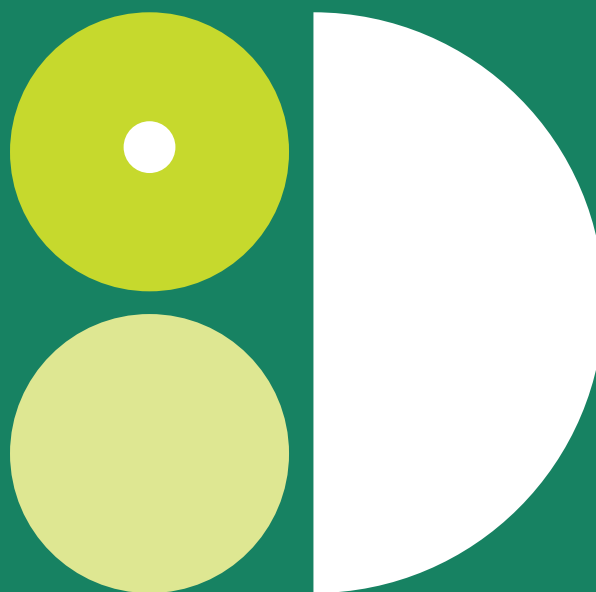


2023

Financial  
Statements



## 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, 2023, 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, 2023.

There are inherent limitations in the effectiveness of any internal control system, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even an effective internal control can provide only reasonable assurance with respect to financial statement preparation. Further, because of changes in conditions, the effectiveness of internal control may vary over time.

CAF's financial statements as of December 31, 2023 and for the year then 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, 2023.



Gabriel Felpeto  
Vice-President of Finance



Sergio Díaz-Granados  
Executive President



Corina Arroyo  
Acting Executive Vice-President

February 9, 2024

Lara Marambio & Asociados  
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## Independent Auditor's Report

To the Board of Directors and Shareholders 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, 2023, 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, 2023, 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 for the years ended December 31, 2023 and 2022, and our report dated February 9, 2024 expressed an unmodified opinion on those financial statements.

### **Basis for Opinion**

We conducted our audit in accordance with 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.

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February 9, 2024  
Caracas, Venezuela

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## Independent Auditor's Report

To the Board of Directors and Shareholders 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, 2023 and 2022, and the related statements of income, shareholders' 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, 2023 and 2022, 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, 2023, 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 9, 2024 expressed an unmodified opinion on **CAF's** internal control over financial reporting.

### Basis for Opinion

We conducted our audits in accordance with 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.



February 9, 2024  
Caracas, Venezuela

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# Corporación Andina de Fomento (CAF)

## Balance Sheets

As of December 31, 2023 and 2022  
(In thousands of U.S. dollars)

	NOTES	2023	2022
<b>ASSETS</b>			
Cash and due from banks		70,592	107,592
Deposits with banks		4,963,938	6,535,869
Cash and due from banks and deposits with banks	3	5,034,530	6,643,461
Marketable securities - trading	4 and 18	9,988,218	8,483,605
Other investments	5	1,265,038	258,372
Loans (US\$ 2,549,568 and US\$ 2,499,856 at fair value as of December 31, 2023 and 2022, respectively)	6 and 18	33,479,085	30,622,324
Less loan commissions, net of origination costs		175,732	166,213
Less allowance for loan losses	6	56,913	63,192
Loans, net		33,246,440	30,392,919
Accrued interest and commissions receivable:	18		
Loans		508,058	362,486
Others		449,514	311,406
		957,572	673,892
Derivative financial instruments	17 and 18	911,749	459,809
Equity investments	7	392,184	381,779
Property and equipment, net		91,675	98,804
Other assets	8	1,926,857	2,984,101
<b>TOTAL</b>		<b>53,814,263</b>	<b>50,376,742</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>LIABILITIES:</b>			
Deposits (US\$ 0 and US\$ 109,377 at fair value as of December 31, 2023 and 2022, respectively)	9 and 18	4,144,495	4,663,591
Commercial papers	10	4,653,512	4,618,797
Borrowings from other financial institutions (US\$ 593,086 and US\$ 665,849 at fair value as of December 31, 2023 and 2022, respectively), net	11 and 18	2,046,796	2,072,776
Bonds (US\$ 24,608,695 and US\$ 21,137,893 at fair value as of December 31, 2023 and 2022, respectively), net	12 and 18	24,759,450	21,252,213
Accrued interest payable	18	846,534	565,916
Derivative financial instruments	17 and 18	2,340,647	3,309,978
Accrued expenses and other liabilities	13	293,109	174,154
<b>Total liabilities</b>		<b>39,084,543</b>	<b>36,657,425</b>
<b>SHAREHOLDERS' EQUITY:</b>			
Subscribed capital	15	9,988,015	8,563,350
Less callable capital portion		1,819,660	1,625,660
Less capital subscriptions receivable		2,570,045	1,412,260
<b>Paid-in capital</b>		<b>5,598,310</b>	<b>5,525,430</b>
Additional paid-in capital		4,380,427	4,252,952
Reserves		3,940,935	3,771,966
Retained earnings		810,048	168,969
<b>Total shareholders' equity</b>		<b>14,729,720</b>	<b>13,719,317</b>
<b>TOTAL</b>		<b>53,814,263</b>	<b>50,376,742</b>

See accompanying notes to the financial statements

# Corporación Andina de Fomento (CAF)

## Statements of Income

For the years ended December 31, 2023 and 2022  
(In thousands of U.S. dollars)

	NOTES	2023	2022
Interest income:			
Loans	2 (g)	2,330,525	1,093,099
Investments and deposits with banks	2 (g), 3 and 4	922,659	172,987
Loan commissions	2 (g)	49,239	49,197
Total interest income		<u>3,302,423</u>	<u>1,315,283</u>
Interest expense:			
Bonds		1,640,106	659,043
Commercial papers		236,761	62,532
Deposits		168,407	63,844
Borrowings from other financial institutions		143,978	58,941
Commissions		10,034	10,373
Total interest expense		<u>2,199,286</u>	<u>854,733</u>
Net interest income		1,103,137	460,550
Provision (credit) for loan losses	6	439	(3,287)
Net interest income, after provision (credit) for loan losses		<u>1,102,698</u>	<u>463,837</u>
Non-interest income:			
Dividends and equity in earnings of investees	7	15,939	8,668
Other commissions		2,651	2,967
Other income	6 and 7	39,696	7,306
Total non-interest income		<u>58,286</u>	<u>18,941</u>
Non-interest expenses:			
Administrative expenses		205,161	177,803
Other expenses	7	5,636	25,811
Total non-interest expenses		<u>210,797</u>	<u>203,614</u>
Income before unrealized changes in fair value related to other financial instruments and contributions to Shareholders' Special Funds		950,187	279,164
Unrealized changes in fair value related to other financial instruments	19	<u>(20,139)</u>	<u>(21,195)</u>
Income before contributions to Shareholders' Special Funds, net		930,048	257,969
Contributions to Shareholders' Special Funds	21	<u>120,000</u>	<u>89,000</u>
Net income		<u><u>810,048</u></u>	<u><u>168,969</u></u>



# Corporación Andina de Fomento (CAF)

## Statements of Shareholders' Equity

For the years ended December 31, 2023 and 2022  
(In thousands of U.S. dollars)

	NOTES	Paid-in capital	Additional Paid-in capital	Reserves			Retained earnings	Total shareholders' equity
				General reserve	Artículo N° 42 the Constitutive Agreement	Total reserves		
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
Capital increase	15	254,235	465,585	-	-	-	-	719,820
Capital decrease due to shares' repurchase	6	(165,180)	(303,931)	-	-	-	-	(469,111)
Net income	15	-	-	-	-	-	168,969	168,969
Appropriated for general reserve	15	-	-	94,505	-	94,505	(94,505)	-
Appropriated for reserve pursuant to Article N° 42 of the Constitutive Agreement	15	-	-	-	10,510	10,510	(10,510)	-
BALANCES AS OF DECEMBER 31, 2022		5,525,430	4,252,952	3,189,273	582,693	3,771,966	168,969	13,719,317
Capital increase	15	269,560	489,366	-	-	-	-	758,926
Capital decrease due to shares' repurchase	6	(196,680)	(361,891)	-	-	-	-	(558,571)
Net income	15	-	-	-	-	-	810,048	810,048
Appropriated for general reserve	15	-	-	152,069	-	152,069	(152,069)	-
Appropriated for reserve pursuant to Article N° 42 of the Constitutive Agreement	15	-	-	-	16,900	16,900	(16,900)	-
BALANCES AS OF DECEMBER 31, 2023		<u>5,598,310</u>	<u>4,380,427</u>	<u>3,341,342</u>	<u>599,593</u>	<u>3,940,935</u>	<u>810,048</u>	<u>14,729,720</u>

# Corporación Andina de Fomento (CAF)

## Statements of Cash Flows

For the years ended December 31, 2023 and 2022  
(In thousands of U.S. dollars)

	NOTES	2023	2022
<b>OPERATING ACTIVITIES:</b>			
Net income		810,048	168,969
Adjustments to reconcile net income to net cash (used in) provided by operating activities:			
Unrealized (gain) loss on trading securities		(121,961)	50,336
Loan commissions, net of amortization of origination costs		(18,467)	(20,172)
Provision (credit) for loan losses	6	439	(3,287)
Impairment charge for equity investments	7	1,336	962
Unrealized changes in fair value related to equity investment	7	(11,403)	17,854
Equity in earnings of investees	7	(11,005)	(1,943)
Amortization of deferred charges		3,187	4,751
Depreciation of property and equipment		8,650	8,831
Provision for employees' severance benefits		17,723	15,023
Provision for employees' savings plan		607	744
Unrealized changes in fair value related to other financial instruments	19	20,139	21,195
Net changes in operating assets and liabilities:			
Trading securities, net		(1,490,393)	3,965,795
Accrued interest and commissions receivable		(283,683)	(316,056)
Other assets		(31,362)	(22,004)
Accrued interest payable		280,619	277,683
Severance benefits paid or advanced		(15,862)	(14,417)
Employees' savings plan paid or advanced		(1,648)	(2,101)
Accrued expenses and other liabilities		(47,366)	23,167
Total adjustments and net changes in operating assets and liabilities		(1,700,450)	4,006,361
Net cash (used in) provided by operating activities		(890,402)	4,175,330
<b>INVESTING ACTIVITIES::</b>			
Purchases of other investments	5	(2,694,830)	(562,436)
Maturities of other investments	5	1,814,033	596,456
Loan origination and principal collections, net	6	(3,229,529)	(1,805,360)
Equity investments, net	7	10,667	34,698
Property and equipment, net		(1,521)	(1,648)
Net cash used in investing activities		(4,101,180)	(1,738,290)
Carried forward		(4,991,582)	2,437,040

# Corporación Andina de Fomento (CAF)

## Statements of Cash Flows

For the years ended December 31, 2023 and 2022  
(In thousands of U.S. dollars)

	NOTES	2023	2022
Brought forward		(4,991,582)	2,437,040
<b>FINANCING ACTIVITIES:</b>			
Net (decrease) increase in deposits	9	(514,720)	652,707
Proceeds from commercial papers	10	66,484,410	63,977,481
Repayment of commercial papers	10	(66,449,695)	(62,172,330)
Net decrease (increase) in derivative-related collateral		1,239,557	(2,414,170)
Proceeds from issuance of bonds	12	6,505,253	3,653,612
Repayment of bonds	12	(4,574,471)	(3,923,431)
Proceeds from borrowings from other financial institutions		186,023	797,723
Repayment of borrowings from other financial institutions		(252,632)	(407,254)
Proceeds from issuance of shares	15	758,926	719,820
Net cash provided by financing activities		3,382,651	884,158
NET (DECREASE) INCREASE IN CASH AND DUE FROM BANKS AND DEPOSITS WITH BANKS		(1,608,931)	3,321,198
CASH AND DUE FROM BANKS AND DEPOSITS WITH BANKS AT BEGINNING OF THE YEAR		6,643,461	3,322,263
CASH AND DUE FROM BANKS AND DEPOSITS WITH BANKS AT END OF THE YEAR		5,034,530	6,643,461
<b>SUPPLEMENTAL DISCLOSURE:</b>			
Interest paid during the year		1,925,433	612,024
<b>NONCASH FINANCING ACTIVITIES:</b>			
Principal collections - Loans	6	558,571	469,111
Capital decrease	6	(558,571)	(469,111)
Change in derivative instruments assets		(451,940)	52,574
Change in derivative instruments liabilities		(969,331)	2,467,020