



# Investor Presentation

September 2019

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# CAF Overview

# The Development Bank of Latin America

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- CAF is a [Supranational](#) financial institution owned by Latin American countries
- 50 years financing [sustainable development and regional integration](#)
- Leading development bank in financing [infrastructure and energy](#) projects in Latin America
- Enjoys [Preferred Creditor Treatment](#) in its shareholder countries
- Rated [Aa3/A+/AA-](#) by Moody's, S&P and Fitch

# Broad Shareholder Base

From five shareholder countries at inception to its current nineteen

1970



2019



Full Member Countries		Other Shareholders	
Peru	17.7%	Spain	4.4%
Colombia	17.6%	Mexico	1.5%
Venezuela	16.2%	Dominican Republic	0.9%
Argentina	9.6%	Chile	0.5%
Brazil	8.6%	Barbados	0.3%
Ecuador	5.3%	Costa Rica	0.3%
Bolivia	5.3%	Portugal	0.2%
Uruguay	3.1%	Jamaica	0.02%
Paraguay	3.1%	Commercial Banks	0.05%
Panama	2.9%		
Trinidad & Tobago	2.3%		

Figures as of June 30, 2019



# Preferred Creditor Treatment

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The Constitutive Agreement is an International Treaty that grants several privileges and immunities

Art. 47: "...assets of the Corporation, wherever they may be, shall enjoy [immunity from expropriations](#), ... or executive measures carried out by any of the Contracting States."

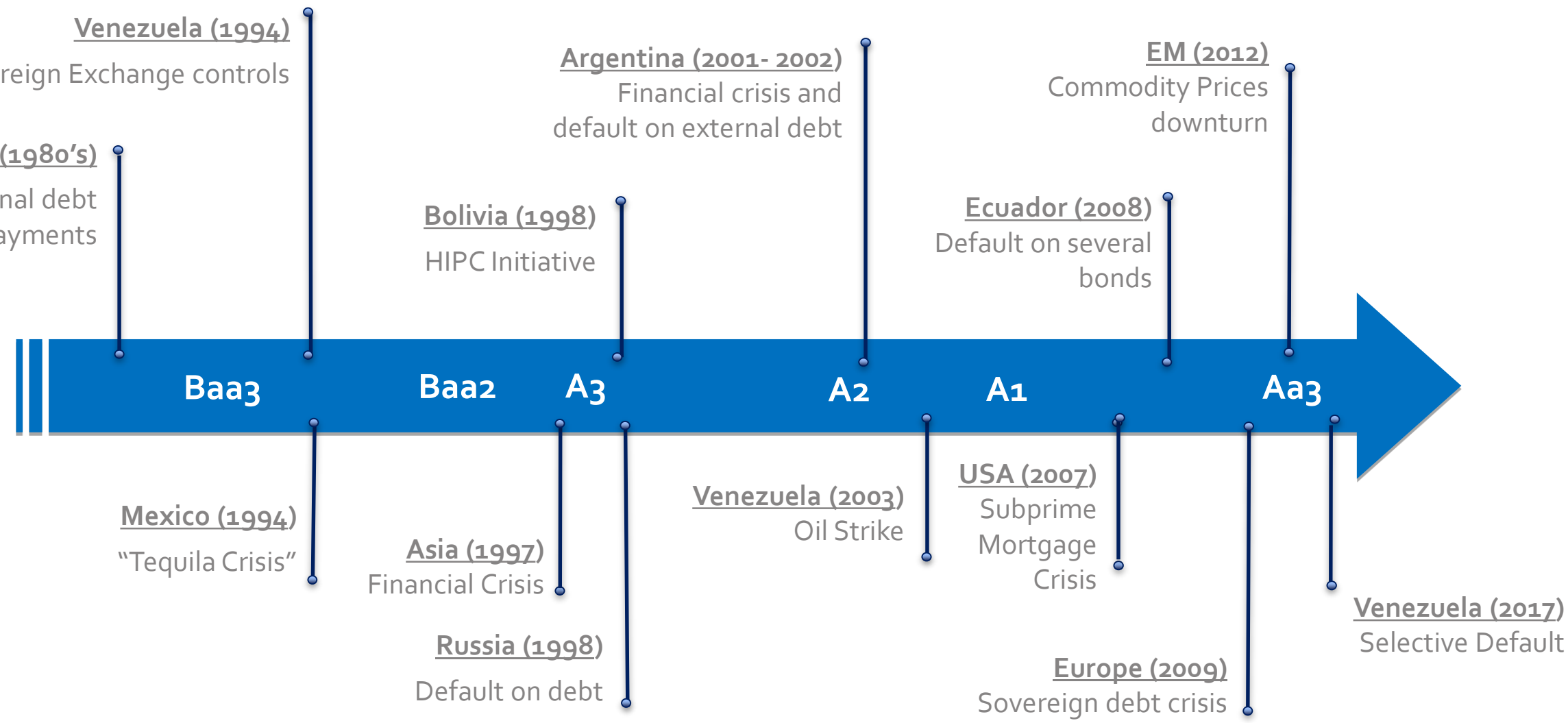
Art. 48: "The assets of any kind owned by the Corporation may be [freely transferred and converted](#)."

Art. 50: "...assets of the Institution are [exempt from all kinds of restrictions, regulations and control and moratorium measures](#)."

Art. 52: "The Corporation is [exempt from all kinds of tax encumbrances](#)..."

# Proven Preferred Creditor Treatment

CAF's  
Rating(\*)



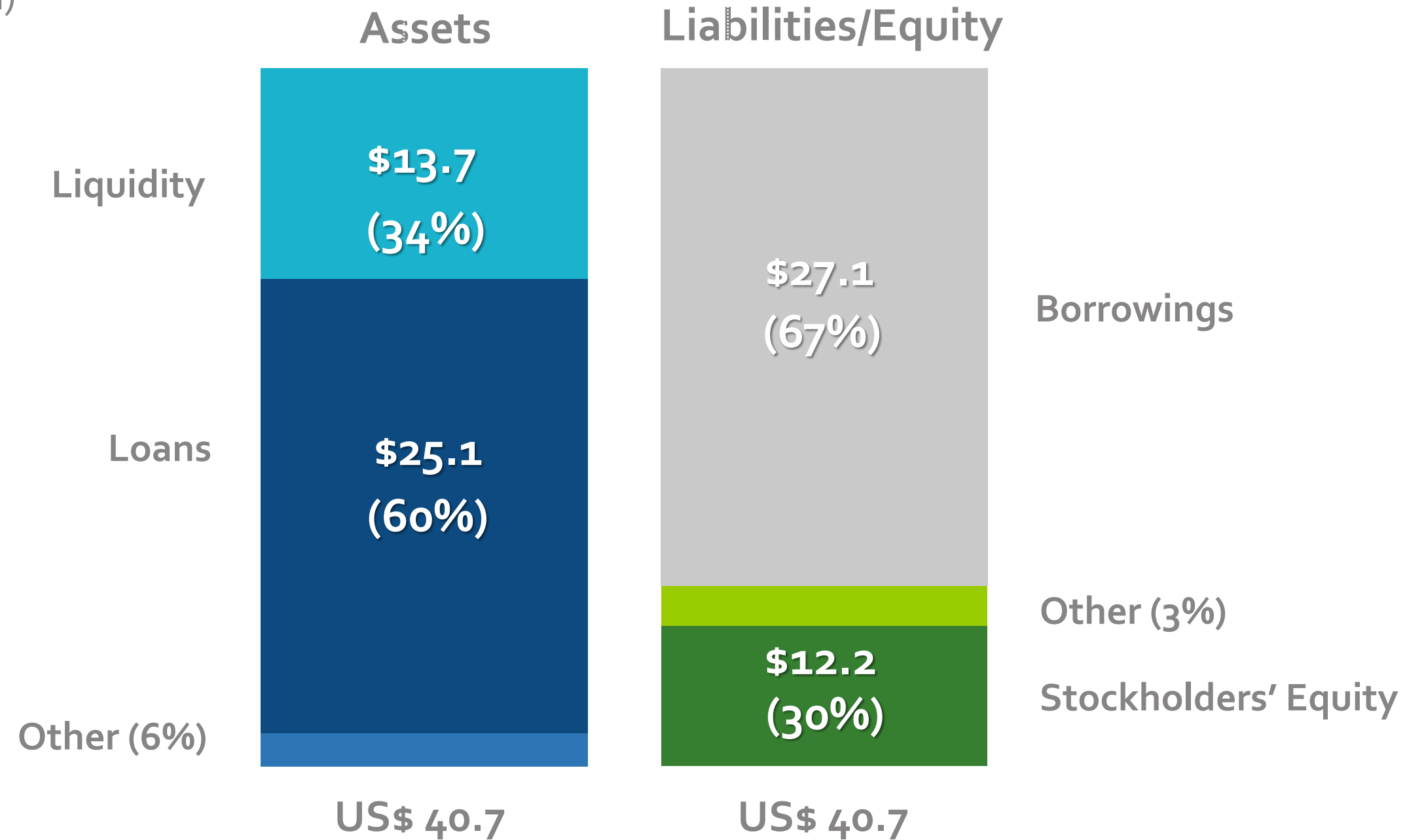
(\*) Assigned by Moody's

# Financial Highlights



# Strong & Liquid Balance Sheet

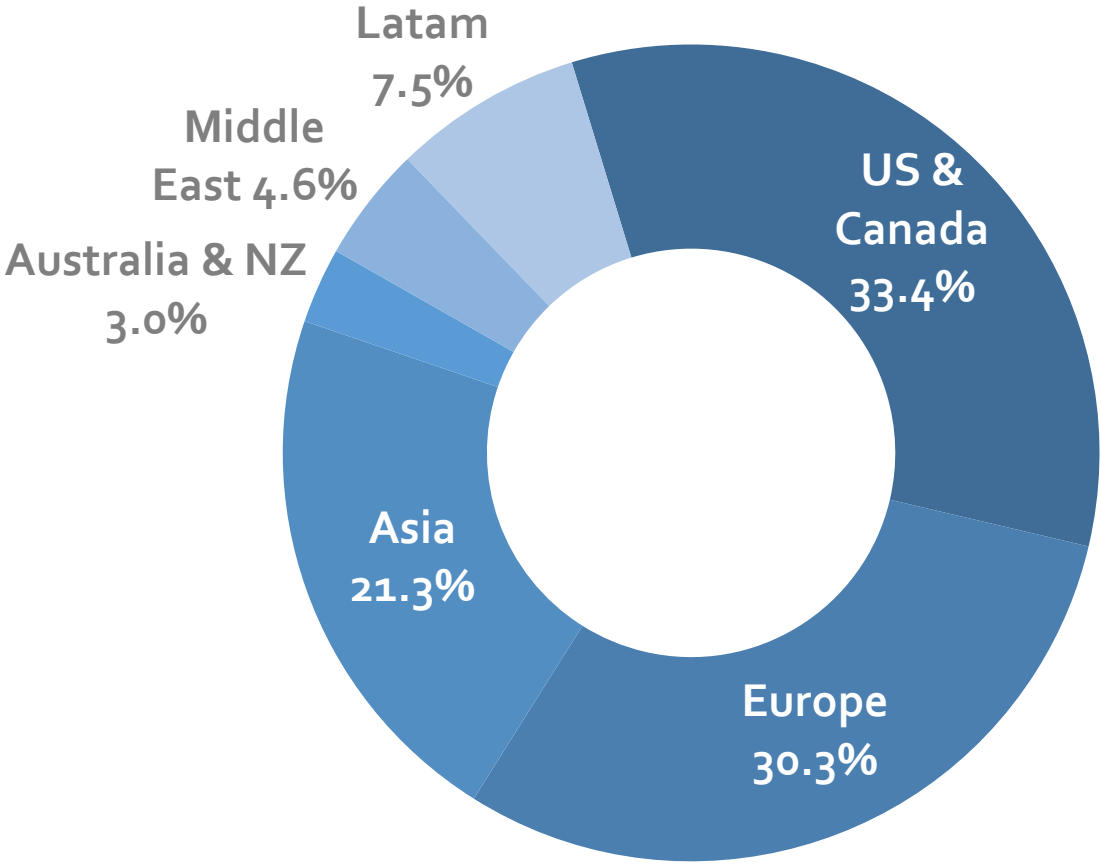
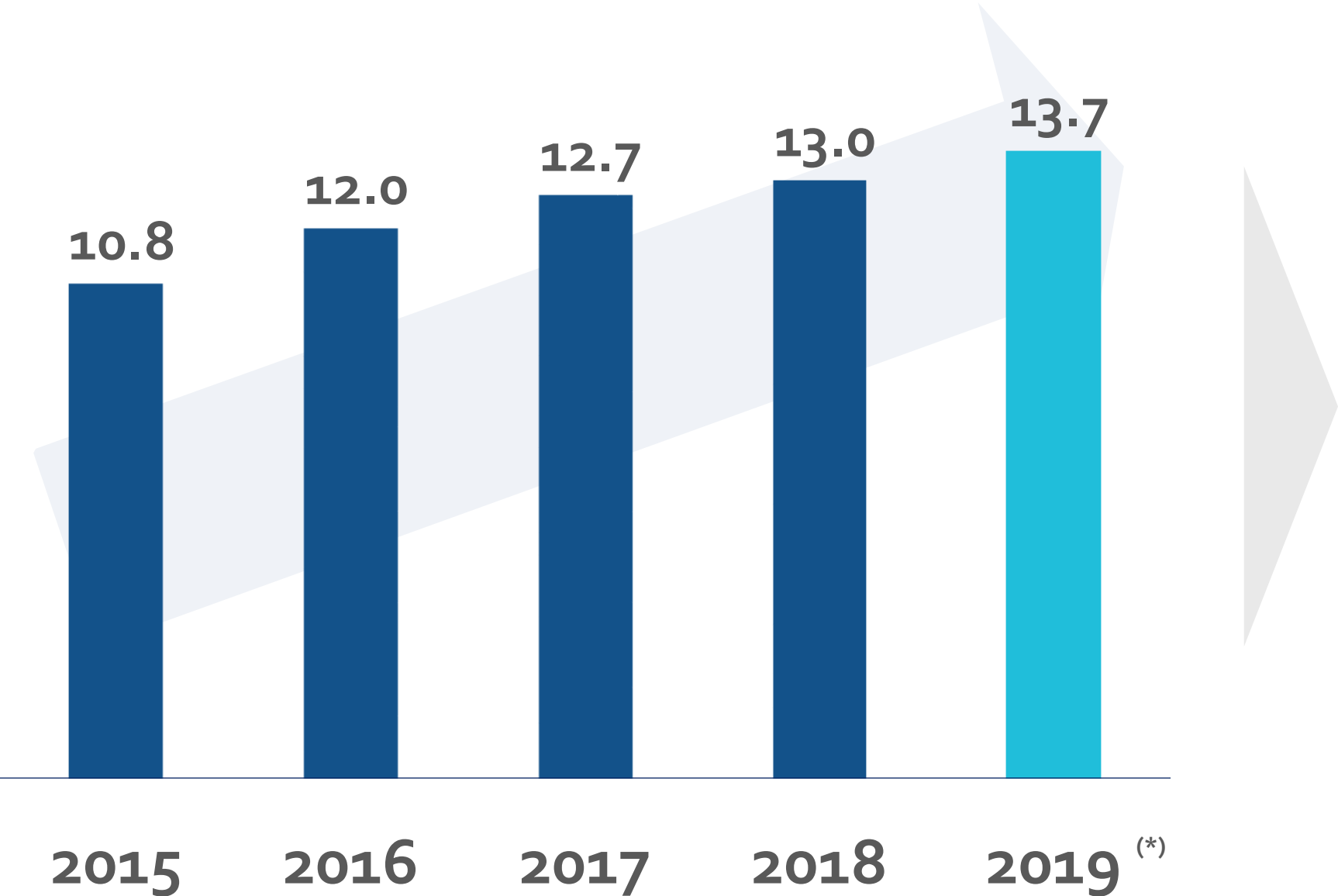
(USD billion)



Figures as of June 30, 2019

# Short-term and High-rated Liquidity Portfolio

(USD billion)

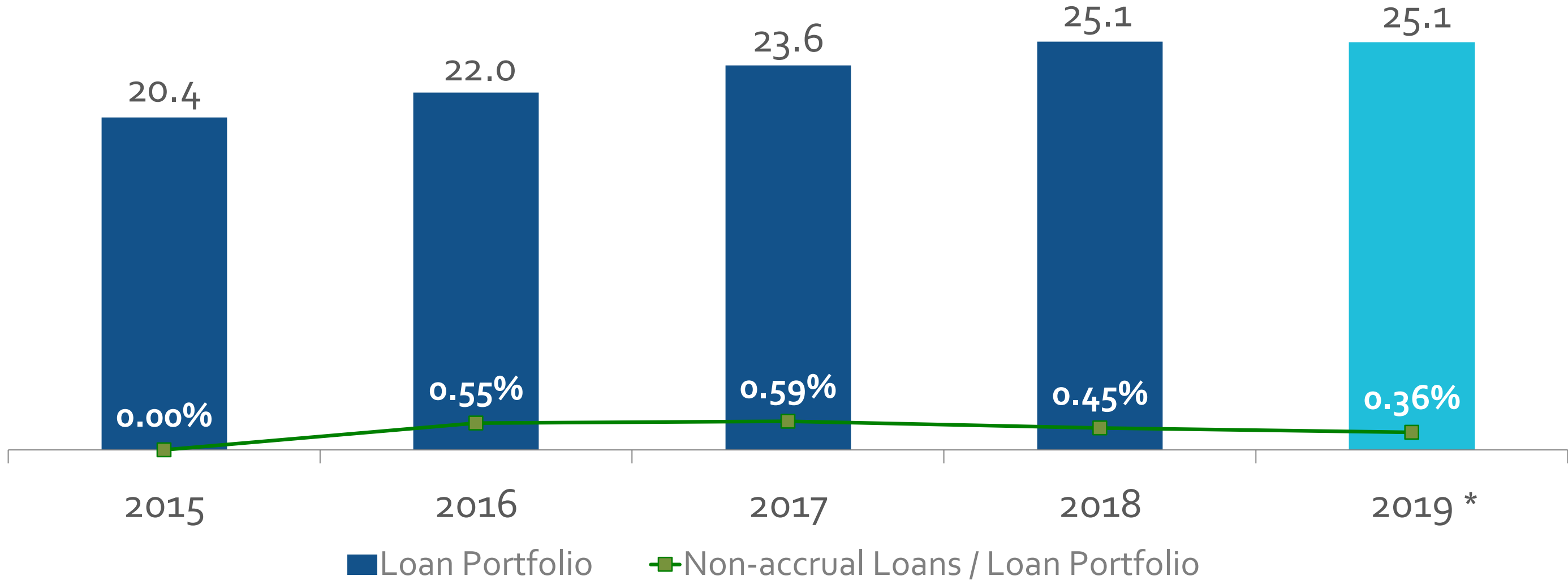


- 91.9% of liquid assets are rated A- or above with an overall AA average
- Maximum duration allowed: 1.5 years  
Present duration: 0.4 years

Figures as of December 31 of each year  
(\* As of June 30, 2019)

# Consistent Growth and High Quality Loan Portfolio

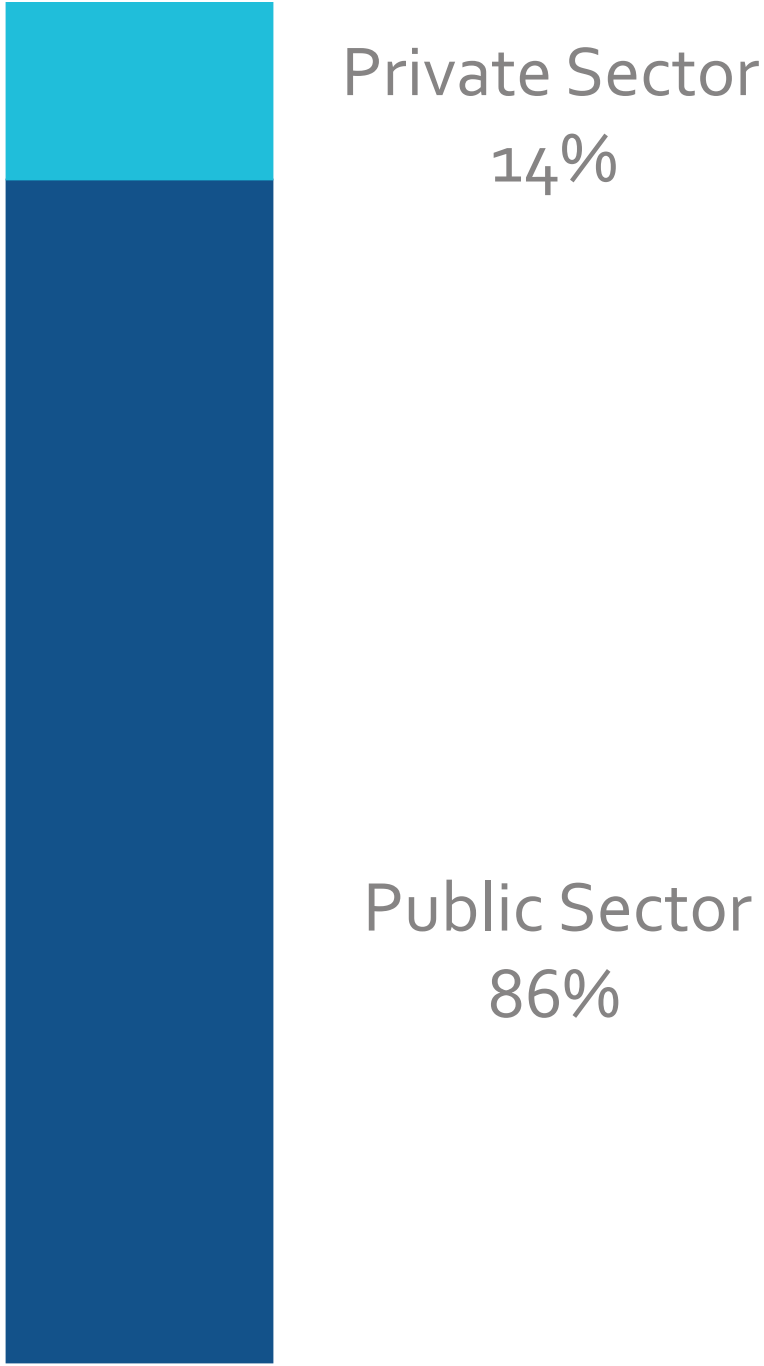
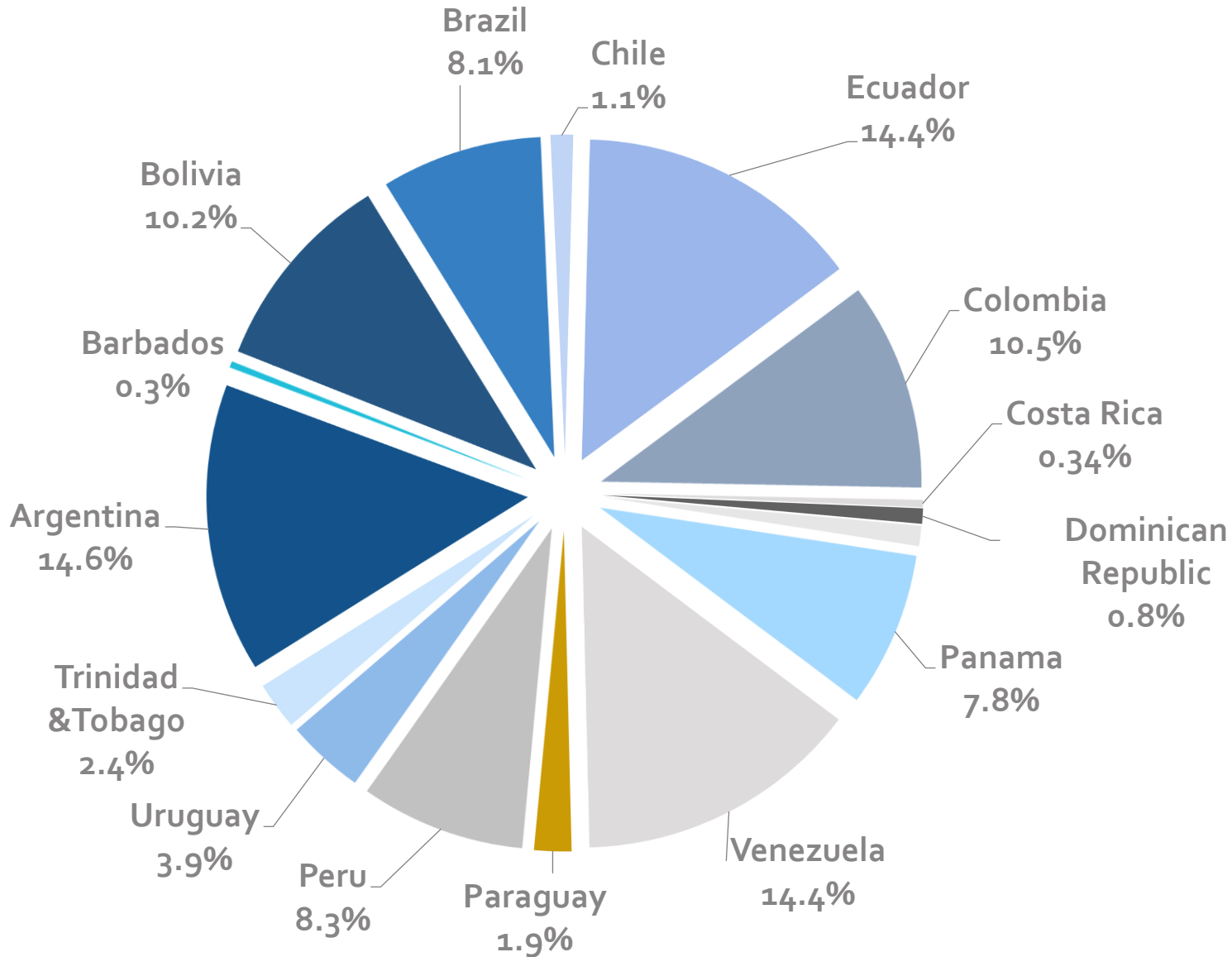
(USD billion)



Compound annual growth rate (2015-2018): 5.3%

# Diversified Loan Portfolio

By Country & Sector



# Diversified Loan Portfolio

By Industries

39%  
Infrastructure



- Transport (road, railway, aerial, maritime)
- Urban mobility
- Telecommunications
- Logistics

23%  
Energy



- Power generation (hydroelectric, thermal, wind, solar)
- Transmission and distribution

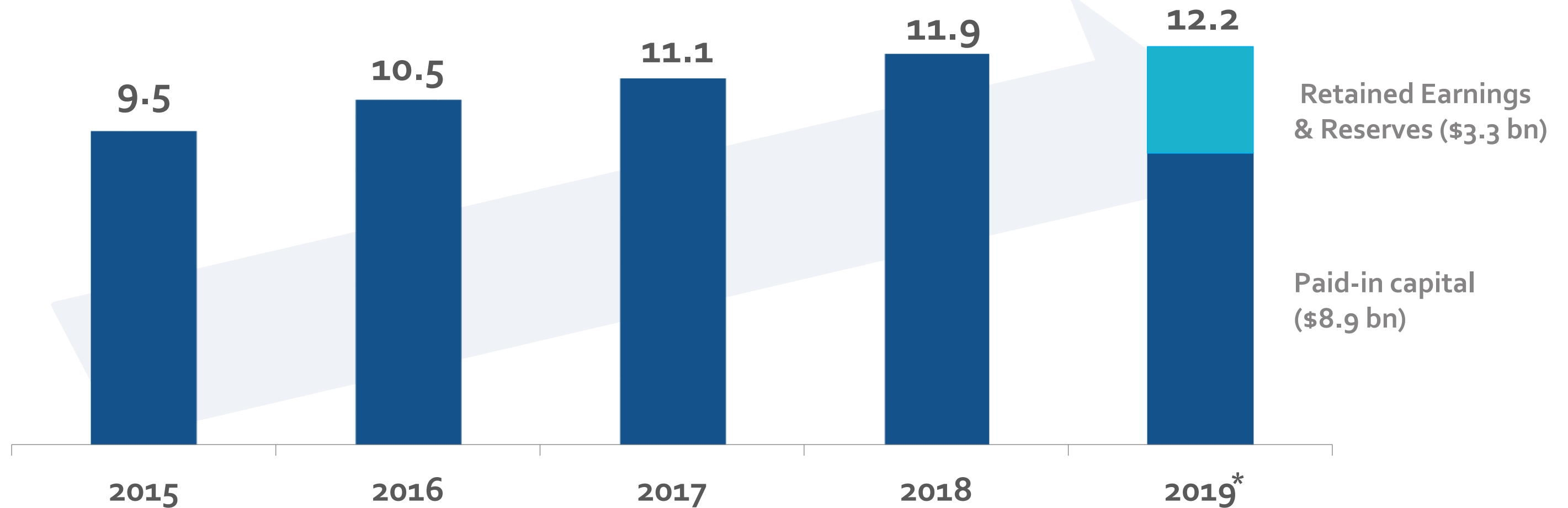
9%  
Social Development



- Water and sanitation
- Urban development
- Education
- Health
- Child nutrition







# Strong Capital Base

(USD billion)



- Last approved paid-in capital increase of \$4.5 bn, payments through 2017 - 2024
- Callable capital amounts to USD1.6 bn

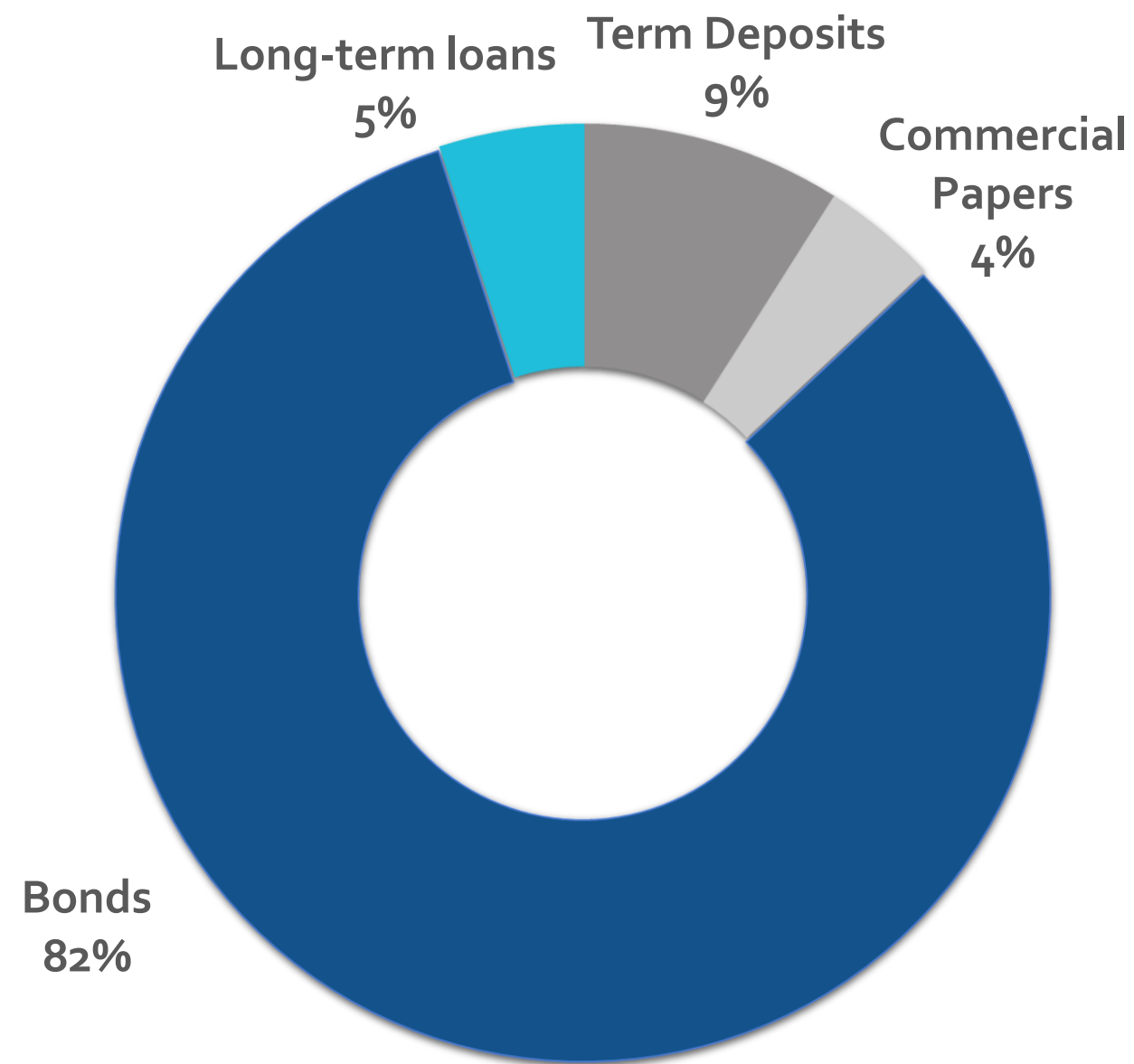
# CAF vs AAA Rated Multilateral Institutions

Multilateral Financial Institution	CAF's Ranking						
<b>Ratings (Fitch/Moody's/S&amp;P)</b>		AA-/Aa3/A+	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA
<b>Equity / Assets (%)</b>	<b>1<sup>st</sup></b>	29	26	22	28	29	10
<b>Liquidity / Total Assets (%)</b>	<b>3<sup>rd</sup></b>	33	27	39	18	45	18
<b>Largest Exposure /Total Portfolio (%)</b>	<b>2<sup>nd</sup></b>	14	17	20	16	22	9
<b>Admin. Expenses / Average Equity(%)</b>	<b>1<sup>st</sup></b>	1.4	2.5	2.5	1.7	2.7	5.6

# Funding Strategy



# Composition of Financial Liabilities



CAF's debt maturity profile is in line with the average life of its assets

# Strategy in the Debt Capital Markets

## Cost optimization

- Generate various reference points in curves to facilitate price discovery

## Investor diversification

- Develop various debt capital market programs in strategic markets
- Issuance of thematic bonds

## Asset / Liability duration match

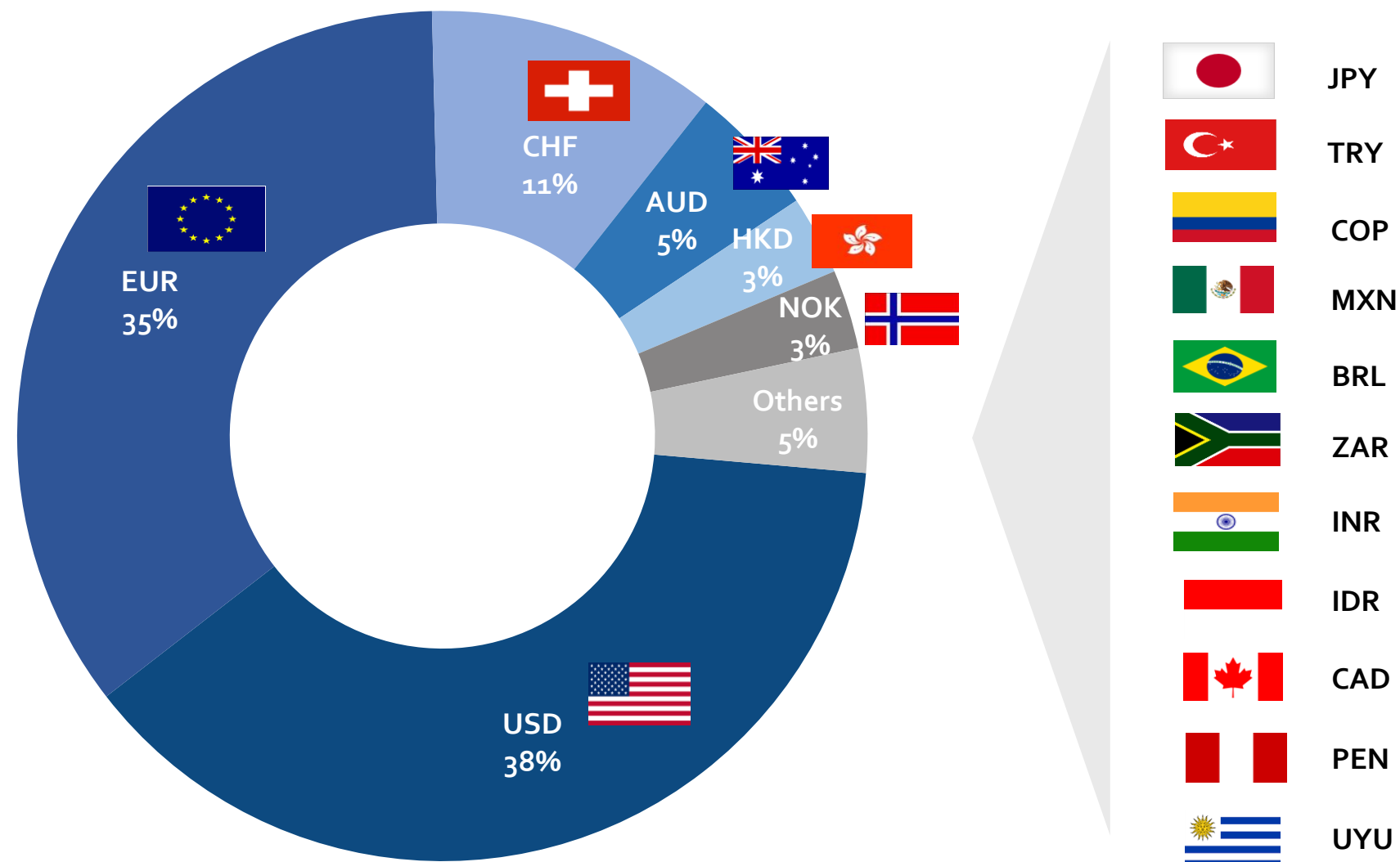
- Use of private placements to modify the average durations of liabilities

## Liquidity

- Benchmark size issues
- Coordination with underwriters and dealers for continuous posting in secondary market

# Active in Debt Capital Markets

Bond distribution by currency



Outstanding bonds for USD 24.3 bn in 17 different currencies

# Recent Benchmark Issues



## EUR 750 mm – 5 year

Coupon: 0.6250%

Issued: January 30, 2019

Maturity: January 30, 2024

ISIN: XS1943474483

- CAF achieved its sixth reference point in its Euro curve
- Distribution by investor type:
  - Central Banks and OI's: 37%
  - Asset Managers: 28%
  - Insurance Companies: 21%
  - Commercial Banks: 14%



## USD 1.25 bn – 3 year

Coupon: 3.25%

Issued: February 11, 2019

Maturity: February 11, 2022

CUSIP: 219868CBo

- Oversubscribed order book totaling USD 1.7 billion
- Main investors were central banks and official institutions
- Distribution by geographical location:
  - Europe: 56%
  - Americas: 26%
  - Africa, Middle East and Asia: 18%

# Private Placements

Satisfying investor needs:

- Maturities ranging from 2 – 30 years
- Quick execution time
- Wide variety of currencies
- Different interest rate structure

August 26, 2019  
UYU 1,813,5 MM



CAF 10.4% 2024  
Private Placement

July 23, 2019  
UYU 1,752 MM




CAF 10.4% 2024  
Private Placement

June 28, 2019  
USD 140 MM



CAF 2.97% 2029  
Private Placement

May 15, 2019  
EUR 40 MM



CAF 0.17% 2023  
Private Placement

May 3, 2019  
MXN 965 MM



CAF 9.60% 2039  
Private Placement

April 5, 2019  
COP 609,500 MM




CAF 6.77% 2028  
Private Placement

October 29, 2018  
USD 400 MM



CAF 3.345% 2021  
Private Placement

October 26, 2018  
USD 525 MM



CAF Libor3M+0.28% 2020  
Private Placement






September 14, 2018  
PEN 177 MM



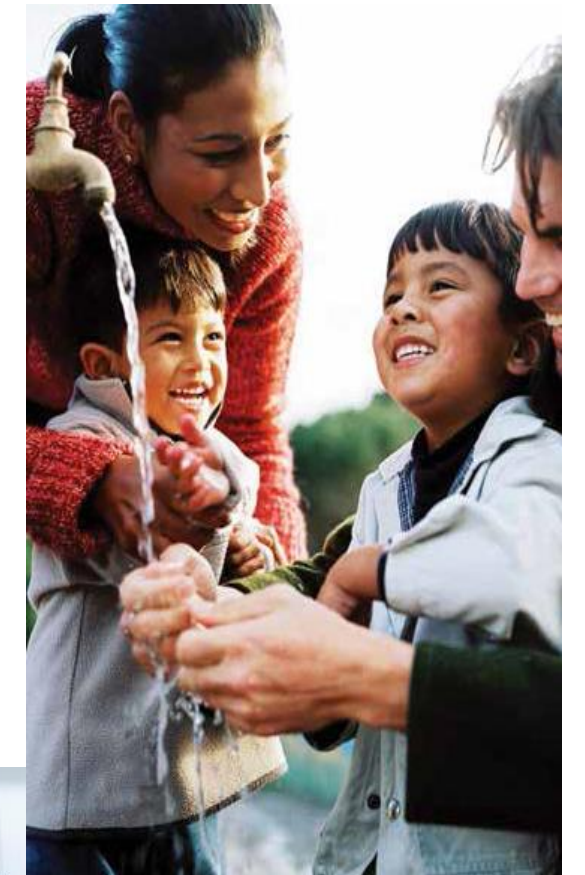
CAF 4.44% 2021  
Private Placement

# Thematic Bonds

- Thematic bonds offer investors the opportunity to finance CAF's key initiatives such as **education projects and water programs**
- CAF has issued approximately USD 350 million in thematic bonds\* since 2016

	Water Bonds			Edu. Bonds
Issuer:	 CAF 	CAF 	CAF 	CAF 
Ratings:	AA-/Aa3/A+	AA-/Aa3/A+	AA-/Aa3/A+	AA-/Aa3/A+
Theme:	Water	Water	Water	Education
Format:	Urisdashi	Samurai	Urisdashi	Private Placement
Size:	ZAR 590 MM / TRY 192 MM	JPY 4,500 MM	BRL 220,2 MM	USD 140 MM
Settlement:	22-jan-16	12-apr-16	24-jan-17	28-jun-19
Maturity:	22-jan-20	12-apr-26	09-jan-20	28-jun-29
Coupon:	9,0% / 10,73%	0,45%	8,10%	2,97%

\* These thematic bonds do not include green bonds



# Other Sources of Funding and Cooperation



## Credit Facilities

- Agence Française de Développement (AfD)
- European Investment Bank (EIB)
- China Development Bank (CDB)
- India Exim Bank
- JBIC
- KfW Bankengruppe
- Korea Exim Bank
- Nordic Investment Bank (NIB)
- SEK – Sweden
- Cassa Depositi e Prestiti (CdP)



## Technical Assistance

- Agence Française de Développement
- BMZ – KfW
- Caixa do Brasil
- European Commission – LAIF
- FASEP France
- OFID Fund
- Agencia Española de Cooperación Internacional (AECID)
- CdP
- USTDA
- United Kingdom



## Green Funds

- Green Climate Fund (GCF)
- Global Environmental Fund (GEF)
- Geothermal Fund KfW
- Adaptation Fund



# Green Bond Program



# Sustainability Strategy

- CAF promotes sustainable development within the region by addressing financial flows to green and social projects
- Supporting the **Nationally Determined Contributions (NDC's)** undertaken by member countries in the context of the **Paris Climate agreement**
- CAF has adopted the **UN Sustainable Development Goals (SDG)** as its own, with the conviction that Latin American countries can achieve a more inclusive, low carbon and resilient economy
- CAF is accredited as an **implementing agency by United Nations Funds** to mobilize resources to green projects from the following funds:



*(accredited since July 2015)*



ADAPTATION FUND

*(accredited since March 2014)*



*(accredited since April 2015)*

## Sustainability Report 2017-2018



# Green Bond Program

- In 2018, CAF created its Green Bond Program. Since then, it has issued approximately USD 130 million in green bonds
- The framework follows the Green Bond Principles (GBP) and has a Second-Party opinion from **Sustainalytics** (May 2019)



- For more information please visit:

<http://www.caf.com/en/investors/>

## Recent Green Bond program issuances:

**November 15, 2018**  
**USD 50 MM**



CAF 3.73% 2023  
Private Placement

**August 14, 2018**  
**USD 30 MM**



CAF 3.385% 2023  
Private Placement

**May 25, 2018**  
**COP 150 Bn / USD 52 MM**



CAF 6.75% 2028  
Private Placement



# Green Bond Framework

- CAF's Green Bond program contributes to address climate change mitigation and adaptation challenges, focusing on the mobilization of financial resources in order to tackle related sustainable goals
- CAF's Green Bond Framework rests on the values of transparency, disclosure and reporting. Its four core components include:
  1. Use of Proceeds
  2. Process for Evaluation and Selection
  3. Management of Proceeds
  4. Reporting



# Use of Proceeds

- Proceeds will go to a selected pool of projects that promote the transition to low-carbon and climate resilient economies while encouraging the efficient use of resources

Eligible Green Project Categories	Eligibility criteria
<b>Renewable energy</b>	Financing the generation, distribution and/or transmission of energy from renewable energy sources as well as renewable energy related appliances and products from: <ul style="list-style-type: none"> <li>- Onshore and offshore wind energy</li> <li>- Solar energy</li> <li>- Small scale hydro energy (maximum of 20 MW in installed capacity)</li> <li>- Biomass (that do not deplete existing terrestrial carbon pools, does not compete with food production, not grown now or currently in areas of high biodiversity and in which facilities produce GHG emissions that are below 100gCO<sub>2</sub>e/kWh)</li> <li>- Ocean power (wave, tidal, ocean currents, salt gradient)</li> <li>- Measures to facilitate integration of renewable energy into grids (New, expanded and improved transmission systems and smart-grid)</li> </ul>
<b>Clean transportation</b>	Financing the acquisition, maintenance of: <ul style="list-style-type: none"> <li>- Public low carbon land transport such as electric rail, metros, trams</li> <li>- Low carbon vehicles such as electric, non-motorized or any other non-fossil fuel transportation</li> <li>- Infrastructure for clean energy vehicles and reduction of harmful emissions (e.g. charging infrastructure upgrades)</li> </ul>

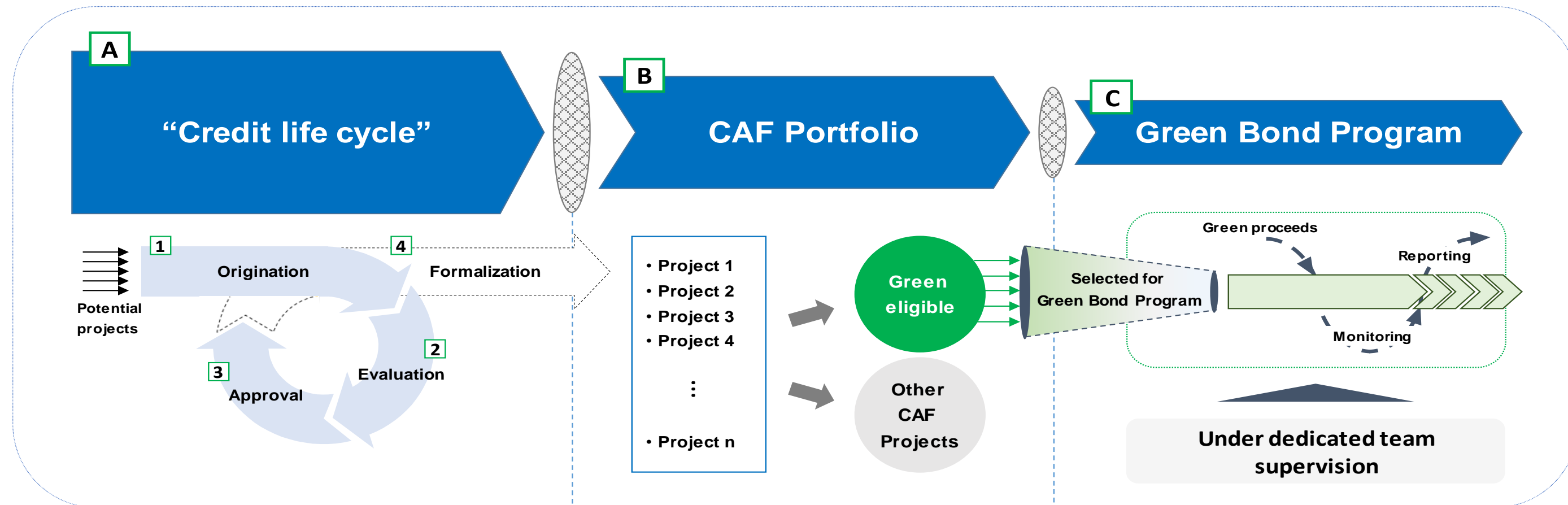


# Use of Proceeds

Eligible Green Project Categories	Eligibility criteria
<b>Sustainable management of living natural resources and land use</b>	Financing sustainable development of living resources and land use through projects such as: <ul style="list-style-type: none"> <li>- Sustainable forestry (e.g afforestation or reforestation projects, preservation or restoration of natural landscapes) which are certified: Forest Stewardship Council, Programme for the Endorsement of Forest Certification, Rainforest Alliance, etc.</li> <li>- Sustainable agriculture (e.g certified organic farming) which are certified: UTZ certified, Roundtable on Sustainable Biomaterials, the Intercultural Federation of Organic Agriculture Movements, etc.</li> <li>- Sustainable fishery and aquaculture which are certified : Aquaculture Stewardship Council, Marine Stewardship Council, etc.</li> </ul>
<b>Waste management</b>	Financing sustainable equipment, development, manufacturing, construction, operation and maintenance of: <ul style="list-style-type: none"> <li>- Waste-to-energy projects (does not include incineration) Feedstock will include: Sewage, manure, wastewater, landfill gas capture, sugar cane bagasse, wood pellets and municipal waste.</li> <li>- Waste collection, recycling and management projects that recover or reuse materials and waste as inputs into new products or as a resource (only if net emission reductions can be demonstrated)</li> </ul>
<b>Water management</b>	Financing sustainable equipment, development, manufacturing, construction, operation and maintenance of: <ul style="list-style-type: none"> <li>- Clean and/or drinking water</li> <li>- Wastewater treatment</li> <li>- Sustainable urban drainage systems</li> <li>- Flood and drought protection</li> </ul>
<b>Energy efficiency</b>	Financing construction, equipment and maintenance of energy efficiency operations: <ul style="list-style-type: none"> <li>- Smart meters, Smart grids and upgraded equipment (e.g. LED lighting)</li> </ul>

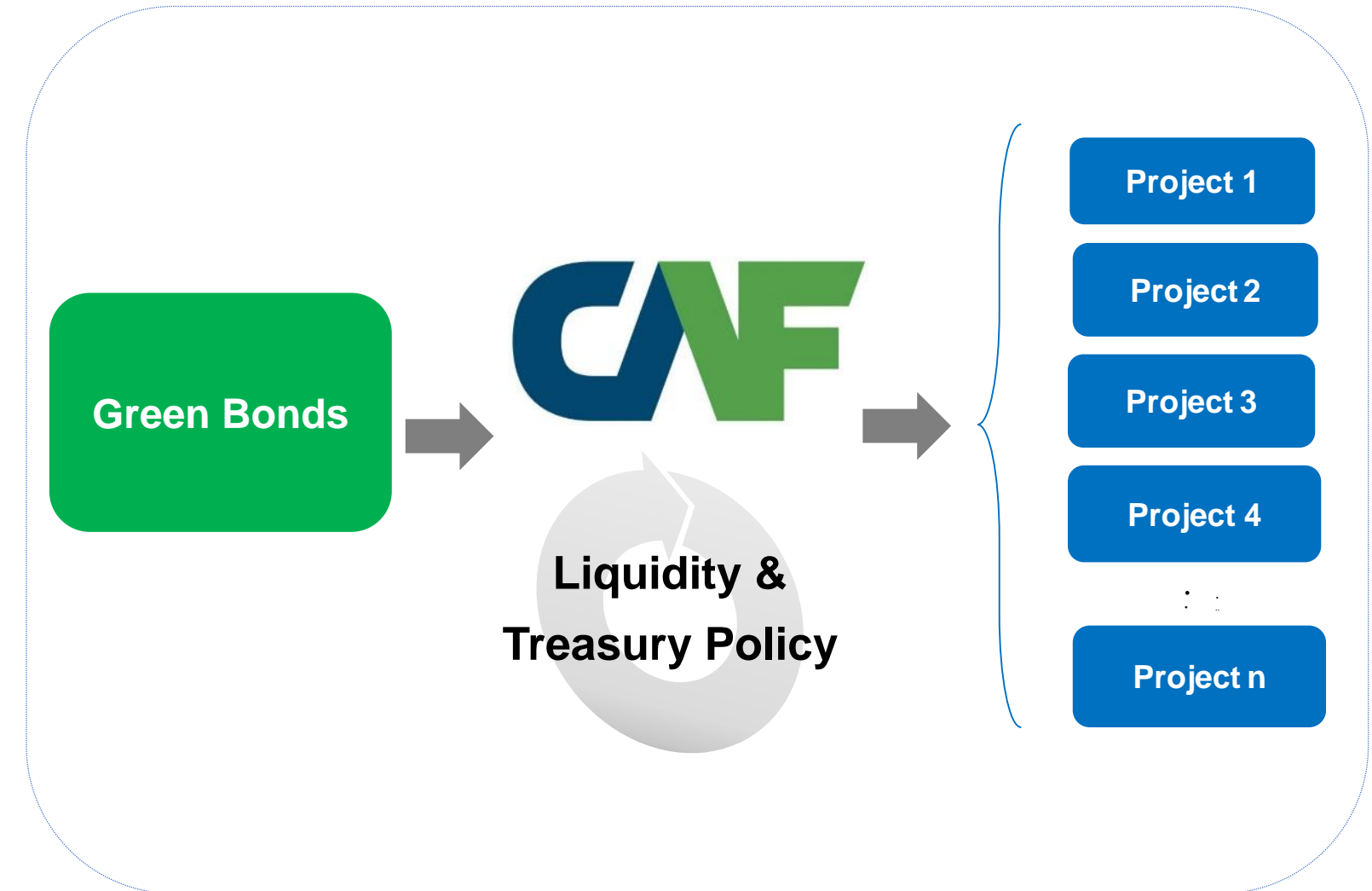
# Project Evaluation and Selection

- Potential green projects are evaluated and assessed in the same manner as all potential projects
- A dedicated cross-departmental Green Bond Program team headed by the Vice President of Finance, which will be in charge of selecting and supervising the project and selection process



# Management of Proceeds

- An internal process will monitor and track individual projects that compose CAF's Green Bond portfolio
- Pending full allocation, unallocated proceeds are tracked and maintained in the company's general liquidity portfolio



# Reporting

Reports will be published on a yearly basis and will include the following:

- Allocation reporting will include loan information and allocated amounts to projects
- Impact reporting will include relevant KPI's tailored to each eligible green project category

Project description	Annual energy savings (MWh)	Annual greenhouse gas emissions reduced (Tons CO <sub>2</sub> )	Annual renewable energy produced (MWh)	Capacity of renewable energy—new plants or rehabilitated (MW)	Other indicators	Project life (years)	Loan (USD MM)	Share of Total Project Financing	Eligibility for green bonds
<p><b>Project description:</b>                      Xxxxx                      Xxxxx                      Xxxxx</p> <p><b>Project Type:</b>                      Mitigation / Adaption / Sustainability</p> <p><b>Project Image</b></p>	xxx	xxx	xxx	xxx	<ul style="list-style-type: none"> <li>• Xxxxxx</li> <li>• Xxxxxx</li> <li>• Xxxxxx</li> </ul>	20	xxx	50%	100%



# Example of Eligible Projects: Renewable Energy



## Climate Action and Solar Energy Development Program in the Tarapacá Region in Chile

**Description:** Chile is still heavily dependent upon imported fossil fuels, but is committed to reach a goal of 20% of non-conventional renewable power generation by 2025. The Atacama Solar Project is a **143MW solar park** which will supply a low cost, clean and renewable alternative to coal-fired or LNG generated power, with a potential to reduce up to **184,872.00 t CO<sub>2</sub>e / year**.

Total project investment:	USD 179.0 MM
Total co-financed loans	USD 49.0 MM
CAF's loan amount:	USD 40.0 MM
Maturity:	2038
Life of the project:	20 years



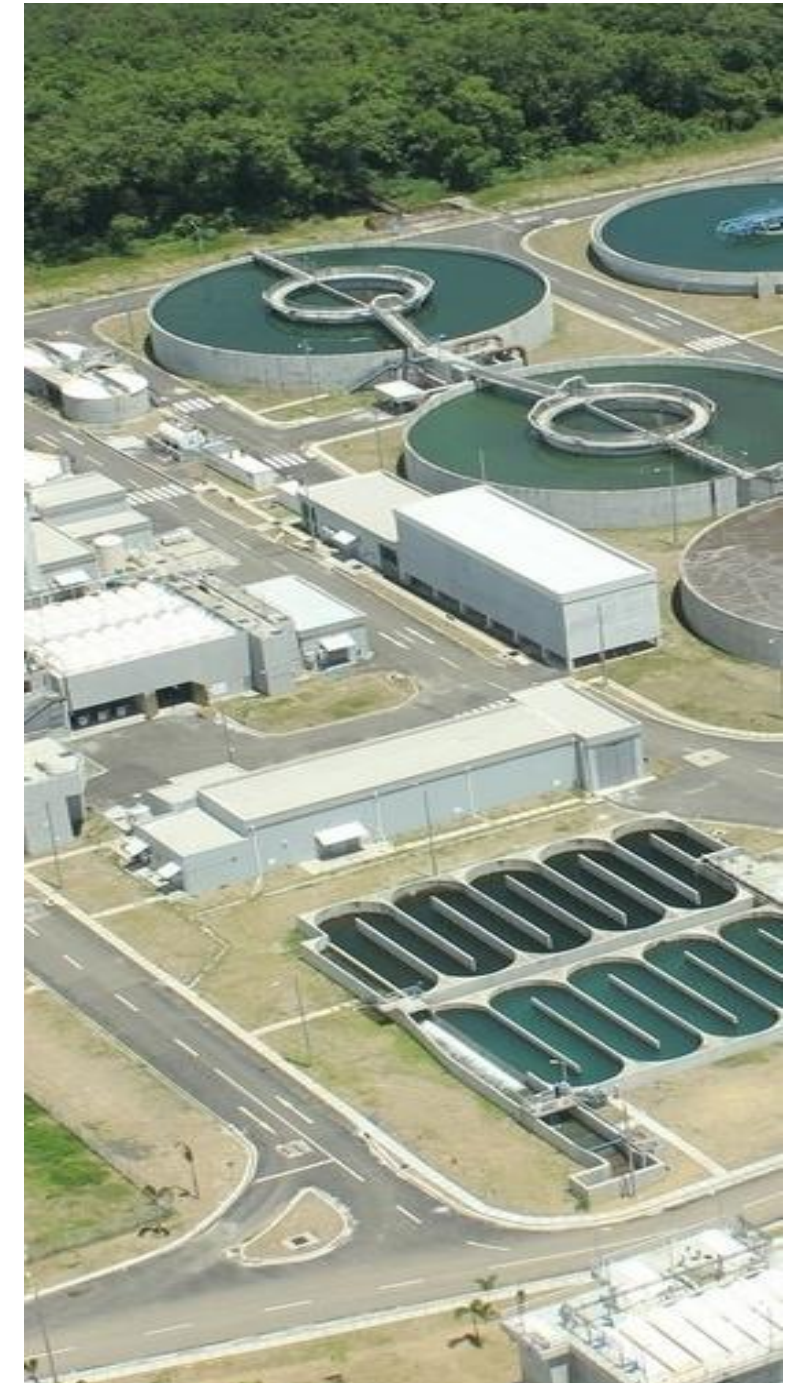
# Example of Eligible Projects: Water Management

## Wastewater treatment, Panama City and Bay of Panama

**Description:** The wastewater treatment project is the second stage of the overall sanitation program for Panama City and Panama Bay which first module began in 2006 and successfully ended in 2013, it covered 35% (406.000 inhabitants) of the targeted population. The second stage of the Wastewater treatment plant (WWTP) plans i) to build and improve the collector systems of Panama City in the areas of Paitilla, Punta Pacifica, Curundu River and Matasnillo, ii) to separate the sanitary and rainwater flows from the combined sewerage systems of the Calidonia, Bella Vista and Chanis sectors and iii) to strengthen the operational capacities of the coordinator unit to secure the proper operation and maintenance of the infrastructure.

**Expected impact:** The WWTP Stage II will serve **626.400 inhabitants (195.750 families - 54% of the targeted population)** and a **potential GHG reduction of ~ 17.000 ton CO<sub>2</sub>e/year** (only the wastewater treatment).

CAF's loan amount:	USD 110.0 MM
Maturity:	2031
Life of project:	16 years





# Example of Eligible Projects: Clean Transportation



## City of Panama, Panama Metro Line

CAF's loan amount: USD 520 MM

Total co-financed Loans: USD 80 MM

- Maturity: 2029
- Life of projects: 15 and 18 years
- 135,000 daily passenger trips
- 14 stations (7 elevated)
- 15,9 kilometers



## Lima Metro Line, Peru

CAF's Loan Amount: USD 450 MM

- Maturity: 2023 and 2028
- Life of projects: 8 and 18 years
- 660,000 passenger trips
- 35 stations
- 35 kilometers



## Subway Metro Line Quito, Ecuador

CAF's Loan Amount: USD 322 MM

Total co-financed loans: USD 70 MM

- Maturity: 2030 and 2036
- Life of projects: 15 and 18 years
- 453,000 passenger trips
- 15 stations (all underground)
- 22,6 kilometers



# Example of Eligible Projects: Sustainable Management of Land Use

## Sustainable, Inclusive and Competitive Forest Development Program in the Peruvian Amazon

Description: The recovery, conservation and appropriation of Amazonian forests through the strengthening of public forestry institutions and forest management. The recovery included degraded ecosystems in the amazon regions that include: Amazonas, Huánuco, Junín, Loreto, Madre de Dios, Pasco, San Martín and Ucayali. It is estimated that **388 thousand hectares of Amazonian forests** have been recovered and protected.

Total project investment:	USD 56 MM
CAF's loan amount:	USD 20 MM
Maturity:	2021
Life of the project:	8 years



# Key Investment Factors



# Key Investment Factors

- Solid financial profile
- Proven preferred creditor status for 50 years
- Currently rated AA-/A+/Aa3
- Outstanding Green and Social credentials
- Investment in Latin America with limited risks while supporting sustainable development
- Offers value compared to its peers





A young girl with dark, curly hair is looking out from a window frame. She is smiling slightly and has her hand resting on the wooden ledge of the window. The window frame is painted purple and white. The background is a dark blue wall.

**50 years building a better  
quality of life for all  
the Latin American people**

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**CAF** DEVELOPMENT BANK  
OF LATIN AMERICA

**50**  
years

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