CAF's Corporate Strategy 2022 2026

Consolidating our position as the green bank for sustainable and inclusive growth in ***Latin America and the Caribbean.***



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DEVELOPMENT BANK
OF LATIN AMERICA
AND THE CARIBBEAN



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Our history

Over the past 55 years, faithful to the mission outlined in CAF´s constitutive agreement, which seeks the economic integration of member countries to accelerate the economic and social development of their inhabitants, we have worked hand in hand with our partners to become a key ally for the sustainable development and integration of the region, not only for the positive impact of our diverse interventions, but also for our great capacity to understand in depth and provide a timely and agile response to the needs of the countries in the region.

At the end of 2024, our equity reached USD 15.99 billion, 8.6% higher than the amount recorded at the end of 2023, strengthened by the contributions made by the shareholder countries and retained earnings. The loan and investment portfolio amounted to USD 34,24 billion, with total approvals of USD 15,86 billion*.

Today, we have a broad base of 23 shareholder countries and a diversified portfolio of public and private sector clients, to whom we offer financial and knowledge services, incorporating social, climate, environmental and sustainability criteria in all our operations. As a financial intermediary, we channel international resources to Latin America and the Caribbean to promote investment and generate development opportunities.

In line with our vision of becoming the green bank for sustainable and inclusive growth of the region, we implemented the 2022-2026 Corporate Strategy, based on 18 strategic agendas aimed at maximizing the positive impact on the countries' development.

*Total approvals include sovereign and non-sovereign credit operations, and cooperation funds for development.



These are some of the milestones that have marked decisive steps in the evolution and strengthening of our organization:

1968

On February 7, CAF was founded as the Corporación Andina de Fomento, under its Establishing agreement, signed in Bogota, Colombia, by the governments of Ecuador, Bolivia, Colombia, Chile, Peru, and Venezuela. It was created as the financial pillar for Andean integration with the mission of improving the quality of life of its citizens.

1970

In 1970, CAF began operations with the purpose of becoming a financial agent in the integration process of the member countries of the Andean group. CAF was established with an authorized capital of USD 100 million and a subscribed capital of USD 25 million.

1990

The organization entered a stage of expansion, where it accessed the capital markets, allowing it to consolidate its position as a Latin American development bank. By 1991, CAF had an authorized capital of US $2.05 billion and a net worth of US $576 million.

2005

The Establishing Agreement of the organization was amended to create the possibility that new countries in Latin America and the Caribbean could become members of CAF.

2022

CAF's shareholders gave it a vote of confidence by approving the largest capitalization in the bank's history, for USD 7 billion, to better respond to the region's challenges, taking advantage of CAF's strengths to do so. Likewise, a multi-year strategy was formulated to consolidate us as the green bank for sustainable and inclusive development in Latin America and the Caribbean.

2023

The bank's first multi-year strategy was launched, socialized and implemented. A comprehensive roadmap permeating all the organization's processes and setting clear objectives for 2026, to keep on advancing in a lasting and transformative endeavor that continues to promote progress in the region. CAF inaugurated its regional office in the Caribbean as part of its regional integration project. Chile once again became a CAF member country in March 2023, after more than three decades.



A new strategy

CAF is committed to the potential of Latin America and the Caribbean (LAC) to transform its structural challenges into opportunities and move towards a more sustainable and inclusive future. However, this aspiration contrasts with a reality marked by persistent challenges: low productivity, high levels of poverty and inequality, and growing vulnerability to climate change, fueled by a development model that has historically been unsustainable.

These structural limitations are evident in the region's share of the global economy. In 1970, LAC accounted for 5.5% of trade and 7.3% of world production; more than five decades later, these figures have barely changed, standing at 5.6% and 6.4% at the end of 2023 (World Bank, 2023). Labor productivity also shows a concerning lag: in 1990 it was equivalent to 35.6% of U.S. productivity, but fell to 26.5% in 2023, with an average annual growth of only 0.49%, compared to 1.43% in the U.S. (The Conference Board).

Although significant progress has been made - such as reducing illiteracy from 21% in 1974 to 5% in 2022 (World Bank) - social gaps remain deep. LAC continues to be the most unequal region in the world: its Gini coefficient went from 0.54 in 1970 to 0.45 in 2019, without even achieving inclusive structural transformation (CEDLAS, World Bank, ECLAC). The middle class barely represent 37% of the population and, in education, the countries of the region continue to lag in standardized evaluations such as PISA (Berniell et al., 2022)[1]. In health, although vaccination coverage rose from 37% in 1980 to 81% in 2019, the pandemic revealed critical limitations in hospital infrastructure and medical personnel.

The gap is also evident in physical and digital infrastructure. Even today, 6% of households lack adequate access to drinking water (Cont et al., 2022)[2], and urban-rural gaps exceed 10 percentage points in some countries (Libra and Baquero, 2022)[3]. In terms of digital connectivity, Latin America reported only 17 fixed broadband subscriptions per 100 inhabitants in 2022, compared to 38 in the European Union (ECLAC, 2022)[4].

[1] CAF (2022). RED 2022 “Desigualdades heredadas”.
[2] CAF (2022). IDEAL 2022 “Energía, agua y salud para un mejor medio ambiente”.
[3] BID (2022). “FS 1.1: Acceso al agua en América Latina y el Caribe: definiciones y datos”.
[4] Naciones Unidas (2022). Indicadores: Listado completo de indicadores de Desarrollo Digital. https://desarrollodigital.cepal.org/es/indicadores?id=428

In the environmental sphere, the region faces significant challenges. Although LAC generates about 10% of global emissions (Brassiolo et al., 2023)[5], it is one of the areas most exposed to the effects of climate change. According to the same authors, countries have declared climate finance needs of USD 152 billion in their Nationally Determined Contributions (NDCs), with a marked concentration on mitigation, even though adaptation is crucial given regional vulnerability.

Against this backdrop, a shared vision of sustainable development is required that addresses the structural causes of stagnation, promotes social inclusion, closes historical gaps, and strengthens climate and ecosystem resilience. In response to this imperative, CAF reaffirmed its commitment to the region's development by redefining itself as the green bank for sustainable and inclusive growth in Latin America and the Caribbean.

In 2022, member countries endorsed this vision by approving a USD 7 billion capital increase, consolidating a robust financial platform to multiply the impact on quality of life, productivity and environmental sustainability. That same year, CAF presented its 2022-2026 Corporate Strategy, which outlines a path to double the investment portfolio by 2030, with a strong focus on projects with social and environmental impact.

This strategy positions CAF as a strategic ally for sustainable and inclusive development and effective regional integration, with a direct impact on the well-being of the citizens of Latin America and the Caribbean.





[5] CAF (2023). RED 2023 "Desafíos globales, soluciones regionales".

The strategy

The strategy for the period 2022-2026 aims to transform CAF into the green bank for sustainable and inclusive growth in Latin America and the Caribbean, and to position the region as a center for solutions to global challenges. Its formulation involved a comprehensive exercise that involved all areas of the organization and development experts and is framed within the mission of 'supporting the shareholder countries to achieve sustainable development and regional integration by offering financial instruments and knowledge services', also considering the development challenges identified by the countries themselves.

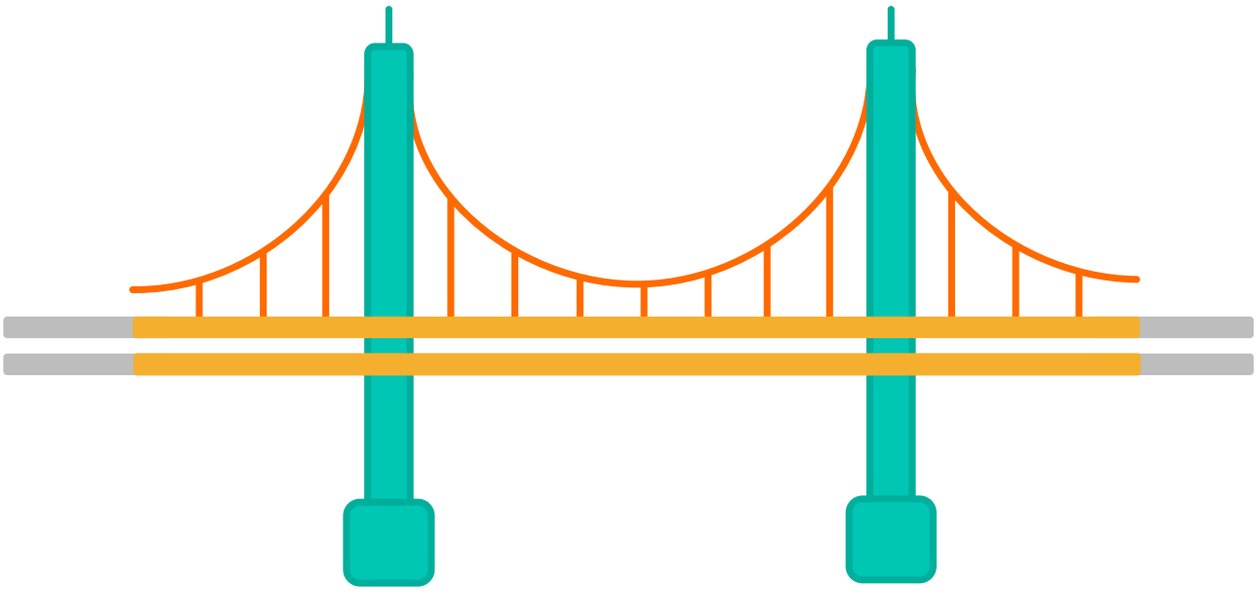
As part of its commitment to promote sustainable development in Latin America and the Caribbean, CAF aligns its management with the 2030 Agenda, directing its efforts towards generating a positive impact on the Sustainable Development Goals (SDGs). Through a well-defined strategy, the organization has mobilized resources and undertaken initiatives that contribute directly to the fulfillment of these goals.



Within this framework, CAF has defined a roadmap towards 2026 with a clear and structured vision, which not only establishes responsibilities and lines of action, but also incorporates precise metrics to ensure continuous monitoring of progress and results.

To materialize this strategy, the organization has developed a work scheme based on three types of interconnected agendas: mission-driven, cross-cutting and enabling. These agendas work in an articulated manner to ensure that each initiative contributes effectively to the sustainable development of the region.

Our Strategy: the bridge to regional development and integration



MISSION-DRIVEN

6 agendas

These agendas respond to CAF's strategic vision and core mission for external clients. This is what we do as a development bank in a series of sectors or topics in which we work to fulfill our corporate strategy.

CROSS-CUTTING

6 agendas

Cross-cutting agendas concentrate those components that permeate all the work of the organization. They act as a hinge between what we do for the customer (mission-driven) and our internal actions (enabling).

ENABLING

6 agendas

These are the heart of the strategy and correspond to the internal elements that need to be strengthened to enable the effective execution of the other agendas.

Each of the agendas has a medium-term vision that materializes through the initiatives that comprise it, with challenging but achievable goals and responsibilities.



Advancing with purpose toward 2026: Key achievements





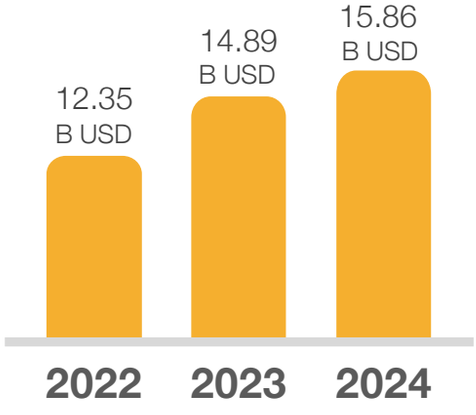


MISSION-DRIVEN AGENDAS

CAF maintains a strong regional presence with a portfolio of USD 34.70 billion and loan approvals totaling USD 15.86 billion.

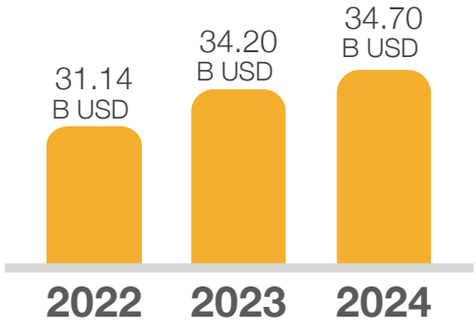
APPROVALS

In recent years, CAF has achieved historic levels of approvals, reaching USD 15.86 billion in 2024. These approvals have been key to fulfilling our mission of financing sustainable development across Latin America and the Caribbean. Since the launch of the 2022–2026 strategy, resources have increasingly been directed toward projects aligned with the mission-driven agendas and the region's development priorities. These include key sectors such as just energy transition, resilience, strategic ecosystems and the agricultural sector, resilient territories, social inclusive well-being, physical and digital infrastructure, and productivity and internationalization.



PORTFOLIO

Between 2022 and 2024, CAF's portfolio grew by 11.4%. This historic increase has enabled the expansion of loans and investment volumes, while **diversifying the use of financial instruments to better respond to the needs of member countries and reach more communities, territories, and strategic sectors.** As a result, CAF has strengthen its impact on reducing development gaps across Latin America and the Caribbean.



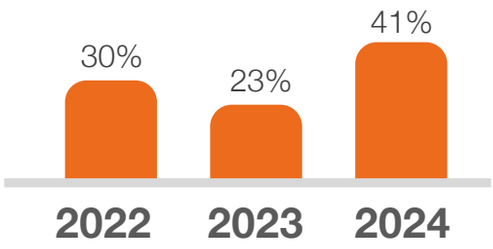
*In 2024, a gradual methodological change was initiated to stop counting credit line renewals as new approvals. Instead, only the approvals of loans actually granted under these lines or facilities will be recorded. In 2024, sovereign liquidity credit line renewals ceased to be included in approval figures, and starting in 2025, the transition will begin with credit lines extended to private commercial banks. Historical approval figures since 2020 have been revised to reflect the new methodology, i.e., excluding sovereign liquidity credit line renewals.

CROSS-CUTTING AGENDAS

B1.

A GREENER ACTION

CAF has steadily increased the **percentage of green financing within its approvals, reaching 41% in 2024 and surpassing, two years ahead of schedule, the institutional target of 40% set for 2026.** This result marks the highest level recorded to date and reflects the institution's strong commitment to climate action and its vision of becoming the green bank for sustainable and inclusive growth in Latin America and the Caribbean.

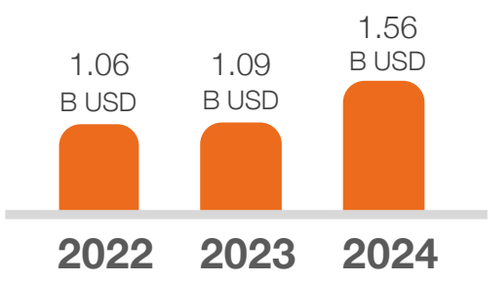


% of green approvals.

B3.

INSTITUTIONAL STRENGTHENING

Since 2022, we have continuously strengthened support for regional and local governments, with a growing trend in approvals that reflects our commitment to territorial development. This historic result responds to a comprehensive approach that combines financing, institutional strengthening, and tailored technical assistance, demonstrating our focus on working hand in hand with local authorities to understand and address their specific needs.

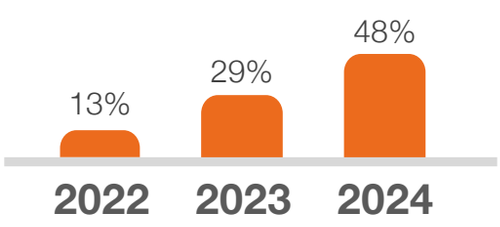


Approvals for regional and local governments (USD).

B4.

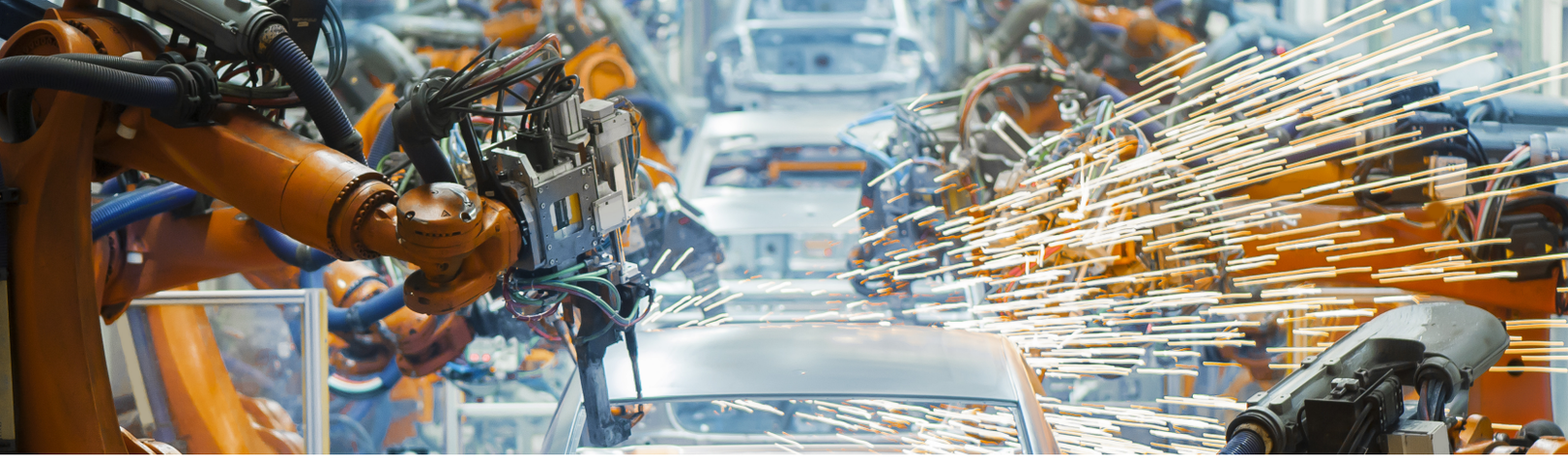
INCLUSION, DIVERSITY AND GENDER

CAF continues to advance its commitment to inclusive development. Since 2022, we have made firm progress in mainstreaming gender, diversity, and inclusion across the design and execution of sovereign operations. **In just three years, the percentage of sovereign approvals with gender, diversity, and inclusion components rose from 13% to 48%,** significantly exceeding the institutional target. This reflects not only technical progress, but also our determination to continue closing social gaps and promoting equality in Latin America and the Caribbean.



% of sovereign approvals with gender, inclusion, and diversity components.





ENABLING AGENDAS

C1.
FINANCIAL SUSTAINABILITY

Since 2022, CAF has made firm progress, demonstrating growing financial strength and a deep commitment to the development of Latin America and the Caribbean. **Improvements in credit ratings, reaching AA and AA+ levels from the leading credit rating agencies, reflect growing market confidence in our institution.** These achievements not only help reduce funding costs but also enhance CAF's ability to mobilize resources toward strategic sectors.

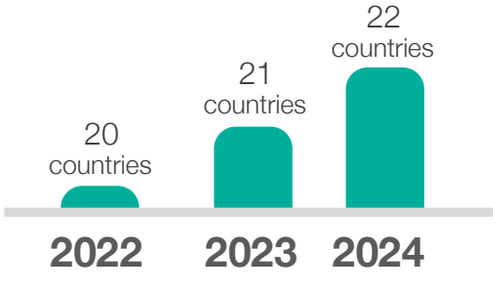
	Fitch	Moody's	S&P	JCR
2024	AA-	Aa3	AA	AA+
2023	↑	–	↑	–
2022	A+	Aa3	AA-	AA+

Two ESG ratings obtained from MSCI and Sustainalytics.

Legend:
- ↑ *Rating upgrade*
- – *Rating maintained*

C4.
STRATEGIC POSITIONING OF CAF

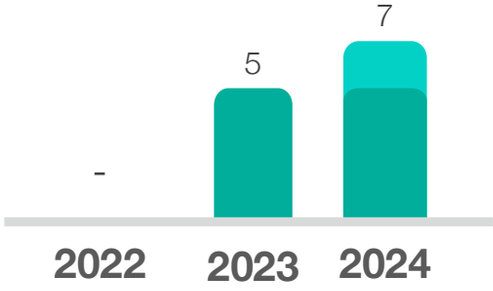
CAF continues to make firm progress in its goal of becoming the development bank with the broadest geographic presence in Latin America and the Caribbean. The incorporation of Antigua and Barbuda in 2025 strengthens our regional positioning and reaffirms CAF's commitment to a more inclusive, sustainable, and impactful integration. Each new country that joins CAF reflects the growing trust in an institution that drives development and promotes a better future for the region.



of CAF shareholder countries*.

C6.
INNOVATIVE FINANCIAL INSTRUMENTS

Since 2022, CAF has developed seven innovative financial instruments that expand the impact of our portfolio and more effectively respond to the needs of our clients. These solutions are aligned with countries' strategic priorities and CAF's strategy, allowing us to offer more sustainable, flexible, and results-oriented financing, while generating transformative impact across the region.



of financial innovations developed.

* For the purposes of this indicator, a country is a shareholder of CAF at the time it subscribes the corresponding capital agreement.

The green bank for sustainable and inclusive growth

Latin America and the Caribbean: a region of solutions to global challenges.

MISSION-DRIVEN AGENDAS

A

10 initiatives

"What we do for our customers".

A1. JUST ENERGY TRANSITION
- Promote a just energy transition.

A2. RESILIENCE, STRATEGIC ECOSYSTEMS AND AGRICULTUR
- Enhance adaptation, climate resilience, the ecosystem approach and the agriculture sector.

A3. RESILIENT TERRITORIES
- Foster water security.
- Develop urban mobility systems, creative economies and tourism.

A4. SOCIAL INCLUSIVE WELL-BEING
- Improve health, nutrition and attention to infancy.
- Strengthen the abilities of the 21st century.
- Encourage policies for equal opportunities.

A5. PHYSICAL AND DIGITAL INFRASTRUCTURE
- Promote physical connectivity and digital transformation.

A6. PRODUCTIVITY AND INTERNATIONALIZATION
- Strengthen the non-sovereign portfolio.
- Enhance the positioning of CAF Asset Management (CAF-AM).

CROSS-CUTTING AGENDAS

B

6 initiatives

"What permeates all our actions".

B1. A GREENER ACTION
- Implement greener operations.

B2. KNOWLEDGE TO IMPROVE ACTION
- Enhance the alignment of technical cooperations with credit operations.

B3. INSTITUTIONAL STRENGTHENING
- Strengthen regional and local governments.

B4. INCLUSION, DIVERSITY AND GENDER
- Mainstream gender, inclusion and diversity perspectives.

B5. REGIONAL INTEGRATION
- Promote multinational and binational integration projects.

B6. ALLIANCES AND RESOURCE MOBILIZATION
- Amplify alliances and mobilize resources.

ENABLING AGENDAS

C

8 initiatives

"The internal work that materializes our actions".

C1. FINANCIAL SUSTAINABILITY
- Consolidate financial solvency, sustainability and ESG.
- Optimize the balance sheet.

C2. TALENT AND ORGANIZATIONAL HEALTH
- Promote internal talent.

C3. DIGITAL TRANSFORMATION
- Achieve greater efficiency through AI-based solutions.

C4. CAF'S STRATEGIC POSITIONING
- Strengthen CAF's geographical presence.
- Position CAF as a benchmark in the region.

C5. TRANSPARENCY AND GOOD CORPORATE GOVERNANCE
- Advance institutional transparency.

C6. INNOVATIVE FINANCIAL INSTRUMENTS
- Implement innovative financial instruments and solutions.

¿What will we achieve by 2026?

During the launch of CAF's strategy, key commitments were established with the Board of Directors, projected to 2026. These are part of the vote of confidence granted to CAF, backed by a capitalization of USD 7 billion, and included in its corporate strategy.



- **Maintain 40% of green approvals** or approvals that contribute to the green agenda in Latin America and the Caribbean.
- **Increased capital** allocated to portfolio with regional and local (subnational) partners.
- **Strengthen the financing of non-sovereign sector operations,** with emphasis on the private sector.
- **Expand CAF's geographic coverage,** especially in Central America and the Caribbean.
- **Promote a territorial approach** based on sectoral strategies and complement the supply of products.
- **Support the development of infrastructure** for the physical and functional integration of the countries of the region.
- **Promote operations** that catalyze and mobilize more third-party resources to the region.

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