



# CAF Investor Presentation

September 2020

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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+/A+/AA](#) by Moody's, S&P, Fitch and JCR

# Broad Shareholder Base

From five shareholder countries at inception to its current nineteen

1970



2020



Full Member Countries		Other Shareholders	
Peru	18.0%	Spain	4.7%
Colombia	18.0%	Mexico	1.5%
Venezuela	13.2%	Costa Rica	1.0%
Argentina	10.1%	Dominican Republic	1.0%
Brazil	8.5%	Chile	0.5%
Ecuador	5.5%	Barbados	0.3%
Bolivia	5.5%	Portugal	0.2%
Uruguay	3.3%	Jamaica	0.02%
Paraguay	3.1%	Commercial Banks	0.05%
Panama	3.1%		
Trinidad & Tobago	2.4%		

Figures as of June 30, 2020



# 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."

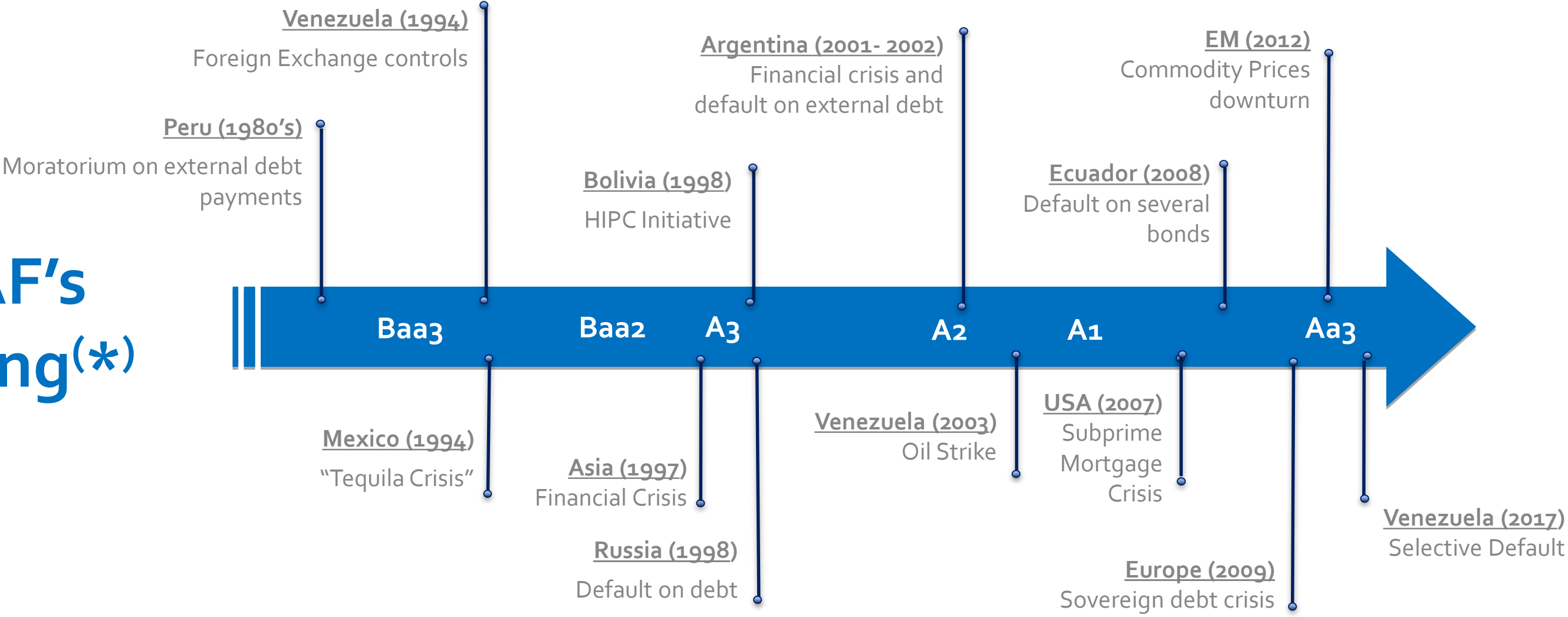
Art. 48: "The assets of any kind owned by the Corporation may be [freely transferred and converted](#)."

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(\*)



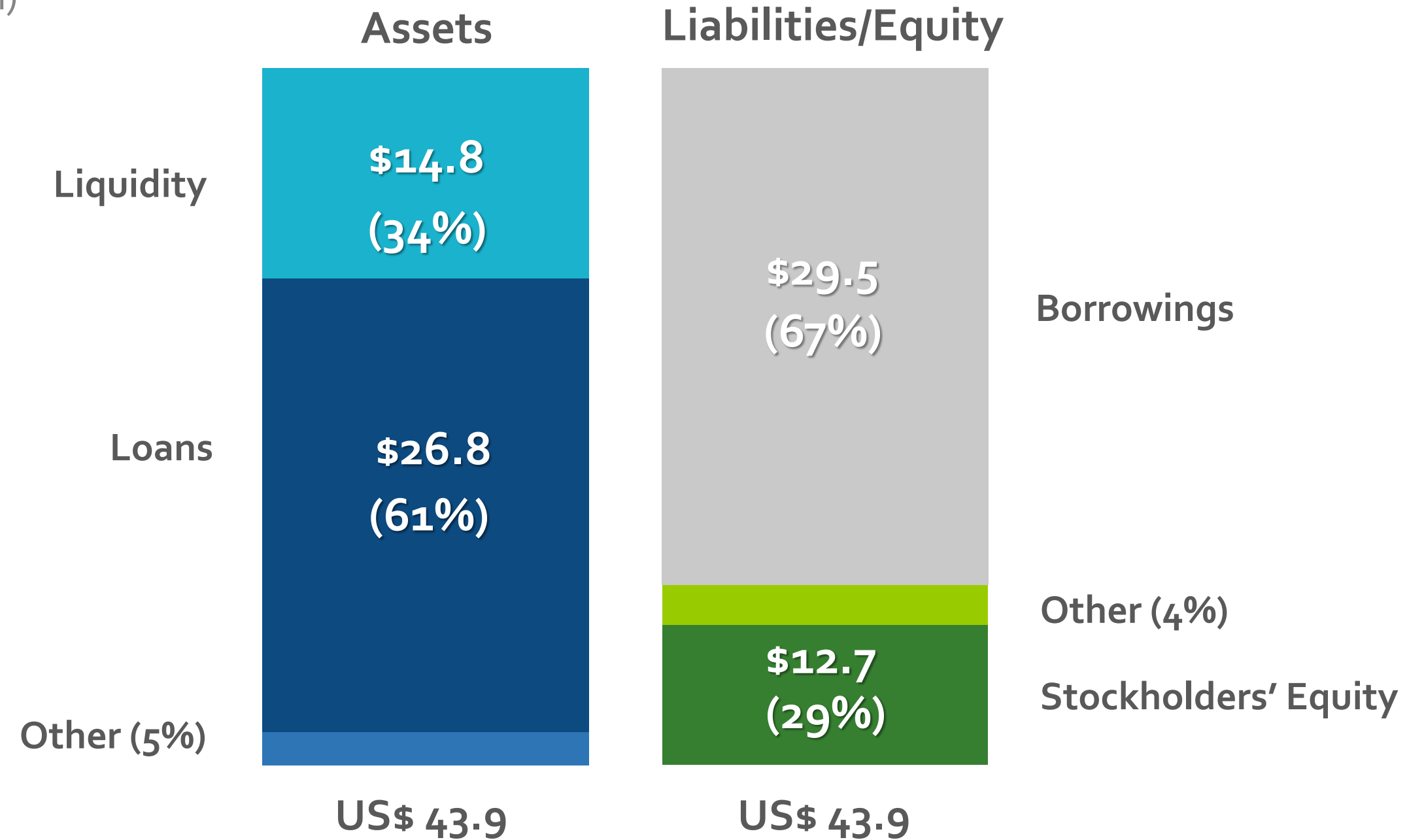
(\*) Assigned by Moody's

# Financial Highlights



# Strong & Liquid Balance Sheet

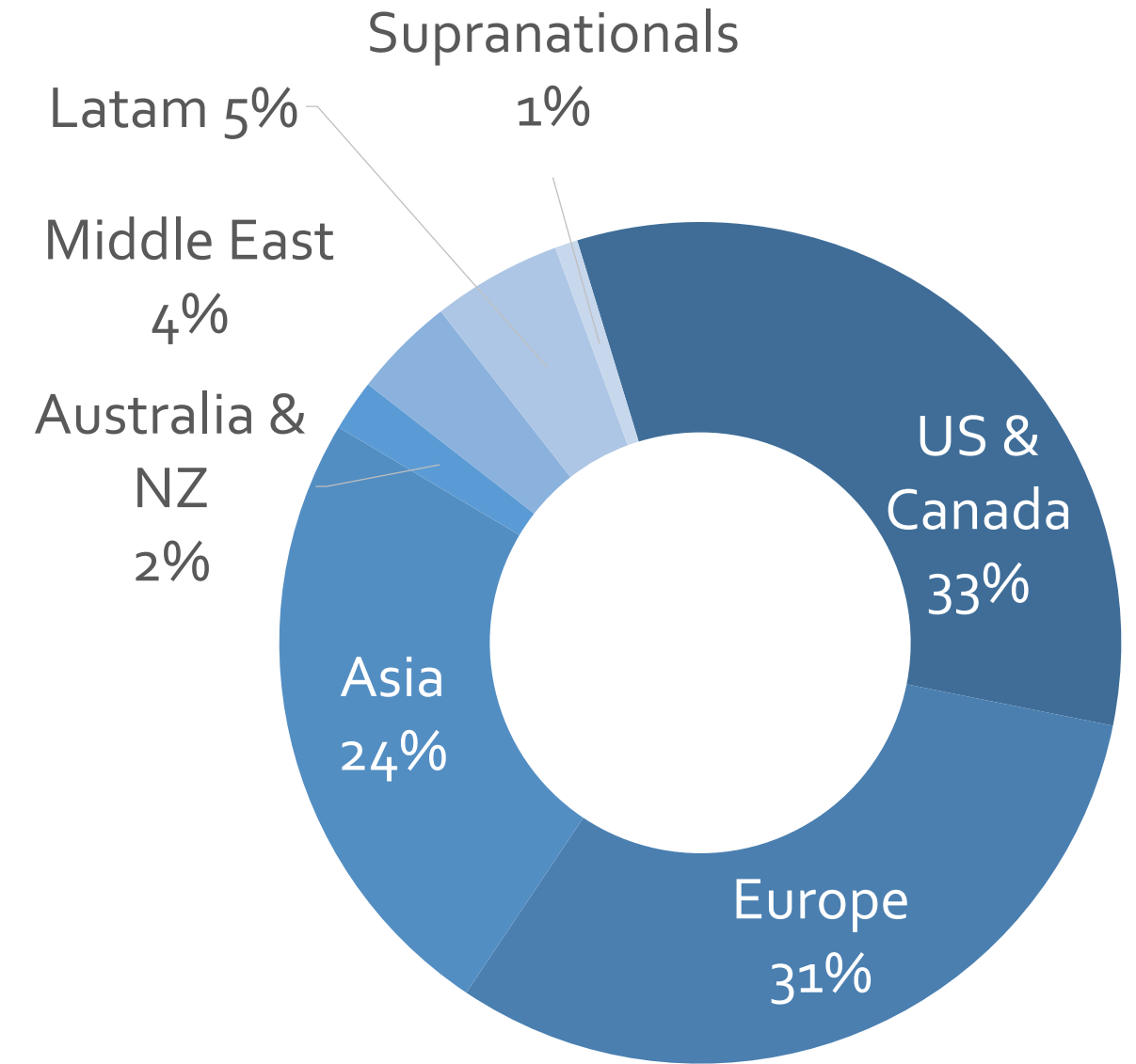
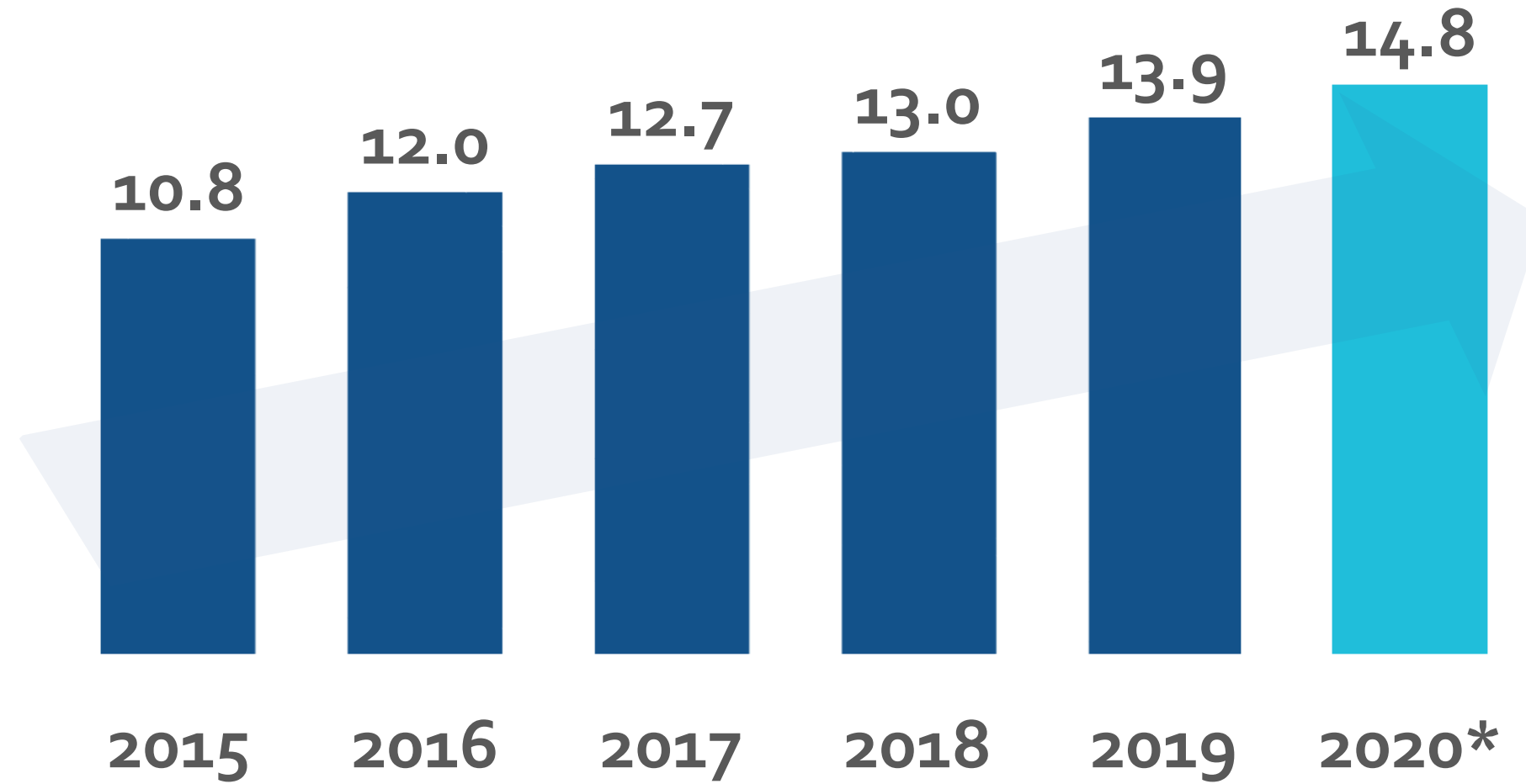
(USD billion)



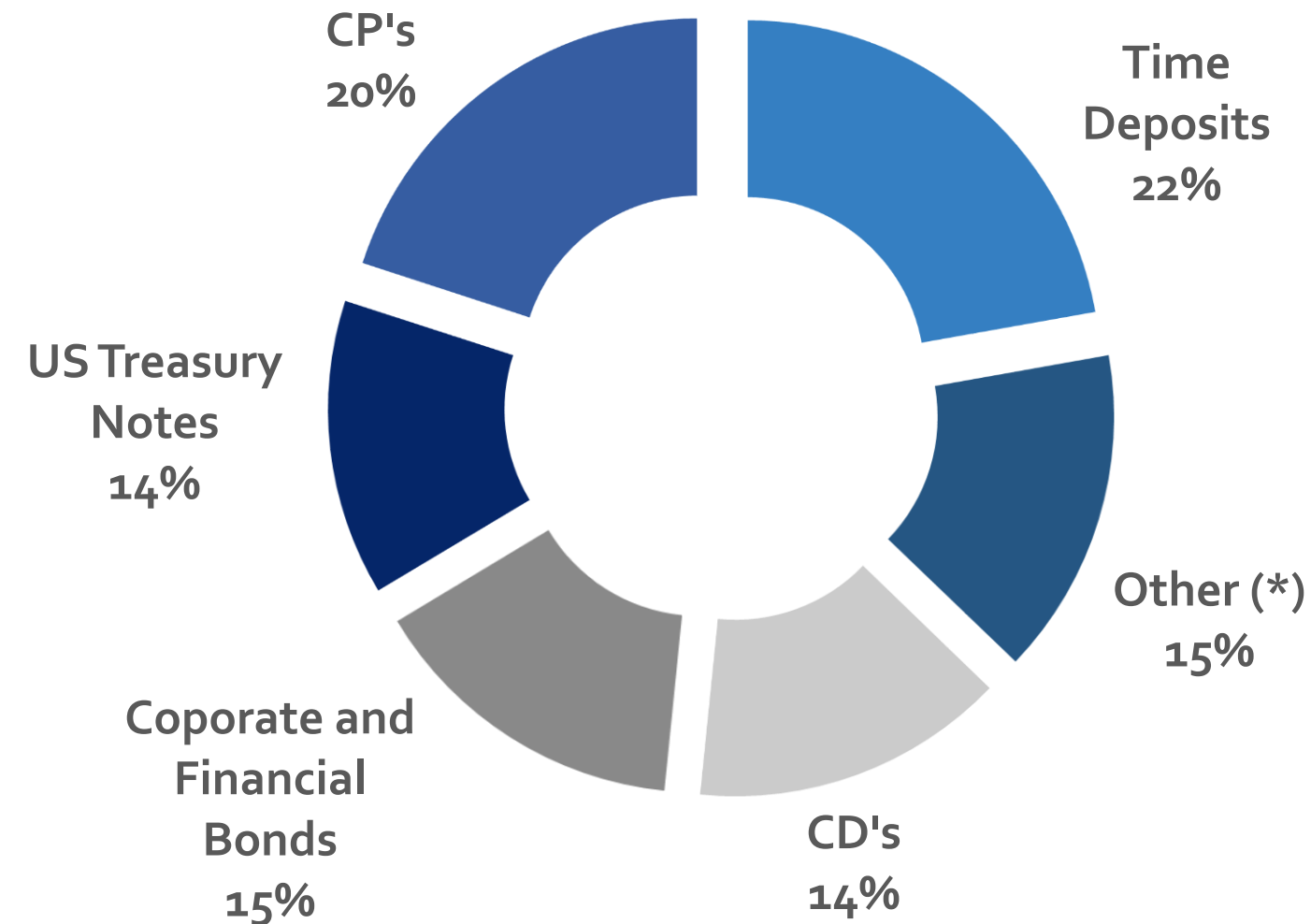
Figures as of June 30, 2020

# Substantial Liquid Assets

(USD billion)



# Short-term and High-rated Liquidity Portfolio

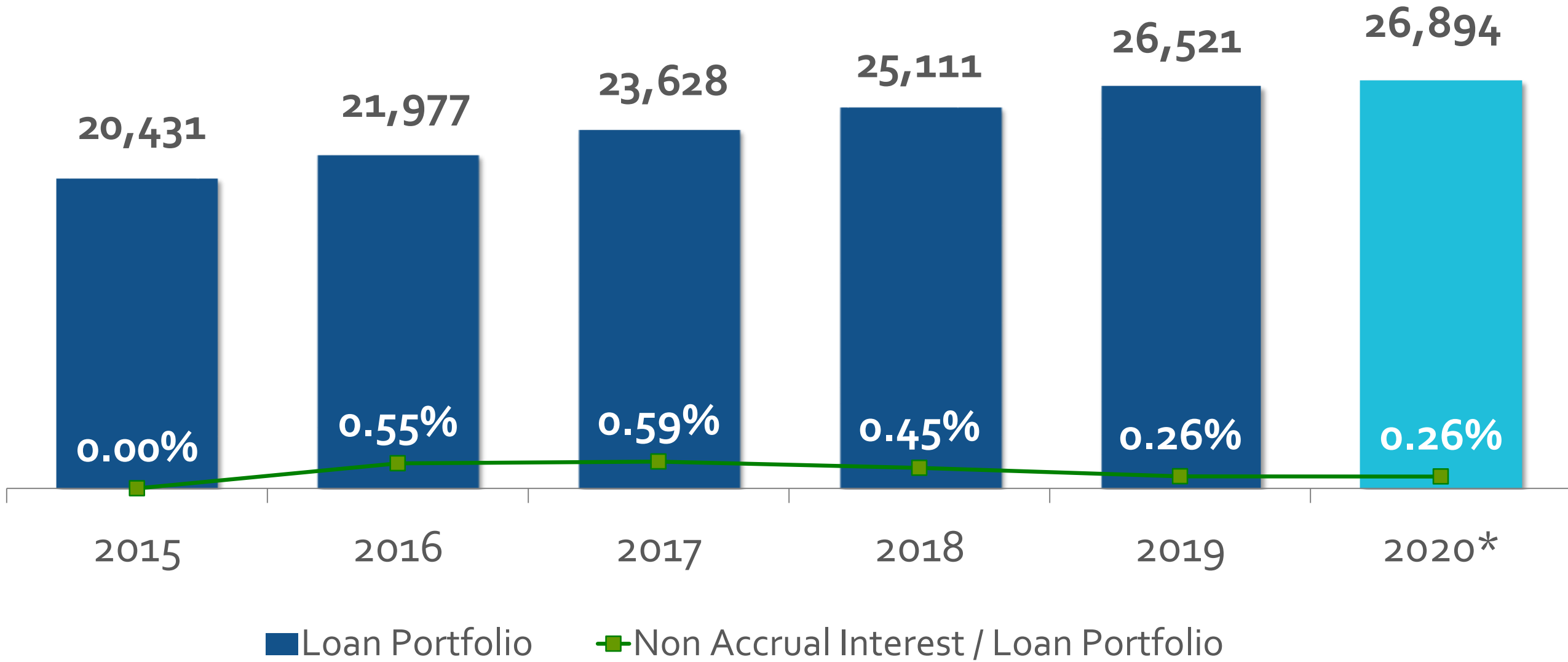


- 91.9% of liquid assets are rated A- or above with an overall AA average
- Maximum duration allowed: 1.5 years
- Present duration: 0.3 years

(\*) Other correspond to cash and due from banks, liquidity funds and bonds of non-U.S. governments and other government entities.

# Consistent Growth and High Quality Loan Portfolio

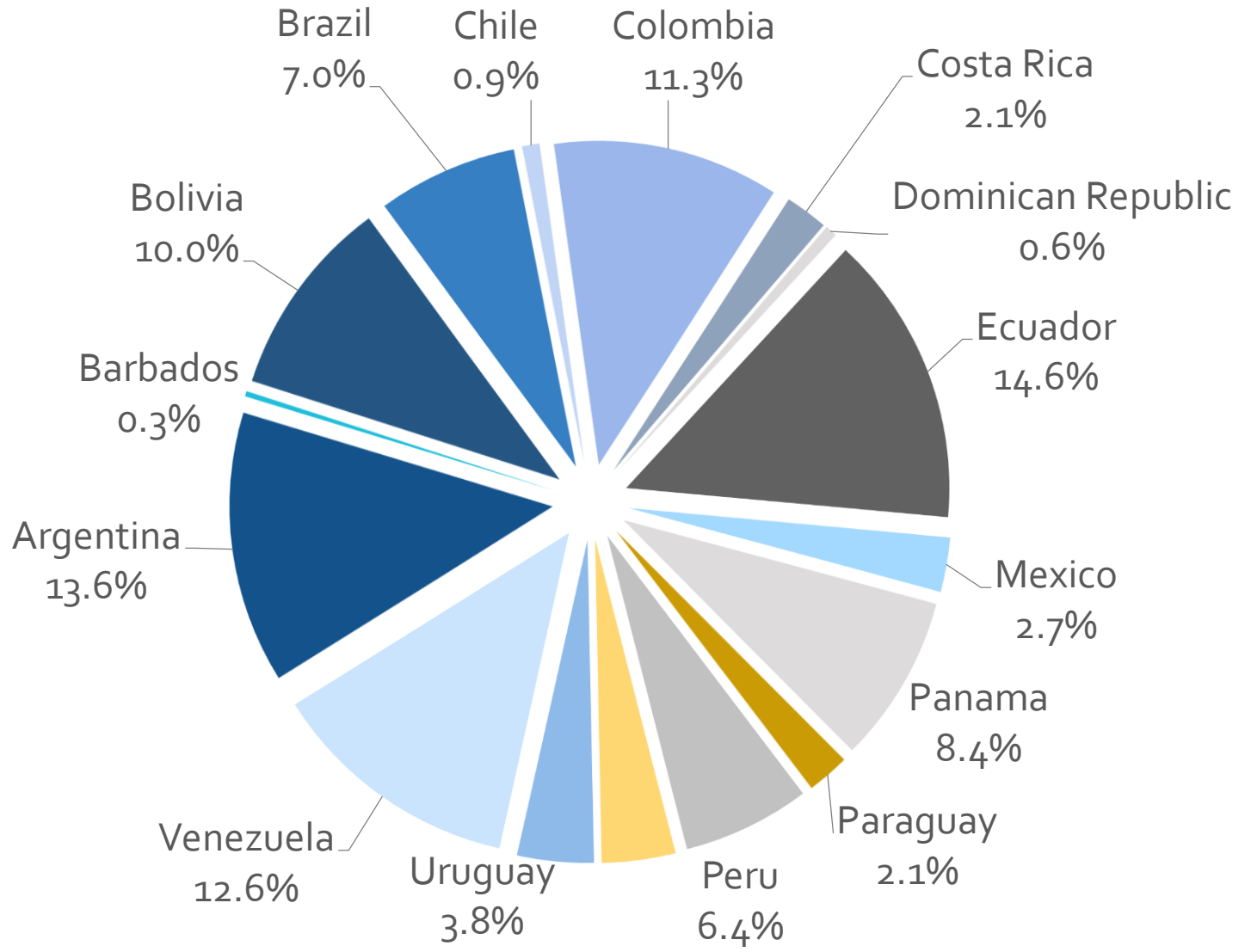
(USD million)



Compound annual growth rate (2015-2019): 6.7%

# Diversified Loan Portfolio

By Country & Sector



# Diversified Loan Portfolio

By Industries

29%

Infrastructure



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

18%

Energy



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

15%

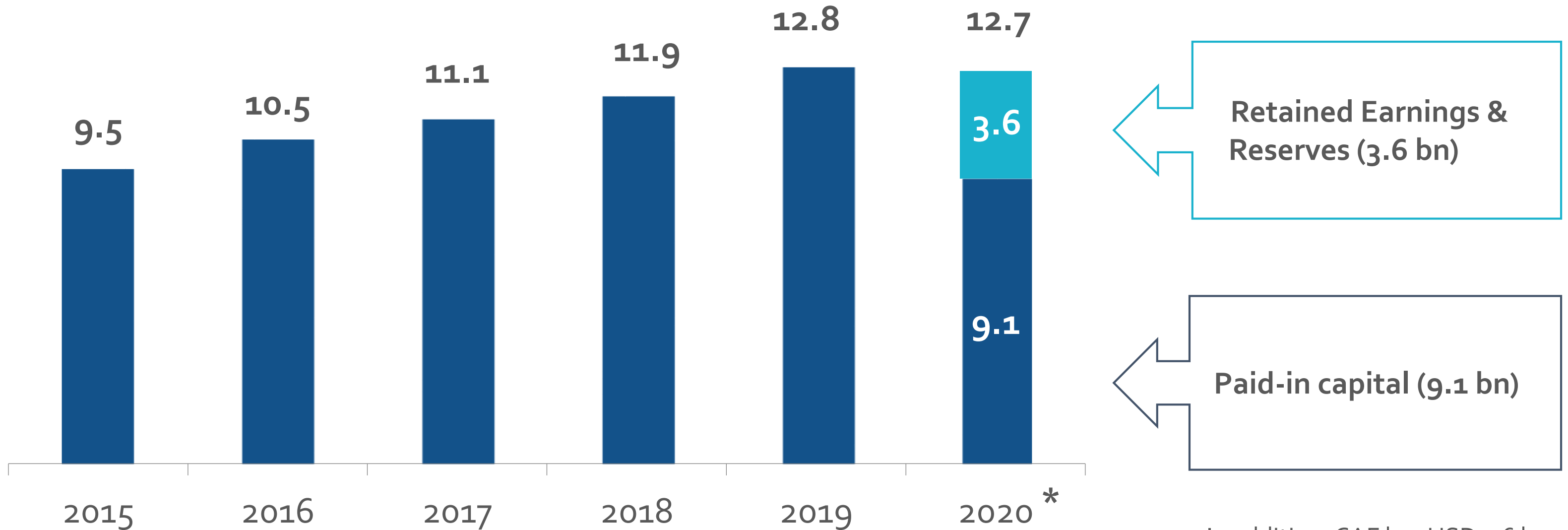
Social Development



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

# Strong Capital Base

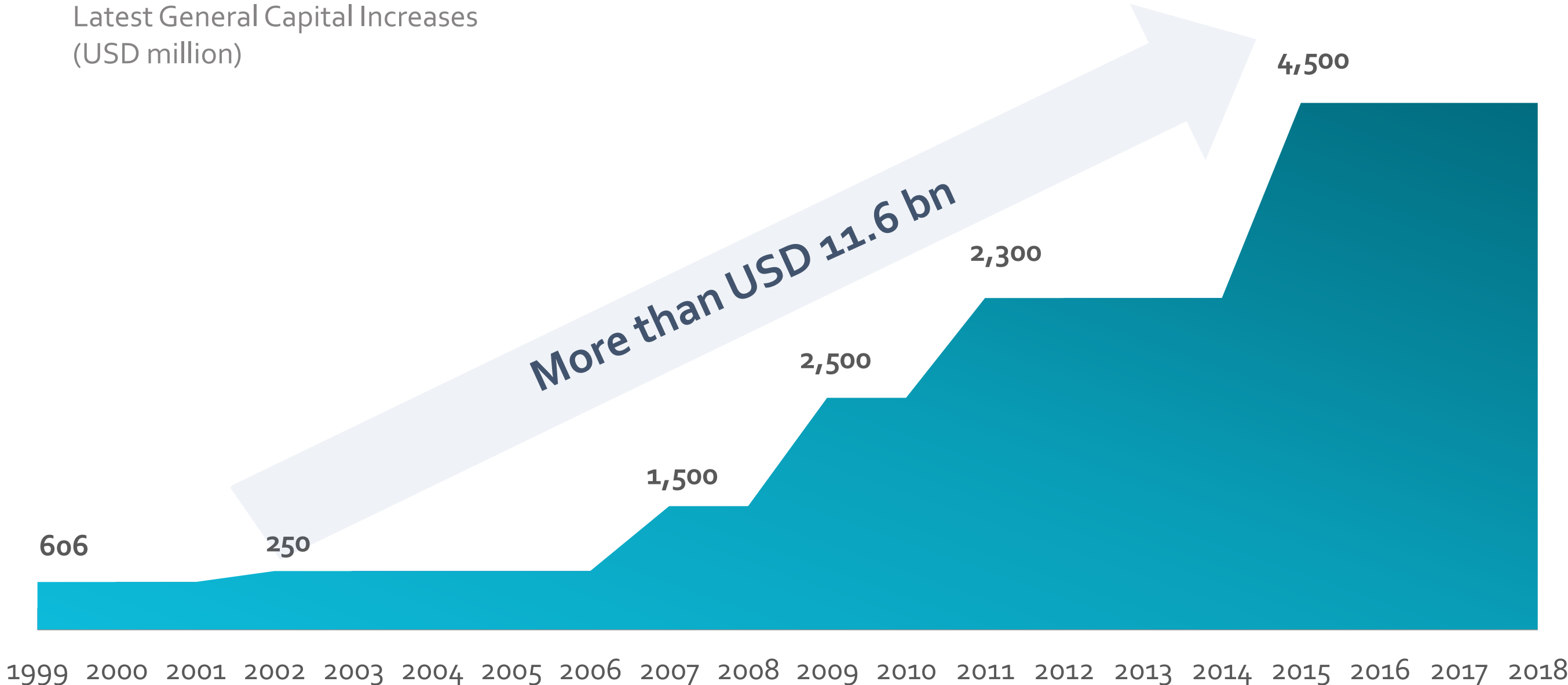
(USD billion)



In addition, CAF has USD 1.6 bn in callable capital







# Continuous Support from Shareholders

Latest General Capital Increases  
(USD million)



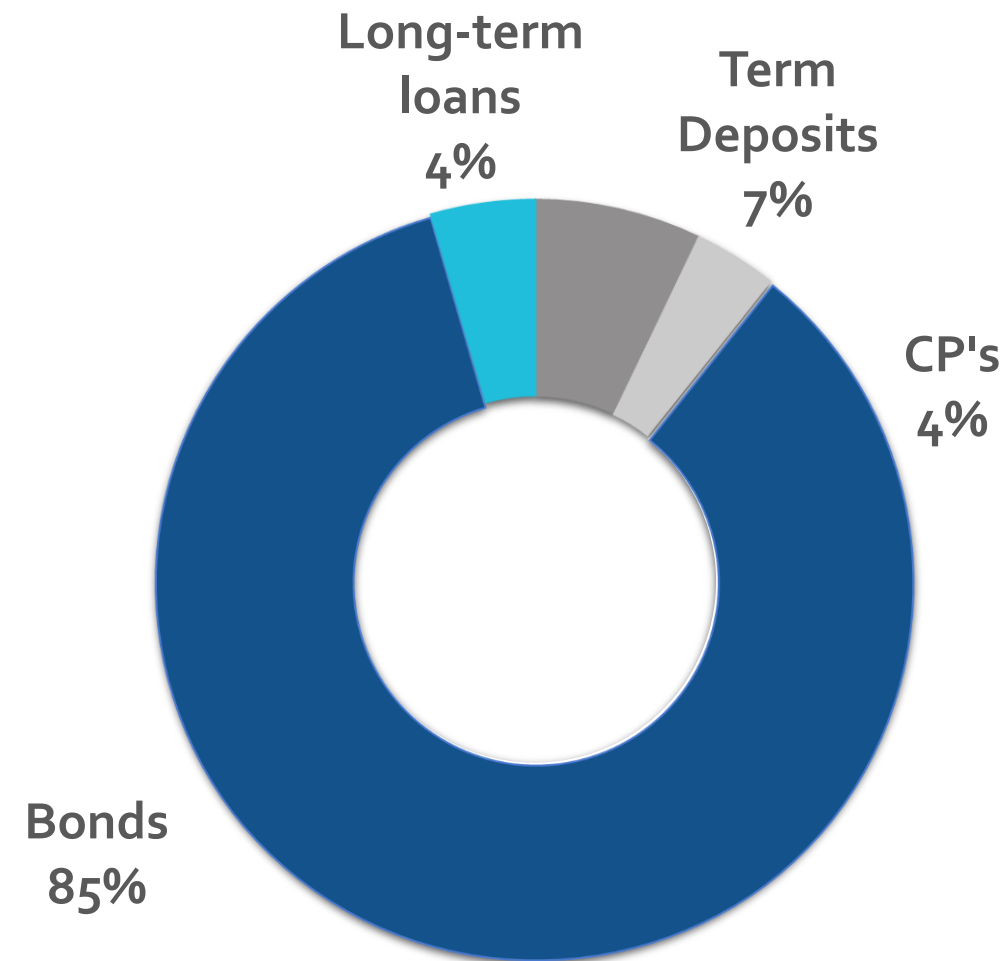


# CAF vs AAA Rated Multilateral Institutions

Multilateral Financial Institution	CAF's Ranking						
Ratings (Fitch/Moody's/S&P)		A+/Aa3/A+	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA
Equity / Assets (%)	1 <sup>st</sup>	30	25	21	27	26	10
Liquidity / Total Assets (%)	3 <sup>rd</sup>	33	26	35	16	47	29
Largest Exposure /Total Portfolio (%)	2 <sup>nd</sup>	14	17	20	16	19	9
Impaired loans and advances/ Total loans (%)	3 <sup>rd</sup>	0.3	2.4	2.9	0.0	4.6	0.2

# Funding Strategy

# Composition of Financial Liabilities



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

# Bond Strategy

## Investor Diversification

- i) Capital market programs in place in strategic markets
- ii) Issuance of thematic bonds

## Cost Optimization

Generate various reference points

## Asset / Liability Duration Match

Use of private placements to modify the average duration of liabilities

## Liquid Bonds in Secondary Market

Benchmark size issues

# Capital Markets Programs

## US Shelf

- Schedule B Issuer
- US Dollar Benchmark deals (USD 1-2 Bn)
- Tenors 3-10 years
- Included in relevant indexes
- Listed in LSE exchange

## EMTN

- Benchmark deals in different currencies
- EUR, CHF, CAD, HKD
- Targeted and custom made notes
- Tenors 2-30 years
- Listed (when required)
- Standard documentation

## Japan Shelf

- Samurai and Uridashi
- Tenors 2-10 years

## AMTN

- Australian Dollar Benchmark deals
- Program size: AUD 2 Bn
- Targeted towards local and foreign investors

## Domestic Programs

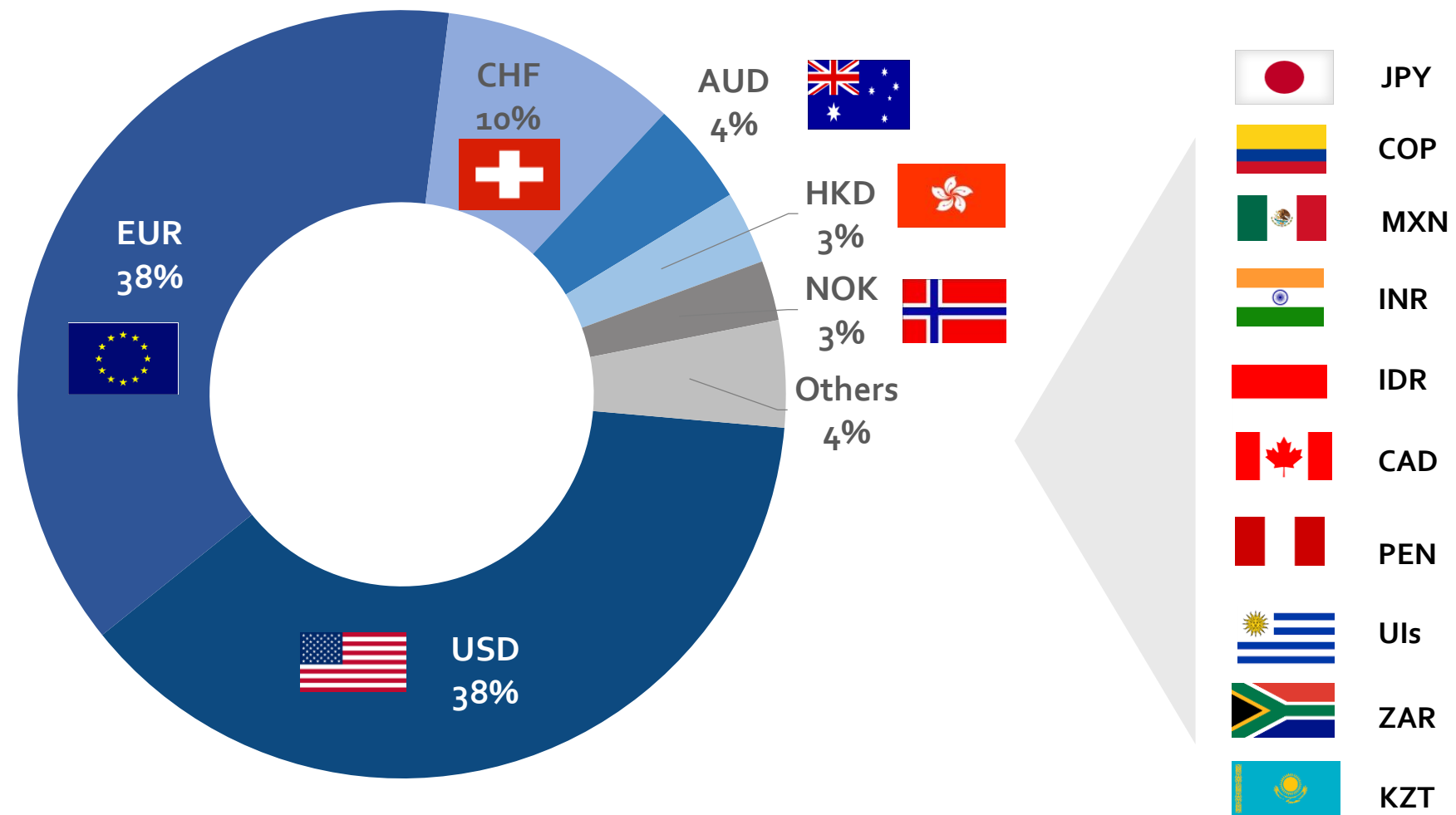
- Aimed to foster development of local financial markets
- Registered programs in Colombia, Peru, Mexico and Venezuela

## Stand Alone Issues

- Schuldschein, other

# Active in Debt Capital Markets

## Bonds by currency



*Outstanding bonds for  
USD 24.9 bn in 16 different  
currencies*

# Recent Benchmark Issues



USD 750 MM  
5yr  
1.625%  
**Maturity: 2025**  
(Issued Sept, 2020)

- Very high quality order-book
- Main investors were central banks and official institutions



USD 800 MM  
3yr  
2.375%  
**Maturity: 2023**  
(Issued May, 2020)

- Very high quality order-book
- Main investors were central banks and official institutions



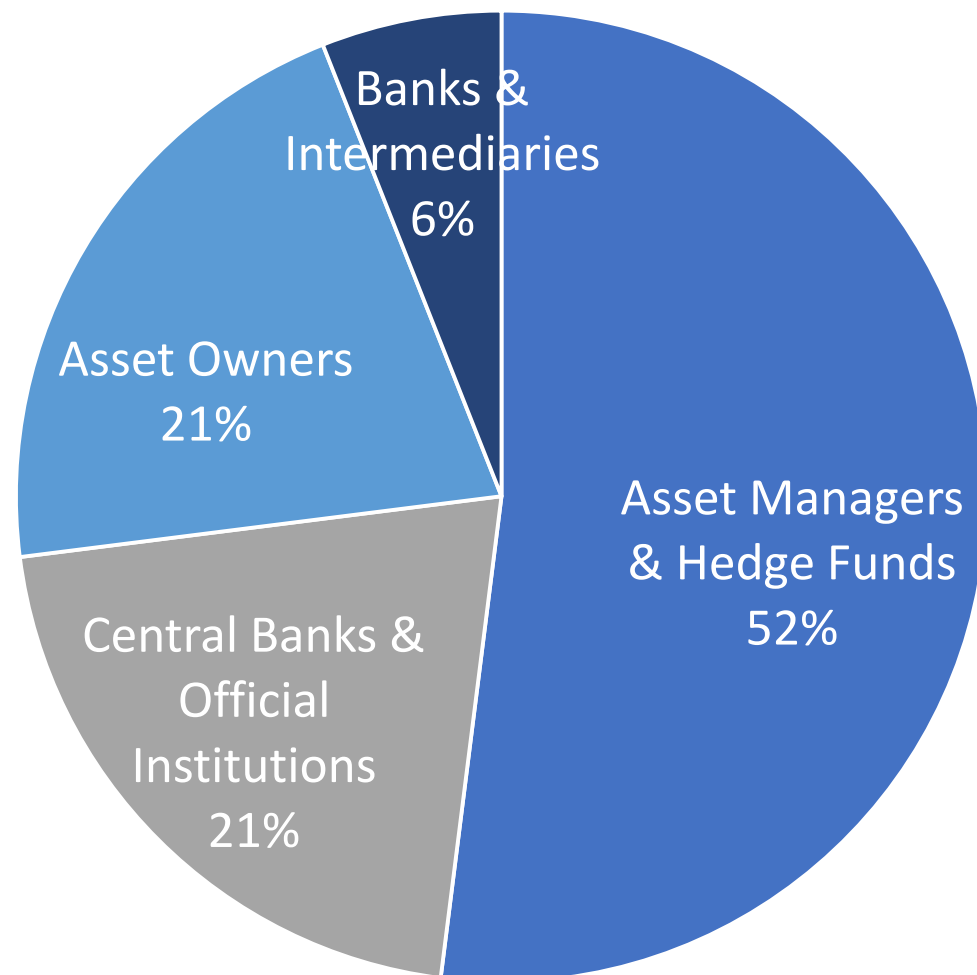
EUR 700 MM  
5yr  
1.625%  
**Maturity: 2025**  
(Issued May, 2020)

- Very high quality order-book
- CAF achieved a new reference point to complete its Euro curve

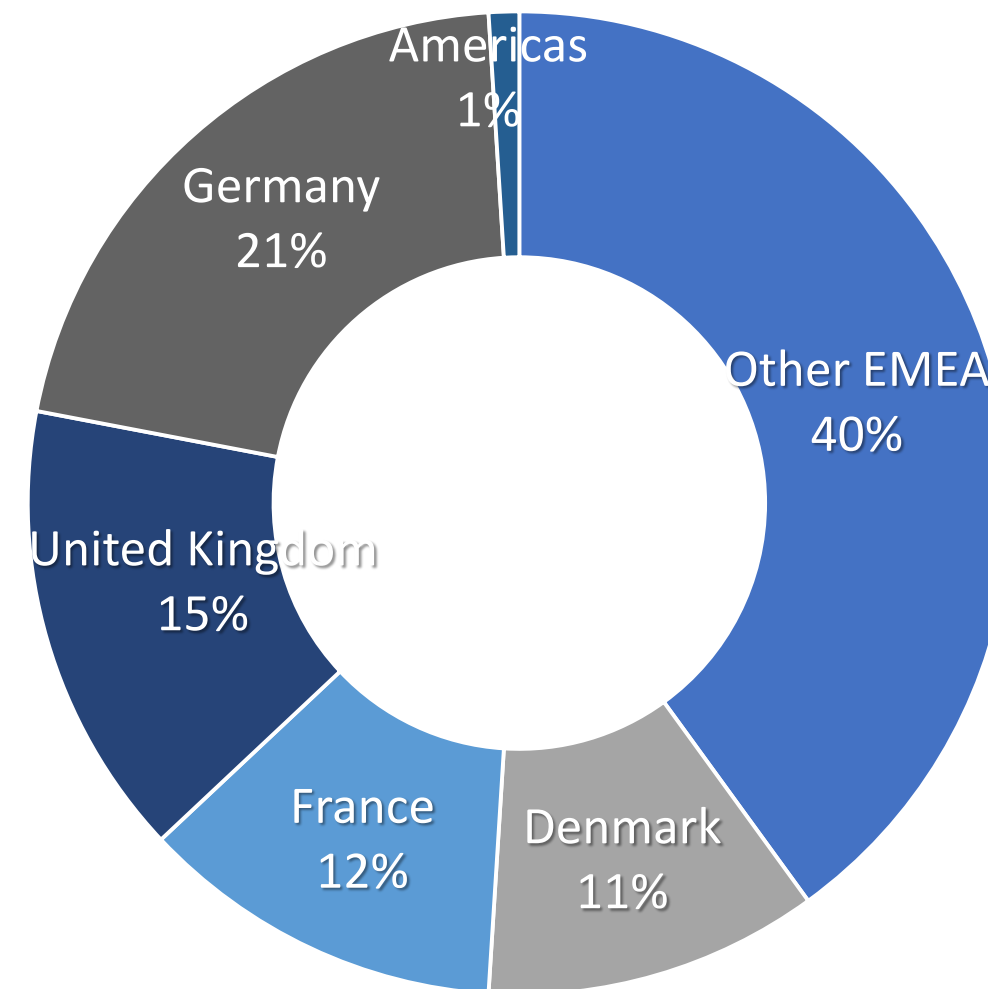
**CAF's continuous benchmark-size issuances are a testament to its strengthening credit history**

# Investor Participation

## Distribution by Investor Type



## Distribution by Geographical Location





# Recent Transactions

Public Transactions

Sept 15, 2020  
USD 750 MM



CAF 1.625% 2025  
Global Note

May 27, 2020  
USD 700 MM



CAF 1.625% 2025  
Social Bond

May 7, 2020  
USD 800 MM



CAF 2.375% 2023  
Global Note

November 13, 2019  
EUR 750 MM



CAF 0.625% 2026  
Green Bonds

February 11, 2019  
USD 1.25 BN



CAF 3.25% 2022  
Global Note

Private Placements

Aug 31, 2020  
UI 4.7 MM




CAF 4.26% 2039  
Private Placement

Aug 28, 2020  
UI 11,5. MM



CAF 3.20% 2039  
Private Placement

Aug 20, 2020  
JPY 20,000 MM



CAF 0.72% 2025  
Private Placement

Aug 11, 2020  
USD 40 MM



CAF 1.60% 2025  
Private Placement

Aug 10, 2020  
JPY 5,000 MM



CAF 0.50% 2023  
Private Placement

Aug 10, 2020  
CHF 350 MM



CAF 0,71% 2025  
Private Placement

July 13, 2020  
JPY 17,200 MM



CAF 0.77% 2025  
Private Placement

July 8, 2020  
UYU 6,335 MM



CAF 3.45% 2023  
Private Placement

# Social Responsible Investment

- Funding ESG related projects in the **water** and **education** sector for USD 350 million



**Uridashi Market**  
January 28, 2016



TRY 192 mn & ZAR 590 mn  
Maturity 2020

**Samurai Market**  
February 12, 2016



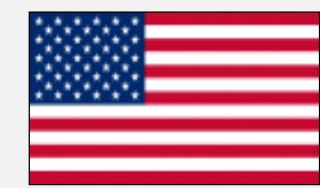
JPY 4.5 bn  
Maturity 2026

**Uridashi Market**  
January 24, 2017



BRL 220.2 mn  
Maturity 2020

**Education Bond**  
June 28, 2019



USD 140 mm  
Maturity 2029

# 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)*



*(accredited since March 2014)*



*(accredited since April 2015)*

Sustainability Report 2017-2018





# CAF's Green Bond Program

- In 2018, CAF created its Green Bond Program. Since then, it has issued approximately USD 950 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/green-bonds-program/>

## Recent Green Bond program issuances:

**November 13, 2019**  
**EUR 750 MM**  
  
CAF 0.625% 2026  
Public Transaction

**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**  
  
CAF 6.75% 2028  
Private Placement

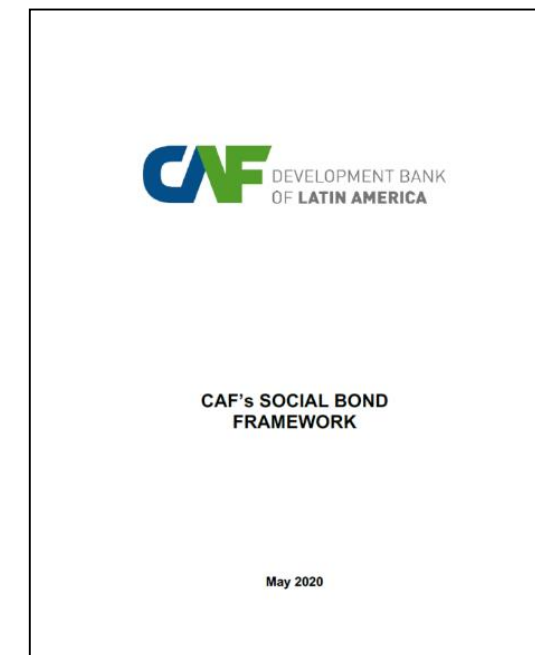


# CAF's Social Bond Program

- In 2020, CAF created its Social Bond Program with a Use of Proceeds focused on the response to the COVID-19 outbreak
- The Framework has been set up in alignment with the Social Bond Principles (SBP). CAF is in the process of obtaining a Second-Party Opinion which will be available post-trade
- For more information please visit:

<https://www.caf.com/media/2678628/caf-s-social-bond-framework.pdf>

## Recent Social Bond program issuances:



# Short-term Liabilities

## USCP and ECP programs

- Ratings A1/P-1/F1+
- Size: USCP USD 2.0 bn  
ECP USD 3.0 bn
- Tenors up to 1 year
- Dealers:
  - Bank of America
  - Barclays
  - Goldman Sachs
  - Credit Suisse



**Bloomberg CAF<GO>**

## Term Deposits

- Clients: Corporate, Financial and Official Institutions
- Amounts vary between US\$1 – 500 million



# 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



## Technical Assistance

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



## Green Funds

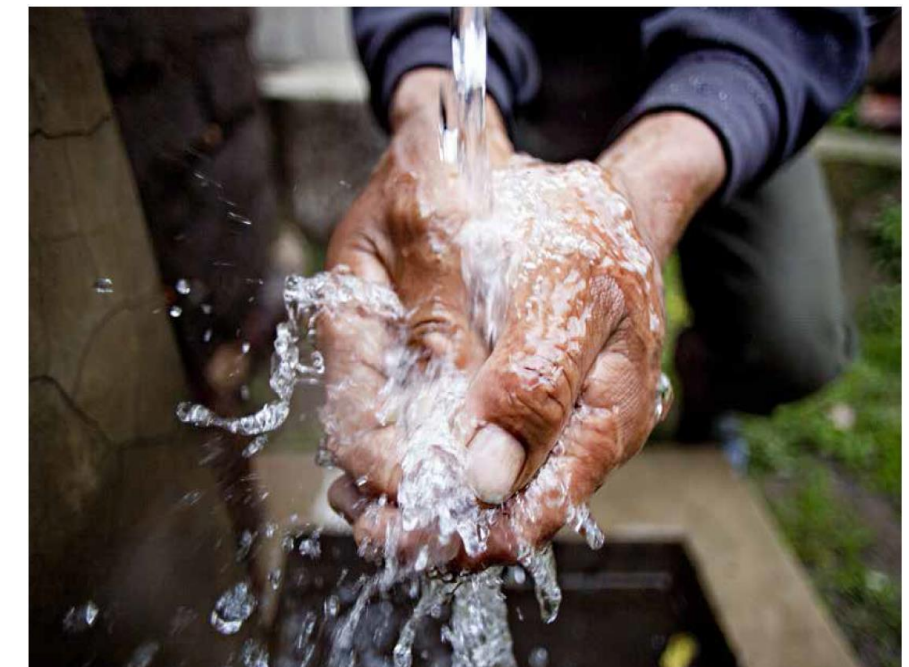
- Green Climate Fund
- Global Environmental Fund (GEF)

# Key Investment Factors



# Key Investment Factors

- Solid Financial Profile
- Proven preferred creditor status for 50 years
- Currently rated Aa3/A+/A+
- Outstanding “Green and Social” credentials
- Investment in Latin America with limited risks
- Offers value compared to its peers



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# Projects Snapshots



# Highlighted Projects

**Country: Bolivia**

**Amount: USD 77 million**



## More investment for water program -Phase V (MIAGUA V):

*The Tacachira wastewater treatment plant project that includes the construction of a sewage system, to serve the population of District 7 in the city of El Alto*

- 200,000 people will benefit from a new drinking water supply
- 50,000 people will benefit from an improved sewage system

# Highlighted Projects

Country: Argentina

Amount: USD 150 million



## Renewal of the Argentinean railway system - Phase II:

*Financing the renovation of the South Belgrano Railway line*

- Increasing train speed and frequency, for an annual saving in travel time of 12 million hours
- 12,390 travelers will benefit from new sustainable means of transportation



# Highlighted Projects

Country: Brazil

Amount: USD 220 million



## Construction of Line 17 of the São Paulo Subway System

- 184,000 travelers will benefit from an improved means of transportation



# Highlighted Projects

Country: Colombia

Amount: USD 76 million



## Drinking Water Supply and Basic Sanitation Program in Rural and Urban Areas in Buenaventura District - Phase I:

*Construction, expansion and rehabilitation of aqueduct, sewerage and wastewater treatment systems. The program aims to improve environmental and sanitation conditions in the urban and rural areas of the Buenaventura District, located on the Pacific coast of Colombia*

# Highlighted Projects

Country: Paraguay

Amount: USD 170 million



## Interconnected National and Rural Electricity Distribution System's Transmission Strengthening Program:

*Increase the electricity supply reliability and security of the east, north, south and central systems in the country, as well as improve the distribution infrastructure in the eastern region.*

- 5,259 km of new or rehabilitated transmission and distribution lines
- 2 million people will benefit from an improved energy infrastructure



A young girl with dark, curly hair is looking out from a window. She is resting her hand on the wooden ledge of the window. The window frame is painted purple. The background is a dark blue wall. The text "50 years building a better quality of life for all the Latin American people" is overlaid on the image in white.

**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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