
Peru	21.612	108.060	-	-	50.400	252.000	-	-
Trinidad y Tobago	10.562	52.810	-	-	7.200	36.000	-	-
Uruguay	4.868	24.340	-	-	7.200	36.000	-	-
Venezuela	48.156	240.780	-	-	50.400	252.000	-	-
Barbados	-	-	-	-	-	-	-	-
Chile	-	-	-	-	-	-	800	4.000
Dominican Republic	-	-	-	-	-	-	-	-
Mexico	-	-	-	-	-	-	1.600	8.000
Portugal	-	-	-	-	-	-	16.332	81.660
Spain	-	-	1.848	9.240	-	-	40.000	200.000
Commercial banks	-	-	-	-	-	-	-	-
	180.561	902.805	1.848	9.240	259.200	1.296.000	58.732	293.660

General Reserve

CAF maintains a general reserve approved by the Stockholders' Assembly, which is considered an equity reserve. Stockholders approved the increase in the general reserve by US$ 215,839 and US$ 292,982 during the years ended December 31, 2021 and 2020, through appropriations from net income for the years ended December 31, 2020 and 2019, 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 stockholders. The Stockholders' Assembly held in March 2021 and 2020, authorized an increase in the reserve fund for US$ 23,983 and US$ 32,600, through an appropriation from net income for the years ended December 31, 2020 and 2019, respectively.

17. 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. 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.

18. 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.

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.

(In thousands of U.S. dollars)

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:

	Derivative assets		**Derivative liabilities**	
	December 31, 2021	**December 31, 2020**	**December 31, 2021**	**December 31, 2020**
Cross-currency swap	350,991	1,483,935	779,146	251,676
Interest rate swap	153,236	282,821	62,865	151,507
U.S Treasury futures	1,763	134	628	1,364
Cross-currency forward contracts	6,393	42	319	295
	512,383	1,766,932	842,958	404,842

(In thousands of U.S. dollars)

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, 2021:				
Loans	2,296,334	-	38,643	18,377
Loans	-	112,936	2,083	1,692
Deposits	-	110,000	1,498	5,639
Borrowings from other financial institutions	-	590,809	-	26,298
Borrowings from other financial institutions	177,547	-	5,191	-
Bonds	-	16,143,345	347,410	745,517
Bonds	8,250,000	-	109,402	44,488
	10,723,881	16,957,090	504,227	842,011

	Notional amount		Fair value	
	Interest rate swap	Cross-currency swap	Derivative assets	Derivative Liabilities
As of December 31, 2020:				
Loans	1,875,442	-	-	150,365
Loans	-	(54,327)	1,447	574
Deposits	-	24,758	-	702
Borrowings from other financial institutions	-	482,794	28,036	-
Borrowings from other financial institutions	240,544	-	14,659	-
Bonds	-	15,146,956	1,454,452	250,400
Bonds	8,100,370	-	268,162	1,142
	10,216,356	15,600,181	1,766,756	403,183

(In thousands of U.S. dollars)

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

As of December 31, 2021

	Start date	Termination date	Contract Currency	Notional amount	Fair value Derivative assets
Forward contracts	Various	Until January 2022	Various	292,582	6,393
Futures short	Various	Until March 2022	Various	1,301,223	1,763

	Start date	Termination date	Contract Currency	Notional amount	Fair value Derivative liabilities
Futures long	Various	Until March 2022	Various	144,264	(226)
Futures short	Various	Until March 2022	USD	47,000	(402)
Futures contracts	Various	Until March 2022	Various	33,684	(319)

As of December 31, 2020

	Start date	Termination date	Contract Currency	Notional amount	Fair value Derivative assets
Forward contracts	Various	Until January 2021	Various	12,408	42
Futures long	Various	Until March 2021	USD	148,600	133
Futures short	12/2/2020	Until March 2021	EUR	1,967	1

	Start date	Termination date	Contract Currency	Notional amount	Fair value Derivative liabilities
Forward contracts	Various	Various	Various	31,940	(295)
Futures long	11/23/2020	Until March 2021	USD	800	(1)
Futures short	Various	Until March 2021	Various	1,372,396	(1,363)

The amounts of collateral posted related to U.S. treasury futures as of December 31, 2021 and 2020, was US$ 8,977 and US$ 5,947, respectively. As of December 31, 2021 and 2020, the amount of collateral received related to U.S. treasury futures was US$ 17 and US$ 0, respectively.

(In thousands of U.S. dollars)

CAF enters into International Swaps and Derivatives Association, Inc. (ISDA) master netting arrangements with substantially 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, 2021

Derivative assets

Description	Gross amounts of recognized assets	Gross amounts not offset in the balance sheet: Financial instruments	Gross amounts not offset in the balance sheet: Cash and securities collateral received	Net amount
Swaps	504,227	(329,443)	(148,756)	26,028

Derivative liabilities

Description	Gross amounts of recognized liabilities	Gross amounts not offset in the balance sheet: Financial instruments	Gross amounts not offset in the balance sheet: Cash and securities collateral pledged	Net amount
Swaps	(842,011)	329,443	636,655	124,087

As of December 31, 2020

Derivative assets

Description	Gross amounts of recognized assets	Gross amounts not offset in the balance sheet: Financial instruments	Gross amounts not offset in the balance sheet: Cash and securities collateral received	Net amount
Swaps	1,766,756	(331,499)	(1,443,467)	(8,210)

Derivative liabilities

Description	Gross amounts of recognized liabilities	Gross amounts not offset in the balance sheet: Financial instruments	Gross amounts not offset in the balance sheet: Cash and securities collateral pledged	Net amount
Swaps	(403,183)	331,499	1,489,086	1,417,402

19. 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:* Derivative financial instruments transactions contracted and designated by CAF as hedges of risks related to interest rates, currency rates or both, for transactions recorded as financial assets or liabilities are also presented at fair value. In those cases 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.

(In thousands of U.S. dollars)

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, 2021

	Level 1	Level 2	Level 3	Total
Assets:				
Marketable Securities:				
U.S. Treasury Notes	2,219,711	-	-	2,219,711
Non-U.S. governments and government entities bonds	418,413	137,817	-	556,230
Financial institutions and corporate securities:				
Commercial paper	-	3,861,129	-	3,861,129
Certificate of deposits	3,284,428	-	-	3,284,428
Bonds	1,941,602	-	-	1,941,602
Collateralized mortgage obligation	288,583	2,222	-	290,805
Liquidity funds	349,162	-	-	349,162
	5,863,775	3,863,351	-	9,727,126
Sub-total financial assets at fair value	8,501,899	4,001,168	-	12,503,067
Loans	-	2,389,651	-	2,389,651
Derivative instruments:				
Cross-currency swap	-	350,991	-	350,991
Interest rate swap	-	153,236	-	153,236
U.S Treasury futures	-	1,763	-	1,763
Cross-currency forward contracts	-	6,393	-	6,393
	-	512,383	-	512,383
Total financial assets at fair value	8,501,899	6,903,202	-	15,405,101
Liabilities:				
Deposits	-	106,119	-	106,119
Borrowings from other financial institutions	-	740,028	-	740,028
Bonds	-	24,074,774	-	24,074,774
Derivative instruments:				
Cross-currency swap	-	779,146	-	779,146
Interest rate swap	-	62,865	-	62,865
U.S Treasury futures	-	628	-	628
Cross-currency forward contracts	-	319	-	319
	-	842,958	-	842,958
Total financial liabilities at fair value	-	25,763,879	-	25,763,879

(In thousands of U.S. dollars)

As of December 31, 2020

	Level 1	Level 2	Level 3	Total
Assets:				
Marketable Securities:				
U.S. Treasury Notes	2,038,158	110	-	2,038,268
Non-U.S. governments and government entities bonds	152,550	34,896	-	187,446
Financial institutions and corporate securities:				
Commercial paper	-	2,895,110	-	2,895,110
Certificate of deposits	2,912,973	-	-	2,912,973
Bonds	2,242,321	-	-	2,242,321
Collateralized mortgage obligation	272,028	14,926	-	286,954
Liquidity funds	398,775	-	-	398,775
	5,826,097	2,910,036	-	8,736,133
Sub-total financial assets at fair value	8,016,805	2,945,042	-	10,961,847
Loans	-	2,088,750	-	2,088,750
Derivative instruments:				
Cross-currency swap	-	1,483,935	-	1,483,935
Interest rate swap	-	282,821	-	282,821
U.S Treasury futures	-	134	-	134
Cross-currency forward contracts	-	42	-	42
	-	1,766,932	-	1,766,932
Total financial assets at fair value	8,016,805	6,800,724	-	14,817,529
Liabilities:				
Deposits	-	24,101	-	24,101
Borrowings from other financial institutions	-	792,217	-	792,217
Bonds	-	24,706,736	-	24,706,736
Derivative instruments:				
Cross-currency swap	-	251,676	-	251,676
Interest rate swap	-	151,507	-	151,507
U.S Treasury futures	-	1,364	-	1,364
Cross-currency forward contracts	-	295	-	295
	-	404,842	-	404,842
Total financial liabilities at fair value	-	25,927,896	-	25,927,896

(In thousands of U.S. dollars)

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:

		December 31, 2021		December 31, 2020	
	Hierarchy Levels	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Financial assets:					
Cash and due from banks	1	112,047	112,047	123,204	123,204
Deposits with banks	1	3,210,216	3,210,216	2,825,086	2,825,086
Other investments	1	292,392	292,392	811,205	811,205
Loans, net	2	26,976,260	26,949,431	25,800,091	25,770,013
Accrued interest and commissions receivable	2	357,836	357,836	386,625	386,625
Derivate related collateral	1	645,632	645,632	1,495,033	1,495,033
Receivable from investment securities sold	1	4,017	4,017	6,025	6,025
Financial liabilities:					
Deposits	2	3,896,507	3,896,507	3,313,473	3,313,473
Commercial paper	2	2,813,646	2,813,646	1,598,696	1,598,696
Borrowings from other financial institutions, net	2	1,032,143	1,014,964	880,084	861,770
Bonds, net	2	185,763	176,035	175,683	168,566
Accrued interest payable	2	288,233	288,233	308,986	308,986
Derivate related collateral	1	148,773	148,773	1,443,467	1,443,467
Payable for investment securities purchased	1	17,437	17,437	14,960	14,960

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

- *Cash and due from banks, deposits with banks, other investments, accrued interest and commissions receivable, deposits, commercial paper, accrued interest payable, derivate-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.

- *Loans:* CAF is one of the few institutions that grant loans for development projects in the stockholder 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.

(In thousands of U.S. dollars)

- *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 2021 and 2020, the carrying amount of those investments amounted to US$ 113,036 and US$ 114,152, respectively. In addition, as of December 31, 2021 and 2020, investments in funds without a readily determinable fair value, with carrying amount of US$ 267,131 and US$ 264,731, respectively, and the net effects of impairment and the changes in observable prices for the years ended December 31, 2021 and 2020 amounted to US$ 26,631 and US$ (24,699), 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.

20. LOSSES ON CHANGES IN FAIR VALUE RELATED TO FINANCIAL INSTRUMENTS

The losses on changes in fair value of marketable securities - trading, cross-currency swaps and financial liabilities carried at fair value under the fair value option are as follows:

	Year ended December 31, 2021		
	Gain (loss) on derivatives	**Gain (loss) on hedged item**	**Net Gain (loss)**
Cross-currency swaps:			
Bonds	(1,602,158)	1,575,875	(26,283)
Deposits	(3,438)	3,224	(214)
Loans	(482)	(7,970)	(8,452)
Borrowings from other financial institutions	(54,335)	87,737	33,402
	(1,660,413)	1,658,866	(1,547)

(In thousands of U.S. dollars)

	Year ended December 31, 2020		
	Gain (loss) on derivatives	Gain (loss) on hedged item	Net Gain (loss)
Cross-currency swaps:			
Bonds	1,532,469	(1,517,516)	14,953
Deposits	(1,724)	2,251	527
Loans	778	8,628	9,406
Borrowings from other financial institutions	29,617	(54,743)	(25,126)
	1,561,140	(1,561,380)	(240)

In addition, for the years ended December 31, 2021 and 2020, CAF recorded net losses of US$ 1,841 and US$ 1,849, 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.

21. COMMITMENTS AND CONTINGENCIES

Commitments and contingencies include the following:

	December 31, 2021	December 31, 2020
Loan commitments subscribed – eligible	6,477,638	6,324,230
Lines of credit	3,328,384	3,253,540
Loan commitments subscribed – non eligible	1,561,726	1,656,000
Guarantees	129,804	130,556
Equity investments agreements subscribed	79,769	85,399

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.

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.

(In thousands of U.S. dollars)

Guarantees mature as follows:

	December 31, 2021	**December 31, 2020**
Less than one year	6,338	6,336
Between one and five years	62,649	62,649
Over five years	60,817	61,571
	129,804	130,556

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.

22. 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 stockholders' special funds, created to promote technical and financial cooperation, sustainable human development, and management of poverty relief funds in stockholder countries.

The stockholders' 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 stockholders' 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 Stockholders' Assembly of CAF approves a maximum amount to be contributed to stockholders' special funds during the fiscal year and to recognize these contributions as expenses. The Executive President by delegation of the Stockholders' Assembly of CAF may authorize, up to the maximum approved amount, the amounts that will be contributed during the current period, based on the analysis of the new commitments contracted or the resources required by the stockholders' special funds.

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

In March 2021, the Stockholders' Assembly of CAF approved the contribution up to a maximum amount of US$ 30,000 to Technical Cooperation Fund (FCT) for 2021. Subsequently, for the year ended December 31, 2021, based on the analysis of the new commitments contracted or the resources required by the stockholders' special funds, CAF recognized US$ 30,000 as an expense and, as of December 31, 2021 recognized an unconditional obligation (accounts payable) for US$ 12,467 which was paid in January 2022.

(In thousands of U.S. dollars)

In March 2020, the Stockholders' Assembly of CAF approved the contribution up to a maximum amount of US$ 135,000 to some stockholders' special funds for 2020. Subsequently, for the year ended December 31, 2020, the Executive President directly or by delegation, based on the analysis of the new commitments contracted or the resources required by the stockholders´ special funds, authorized the contributions of US$ 100,000 and US$ 35,000 to Compensatory Financial Fund (FFC) and Technical Cooperation Fund (FCT), respectively. For the year ended December 31, 2020, CAF recognized US$ 72,015 as an expense and, at December 31, 2020 recognized an unconditional obligation (accounts payable) for US$ 55,090 which was paid in January 2021.

As of December 31, 2021 and 2020, managed funds assets are US$ 442,315 and US$ 494,932, respectively. The balances of these funds are as follows:

	December 31, 2021	December 31, 2020
FFC[1]	192,250	259,723
FCT	93,862	75,325
Fund for the Development of Small and Medium Enterprises (FIDE)	63,130	60,357
Human Development Fund (FONDESHU)	4,439	5,369
Others non related with stockholders' special funds	88,634	94,158
	442,315	494,932

[1] FFC was created by CAF's stockholders 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, 2021 and 2020, FFC compensated interest amounting to US$ 67,077 and US$ 88,526, respectively, which amounts are included in interest income – loans in the statements of comprehensive income.

23. 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.

(In thousands of U.S. dollars)

For years ended December 31, 2021 and 2020, loans made to or guaranteed by five countries individually generated in excess, of 10% of interest income on loans, as follows:

	2021	2020
Ecuador	86,239	120,745
Argentina	85,082	121,464
Colombia	84,085	102,175
Venezuela	68,295	110,432
Bolivia	64,578	90,369
	388,279	545,185

24. SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 14, 2022, 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 2022, CAF repurchased a total of 2,069 shares from Venezuela, totaling US$ 29.4 million.

- On January 19, 2022, CAF priced CHF 350 million, 0.45% green bonds due 2027, under its EMTN program. The transaction is expected to settle on February 24, 2022.

- On February 04, 2022, CAF issued bonds for UIU 2.0 million, equivalent to US$ 231 thousand, 3.61% due 2039, under its Uruguay Local Debt Programme.

- On February 8, 2022, CAF issued bonds for US$ 650 million, 2.25% due 2027, under its US SHELF.

- On February 09, 2022, CAF issued bonds for JPY 7.200 million, equivalent to US$ 62.9 million, 0.60% due 2032, under its Japan Shelf.

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