

CAF's Social Bond Portfolio

- CAF promotes initiatives aimed at addressing the challenge of reducing poverty and inequality by channeling resources to activities in key areas and supports sustainable development within the region by addressing financial flows to green and social projects.
- In 2020, CAF created its Social Bond Program with a use of proceeds focused on the response to the COVID-19 outbreak. However, as the effects of the COVID-19 pandemic subside, CAF intends to create a new Sustainable Finance Framework which will include a new array of eligible categories of projects that address Social and Environmental aspects that affect the region. In that regard, CAF intends to issue sustainable bonds on a regular basis consistent with its commitment in increasing social and green financing.
- In June 2020, CAF issued its first public Social Bond for EUR 700 million with a 5-year maturity. In addition, during 2020 CAF executed two JPY Social Bonds for a total of USD 222 million in private format to support health care and emergency economic support within the region.

Characteristics of Social Bond Portfolio			
Amount	EUR 700 MM	JPY 3,500 MM	JPY 20,000 MM
Issue Date	3-jun-20	19-jun-20	26-ago-20
Tenor	5 years	5 years	5 years
Rating	Aa3/AA/AA-	Aa3/AA/AA-	Aa3/AA/AA-
Coupon	1.63%	0.65%	0.73%
SPO	Sustainalytics	Sustainalytics	Sustainalytics

*Total amount equivalent of social bond proceeds is equal to USD 993 MM

Eligible Social Project Categories and Criteria

CAF's Social Bond Framework has been developed to finance socially impactful expenditures, in particular those that support the region's mitigation of and recovery from the COVID-19 pandemic. The expenditures specifically address the following categories:

- Healthcare System Support
- Emergency Economic Support

Eligible expenditures may include*:

- Medical supplies and equipment
- Construction and/or expansion of medical centers
- Research and development for medicines, vaccines, and treatments
- Preferential interest rate loans, credit facilities, and grants for micro, small and medium-sized enterprises (MSMEs)
- Preferential interest rate loans to low and middle-income households
- Poverty alleviation and employment programs

*Additional information on CAF's Social Bond program and project selection process can be found on the investors section of CAF's website as well as in its Social Bond Framework.



CAF'S Role and Sustainability Strategy

The effects of the COVID-19 pandemic and climate crisis reveal structural weaknesses that, to a greater or lesser degree have influenced on the vulnerability of the countries of Latin America and the Caribbean. The health emergency in Latin America and the Caribbean arising from the pandemic has prompted a comprehensive response by CAF to support countries in addressing the healthcare and economic emergency caused by the pandemic.

CAF's comprehensive actions to support its member countries in addressing the pandemic were launched in an agile and timely manner with several credit lines including the following:

- **USD 500 million regional line of credit** for extreme weather events, earthquakes, polluting accidents and epidemics, in the case of COVID-19 to strengthen the responsiveness of countries' healthcare system to address the emergency, through direct financial resources and the refund of expenses and investments arising from the execution of works, the acquisition and supply of goods, and the purchase of safety and prevention supplies and equipment aimed at reducing risk or mitigating the impact on the health of the population.
- **USD 1,600 million regional facility** for local development banks of CAF's shareholder countries, which funds will be channeled through the following components: (i) Financing programs aimed at addressing the emergency of the affected population or support for companies in critical sectors related to COVID-19; (ii) financing of MSMEs, aimed at mitigating the effects of the crisis and supporting the economic revival; and (iii) financing of institutional strengthening initiatives of development banks, such as: corporate governance, digital transformation, innovation, financial inclusion, product development and process management.
- **Credit facility of up to USD 1,000 million** aimed at strengthening the region's health sectors by supporting measures aimed at improving access to treatment and medical procedures, as well as ensuring access to COVID-19 vaccines and strengthen epidemiological surveillance and health sector responsiveness.

In addition to the overall sustainable strategy, CAF's Social Bond Program focuses on certain social objectives that link to the following Sustainable Development Goals:

- **Healthcare System Support**
Providing support to strengthen the capacity of the healthcare system to adequately respond to the health emergency
- **Emergency Economic Support**
Support to the economic health of the region by containing the social and economic fallout as a result of the pandemic



Methodology

- The impact reported by CAF concerns the total project. CAF in some cases finances a portion of such projects and therefore contributes financially to only a share of the benefits.
- CAF requested Sustainalytics a Second Party Opinion for the Framework which recognized the eligible categories for the use of proceeds – Healthcare System Support and Emergency Economic Support – are aligned with those recognized by the Social Bond Principles and seek to achieve positive socioeconomic outcomes for target populations. Sustainalytics considers that the eligible categories will lead to positive social impacts and advance the UN Sustainable Development Goals, specifically SDG 3 and 8.

Examples of Loans Granted from the Social Bonds

1. **Country:** Brasil **Category:** Emergency Economic Support **CAF Total Loan:** USD 100 MM

Support to MSMEs



As part of its long-standing cooperation with the borrower, CAF approved a USD 100 million credit line to Banco de Desenvolvimento de Minas Gerais – BDMG in 2020. CAF funds are used by BDMG to foster economic recovery in the region by supporting micro enterprises and small companies affected by the adverse consequences of the COVID-19 pandemic.

Total cost	CAF loan size	CAF share	# of MSMEs assisted	# of female entrepreneurs assisted
131,000,000	100,000,000	76%	2,537	1,448

2. **Country:** Ecuador **Category:** Healthcare System Support **CAF Total Loan:** USD 37.5 MM

Sectoral credit line for the strengthening of the health sectors in Ecuador in the context of the COVID-19 pandemic



In 2020 CAF approved USD 37.5 million for Ecuador to support the response plan of the country for the COVID-19 pandemic. The plan included the acquisition of equipment to build more intensive care units and seclusion rooms, the purchase of personal protective equipment and the financing of the advertisement campaign for the health personnel. In addition, the funds contributed to the national vaccination plan created in December 2021.

Total cost	CAF loan size	CAF share	% of total population fully vaccinated	# of people fully vaccinated nationwide
453,000,000	37,500,000	8%	82.7%	13.8 million



3. Country: Panama **Category:** Emergency Economic Support **CAF Total Loan:** USD 50 MM

Regional contingent line of credit for countercyclical measures to deal with the emergency caused by COVID-19 in Panama



In 2020 CAF approved USD 50 mm Credit line for Panama for strengthening the response capacity of the country to address the health emergency caused by COVID-19. The response plan included the purchase of medical equipment such as respiratory ventilators, monitors, laboratory reagents and other medical supplies. In addition, the use of funds also included the purchases of COVID-19 tests and medicines. The number of covid tests weekly increased in 2021 to 100,089 from a figure of 20,339 in 2020.

Total cost	CAF loan size	CAF share	Increase in number of monitors:	Increase in number of ventilators:
50,000,000	50,000,000	100%	2020: 229 2021: 437 (+90%)	2020: 248 2021: 496 (+100%)

4. Country: Uruguay **Category:** Healthcare System Support **CAF Total Loan:** USD 50 MM

Regional contingent line of credit for countercyclical measures to deal with the emergency caused by COVID-19 in Uruguay

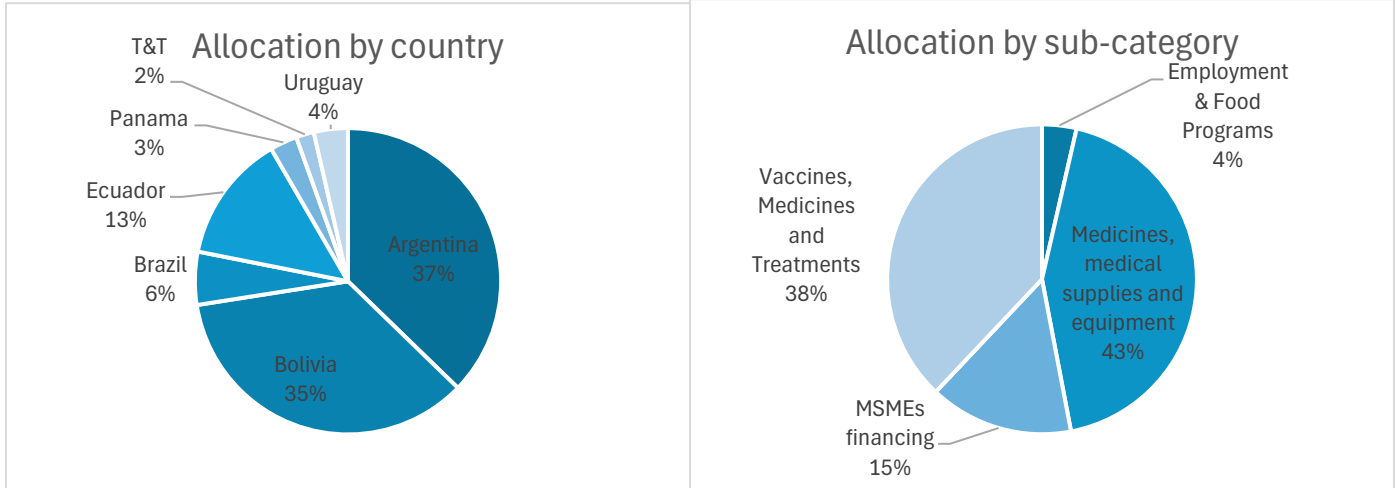


In 2020 CAF approved USD 50 MM to support the national plan of contingency due to the COVID-19 pandemic and several anticyclical economic recovery initiatives. The economic response plan included nutritional programs and employment and income protection programs that aimed to provide several subsidies for the population.

Total cost	CAF loan size	CAF share	# of workers benefited	# of people benefited with nutrition programs
227,000,000	50,000,000	22%	80,000	120,000



Social Bond Allocation by Sector and Country



Allocation Information of the social bond program	
# Countries	7
Number of Projects	10
Eligible Categories	2
Total Amount Allocated USD	992,562,808.80



2023 Social Bond Report

Social Bond Harmonized Impact Report 2023 – Eligible projects by sector

Healthcare System Support

#	Project category	SBP Category	Sub-category	Country	SDG addressed	Target population	Allocation information			Social indicators	
	Project Name and Description					Target group	Loan amount USD	Share of total financing	Allocation under program	Indicator 1	Indicator 2
1	Sectoral credit line for the strengthening of the COVID-19 vaccination national program in the Republic of Argentina with the main objective of financing the purchase of vaccines and the associated expenses related to the distribution, transport, and storage of the vaccines.	Healthcare System Support	Research and development for medicines, vaccines, and treatments	Argentina	SDG 3	Vulnerable groups	700,000,000	100%	49%	80% of total population vaccinated	36 million of people fully vaccinated
2	Sectoral credit line for the strengthening of the health sectors in Ecuador in the context of the COVID-19 pandemic, including acquisition of equipment to build more intensive care units and seclusion rooms, the purchase of personal protective equipment and the financing of the advertisement campaign for the health personnel. In addition, the funds contributed to the national vaccination plan created in December 2021	Healthcare System Support	Research and development for medicines, vaccines, and treatments	Ecuador	SDG 3	Vulnerable groups	37,500,000	17%	100%	82.7% of total population vaccinated	13.8 million of people fully vaccinated
3	Regional contingent line of credit for countercyclical measures to deal with the emergency caused by COVID-19 in the Republic of Argentina, with the objective of generating conditions to guarantee effective compliance with social isolation measures, strengthen the assistance and care capacities of the health system and implementing measures to protect the populations most vulnerable to the crisis	Healthcare System Support	Medicines and medical supplies and equipment	Argentina	SDG 1, 8, 9, 10	Vulnerable groups	40,000,000	80%	76%	Emergency health system support: USD 30.8 mm	Smoothing Mortality curve Apr 2022: 128,344 cases vs. 250,000 cases (target)



2023 Social Bond Report

Project category					Target population	Allocation information			Social indicators		
#	Project Name and Description	SBP Category	Sub-category	Country	SDG addressed	Target group	Loan amount USD	Share of total financing	Allocation under program	Indicator 1	Indicator 2
4	Regional contingent line of credit for countercyclical measures to deal with the emergency caused by COVID-19 in Bolivia to direct resources to the acquisition of supplies for the installation of prefabricated sanitary modules, fumigation, readjustment of clinics, purchase of medical devices and safety and prevention equipment, in order to mitigate the impact on the health of the Bolivian population	Healthcare System Support	Medicines and medical supplies and equipment	Bolivia	SDG 1, 8, 9, 10	Vulnerable groups	350,000,000	100%	100%	USD 24.6 mm executed	Health personnel equipment USD 35.8 mm
5	Regional contingent line of credit for countercyclical measures to deal with the emergency caused by COVID-19 in Ecuador to strengthen and expanding the capacity of the health system to improve the sector's demands with special focus on UCI equipment, medical devices, supplies, medicines, and COVID-19 tests.	Healthcare System Support	Medicines and medical supplies and equipment	Ecuador	SDG 1, 8, 9, 10	Vulnerable groups	100,000,000	49%	29%	Equipment and medical devices: USD 38.2 mm	UCI equipment and COVID 19 tests: 11.7 mm
6	Regional contingent line of credit for countercyclical measures to deal with the emergency caused by COVID-19 in Trinidad and Tobago to provide timely and effective financial support for the emergency measures adopted by the Government to mitigate the effects of the pandemic on the economic, financial, and social sectors and on the life quality of the people	Healthcare System Support	Medicines and medical supplies and equipment	T&T	SDG 1, 8, 9, 10	Vulnerable groups	50,000,000	100%	100%	Consumables (mask, gloves, shields, and others): USD 5.5 mm. Equipment (Cardiac monitors, ventilators, and others): USD 3.5 mm	Strengthening Human Capital (physicians, consultants, registrars, and medical staff): USD 39.5 mm
7	Regional contingent line of credit for countercyclical measures to deal with the emergency caused by COVID-19 in Panama, straightening the response capacity of the country to address the health emergency. The response plan included the purchase of medical equipment such as respiratory ventilators, monitors, laboratory reagents and other medical supplies. In addition, the use of funds also included the purchases of COVID-19 tests and medicines.	Healthcare System Support	Medicines and medical supplies and equipment	Panama	SDG 1, 8, 9, 10	Vulnerable groups	50,000,000	100%	57%	Medical supplies and laboratory reagents: USD 12.3 mm executed	Increase in number of ventilators: 2020: 248 2021: 496 (+50%)



2023 Social Bond Report

Emergency Economic Support

#	Project Name and Description	SBP Category	Sub-category	Country	SDG addressed	Target group	Loan amount USD	Share of total financing	Allocation under program	Indicator 1	Indicator 2
8	Regional contingent line of credit for countercyclical measures to deal with the emergency caused by COVID-19 in Uruguay, the economic response plan included nutritional programs and employment and income protection programs that aimed to provide several subsidies for the population	Emergency Economic Support	Employment and food programs	Uruguay	SDG 3	Unemployed	50,000,000	100%	71%	Number of employees benefited 24,425	Beneficiaries of nutritional program: 168,426
9	Credit line to support micro, small and medium-sized enterprises (MSMEs) in Brazil through the local MDB Banco de Desenvolvimento de Minas Gerais – BDMG aiming at mitigating the effects of the COVID-19 pandemic crisis, supporting the subsequent economic reactivation and strengthen the affected productive sectors in the State of Minas Gerais and its neighboring states.	Emergency Economic Support	Micro, small and medium enterprise financing	Brazil	SDG 8	Unemployed	100,000,000	76%	56%	Safeguarded jobs: 22,188 1,448 female entrepreneurs assisted	Micro & small enterprises benefited 2,781
10	Credit line to support micro, small and medium-sized enterprises (MSMEs) in Ecuador through the local MDB CONAFIPS channeling credits to micro-entrepreneurs with favorable conditions, through the Savings and Loan Cooperatives (COAC), in response to the crisis generated by the COVID-19 pandemic	Emergency Economic Support	Micro, small and medium enterprise financing	Ecuador	SDG 1, 8, 9, 10	Unemployed	100,000,000	100%	94%	Women assisted: 2,000	Micro & small enterprises benefited with microcredits: 1,500



About CAF

Founded in 1970, CAF is a development bank currently owned by 22 countries including 19 in Latin America and the Caribbean, Spain and Portugal as well as 13 private banks in the region. CAF's main mission is to promote a sustainable development and regional integration with the goal of improving the quality of life for Latin American people.

CAF offers financial and related services to the governments of, and public and private institutions, corporations and joint ventures operating in, its shareholder countries. Primarily, CAF provides short, medium, and long-term loans and guarantees; to a lesser extent, CAF also participates as a limited equity investor in corporations and investment funds, and provides technical and financial assistance, as well as administrative services for certain regional funds.

Investor relations contact

E-mail: Investor_Information@caf.com

Investor website: www.caf.com/en/investors/

Bloomberg: CAF <GO>

Disclaimer:

This document has been prepared for informational purposes only. CAF does not make any warranties or representations as to, and accepts no liability for, the accuracy, timeliness or completeness of the information contained herein and it is under no obligation to update it.

This document is not a prospectus and is not intended to provide the basis for the evaluation of entering into any transaction regarding any securities issued by CAF. This information does not constitute an invitation or offer to subscribe for or purchase any securities issued by CAF.

Under no circumstances shall CAF or any of its directors, employees or other representatives be liable for any loss, damage, liability or expense incurred or suffered and claimed to have resulted from the use of this document, including without limitation any direct, indirect, special or consequential damages, even if CAF has been advised of the possibility of such damages.

For additional information concerning CAF and its Social Bond Program, please refer to CAF's financial statements and other relevant information available at <https://www.caf.com/en/investors/>

