Filed Pursuant to Rule 424(b)(3)
Registration No. 333-159109

$1,000,000,000

CORPORACIÓN ANDINA DE FOMENTO

8.125% Notes Due 2019

We will pay interest on the notes on June 4 and December 4 of each year. The first interest payment will be made on December 4, 2009. We may not redeem the notes prior to their maturity on June 4, 2019. There is no sinking fund for these notes.

	Price to Public(1)	Underwriting Discounts and Commissions	Proceeds to Corporación Andina de Fomento(1)
Per Note	99.825%	0.40%	99.425%
Total	$ 998,250,000	$ 4,000,000	$ 994,250,000

(1) Plus accrued interest, if any, from June 4, 2009.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or determined if this prospectus supplement or the prospectus to which it relates is truthful or complete. Any representation to the contrary is a criminal offense.

Delivery of the notes in book-entry form only through The Depository Trust Company will be made on or about June 4, 2009.

Credit Suisse **Merrill Lynch & Co.**

The date of this prospectus supplement is May 28, 2009.

TABLE OF CONTENTS

PROSPECTUS SUPPLEMENT

PROSPECTUS

You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. The information in this document may only be accurate on the date of this document.

ABOUT THIS PROSPECTUS SUPPLEMENT

The notes described in this prospectus supplement are debt securities of Corporación Andina de Fomento, or CAF, that are being offered under a registration statement filed with the Securities and Exchange Commission under the Securities Act of 1933. The prospectus is part of that registration statement.

The prospectus provides you with a general description of the debt securities that we may issue, and this prospectus supplement contains specific information about the terms of this offering and the notes. This prospectus supplement also may add, update or change information provided in the prospectus. Consequently, before you invest, you should read this prospectus supplement together with the prospectus.

The registration statement, any post-effective amendments to the registration statement and their various exhibits contain additional information about CAF, the notes and other matters. All these documents may be inspected at the offices of the Securities and Exchange Commission. Certain terms that we use but do not define in this prospectus supplement have the meanings we give them in the prospectus.

Except as otherwise specified, all amounts in this prospectus supplement are expressed in United States dollars (“dollars,” “$,” “U.S.$” or “U.S. dollars”).

Laws in certain jurisdictions may restrict the distribution of this prospectus supplement and the prospectus and the offering of our notes. You should inform yourself about and observe these restrictions. See “Underwriting” in this prospectus supplement.

FORWARD-LOOKING INFORMATION

This prospectus supplement and the prospectus may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. These statements are identified by words such as "believe", "expect", "anticipate", "should" and words of similar meaning.

Forward-looking statements are inherently subject to risks and uncertainties, many of which cannot be predicted with accuracy and some of which might not even be anticipated. Future events and actual financial and other results may differ materially from the results discussed in the forward-looking statements. Therefore, you should not place undue reliance on them. Factors that might cause such a difference include, but are not limited to, those discussed in this prospectus supplement and the prospectus, such as the effects of economic or political turmoil in one or more of our member countries.

SUMMARY OF THE OFFERING

You should read the following summary information in conjunction with the more detailed information appearing elsewhere in this prospectus supplement and the prospectus.

Issuer	Corporación Andina de Fomento
Securities Offered	8.125% Notes Due 2019
Interest Payments	We will pay interest twice a year on June 4 and December 4 to holders of the notes listed in the fiscal agent's records (which we expect to be the depositary or the custodian) on the preceding May 20 and November 19. The first interest payment will be made on December 4, 2009. We will pay interest on the notes on the basis of a 360-day year comprised of twelve 30-day months.
Not Redeemable	We may not redeem the notes prior to their maturity on June 4, 2019.
Form and Denominations	The notes will be issued in the form of a global note held by the depositary or the depositary's custodian. You will hold your interest in the global note through a financial institution that has an account with the depositary. Generally, you will not be entitled to have notes registered in your name, you will not be entitled to certificates representing your notes and you will not be considered a holder of a note under the fiscal agency agreement. You may hold your interest in the global note in denominations of $1,000 and integral multiples of $1,000 in excess thereof. *(See "Description of the Notes — Form and Denominations" on page S-6 of this prospectus supplement.)*
Payment of Principal and Interest	We will pay interest and the principal amount of your notes in U.S. dollars. As long as the notes are in the form of the global note, we will pay interest and principal through the facilities of the depositary. *(See "Description of the Notes — Payments on the Notes" on page S-8 of this prospectus supplement.)*
No Sinking Fund	There is no sinking fund for the notes.
Additional Amounts	We will make payments to you without withholding or deducting taxes, duties, assessments or other similar governmental charges imposed by the regional shareholder countries or any of their political subdivisions or agencies having the power to tax, unless the withholding or deduction of those taxes, duties, assessments or charges is required by law. In that event, with certain exceptions, we will pay such additional amounts as may be necessary so that the net amount you receive after such withholding or deduction will equal the amount that you would have received without a withholding or deduction. *(See "Description of the Debt Securities — Additional Payments by CAF" on page 38 in the prospectus.)* Under the terms of the Constitutive Agreement, we are exempt from all taxes and tariffs on income, properties or assets, and from any liability involving payment, withholding or collection of any taxes in the regional shareholder countries. *(See "Legal Status of CAF" on page 3 in the prospectus.)*
Status	The notes are not secured by any of our property or assets. Accordingly, your ownership of our notes means you are one of our

	unsecured creditors. The notes rank equally with all of our other unsecured indebtedness, as described in the prospectus. *(See "Description of the Debt Securities — General" on page 36 in the prospectus.)*
Negative Pledge	The notes will contain a restriction on our ability to pledge or mortgage our assets. *(See "Description of the Debt Securities — Negative Pledge" on page 38 in the prospectus.)*
Default	You will have certain rights if an event of default occurs and is not cured by us as described in the prospectus, including the right to declare your notes to be immediately due and payable. *(See "Description of the Debt Securities — Default; Acceleration of Maturity" on page 38 in the prospectus.)*
Further Issuances	We may from time to time, without the consent of existing holders of the notes, create and issue additional notes having the same terms and conditions as the notes offered hereby, except for the issue date, the offering price and, if applicable, the date of first payment of interest on the additional notes. Any such additional notes will form a single series with the notes offered hereby.
Fiscal Agent	The notes will be issued under a fiscal agency agreement between CAF and The Bank of New York Mellon (as successor-in-interest to JPMorgan Chase Bank, N.A.), which serves as fiscal agent, paying agent, transfer agent and registrar.
Taxation	For a discussion of the regional shareholder country and United States tax consequences of the notes, see *"Taxation — Regional Shareholder Country Taxation" and "— United States Taxation"* beginning on page 40 in the prospectus. You should consult your own tax advisors to determine the foreign and U.S. federal, state, local and any other tax consequences to you in connection with your purchase, ownership and disposition of the notes.
Governing Law	The notes will be governed by the laws of the State of New York.

USE OF PROCEEDS

We will use the net proceeds of the sale of the notes for general corporate purposes, including funding of our lending operations.

DESCRIPTION OF THE NOTES

This prospectus supplement describes the terms of the notes in greater detail than the prospectus and may provide information that differs from the prospectus. If the information in this prospectus supplement differs from the prospectus, you should rely on the information in this prospectus supplement.

General

We describe the price, interest and payment terms of the notes on the cover and in the summary of this prospectus supplement.

We will issue the notes under a fiscal agency agreement, dated as of March 17, 1998, between us and The Bank of New York Mellon (as successor-in-interest to JPMorgan Chase Bank, N.A.), as fiscal agent.

This description of the notes includes summaries of our understanding of certain customary rules and operating procedures of The Depository Trust Company, or "DTC", that affect transfers of interests in the global note. DTC may amend its customary rules and operating procedures after the date of this prospectus supplement.

The notes are not secured by any of our property or assets. Accordingly, your ownership of notes means you are one of our unsecured creditors. The notes are not subordinated in right of payment to any of our other debt obligations and therefore they rank equally with all our other unsecured and unsubordinated indebtedness. "Indebtedness" means all indebtedness of CAF in respect of monies borrowed by us and guarantees given by us for monies borrowed by others.

Form and Denominations

The Global Note

We will issue the notes in the form of one or more global debt securities (which we refer to as the global note) registered in the name of Cede & Co., as nominee of DTC. The global note will be issued:

- only in fully registered form, and
- without interest coupons.

You may hold beneficial interests in the global note directly through DTC if you have an account at DTC, or indirectly through organizations that clear through or maintain a custodial relationship with a DTC account holder, either directly or indirectly. Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear"), and Clearstream Banking, société anonyme ("Clearstream"), are indirect participants in DTC, and therefore participants in Euroclear and Clearstream will hold beneficial interests in the notes indirectly at DTC.

What is a Global Security? A global security (such as the global note) is a special type of security held in the form of a certificate by a depositary for the investors in a particular issue of securities. The aggregate principal amount of the global security equals the sum of the principal amounts of the issue of securities it represents. The depositary or its nominee is the sole legal holder of the global security. The beneficial interests of investors in the issue of securities are represented in book-entry form in the computerized records of the depositary. If investors want to purchase securities represented by a global security, they must do so through brokers, banks or other financial institutions that have an account with the depositary. In the case of the notes, DTC will act as depositary and Cede & Co. will act as DTC's nominee.

Special Investor Considerations for Global Securities. Because you, as an investor, will not be a registered legal holder of the global note, your rights relating to the global note will be governed by the account rules of your bank or broker and of the depositary, DTC, as well as general laws relating to securities transfers. We will not recognize a typical investor as a legal owner of the notes and instead will deal only with the fiscal agent and DTC, the depositary that is the registered legal holder of the global note.

You should be aware that as long as the notes are issued only in the form of a global security:

- You cannot get the notes registered in your own name.
- You cannot receive physical certificates for your interests in the notes.
- You will not be a registered legal holder of the notes and must look to your own bank or broker for payments on the notes and protection of your legal rights relating to the notes.
- You may not be able to sell interests in the notes to some insurance companies and other institutions that are required by law to own their securities in the form of physical certificates.
- As an owner of beneficial interests in the global note, you may not be able to pledge your interests to anyone who does not have an account with DTC, or to otherwise take actions in respect of your interests, because you cannot get physical certificates representing those interests.
- DTC's policies will govern payments of principal and interest, transfers, exchanges and other matters relating to your interest in the global note. We and the fiscal agent have no responsibility for any aspect of DTC's actions or for its records of ownership interests in the global note. Also, we and the fiscal agent do not supervise DTC in any way.
- DTC will require that interests in the global note be purchased or sold within its system using same-day funds.

Description of DTC. DTC has informed us that:

DTC is a limited purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934.

DTC was created to hold securities for financial institutions that have accounts with it, and to facilitate the clearance and settlement of securities transactions between the account holders through electronic book-entry changes in their accounts, thereby eliminating the need for physical movement of certificates. DTC account holders include securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to the DTC system is also available to banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC account holder, either directly or indirectly.

DTC's rules are on file with the Securities and Exchange Commission.

DTC's records reflect only the identity of the account holders to whose accounts beneficial interests in the global note are credited. These account holders may or may not be the owners of the beneficial interests so recorded. The account holders will be responsible for keeping account of their holdings on behalf of the beneficial owners.

Definitive Notes

In a few special situations described in the next paragraph, the global note will terminate and your interests in it will be exchanged for physical certificates representing the notes. After that exchange, the choice of whether to hold the notes directly or in "street name" (in computerized book-entry form) will be up to you. You must consult your own bank or broker to find out how to have your interests in the notes transferred to your own name, if you wish to be a direct legal holder of the notes.

We will cause definitive notes to be issued in exchange for the global note if DTC notifies us that:

- it is unwilling, unable or no longer qualified to continue acting as the depositary for the global note;
- it has ceased to be a clearing agency registered under the Securities Exchange Act of 1934 at a time when it is required to be so registered and we do not appoint a successor depositary within 90 days;
- an event of default with respect to the notes represented by the global note has occurred and is continuing as described under "Description of the Debt Securities — Default; Acceleration of Maturity" in the prospectus; or
- we decide in our sole discretion not to have any of the notes represented by the global note.

We would issue definitive notes in this way:

- in fully registered form;
- without interest coupons; and
- in denominations of multiples of $1,000.

Any definitive notes issued in this way would be registered in the names and denominations requested by DTC.

Payments on the Notes

The Global Note. The fiscal agent will make payments of principal of, and interest on, the global note to Cede & Co., the nominee for DTC, as the registered owner. The principal of, and interest on, the notes will be payable in immediately available funds in U.S. dollars.

We understand that it is DTC's current practice, upon DTC's receipt of any payment of principal of, or interest on, global securities such as the global note, to credit the accounts of DTC account holders with payment in amounts proportionate to their respective beneficial interests in the principal amount of the global note as shown on the records of DTC. Payments by DTC account holders to owners of beneficial interests in the global note held through these account holders will be the responsibility of the account holders, as is now the case with securities held for the accounts of customers registered in "street name".

Neither we nor the fiscal agent will have any responsibility or liability for any aspect of DTC's or its account holders' records relating to, or payments made on account of, beneficial ownership interests in the global note or for maintaining, supervising or reviewing any records relating to these beneficial ownership interests.

"Street name" and other owners of beneficial interests in the global note should consult their banks or brokers for information on how they will receive payments.

Definitive Notes. Payment of the principal of definitive notes, if any exist, may be made at the office of the fiscal agent. Payment of the interest on definitive notes will be paid by check mailed to you if you are a registered holder of definitive notes. At the request of a registered holder of more than $1,000,000 principal amount of definitive notes, payments of principal or interest may be made to that holder by wire transfer.

Unclaimed Payments on the Notes. Any monies we pay to our fiscal agent or any paying agent for the payment of the principal of or interest on any notes that remains unclaimed at the end of two years after such principal or interest has become due and payable will be repaid to us by such agent. Upon such repayment, all liability of our fiscal agent or any paying agent with respect to such monies shall thereupon cease, without, however, limiting in any way our unconditional obligation to pay principal of or any interest on the notes when due.

Transfer and Exchange of the Notes

The Global Note. Except as described below, the global note may be transferred, in whole and not in part, only to DTC, to another nominee of DTC or to a successor of DTC or its nominee.

Beneficial Interests in the Global Note. Beneficial interests in the global note will be represented, and transfers of such beneficial interests will be made, through accounts of financial institutions acting on behalf of beneficial owners either directly as account holders, or indirectly through account holders, at DTC. Beneficial interests will be in multiples of $1,000.

Definitive Notes. You may present definitive notes, if any exist, for registration of transfer or exchange at the corporate trust office of the fiscal agent in The City of New York, which we have appointed as the security registrar and transfer agent for the notes.

Exercise of Legal Rights Under the Notes

DTC may grant proxies or otherwise authorize DTC account holders (or persons holding beneficial interests in the notes through DTC account holders) to exercise any rights of a legal holder of the global note or take any other actions that a holder is entitled to take under the fiscal agency agreement or the notes. Under its usual procedures, as soon as possible after a record date, DTC would mail an omnibus proxy to us assigning Cede & Co.'s consenting or voting rights to those DTC account holders to whose accounts the notes are credited on such record date. Accordingly, in order to exercise any rights of a holder of notes, as an owner of a beneficial interest in the global note you must rely on the procedures of DTC and, if you are not an account holder, on the procedures of the account holder through which you own your interest.

We understand that, under existing industry practice, in the event that you, as an owner of a beneficial interest in the global note, desire to take any action that Cede & Co., as the holder of the global note, is entitled to take, Cede & Co. would authorize the relevant DTC account holder to take the action, and the account holder would authorize you, as an owner of a beneficial interest in the global note, through its accounts, to take the action or would otherwise act upon the instructions of beneficial owners owning through it.

Although DTC has agreed to the procedures described above in order to facilitate transfers of notes among DTC account holders, DTC is under no obligation to perform or continue to perform such procedures, and these procedures may be modified or discontinued at any time.

"Street name" and other owners of beneficial interests in the global note should consult their banks or brokers for information on how to exercise and protect their rights in the notes represented by the global note.

Notices

Notices will be sent by mail to the registered holders of the notes. If the notes are represented by a global note, any such notices will be delivered to DTC.

Certain Other Provisions

You should refer to the accompanying prospectus under the heading "Description of the Debt Securities" for a description of certain other provisions of the notes and the fiscal agency agreement.

UNDERWRITING

Under the terms and subject to the conditions contained in an underwriting agreement dated May 24, 2000 and a related pricing agreement dated the date hereof, we have agreed to sell to the underwriters named below the following respective principal amounts of notes:

Underwriter	Principal Amount
Credit Suisse Securities (USA) LLC	$ 500,000,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	$ 500,000,000
Total	$ 1,000,000,000

The underwriting agreement and related pricing agreement provide that the underwriters are obligated to purchase all of the notes if any are purchased.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the notes, subject to prior sale, when, as and if issued to and accepted by them, subject to certain conditions contained in the underwriting agreement and the related pricing agreement, such as the receipt by the underwriters of officer's certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Commissions and Discounts

The underwriters propose to offer the notes initially at the public offering price on the cover page of this prospectus supplement and to selling group members at that price less a selling concession of 0.25% of the principal amount per note. The underwriters and selling group members may allow a discount of 0.125% of the principal amount per note on sales to other broker/dealers. After the initial public offering the underwriters may change the public offering price and concession and discount to broker/dealers.

We estimate that our out of pocket expenses for this offering will be approximately $200,000.

New Issue of Notes

The notes are a new issue of securities with no established trading market. One or more of the underwriters intends to make a secondary market for the notes. However, the underwriters are not obligated to do so and may discontinue making a secondary market for the notes at any time without notice. No assurance can be given as to how liquid the trading market for the notes will be.

Price Stabilization and Short Positions

In connection with the offering the underwriters may engage in stabilizing transactions, syndicate covering transactions and penalty bids.

- Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.
- Syndicate covering transactions involve purchases of the notes in the open market after the distribution has been completed in order to cover syndicate short positions. A short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the notes in the open market after pricing that could adversely affect investors who purchase in the offering.
- Penalty bids permit the underwriters to reclaim a selling concession from a syndicate member when the notes originally sold by the syndicate member are purchased in a stabilizing transaction or a syndicate covering transaction to cover syndicate short positions.

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of the notes or preventing or retarding a decline in the market price of the notes. As a result the price of the notes may be higher than the price that might otherwise exist in the open market. These transactions, if commenced, may be discontinued at any time.

Settlement and Sales of Notes

We expect the delivery of the notes will be made against payment therefor on or about the closing date specified on the cover page of this prospectus supplement, which is the fifth business day following the date hereof (this settlement cycle being referred to as "T+5"). Under Rule 15c6-1 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, trades in the secondary market generally are required to settle in three business days, unless the parties to that trade expressly agree otherwise. Accordingly, purchasers who wish to trade notes on the date hereof or the next succeeding business day will be required, by virtue of the fact that the notes initially will settle in T+5, to specify an alternate settlement cycle at the time for any such trade to prevent a failed settlement and should consult their own advisor.

Selling Restrictions

The underwriters have represented and agreed that they have not and will not offer, sell or deliver any of the notes directly or indirectly, or distribute this prospectus supplement or the accompanying prospectus or any other offering material relating to the notes, in or from any jurisdiction except under circumstances that will result in compliance with the applicable laws and regulations thereof and in a manner that will not impose any obligations on CAF except as set forth in the underwriting agreement and related pricing agreement.

VALIDITY OF THE NOTES

Sullivan & Cromwell LLP, Washington, D.C., will pass upon the validity of the notes on our behalf. Wilmer Cutler Pickering Hale and Dorr LLP, Washington, D.C., will pass upon the validity of the notes on behalf of the underwriters. Sullivan & Cromwell LLP and Wilmer Cutler Pickering Hale and Dorr LLP may rely as to certain matters on the opinion of Dr. Ricardo Sigwald, our General Legal Counsel.

$1,500,000,000

CORPORACIÓN ANDINA DE FOMENTO

Debt Securities
Guarantees

We may from time to time offer up to $1,500,000,000 (or its equivalent in other currencies) aggregate principal amount of the securities described in this prospectus. The securities may be debentures, notes, guarantees or other unsecured evidences of indebtedness. In the case of debt securities sold at an original issue discount, we may issue a higher principal amount up to an initial public offering price of $1,500,000,000 (or its equivalent).

We may offer the securities from time to time as separate issues. In connection with any offering, we will provide a prospectus supplement describing the amounts, prices, maturities, rates and other terms of the securities we are offering in each issue.

We may sell the securities directly to or through underwriters, and may also sell securities directly to other purchasers or through agents.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

Prospectus dated May 27, 2009

TABLE OF CONTENTS

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended, which we refer to as the Securities Act, using a “shelf” registration process. Under the shelf process, we may from time to time sell any combination of the securities described in this prospectus in one or more offerings up to a total dollar amount of $1,500,000,000 or the equivalent of this amount in foreign currencies or foreign currency units.

This prospectus provides you with a general description of our business and of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement that will contain specific information about the terms of the securities in that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement before purchasing our securities. If the information in any prospectus supplement differs from the information in this prospectus or in the registration statement, you should rely on the information in the prospectus supplement.

The registration statement, any post-effective amendment to the registration statement and their various exhibits contain additional information about Corporación Andina de Fomento (“CAF”), the securities we may issue and other matters. All of these documents may be inspected at the offices of the Securities and Exchange Commission.

You should rely only on the information in this prospectus or in other documents to which we have referred you in making your investment decision. We have not authorized anyone to provide you with information that is different. This prospectus may only be used where it is legal to sell these securities. The information in this prospectus may only be accurate on the date specified on the cover of this document.

Except as otherwise specified, all amounts in this prospectus are expressed in United States dollars ("dollars," "$," "U.S.$" or "U.S. dollars").

Certain amounts that appear in this prospectus may not sum because of rounding adjustments.

FORWARD-LOOKING INFORMATION

This prospectus may contain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended, which we refer to as the Securities Exchange Act. Statements that are not historical facts are statements about our beliefs and expectations and may include forward-looking statements. These statements are identified by words such as "believe", "expect", "anticipate", "should" and words of similar meaning. Forward-looking statements are inherently subject to risks and uncertainties, many of which cannot be predicted with accuracy and some of which might not even be anticipated. Future events and actual financial and other results may differ materially from the results discussed in the forward-looking statements. Therefore, you should not place undue reliance on them. Factors that might cause such a difference include, but are not limited to, those discussed in this prospectus, such as the effects of economic or political turmoil in one or more of our member countries.

CORPORACIÓN ANDINA DE FOMENTO

CAF was established in 1968 pursuant to the *Agreement establishing the Corporación Andina de Fomento* (the "Constitutive Agreement"), an international treaty, to foster and promote economic development within the Andean region, although our role has recently been expanded to include Latin America and the Caribbean. CAF is a multilateral financial institution, the principal shareholders of which are the contracting parties to the Constitutive Agreement — the Republics of Bolivia, Colombia, Ecuador, Peru and the Bolivarian Republic of Venezuela, each of which we refer to in this prospectus as a regional shareholder country and which we refer to collectively in this prospectus as the regional shareholder countries. The regional shareholder countries collectively accounted for 84.4% of the nominal value of the paid-in capital at December 31, 2008. As of that date, our non-regional shareholders included Argentina, Brazil, Chile, Costa Rica, Dominican Republic, Jamaica, Mexico, Panama, Paraguay, Spain, Trinidad and Tobago, and Uruguay, each of which we refer to in this prospectus as a non-regional shareholder country and which we refer to collectively in this prospectus as the non-regional shareholder countries. Our non-regional shareholder countries collectively accounted for 15.6% of the nominal value of the paid-in capital at December 31, 2008. Our shares are also held by 14 financial institutions based in the regional shareholder countries, which collectively accounted for 0.1% of the nominal value of the paid-in capital at December 31, 2008. CAF commenced operations in 1970. Our headquarters are in Caracas, Venezuela, and we have regional offices in the capital cities of each of the other four regional shareholder countries and in Argentina, Brazil, Panama and Spain.

We offer financial and related services to the governments of, and public and private institutions, corporations and joint ventures in, our shareholder countries. Primarily, we provide short, medium and long-term loans and guarantees; to a lesser extent, we also participate as a limited equity investor in corporations and investment funds, and provide technical and financial assistance, as well as administrative services for certain regional funds.

The Constitutive Agreement generally delegates to our Board of Directors the power to establish and direct our financial, credit and economic policies. Our Board of Directors has adopted a formal statement of our financial and operational policies, the *Políticas de Gestión*. These operational policies provide our management with guidance as to significant financial and operational issues, and they may not be amended by the Board of Directors in any manner inconsistent with the Constitutive Agreement. In 1996, the Constitutive Agreement was amended to include and further increase certain lending and borrowing limitations previously set forth in these operational policies. See "Operations of CAF — Credit Policies".

We raise funds for operations both within and outside our shareholder countries. Our strategy with respect to funding, to the extent possible under prevailing market conditions, is to match the maturities of our liabilities to the maturities of our loan portfolio.

Our objective is to support sustainable development and economic integration within Latin America and the Caribbean by helping the regional shareholder countries make their economies diversified, competitive and more responsive to social needs.

LEGAL STATUS OF CAF

As an international treaty organization, we are a legal entity under public international law. We have our own legal personality, which permits us to enter into contracts, acquire and dispose of property and take legal action. The Constitutive Agreement has been ratified by the legislature in each of the regional shareholder countries. We have been granted the following immunities and privileges in each regional shareholder country:

(1) immunity from expropriation, search, requisition, confiscation, seizure, sequestration, attachment, retention or any other form of forceful seizure by reason of executive or administrative action by any of the regional shareholder countries and immunity from enforcement of judicial proceedings by any party prior to final judgment;

(2) free convertibility and transferability of our assets;

(3) exemption from all taxes and tariffs on income, properties or assets, and from any liability involving payment, withholding or collection of any taxes; and

(4) exemption from any restrictions, regulations, controls or moratoria with respect to our property or assets.

In addition, we have entered into agreements with each of our non-regional shareholder countries, except Chile. Pursuant to these agreements, each country has agreed to extend to us, with respect to our activities in and concerning that country, immunities and privileges similar to those we have been granted in the regional shareholder countries.

USE OF PROCEEDS

Unless otherwise specified in the accompanying prospectus supplement, we will use the net proceeds of the sale of the securities to fund our lending operations.

CAPITALIZATION AND INDEBTEDNESS

The following table sets forth our capitalization and indebtedness at March 31, 2009 and does not give effect to any transaction since that date.

	At March 31, 2009 (in U.S.$ millions)
Short-term debt(1)	$ 4,341.8
Long-term debt (maturities over one year)	$ 5,326.8
Stockholders' Equity	
Capital	
Subscribed capital, paid-in and receivable (authorized capital $10.0 billion)(2)	2,714.8
Less: Capital receivable	(344.9)
Paid-in capital	2,369.9
Additional paid-in capital	348.0
Total Capital	2,717.9
Reserves	
Mandatory reserve	358.7
General reserve	1,668.5
Total reserves	2,027.2
Retained earnings	68.7
Total stockholders' equity	4,813.9
Total long-term debt and stockholders' equity	$ 10,140.6

(1) Includes deposits, commercial paper, advances and short-term borrowings, the current portion of bonds, borrowings and other obligations, accrued interest and commissions payable.

(2) In addition to subscribed capital shown in the table, CAF's subscribed capital included callable capital of $1.1 billion at March 31, 2009.

CAPITAL STRUCTURE

General

On March 25, 2008, we increased our authorized capital from \$5.0 billion to \$10.0 billion, of which \$6.5 billion will be paid-in capital and \$3.5 billion will be callable capital.

Our shares are divided into Series “A” shares, Series “B” shares and Series “C” shares.

Series “A” shares are currently owned only by regional shareholder countries. Each regional shareholder country owns one Series “A” share, which is held by the government, either directly or through a government-designated social or public purpose institution. Each of the current five regional shareholder countries owning Series “A” shares is entitled to elect one director and one alternate director to our Board of Directors.

Series “B” shares are also owned by regional shareholder countries and are held by the governments either directly or through designated governmental entities, except for certain Series “B” shares, constituting 0.1% of our outstanding shares, which are owned by 14 private sector financial institutions in the regional shareholder countries. We offered and sold Series “B” shares to private sector financial institutions in 1989 in order to obtain the benefit of their views in the deliberations of our Board of Directors. The five regional shareholder countries owning Series “B” shares are entitled to elect a total of five additional directors and five alternate directors through cumulative voting, and the 14 private sector owners of Series “B” shares separately are entitled to elect one director and one alternate director.

Series “C” shares are currently owned by 12 countries that are non-regional shareholder countries: Argentina, Brazil, Chile, Costa Rica, Dominican Republic, Jamaica, Mexico, Panama, Paraguay, Spain, Trinidad and Tobago and Uruguay. We make available Series “C” shares for subscription by countries outside the Andean region in order to strengthen links between these countries and the regional shareholder countries. Ownership of our Series “C” shares by countries outside the Andean region makes entities in these countries that deal with entities in regional shareholder countries eligible to receive loans from us with respect to these dealings. At December 31, 2008, holders of Series “C” shares collectively were entitled to elect two directors and two alternate directors. Our Board of Directors is comprised of 13 directors.

Under the Constitutive Agreement, Series “A” shares may only be held by or transferred to governments or government-designated social or public purpose institutions. Series “B” shares also may be held by or transferred to such entities and, in addition, may be held by or transferred to private corporations or individuals, except that no more than 49% of the Series “B” shares within any country may be held by private shareholders. Series “C” shares may be held by or transferred to public or private entities outside the regional shareholder countries. Unless a shareholder withdraws, shares may be transferred only to entities in the same country.

An amendment to the Constitutive Agreement became effective on July 9, 2008, which (i) allows, under certain circumstances, Latin American and Caribbean countries, including those that are currently non-regional shareholder countries, to own Series “A” shares and (ii) expands CAF’s formal purpose to include supporting sustainable development and economic integration within all of Latin America and the Caribbean, as opposed to within only the Andean region. The amendment was ratified by the legislature of, or the appropriate competent governmental body in, all of the five current regional shareholder countries. Consequently, on March 17, 2009, CAF’s Extraordinary Shareholder’s Meeting approved the terms and conditions precedent by which Argentina, Brazil, Panama, Paraguay and Uruguay may become contracting parties to the Constitutive Agreement, become regional shareholder countries and own Series “A” shares.

Paid-in Capital and Capital Receivable

At December 31, 2008, CAF’s subscribed paid-in and receivable capital was \$2.6 billion, of which \$2.2 billion was paid-in capital and \$443.8 million was capital receivable in installments. Over the years, we have had several increases of subscribed capital. Our most recent capital increases occurred in 2007 and 2008.

Argentina

In 2001, Argentina subscribed to paid-in capital of $25.0 million, which was paid in full in 2005. Also, in 2005, Argentina subscribed to an additional paid-in capital increase of $75.0 million, which was paid in full in 2008.

In 2007, Argentina entered into an agreement to subscribe to an additional $543.0 million in Series "C" shares, of which it paid $105.0 million in 2008 with the balance to be paid in four installments. Additionally, Argentina has formally expressed its intention to become a contracting party to the Constitutive Agreement. Subject to the satisfaction of certain conditions precedent, the subscription agreement contemplates the issuance of one Series "A" share to Argentina.

Bolivia

In 2002, the Republic of Bolivia subscribed to a paid-in capital increase of $19.7 million, which was paid in six installments ending in 2008.

Brazil

In 2003, Brazil subscribed to an additional capital contribution of $50.0 million, which was paid in full in 2005.

In 2007, Brazil entered into an agreement to subscribe to an additional $467.0 million in Series "C" shares, of which it paid $234.4 million in 2009 with the balance to be paid in 2010. Additionally, Brazil has formally expressed its intention to become a contracting party to the Constitutive Agreement. Subject to the satisfaction of certain conditions precedent, the subscription agreement contemplates the issuance of one Series "A" share to Brazil.

In March 2009, Brazil subscribed to $126.0 million in callable capital.

Chile

In 2007, the Republic of Chile subscribed to an additional $50.0 million in Series "C" shares, which was paid in full.

Colombia

In 2002, the Republic of Colombia subscribed to a paid-in capital increase of $95.2 million, which was paid in six installments ending in 2007.

Costa Rica

In 2006, Costa Rica paid in full its subscribed capital of $20.0 million.

Dominican Republic

In 2004, the Dominican Republic entered into an agreement to purchase Series "C" shares for a total capital contribution of $50.0 million, of which it has paid $37.5 million. We expect the balance to be paid in 2009.

Ecuador

In 2002, the Republic of Ecuador subscribed to a paid-in capital increase of $19.7 million, which was paid in four installments ending in 2006.

Panama

In 2005, Panama subscribed to an additional capital contribution of $10.0 million, of which it has paid $8.0 million. We expect the balance to be paid in 2009.

In 2008, Panama entered into an agreement to subscribe to an additional $170.0 million in Series “C” shares, of which it has paid $20.0 million in 2008 with the balance to be paid in five annual installments ending in 2013. Additionally, Panama has formally expressed its intention to become a contracting party to the Constitutive Agreement. Subject to the satisfaction of certain conditions precedent, the subscription agreement contemplates the issuance of one Series “A” share to Panama.

Paraguay

In 2008, Paraguay entered into an agreement to subscribe to an additional $189.0 million in Series “C” shares to be paid in six annual installments, such agreement to take effect upon formal ratification by Paraguay. Additionally, Paraguay has formally expressed its intention to become a contracting party to the Constitutive Agreement. Subject to the satisfaction of certain conditions precedent, the subscription agreement contemplates the issuance of one Series “A” share to Paraguay.

Peru

In 2002, the Republic of Peru subscribed to a paid-in capital increase of $70.2 million, which was paid in four installments ending in 2006.

Spain

In 2002, Spain subscribed to paid-in capital of $100.0 million, which was paid in full. Spain also subscribed to callable capital of $200.0 million.

Venezuela

In 2002, the Bolivarian Republic of Venezuela subscribed to a paid-in capital increase of $70.2 million, which was paid in four installments ending in 2006.

Uruguay

In 2001, Uruguay subscribed to paid-in capital of $5.0 million, which was paid in full in 2004. In 2002, Uruguay subscribed to an additional $15.0 million of paid-in capital, which was paid in full in 2006, and, in 2004, Uruguay subscribed to an additional capital contribution of $20.0 million, which was paid in full in 2008.

In 2007, Uruguay entered into an agreement to subscribe to an additional $137.0 million in Series “C” shares, of which it has paid $54.0 million with the balance to be paid in three annual installments ending in 2012. Additionally, Uruguay has formally expressed its intention to become a contracting party to the Constitutive Agreement. Subject to the satisfaction of certain conditions precedent, the subscription agreement contemplates the issuance of one Series “A” share to Uruguay.

Since 1990, capital contributions to CAF have included a premium (valor patrimonial) paid on each share purchased. This premium is in addition to the nominal $5,000 per share value established by CAF’s by-laws. The premium is determined at the beginning of each subscription and applies to all payments under that subscription.

As of December 31, 2008, all of the regional shareholder countries were current in their capital payments. The following table sets out the nominal value of our subscribed paid-in capital and capital receivable as of December 31, 2008:

Shareholders	Paid-in Capital	Capital Receivable
	(in U.S.$ thousands)	
Series "A" Shares:		
Bolivia	$ 1,200	$ —
Colombia	1,200	—
Ecuador	1,200	—
Peru	1,200	—
Venezuela	1,200	—
Series "B" Shares:		
Bolivia	144,330	—
Colombia	512,100	—
Ecuador	145,510	—
Peru	514,005	—
Venezuela	513,995	—
Private sector financial institutions	1,415	—
Series "C" Shares:		
Argentina	87,405	165,910
Brazil	65,100	176,890
Chile	21,380	—
Costa Rica	12,695	—
Dominican Republic	17,240	5,510
Jamaica	705	—
Mexico	18,190	—
Panama	17,830	53,845
Paraguay	7,050	—
Spain	60,245	—
Trinidad and Tobago	800	—
Uruguay	30,435	41,665
Total	$ 2,176,430	$ 443,820

Reserves

Article 42 of the Constitutive Agreement requires that at least 10% of our net income in each year be allocated to a mandatory reserve until that reserve amounts to 50% of subscribed capital. The mandatory reserve can be used only to offset losses. We also maintain a general reserve to cover contingent events and as a source of funding of last resort in the event of temporary illiquidity or when funding in the international markets is not available or is impractical. The general reserve is invested in short-term securities and certificates of deposit that are easily convertible into cash. The mandatory reserve is an accounting reserve.

At December 31, 2008, our reserves totaled $1.8 billion. At such date, the mandatory reserve amounted to $327.6 million, or 12.5% of subscribed paid-in and receivable capital, and the general reserve amounted to $1.5 billion.

Callable Capital

In addition to our subscribed paid-in and receivable capital, our shareholders have subscribed to callable capital totaling $1.1 billion at December 31, 2008. Our callable capital may be called by the Board of Directors to meet our obligations only to the extent that we are unable to meet such obligations with our own resources.

The Constitutive Agreement provides that the obligation of shareholders to pay for the shares of callable capital, upon demand by the Board of Directors, continues until such callable capital is paid in full. Thus, we consider the obligations of shareholder countries to pay for their respective callable capital subscriptions to be binding obligations backed by the full faith and credit of the respective governments. If the callable capital were to be called, the Constitutive Agreement requires that the call be prorated among shareholders in proportion to their shareholdings.

SELECTED FINANCIAL INFORMATION

The following selected financial information as of and for the years ended December 31, 2008, 2007 and 2006 has been derived from our financial statements for those periods, which have been audited by KPMG, independent accountants. Our financial statements have been prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP). The selected financial information as of and for the three-month periods ended March 31, 2009 and March 31, 2008 has been derived from our unaudited interim financial information and includes adjustments, consisting of normal recurring adjustments, that we consider necessary for a fair presentation of our financial position at such dates and our results of operations for such periods. The results of the three-month period ended March 31, 2009 are not necessarily indicative of results to be expected for the full year 2009. The selected financial information should be read in conjunction with our audited financial statements and notes thereto, our unaudited interim financial information and the notes thereto and with "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this prospectus.

	Year Ended December 31,			Three Months Ended March 31,	
	2008	2007	2006	2009	2008
	(in U.S. $ thousands, except ratios)				
Income Statement Data					
Interest income	$ 652,380	$ 823,644	$ 736,446	$ 141,687	$ 200,214
Interest expense	(327,927)	(413,929)	(364,073)	(59,006)	(96,360)
Net interest income	324,453	409,715	372,373	82,681	103,854
Provision (credit) for loan losses	(22,970)	(23,133)	19,000	(2,316)	(54,373)
Net interest income after provision (credit)	347,423	432,848	353,373	84,997	158,227
Non-interest income	9,531	31,537	9,675	855	2,240
Non-interest expenses	(58,963)	(51,308)	(46,767)	(13,871)	(10,842)
Net income before ineffectiveness arising from fair value hedges and changes in fair value related to fair value option	297,991	413,077	316,281	71,981	149,625
Ineffectiveness arising from fair value hedges	13,483	(12,278)	4,372	—	383
Changes in fair value related to fair value option	—	—	—	(3,254)	—
Net income	$ 311,474	$ 400,799	$ 320,653	$ 68,727	$ 150,008
Balance Sheet Data (end of period)					
Current assets (net of allowance)	$ 5,542,480	$ 4,811,311		$ 5,340,594	
Non-current assets	8,729,975	7,778,662		9,141,835	
Total assets	$ 14,272,455	$ 12,589,973		$ 14,482,429	
Current liabilities	4,337,485	3,283,364		4,341,799	
Long-term liabilities	5,381,057	5,179,300		5,326,756	
Total liabilities	9,718,542	8,462,664		9,668,556	
Total stockholders' equity	4,553,913	4,127,309		4,813,873	
Total liabilities and stockholders' equity	$ 14,272,455	$ 12,589,973		$ 14,482,429	
Loan Portfolio and Equity Investments					
Total loans	$ 10,184,068	$ 9,547,987	$ 8,097,472	$ 10,721,765	$ 9,262,684
Allowance for loan losses	143,167	168,257	188,608	140,853	115,730
Equity investments	75,066	74,317	93,426	75,482	73,531
Selected Financial Ratios					
Return on average total stockholders' equity(1)	7.2%	10.5%	9.4%	5.7%	14.2%
Return on average paid-in capital(2)	14.9%	20.4%	18.0%	12.0%	29.4%
Return on average assets(3)	2.4%	3.6%	3.3%	1.9%	4.6%
Administrative expenses divided by average assets*	0.4%	0.5%	0.5%	0.4%	0.3%
Overdue loan principal as a percentage of loan portfolio (excluding non-accrual loans)	0.0%	0.0%	0.0%	0.0%	0.0%
Non-accrual loans as a percentage of loan portfolio	0.0%	0.0%	0.0%	0.0%	0.0%
Allowance for losses as a percentage of loan portfolio	1.4%	1.8%	2.3%	1.3%	1.2%

(1) Net income divided by average total stockholders' equity.*

(2) Net income divided by average subscribed and paid-in capital.*

(3) Net income divided by average total assets.*

* For the three-month periods, the amounts have been annualized.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our audited financial statements and notes thereto beginning on page F-5 and the unaudited interim financial information and notes thereto beginning on page F-31 of this prospectus.

Summary of Results

During the three years ended December 31, 2008, our net income decreased at a compound average annual rate of approximately 1.4%. Our net income for the year ended December 31, 2008 was $311.5 million, representing a decrease of $89.3 million, or 22.3%, over net income for 2007. This decrease resulted principally from the decrease in interest rates. For the year ended December 31, 2007, our net income was $400.8 million, representing an increase of $80.1 million, or 25.0%, over net income of $320.7 million for 2006. This increase resulted principally from a credit to loan-loss provisions of $75.7 million due to an improvement in the credit rating of one of our main shareholders as well as gains from the sale of investments in funds.

Our net income for the three-month period ended March 31, 2009 was $68.7 million, representing a decrease of $81.3 million, or 54.2%, compared to net income of $150.0 million for the corresponding period in 2008. This decrease resulted principally from a larger reversal in the allowance for loan losses in the corresponding period in 2008 caused by improvements in the risk profile of our portfolio. The decrease also is explained by the decline in interest rates compared to the same period in 2008.

The reported percentage increase in real GDP for 2008 for each of the regional shareholder countries was as follows: Bolivia, 6.0; Colombia, 3.4; Ecuador, 3.8; Peru, 9.8; and Venezuela, 4.8.

During 2008, the financial crisis and global economic recession affected our business but thus far these events have not had a material adverse effect on our results of operations or financial position. Based on our investment strategy given our investment guidelines, our liquid investment portfolio is of short duration and has no material exposure to structured products such as mortgage-backed or asset-backed securities. As a result, our net unrealized losses on this portfolio were immaterial during 2008 and were attributable principally to two defaulted securities. In addition, the widening of credit spreads during 2008 increased our borrowing costs, the effect of which was partially offset by increases in the interest rates we charge our borrowers. Also, lower rates for LIBOR, which is the basis for the interest payable on both our external debt and on the loans in our loan portfolio, resulted in a lower net interest margin for our business. Moreover, we continue to have no non-performing loans despite the economic deterioration during 2008. Management anticipates that our loan portfolio will continue to grow as a result of our strategy to expand our shareholder base, principally through additional capital subscriptions by several of our existing shareholder countries as well as the issuance of shares to new shareholder countries, which may result in increased loan demand for projects in such countries. Additionally, the financial crisis and recession are also likely to increase demand for our loans in shareholder countries.

Critical Accounting Policies

General

Our financial statements are prepared in accordance with U.S. GAAP, which requires us in some cases to use estimates and assumptions that may affect our reported results and disclosures. We describe our significant accounting policies in Note 1 ("Significant Accounting Policies") to our audited financial statements. We believe that some of the more significant accounting policies we use to present our financial results, discussed below, involve the use of accounting estimates that we consider to be critical because: (1) they require significant management judgment and assumptions about matters that are complex and inherently uncertain; and (2) the use of a different estimate or a change in estimate could have a material impact on our reported results of operations or financial condition. Specifically, the estimates we use to determine the allowance for loan losses are critical accounting estimates.

Allowance for Loan Losses

We maintain an allowance for losses on our loan portfolio at levels that management believes to be adequate but not excessive to absorb probable losses inherent in the portfolio at the balance sheet date. In general, the evaluation for allowance for loan losses is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. The use of different estimates or assumptions as well as changes in external factors could produce materially higher or lower net income for the period in which the estimate is made. Although we expect that our loans will ultimately be repaid, amounts may not be repaid on their original terms. As a result, we can suffer losses resulting from the difference between the discounted present value of expected payments for interest and charges according to the related contractual terms and the actual cash flow.

In particular, the general allowance for loan losses is established by us based on the individual risk rating for the long-term foreign currency debt of the borrower countries, which is assigned by the international risk rating agencies as of the date of preparation of the financial statements. This country risk rating considers a default probability. In the case of the sovereign loan portfolio, we also consider CAF's preferred creditor status in establishing the allowance.

Income Statement

Interest Income

Three Months Ended March 31, 2009 and 2008. For the three-month period ended March 31, 2009, our interest income was $141.7 million, representing a decrease of $58.5 million, or 29.2%, compared to interest income of $200.2 million for the corresponding period in 2008. This decrease resulted principally from a decline in interest rates.

2008, 2007 and 2006. For the year ended December 31, 2008, our interest income was $652.4 million, representing a decrease of $171.3 million, or 20.8%, over interest income of $823.6 million for the year ended December 31, 2007. This decrease resulted principally from a decline in interest rates. Interest income for the year ended December 31, 2007 represented an increase of $87.2 million, or 11.8%, over interest income of $736.4 million for the year ended December 31, 2006. This increase resulted principally from an increase in our interest earning assets.

Interest Expense

Three Months Ended March 31, 2009 and 2008. For the three-month period ended March 31, 2009, our interest expense was $59.0 million, representing a decrease of $37.4 million, or 38.8%, over interest expense of $96.4 million for the corresponding period in 2008. This decrease resulted principally from a decrease in interest rates.

2008, 2007 and 2006. For the year ended December 31, 2008, our interest expense was $327.9 million, representing a decrease of $86.0 million, or 20.8%, over interest expense of $413.9 million for the year ended December 31, 2007. This decrease resulted primarily from a decrease in interest rates. Interest expense for the year ended December 31, 2007 represented an increase of $49.9 million, or 13.7%, from our interest expense of $364.1 million for the year ended December 31, 2006. This increase resulted principally from an increase in financial liabilities.

Net Interest Income

Three Months Ended March 31,2009 and 2008. For the three-month period ended March 31, 2009, our net interest income was $82.7 million, representing a decrease of $21.2 million, or 20.4%, compared to net interest income of $103.9 million for the corresponding period in 2008. Our net interest income margin decreased to 2.5% for the three-month period ended March 31, 2009, as compared to 3.2% for the corresponding period in 2008, principally as a result of a decrease in interest rates given our high capitalization ratio.

2008, 2007 and 2006. For the year ended December 31, 2008, our net interest income was $324.5 million, representing a decrease of $85.3 million, or 20.8%, over net interest income of $409.7 million for the year ended December 31, 2007, which, in turn, represented an increase of $37.3 million, or 10.0%, over CAF's net interest income of $372.4 million for the year ended December 31, 2006. Our net interest income margin was 2.6% in 2008, compared to 4.1% in 2007 and 4.1% in 2006. This decrease in net interest income margin in 2008 resulted principally from a decrease in interest rates given our high capitalization ratio.

Provision for Loan Losses

Three Months Ended March 31, 2009 and 2008. For the three-month period ended March 31, 2009, we recorded a credit for loan losses of $2.3 million, compared with a credit for loan losses of $54.4 million for the corresponding period in 2008. Changes in the provision for loan losses were mainly due to changes in the credit ratings of our shareholder countries in comparison to the same period in 2008. The allowance for loan losses as a percentage of the loan portfolio was 1.3% for the first three months of 2009, compared to 1.2% for the same period in 2008.

2008, 2007 and 2006. For the year ended December 31, 2008, our credit for loan losses was $23.0 million compared to a credit for loan losses of $23.1 million for the year ended December 31, 2007 and a provision for loan losses of $19.0 million for the year ended December 31, 2006. The allowance for loan losses as a percentage of the loan portfolio was 1.4% for 2008, 1.8% for 2007 and 2.3% for 2006.

The credits and provisions in the periods described above reflect management's estimates for both general and specific provisions. The specific provision is related to loans that have been adversely classified. The calculation of the amount set aside as the general provision is based on the sovereign ratings of the shareholder countries and their related probabilities of default, as provided by the major rating agencies, adjusted to take into account our privileges and immunities in our regional shareholder countries. The specific provision is calculated according to the requirements of FAS 114 and FAS 118.

Non-Interest Income

Our non-interest income consists principally of commissions, dividends and equity in earnings of investments and other income.

Three Months Ended March 31, 2009 and 2008. For the three-month period ended March 31, 2009, our non-interest income was $0.9 million, representing a decrease of $1.4 million, or 61.8%, over non-interest income of $2.2 million for the corresponding period in 2008. This decrease resulted principally from a reduction in dividends, as well as a decrease in gains in equity investments.

2008, 2007 and 2006. For the year ended December 31, 2008, our total non-interest income was $9.5 million, representing a decrease of $22.0 million, or 69.8%, from total non-interest income of $31.5 million for the year ended December 31, 2007, which represented an increase of $21.9 million, or 226.0%, compared to total non-interest income of $9.7 million for the year ended December 31, 2006. The decrease in total non-interest income in 2008 over 2007 resulted principally from a reduction in dividends and gains in equity investments, and the increase in 2007 over 2006 resulted principally from an increase in dividends and gains in equity investments.

Non-Interest Expenses

Our non-interest expenses consist principally of administrative expenses, representing more than 95.8% of total non-interest expenses in 2008.

Three Months Ended March 31, 2009 and 2008. For the three-month period ended March 31, 2009, our non-interest expenses totalled $13.9 million, representing an increase of $3.0 million, or 27.9%, compared to non-interest expenses of $10.8 million for the corresponding period in 2008. More than 99% of non-interest expenses in both periods was comprised of administrative expenses. For the three-month period ended March 31, 2009, our general and administrative expenses as a percentage of our total average assets were 0.4%, representing a slight increase from 0.3% for the same period in 2008.

2008, 2007 and 2006. For the year ended December 31, 2008, our total non-interest expenses were $59.0 million, representing an increase of $7.7 million, or 14.9%, over total non-interest expenses of $51.3 million for the year ended December 31, 2007, representing an increase of $4.5 million, or 9.7%, over total non-interest expenses of $46.8 million for the year ended December 31, 2006. The increase in 2008 resulted principally from an increase in administrative expenses.

For the year ended December 31, 2008, administrative expenses were $56.5 million, or 0.4% of our total average assets, representing an increase of $5.3 million over administrative expenses for the year ended December 31, 2007. For the year ended December 31, 2007, administrative expenses were $51.2 million, or 0.46% of total average assets, representing an increase of $4.8 million over administrative expenses of $46.4 million for the year ended December 31, 2006. These increases resulted principally from the impact of local currency expenses in Venezuela. Nevertheless, from December 31, 2006 to December 31, 2008, our administrative expenses have decreased as a percentage of our total average assets.

Equity investments, which do not have readily determinable fair values, in which we have a participation of less than 20% of the investee's equity are required to be recorded at cost according to U.S. GAAP. Also, management is required to assess the value of these investments and determine whether any value impairment is temporary or other than temporary. Impairment charges must be taken once management has determined that the loss of value is other than temporary. As a result of the analysis of these equity investments, management determined impairment charges as follows: $1.2 million in 2008, $82 thousand in 2007 and $190 thousand in 2006. These impairment charges represented 1.5%, 0.1% and 0.2% of our equity investments at December 31, 2008, 2007 and 2006, respectively.

The impairment charges were distributed as follows according to the type of investment:

	2008	2007	2006
	(In U.S.$ thousands)		
Single companies	$ —	$ —	$ —
Investment funds	$ 1,157.0	$ 82	$ 190
Total	$ 1,157.0	$ 82	$ 190

Balance Sheet

Total Assets and Liabilities

March 31, 2009. At March 31, 2009, our total assets were $14.5 billion, representing an increase of $0.2 billion, or 1.5%, over total assets of $14.3 billion at December 31, 2008. At March 31, 2009, our total liabilities were $9.7 billion, which remained at the same level compared to December 31, 2008. The increase in assets resulted primarily from a corresponding increase in loan portfolio.

2008 and 2007. At December 31, 2008, our total assets were $14.3 billion, representing an increase of $1.7 billion, or 13.4%, over total assets of $12.6 billion at December 31, 2007. The increase in our total assets principally reflected an increase in liquid assets as well as in the loan portfolio. At December 31, 2008, our total liabilities were $9.7 billion, representing an increase of $1.3 billion, or 14.8%, over total liabilities of $8.5 billion at December 31, 2007. The increase in our total liabilities resulted from higher funding requirements.

Asset Quality

Overdue Loans

March 31, 2009. There were no overdue loans at March 31, 2009.

2008 and 2007. There were $0.1 million in overdue loans at December 31, 2008. There were no overdue loans at December 31, 2007.

Non-Accrual Loans

March 31, 2009. There were no loans in non-accrual status at March 31, 2009.

2008 and 2007. There were no loans in non-accrual status at December 31, 2008 or December 31, 2007.

Restructured Loans

March 31, 2009. At March 31, 2009, the total principal amount of outstanding restructured loans was $3.6 million, or 0.03% of the total loan portfolio, all of which represented one loan to a private sector borrower in Bolivia. This represented the same level of total principal amount of outstanding restructured loans at December 31, 2008, which was $3.6 million, or 0.04% of the total loan portfolio.

2008 and 2007. At December 31, 2008, the total principal amount of outstanding restructured loans was $3.6 million, or 0.04% of the total loan portfolio. The total amount represented one loan to a private sector borrower in Bolivia. This represented an increase from the total principal amount of outstanding restructured loans at December 31, 2007, which was $3.4 million, or 0.04% of the total loan portfolio.

Loan Write-offs and Recoveries

March 31, 2009. There were no loan write-offs during the three-month period ended March 31, 2009, and there were no write-offs in the corresponding period of 2008. We booked recoveries of $1.8 thousand during the three-month period ended March 31, 2009 and $1.8 million during the corresponding period of 2008.

2008 and 2007. A total of $4.0 million of the principal amount of one loan was written off in 2008, representing an increase of $3.8 million compared to total write-offs of $0.2 million in 2007. We booked recoveries of $1.9 million and $3.0 million during 2008 and 2007, respectively.

See "Operations of CAF — Asset Quality" for further information regarding our asset quality. See "Operations of CAF — Loan Portfolio" for details regarding the distribution of our loans by country and economic sector.

Off-Balance Sheet Transactions

We enter into off-balance sheet arrangements in the normal course of our business to facilitate our business and objectives and reduce our exposure to interest rate and foreign exchange rate fluctuations. These arrangements, which may involve elements of credit and interest rate risk in excess of amounts recognized on our balance sheet, primarily include (1) credit agreements subscribed and pending disbursement, (2) lines and letters of credit for foreign trade and (3) partial credit guarantees of member country obligations. For further discussion of these arrangements, see Note 19 ("Commitments and Contingencies") to our audited financial statements.

Liquidity

We seek to ensure adequate liquidity by maintaining liquid assets greater than the higher of:

(1) 45% of total undisbursed project loan commitments; and

(2) 35% of the sum of our next 12 months'

- (a) estimated debt service, <u>plus</u>
- (b) estimated project loan disbursements.

On March 17, 2008, we updated our investment policy. Our investment policy requires that at least 80% of our liquid assets be held in the form of investment grade instruments with a rating of A-/A3/A- or better. The remaining portion may be invested in non-investment grade instruments with a rating of B-/Ba3/B- or better. Our investment policy emphasizes security and liquidity over yield.

March 31, 2009. At March 31, 2009, our liquid assets consisted of $3.0 billion of cash, time deposits and securities, of which 96.6% was invested in investment grade instruments with a rating of A-/A3/A- or better. At March 31, 2009, 42.5% of our liquid assets was invested in time deposits in financial institutions rated "A−" or better by a U.S. nationally-recognized statistical rating organization.

2008 and 2007. At December 31, 2008, our liquid assets consisted of $3.3 billion of cash, time deposits and securities, of which 94.8% was invested in investment grade instruments with a rating of A-/A3/A- or better; 42.7% of our liquid assets was invested in time deposits in financial institutions rated "A−" or better by a U.S. nationally-recognized statistical rating organization. At December 31, 2007, our liquid assets amounted to $2.5 billion, of which 91.6% was invested in investment grade instruments.

Strategy and Capital Resources

Our business strategy is to provide financing for projects, trade and investment in the regional shareholder countries. Management expects our assets to grow in the future, which will increase our need for additional funding; likewise, maturing debt obligations will need to be replaced. In addition to scheduled capital increases, management anticipates a need to increase funds raised in the international capital markets and to maintain funding through borrowings from multilateral and other financial institutions. While the substantial majority of our equity will continue to be held by regional shareholder countries, we intend to continue offering equity participation to countries other than the regional shareholder countries through the issuances of Series "C" shares to such countries. See "Capital Structure".

We intend to continue our programs to foster sustainable growth within the regional shareholder countries, and to increase our support for the private sector within our markets, either directly or through financial intermediaries. See "Operations of CAF" below.

OPERATIONS OF CAF

CAF's purpose is to foster and promote economic development, social development and integration within the regional shareholder countries through the efficient use of financial resources in conjunction with both private sector and public sector entities. To accomplish our objective, we primarily engage in short, medium and long-term loans and guarantees. To a lesser extent, we make limited equity investments in funds and companies, and provide technical and financial assistance, as well as administrative services for certain regional funds.

CAF also provides lending for projects in non-regional shareholder countries, including but not limited to projects that promote trade or integration with regional shareholder countries.

Business Management of CAF

Our business management is divided into two broad functions: client relationship management and financial management.

Client Relationship Management

Our client relationship management function is conducted by a group of relationship managers and sector and product specialists who are responsible for the development, structuring, appraisal and implementation of our lending activities. Clients are identified through direct contact, referrals from our representative offices and referrals from third parties such as shareholders, multilateral institutions, international financial institutions and other clients.

Our client relationship management function is currently fulfilled by the following five departments, each headed by a Vice President:

- *Country Programs*, which is responsible for our relationships with governments, public sector corporations and financial institutions and for the development of a global approach to business activities in each of the shareholder countries;
- *Infrastructure*, which is responsible for the financing of public infrastructure projects and the analysis of public policies within the different development sectors;
- *Corporate Finance and Investment Banking*, which is responsible for our relationships with private sector corporations, while simultaneously furnishing advisory services to our clients;
- *Social and Environmental Development*, which is responsible for investments in social and environmental areas and in micro, small and medium size enterprises; and
- *Financial Systems*, which is responsible for our relationships with financial institutions and regional capital markets, as well as seeking new ways to strengthen the financial systems in our shareholder countries through effective structures and regulations.

The client relationship management group is also responsible for reviewing and developing lending policies and procedures and for monitoring the quality of the loan portfolio on an ongoing basis. In these duties, the client relationship management group is assisted by our Credit Administration Office and our Corporate Comptroller Office.

Financial Management

Our financial management group is responsible for managing our funded debt, as well as our liquid assets. This group is responsible for developing, structuring, appraising and implementing our borrowing activities. It is also responsible for reviewing and developing policies and procedures for the monitoring of our financial well-being and for the proper management of liquidity. The financial management group is headed by the Vice President of Finance.

The asset distribution group is a part of the financial management group, and it has two basic responsibilities:

(1) structuring “A/B” loan transactions in which we loan a portion of the total amount and other financial institutions loan the remainder; and

(2) selling loans to international banks interested in increasing their exposure in the regional shareholder countries.

The staff of our financial management group works in close coordination with our client relationship managers. Our client relationship management group and financial management group are supported by the financial control and budget, human resources, information systems and legal departments.

Loan Portfolio

We extend medium-term and long-term loans to finance both public sector and private sector projects in the regional shareholder countries, either directly to a project or through a financial intermediary in a regional shareholder country that lends the funds to the appropriate project. To a lesser extent, we also provide loans to finance trade by and among the regional shareholder countries. Loans may be used for any component of a project, subject to exceptions relating to, among other things, the acquisition of land and the payment of taxes. We endeavour to concentrate our lending activities on national and multinational economic development projects, especially those involving electricity, gas and water supply, transport or communications in two or more regional shareholder countries and those that generate foreign exchange.

We provide credit lines to financial institutions in the regional shareholder countries. The purpose of these credit lines is to enable these institutions to finance projects that fall within our overall objectives, but that are not sufficiently large to justify our being directly involved in the project. The relevant financial institutions are thereby provided with funds that enable them to strengthen their financial resources within parameters previously agreed to with us. Under such multisectoral credit lines, we take the credit risk of the financial intermediary and also have recourse to the underlying borrowers. The financial intermediaries are responsible for repayment of their loans from us regardless of whether the underlying borrower repays the financial intermediary.

We endeavour to strengthen trade by and among regional shareholder countries and to assist companies in the regional shareholder countries to access world markets. Our trade-financing activities are complementary to those of the export credit agencies of regional shareholder countries because we finance qualifying import or export operations, whereas those agencies generally are limited to providing financing only for goods exported from the respective countries. Through trade-financing, we finance the movement of merchandise. We also provide credit support to trade activities through the confirmation of letters of credit in situations where the issuing local bank would not be perceived as sufficiently creditworthy by financial institutions in the beneficiary’s country.

In 1997, we began making a portion of our loans through an “A/B” loan program. The “A” portion of the loan is made directly to the borrower by us. Under the “B” portion, banks provide the funding and assume the credit risk. Because we act as the lender of record for the entire loan, commercial banks are exempted from country risk provisions and, therefore, the borrower receives an interest rate that is generally lower than the rate available in the commercial markets. The lower interest rate is a result, among other factors, of the reduced inherent risk resulting from our status as a multilateral financial institution.

Our loan pricing is typically based on our cost of funds plus a spread to cover operational costs and credit risks. All sovereign-risk loans are made at the same spread for comparable maturities. Generally, our loans are made on a floating interest rate basis. Under certain exceptional circumstances, loans may be made at fixed interest rates, provided that the corresponding funding is obtained at fixed interest rates. We generally charge a loan origination fee equal to 1% of the total loan amount and a commitment fee equal to 0.25% per annum on undisbursed loan balances. Substantially all loans are denominated in U.S. dollars.

Our policies generally require that loans to public sector entities have the benefit of sovereign guarantees. Exceptions have been made for a few highly-capitalized entities. Loans to private sector entities other than banks generally must have the benefit of bank or other guarantees, or other collateral acceptable to us.

During the three-year period ended December 31, 2008, our total assets grew at a compound average annual rate of 17.0%, in part reflecting the economic growth in most of the regional shareholder countries. At December 31, 2008, our total assets were \$14.3 billion, of which \$10.2 billion, or 71.4%, were disbursed and outstanding loans. At December 31, 2008, the "B" loan portion of our "A/B" loan transactions totalled \$947.0 million. The tables on loan exposure that follow reflect only the "A" portion of the respective "A/B" loan transactions since we only assume the credit risk of the "A" loan portion. During this three-year period, our lending portfolio grew at a compound average annual rate of 12.1%. Our management expects further loan growth to be funded by additional borrowings and deposits, retained earnings and planned capital increases.

Loans to Public and Private Sector Borrowers

Our total loan portfolio outstanding, classified by public sector and private sector borrowers, was as follows:

	At December 31,			
	2008		2007	2006
	(in U.S.\$ millions)			
Public Sector	76.8%	7,824.5	7,423.0	6,992.7
Private Sector	23.2%	2,357.6	2,125.0	1,104.7
	100.0%	10,182.1	9,548.0	8,097.4
Fair value adjustments on hedging activities		2.0	0.0	0.03
Total		10,184.1	9,548.0	8,097.5

The percentage of our total loan portfolio represented by private sector loans increased between 2006 and 2008 from 13.6% to 23.2%. The general increase reflects our emphasis on lending to financial institutions. Management expects the proportion of public sector and private sector loans during 2009 to remain approximately consistent with 2008 levels.

Loans by Borrowing Country

Our total loan portfolio outstanding, classified on a country-by-country basis, according to the location of the borrower, was as follows:

	At December 31,			
	2008		2007	2006
	(in U.S. $ millions)			
Bolivia	10.8%	1,102.1	1,040.0	1,024.3
Colombia	16.7%	1,705.3	1,633.0	1,619.5
Ecuador	19.8%	2,017.6	2,149.5	1,370.8
Peru	17.4%	1,769.7	1,804.9	1,801.7
Venezuela	15.1%	1,535.1	1,469.8	1,723.5
Other(1)	20.2%	2,052.3	1,450.8	557.6
	100.0%	10,182.1	9,548.0	8,097.4
Fair value adjustments on hedging activities		2.0	0.0	0.03
Total		10,184.1	9,548.0	8,097.5

(1) Principally loans outside the regional shareholder countries.

Loans Approved and Disbursed by Country

Our loan approval process is described under "— Credit Policies". After approval, disbursements of a loan proceed in accordance with the contractual conditions of the loan agreement.

Set forth below is a table of the amount of loans approved and loans disbursed, classified by country, for each of the years indicated:

	Approved			Disbursed(1)		
	2008	2007	2006	2008	2007	2006
	(in U.S.$ millions)					
Bolivia	559.7	275.3	396.3	444.0	196.6	175.0
Colombia	1,482.6	1,213.1	1,001.0	892.3	968.2	653.5
Ecuador	603.9	1,088.9	1,024.2	443.2	1,416.2	504.0
Peru	1,447.9	1,179.9	941.4	1,531.4	1,730.2	483.2
Venezuela	72.2	816.2	841.6	259.7	127.0	845.1
Other(2)	3,779.5	2,033.6	1,315.8	1,721.1	1,406.0	261.7
Total	7,945.8	6,607.0	5,520.9	5,291.7	5,844.3	2,922.5

(1) Includes short-term loans in the amounts of $2,476.4 million, $3,096.8 million, and $933.6 million, respectively, for each of the years in the three-year period ended December 31, 2008.

(2) Loans outside the regional shareholder countries, of which $1,798.0 million was approved and $951.0 million was disbursed to entities in Brazil in 2008.

During the three years ended December 31, 2008, the growth rate of loans by country was as follows: Bolivia, 3.7%; Colombia, 2.6%; Ecuador, 21.3%; Peru, -0.9%; and Venezuela, -5.6%. The growth of the loan portfolio during the three-year period reflects increases in loan approvals as a result of the region's economic growth during the period and our increased share of infrastructure financings in the region.

Loans to non-regional shareholder countries holding Series "C" shares (as described under "Capital Structure — General") totaled $2,052.3 million in 2008, compared to $1,450.8 million and $557.6 million in 2007 and 2006, respectively. To date, our loans in non-regional shareholder countries have primarily been to

Brazilian borrowers. Management expects loans to non-regional shareholder countries to increase as a percentage of the total loan portfolio.

Management anticipates that our loan portfolio will continue to grow as a result of our strategy to expand our shareholder base, both by issuing shares to new shareholder countries and by additional capital subscriptions by existing shareholder countries, which may result in increased loan demand for projects in such countries.

Distribution of Loans by Industry

At December 31, 2008, our loan portfolio outstanding was distributed by industry as follows:

	Bolivia	Colombia	Ecuador	Peru	Venezuela	Others	Total by Sector	% of Total
				(in U.S.$ millions)				
Agriculture, hunting and forestry	20.8	32.0	0.0	38.3	0.0	0.0	91.1	0.9%
Exploitation of mines and quarries	0.0	0.0	0.0	50.0	0.0	20.0	70.0	0.7%
Manufacturing industry	25.1	115.2	160.2	37.7	0.0	77.5	415.7	4.1%
Supply of electricity, gas and water	136.4	148.1	72.7	136.7	578.0	930.1	2,002.0	19.7%
Transport, warehousing and communications	697.2	374.2	482.8	379.7	745.9	520.7	3,200.5	31.4%
Financial intermediaries(1)	44.7	485.6	103.2	445.5	25.0	487.7	1,591.7	15.6%
Social and other infrastructure programs	177.6	550.2	1,198.7	673.2	186.2	16.3	2,802.2	27.5%
Other activities	0.3	0.00	0.0	8.6	0.0	0.0	8.9	0.1%
Total	1,102.1	1,705.3	2,017.6	1,769.7	1,535.1	2,052.3	10,182.1	100.0%

(1) Multisectoral credit lines to public sector development banks, private banks and other institutions.

Maturity of Loans

At December 31, 2008, our outstanding loans were scheduled to mature as follows:

	2009	2010	2011	2012	2013	2014-2022
			(in U.S.$ millions)			
Principal amount	2,209.4	970.6	962.2	938.3	899.8	4,201.7

Ten Largest Borrowers

The following table sets forth the aggregate principal amount of loans to our ten largest borrowers, and the percentage such loans represented of the total loan portfolio, at December 31, 2008:

Borrower	Amount (in U.S.$ millions)	As a Percentage of Total Loan Portfolio
Republic of Ecuador	1,536.1	15.1%
Bolivarian Republic of Venezuela	1,535.1	15.1%
Republic of Peru	1,152.1	11.3%
Republic of Bolivia	947.0	9.3%
Republic of Colombia	916.2	9.0%
Republic of Argentina	680.2	6.7%
Centrais Electricas Brasileiras (Brazil) Centrais Eletricas Brasileiras S.A.	319.5	3.1%
Banco de Comercio Exterior (Colombia)(1)	186.4	1.8%
Banco de Credito del Peru (Peru)(1)	180.0	1.8%
Administración Nacional de Usinas y Trans. Eléctricas (Uruguay)	143.2	1.4%
Total	7,596.0	74.6%

(1) Privately owned financial intermediary.

Selected Projects

Set out below are examples of projects approved by CAF during 2008 and the respective loan approval amounts.

Bolivia

Republic of Bolivia/Social and economic infrastructure program in marginalized areas — $250 million loan to support the Bolivian Government's National Development Plan by means of social, productive, and infrastructure investments, contributing to the allocation of fiscal expenditure as a means of promoting socioeconomic development and looking for equity in the distribution of public resources, with emphasis on rural investments as well as on the reduction of the regional asymmetries.

Republic of Bolivia/Water, sanitation, and drainage program — $50 million loan to support the Bolivian government in the development and execution of studies and priority projects relating to equity and social inclusion in sectors such as potable water, basic sanitation and urban drainage, and irrigation and rural development throughout different cities and regions of the country.

Colombia

Institute for the Development of Antioquia (IDEA)/Financing program for social development projects — $50 million loan to finance social development projects that are presented by the territorial entities and public service enterprises of the Department of Antioquia.

Transportadora de Gas del Interior, S.A. (TGI)/Risk capital investment in common shares — $40 million loan to support the company's growth plan.

Ecuador

Republic of Ecuador/Contingent financing for an integral treatment of natural emergency — $200 million loan to facilitate timely financing to the Republic in cases of emergency due to natural phenomena. This financing will be mainly allocated to the repair of infrastructure.

Municipality of the Metropolitan District of Quito/Gualo-Puembo Highway — $110 million loan to construct the Gualo-Puembo Highway, which will provide an interconnecting road to the New International Airport in Quito. The highway is a main component of Quito's road network and the Northeastern Highway Network.

Peru

Republic of Peru/II Social and Infrastructure Investment Program to Fight Poverty — $150 million loan to contribute to the reduction of poverty and extreme poverty in Peru, particularly in the rural areas, by means of social and infrastructure investments that provide families access to public services, thus reducing the existing gaps.

Republic of Peru — $300 million loan to finance the Southern Inter-Oceanic Road Corridor, a road project for the integration and development of the southern macro region of Peru. This integration road corridor will directly and indirectly benefit a population of close to six million Peruvians and almost one million Brazilians and Bolivians.

Venezuela

Bolivarian Republic of Venezuela/National Project of Environmental Management and Conservation (PRONGECA) — $40 million loan to increase the population's quality of life and improve urban and rural environmental conditions in the areas of influence.

Aceites y Solventes Venezolanos VASSA, S.A./Long term corporate loan — $31 million loan to partially finance the company's investment plan.

Argentina

Republic of Argentina/Wide approach program: electric sector — $275 million loan to the National Government to fund the Federal Energy Transportation Plan, which aims at improving the conditions of energy transportation and optimizing the interconnection of the electrical network at a national level. The loan will also finance studies for the development of a long term Strategic Energy Plan.

Republic of Argentina/Yacyretá Binational Entity (EBY) — Railroad construction program for the integration between Argentina and Paraguay — $100 million loan to rebuild the railroad infrastructure and other investments aimed at improving the efficiency and operations of the General Urquiza railroad in the border city of Posadas, and its link with Encarnación (Paraguay).

Brazil

Centrais Eletricas Brasileiras, S.A. (Eletrobrás)/Long term investment loan — $600 million loan to finance the Brazilian electrical sector investment plans of Electrobrás and to increase generation, transmission, and electric energy distribution capacity.

State of Paraíba-Federative Republic of Brazil/"New Roads" Program for Paving and Rebuilding Highways — $100 million loan to rehabilitate and pave highways to connect marginal rural areas with areas in better situations, facilitating access to public goods and services, with a view to fighting poverty and reducing the regional asymmetries.

Panama

Panama Canal Authority(ACP)/Panama Canal expansion loan — $400 million loan to finance the Panama Canal expansion project in order to increase the Canal's competitiveness in the long term.

Banco Nacional de Panamá (BANCONAL)/Foreign trade loan — $210 million loan to finance foreign trade operations through the confirmation of letters of credit to import goods.

Uruguay

National Administration of Power Plants and Electrical Transmissions (UTE)/Long term loan to support the program to strengthen the National Electrical System — $150 million loan to increase the country's electricity generation capacity in response to increasing demand. The Program has been designed with the objective of minimizing the probability of rationing in the medium and long term.

Other Activities

Treasury Operations

Our investment policy requires that at least 80% of our liquid assets be held in the form of investment grade instruments with a rating of A-/A3/A- or better. The remaining portion may be invested in unrated or non-investment grade instruments with a minimum rating of B-/Ba3/B-. At December 31, 2008, our liquid assets consisted of $3.3 billion of cash, time deposits and securities, of which 45.4% consisted of time deposits.

Equity Shareholdings

We may acquire equity shareholdings in new or existing companies within the regional shareholder countries, either directly or through investment funds focused on Latin America. Our equity participation in any one company is limited to 1% of our total shareholders' equity. Our policies do not permit us to be a company's largest individual shareholder. In addition, the aggregate amount of our equity investments cannot exceed 10% of our total shareholders' equity. At December 31, 2008, the carrying value of our equity investments totaled $75.1 million, representing 1.6% of our total shareholders' equity. At December 31, 2008, 79.4% of our equity portfolio was held through investment funds.

Credit Guarantees

We have developed our credit guarantee product as part of our role of attracting international financing for our shareholder countries. As such, we may offer guarantees of private credit agreements or we may offer public guarantees of obligations of the securities of third party issuers. We generally offer only partial credit guarantees with the intention that private lenders or holders of securities share the risk along with us.

The emphasis of the credit guarantees is to aid in the financing of public sector projects, though we do not have any internal policies limiting our credit guarantees to public sector projects. Also, although we generally intend to guarantee approximately 25% of the financing for a given project, we may guarantee up to the full amount of the financing, subject to our other credit policies. Our internal policies limit the aggregate outstanding amount of our credit guarantees to a maximum amount equivalent to 20% of our net worth. The amount of credit guarantees outstanding was $148.9 million as of December 31, 2008, representing the guarantee of two public sector projects in Bolivia and one public sector project in Peru.

Promotion of Regional Development

As part of our role in advancing regional integration, we evaluate on an ongoing basis new investment opportunities intended to benefit the regional shareholder countries. We also provide technical and financial assistance for the planning and implementation of binational and multinational projects, help obtain capital and technology for these projects and assist companies in developing and implementing modernization, expansion and organizational development programs.

Fund Administration

At December 31, 2008, we acted as fund administrator for several funds, totalling $298.8 million, funded by third parties and by our shareholders.

These funds are funded through distributions made each year by the shareholders from CAF's prior year's net income. In 2008, 2007 and 2006, such distributions to these funds were $92.5 million, $88.0 million, and

$71.0 million from the net income of 2008, 2007 and 2006, respectively. These funds are not part of CAF's accounts.

At December 31, 2008, the principal funds were the Technical Co-operation Fund, the Fund for Human Development, the Compensatory Financing Fund, the Fund for the Development of Small and Medium Enterprises, Latin American Carbon Program, Fund for the Promotion of Sustainable Infrastructure Projects and Fund for Border Integration and Cooperation.

Technical Co-operation Fund

At December 31, 2008, the Technical Co-operation Fund had a balance of $29.4 million. The purpose of this fund is to finance research and development studies that may lead to the identification of project investment opportunities and also, on occasion, to provide grants that are typically less than $100,000, each to facilitate the implementation of those projects.

Fund for Human Development

At December 31, 2008, the Fund for Human Development had a balance of $21.1 million. This fund is devoted to assist projects intended to promote sustainable development in socially excluded communities, as well as support micro-enterprises through the financing of intermediary institutions that offer direct loans to rural and urban micro-entrepreneurs.

Compensatory Financing Fund

At December 31, 2008, the Compensatory Financing Fund had a balance of $170.0 million. This fund was created to provide interest rate compensation when a project providing social or developmental benefits is otherwise unable to sustain market interest rates.

Fund for the Development of Small and Medium Enterprises

At December 31, 2008, the Fund for the Development of Small and Medium Enterprises had a balance of $31.4 million. The purpose of this fund is to finance and, in general, support initiatives that aid the development of an entrepreneurial class in our shareholder countries.

Latin American Carbon Program

At December 31, 2008, the Latin American Carbon Program had a balance of $9.1 million. This program is dedicated to the implementation of market mechanisms that allow developing countries to participate in the environmental services market. The program is engaged in the emerging greenhouse gases reductions market in Latin America and the Caribbean through several mechanisms, including those allowed by the Kyoto Protocol.

Fund for the Promotion of Sustainable Infrastructure Projects

At December 31, 2008, the Fund for the Promotion of Sustainable Infrastructure Projects had a balance of $29.7 million. The purpose of this fund is to finance infrastructure projects, and the study thereof, in order to support regional integration.

Fund for Border Integration and Cooperation

At December 31, 2008, the Fund for Border Integration and Cooperation had a balance of $4.0 million. The fund seeks to strengthen cooperation and border integration at the bilateral and multilateral levels by supporting and financing the identification, preparation and execution of high-impact projects that promote sustainable human development in the border regions of CAF's shareholder countries.

Credit Policies

The Constitutive Agreement limits the total amount of disbursed and outstanding loans, guarantees and equity investments to 4.0 times shareholders' equity. Our actual ratio on December 31, 2008 was 2.3 times shareholders' equity. The guidelines of the Basel Committee on Supervisory Practices and Banking Regulations require a capitalization ratio, defined as shareholders' equity divided by risk-weighted assets plus risk-weighted off-balance sheet items, of not less than 8% for those institutions to which those guidelines are applicable. Our policy requires this capitalization ratio to be at least 30%. Our actual capitalization ratio was 38.4% at December 31, 2008.

We apply commercial banking standards for credit approvals and maintain policies and procedures regarding risk assessment and credit policy. Relationship managers perform an initial screening of each potential client and transaction to ensure that the proposed extension of credit falls within our policies. Proposed project loans are evaluated in accordance with our Operational Policies, which set out detailed eligibility and evaluation guidelines. Loans to a private sector borrower are approved taking into consideration both the individual loan and the total exposure to the borrower.

The Loans and Investments Committee recommends approvals of loans and investments. The members of this Committee are the Vice Presidents, the General Legal Counsel and the Head of Credit Administration. The committee is chaired by the Executive Vice President. The Secretary of the Committee is an officer from the Credit Administration Office. The Executive President, upon the recommendation of the Loans and Investments Committee, may approve loans of up to $75.0 million for sovereign credits, up to $50.0 million for private credits, up to $25.0 million for equity investments, up to $30.0 million for investments in liquid assets for each issuer (unless the issuer is: (i) at least investment grade, in which case the investment may be up to $150.0 million, (ii) a government or governmental institution with investment grade of at least AA+, in which case the investment may be up to $400.0 million, or (iii) a government or governmental institution with investment grade of AAA or certain other international bodies, in which case the investment may be up to $500.0 million), and up to $1.0 million for technical cooperation credits. In excess of these amounts, loans of up to $150.0 million for sovereign credits, up to $80.0 million for private credits, up to $50.0 million for equity investments, up to $50.0 million for investments in liquid assets for each issuer (unless the issuer is: (i) at least investment grade, in which case the investment may be up to $200.0 million, (ii) a government or governmental institution with investment grade of at least AA+, in which case the investment may be up to $450.0 million, or (iii) a government or governmental institution with investment grade of AAA or certain other international bodies, in which case the investment may be up to $650.0 million), and up to $2.0 million for technical cooperation credits must be approved by the Executive Committee of our Board of Directors or the Board of Directors itself. Loans in excess of the aforementioned Executive Committee's limits require the approval of our Board of Directors.

Our policies also impose limitations on loan concentration by country and by type of risk. Loans to entities in any one regional shareholder country may not exceed either 30% of our loan portfolio or 100% of our shareholders' equity. Aggregate loans to entities in any non-regional shareholder country currently may not exceed eight times the total of such country's paid-in capital contribution to us plus any assets entrusted by the country to us under a fiduciary relationship. This limit does not apply to trade loan financing with regional shareholder countries. Additionally, no more than four times the country's paid-in capital contribution to us plus any assets entrusted to us under a fiduciary relationship may be committed to operations essentially national in character. The same limitation applies to our total loan portfolio in relation to our shareholders' equity. Loans to a public sector or mixed-capital entity not considered a sovereign risk are limited in the aggregate to 15% of our shareholders' equity, and loans to any private sector entity are limited in the aggregate to 10% of our shareholders' equity.

Operations in which we extend credit to entities in Series "C" shareholder countries outside the Andean region must generally be related to activities of such entities in, or related to, the regional shareholder countries. The aggregate total of outstanding loans to entities in such countries for purely local activities may not exceed four times the amount of paid-in capital contributed by that country.

Our policies permit us to provide up to 100% of the total project costs with respect to short-term loans. For medium-and long-term loans, we determine the appropriate level of financing on a case-by-case basis; however, limited-recourse financing in such loans may not exceed 50% of project costs. In practice, however, we typically limit our loans to a smaller percentage of total project costs and generally require a larger percentage of financial support by the borrower than required by our credit policies.

Asset Quality

We classify a loan as overdue whenever payment is not made on its due date. We charge additional interest on the overdue payment from the due date and immediately suspend disbursements on all loans to the borrower and to any other borrowers of which the overdue borrower is a guarantor. The entire principal amount of a loan is placed in non-accrual status when collection or recovery is doubtful or when any payment, including principal, interest, fees or other charges in respect of the loan, is more than 90 days overdue in the case of a private sector loan or more than 180 days overdue in the case of a public sector loan. Interest and other charges on non-accruing loans are included in income only to the extent that payments have actually been received by us.

At December 31, 2008 we had $0.1 million in overdue loans and no loans in non-accrual status. At December 31, 2007, there were no loans overdue or in non-accrual status. For the years ended December 31, 2008 and 2007, there was no overdue interest or other charges in respect of non-accrual status loans excluded from net income.

At December 31, 2008, our total loan write-offs since our inception amounted to $167.1 million, of which $4.0 million, representing a portion of a loan made to one borrower, occurred in 2008. Since inception, we have not suffered any individually significant losses on our loan portfolio. Although our loans do not enjoy any legal preference over those of other creditors, we do enjoy a de facto preferred creditor status arising from our status as a multilateral financial institution and from the interest of our borrowers in maintaining their credit standing with us.

Quality of Loan Portfolio

The following table shows our overdue loan principal, loans in non-accrual status, and the total allowance for loan losses and their percentages of our total loan portfolio at the respective dates indicated, as well as loans written-off during each period:

	At December 31,		
	2008	2007	2006
	(in U.S.$ millions)		
Total loan portfolio	10,184.1	9,548.0	8,097.5
Overdue loan principal	0.1	0.0	0.0
Loans in non-accrual status	0.0	0.0	0.0
Loans written-off during period	4.0	0.2	1.1
Allowance for loan losses	143.2	168.3	188.6
Overdue principal payment as a percentage of loan portfolio (excluding non-accrual loans)	0.0%	0.0%	0.0%
Non-accrual loans as a percentage of loan portfolio	0.0%	0.0%	0.0%
Allowance for loan losses as a percentage of loan portfolio	1.4%	1.8%	2.3%

FUNDED DEBT

Funding Strategy

We raise funds for operations primarily in the international financial markets, although a relatively small part is raised within the regional shareholder countries. Our strategy with respect to funding, to the extent possible under prevailing market conditions, is to match the maturities of our liabilities to the maturities of our loan portfolio. In order to diversify our funding sources and to offer potential borrowers a wide range of credit facilities, we raise funds through bond issues in both the regional shareholder countries and the international capital markets. We also take deposits and obtain loans and credit lines from central banks, commercial banks and, to the extent of imports related to projects funded by us, export credit agencies.

Within the regional shareholder countries, we raise funds from central banks and financial institutions and by means of regional bond issues. Outside the region, we obtain funding from public sector development and credit agencies, from multilateral development banks, from various North American, European and Japanese commercial banks, from capital markets and from the U.S. and European commercial paper markets.

Sources of Funded Debt

The breakdown of our outstanding funded debt, both within and outside the regional shareholder countries, at each of the dates indicated below was as follows:

	At December 31,		
	2008	2007	2006
		(in U.S.$ millions)	
Within the regional shareholder countries:			
Term deposits	2,773.1	1,521.0	449.8
Loans and lines of credit	4.3	2.3	4.1
Bonds	790.7	603.9	425.7
	3,568.1	2,127.2	879.6
Outside the regional shareholder countries:			
Deposits, acceptances and advances, commercial paper and repurchase agreements	802.4	1,280.0	1,107.5
Loans and lines of credit	679.7	806.0	554.6
Bonds	3,799.0	3,595.7	3,726.7
	5,281.1	5,681.6	5,388.8
	8,849.2	7,808.8	6,268.4
Variation effect between spot and original FX rate	275.8	318.4	213.4
Fair value adjustments on hedging activities	341.8	119.4	(3.2)
Total	9,466.8	8,246.6	6,478.6

Maturity of Funded Debt

The breakdown of our outstanding funded debt, by instrument and maturity, at each of the dates indicated below was as follows:

	At December 31, 2008	2007	2006
	(in U.S.$ millions)		
Term deposits:			
Up to 1 year	2,773.1	1,521.0	449.8
Acceptances, advances and commercial paper and repurchase agreements:			
Up to 1 year	802.4	1,280.0	1,107.5
Loans and lines of credit:			
Up to 1 year	147.9	191.3	104.9
Between 1 and 3 years	252.9	258.8	201.8
Between 3 and 5 years	135.8	163.3	134.9
More than 5 years	147.5	194.9	117.1
	684.0	808.3	558.6
Bonds:			
Up to 1 year	476.1	137.1	499.6
Between 1 and 3 years	1,230.8	947.7	872.4
Between 3 and 5 years	1,521.8	1,545.3	946.6
More than 5 years	1,360.9	1,569.5	1,834.0
	4,589.7	4,199.5	4,152.5
Totals:			
Up to 1 year	4,199.5	3,129.4	2,161.8
Between 1 and 3 years	1,483.7	1,206.4	1,074.1
Between 3 and 5 years	1,657.7	1,708.6	1,081.5
More than 5 years	1,508.4	1,764.4	1,951.1
	8,849.2	7,808.8	6,268.4
Variation effect between spot and original FX rate	275.8	318.4	213.4
Fair value adjustments on hedging activities	341.8	119.4	(3.2)
Total	9,466.8	8,246.6	6,478.6

Our borrowings are primarily U.S. dollar-based: 75.6% of our total borrowings, or 92.8% of borrowings after swaps, were denominated in U.S. dollars at December 31, 2008. The principal amount of non-U.S. dollar borrowings outstanding at December 31, 2008 included 834.4 million Euro, 40,000.0 million Yen, 200.0 million Swiss Francs, 40.7 million Pounds Sterling, 1.9 million Canadian Dollars, 516,720.5 million Colombian Pesos, 1,550.0 million Mexican Pesos, 261.9 million Peruvian Nuevos Soles and 450.3 million Venezuelan Bolivares; all of such non-U.S. dollar borrowings are swapped or otherwise hedged.

DEBT RECORD

We have never defaulted on the payment of principal of, or premium or interest on, any debt security we have issued, and we have always met all of our debt obligations on a timely basis.

ASSET AND LIABILITY MANAGEMENT

We reduce our sensitivity to interest rate risk by extending our loans on a floating rather than a fixed interest rate basis. As a result, at December 31, 2008, 98.0% of our outstanding loans were based on LIBOR and subject to interest rate adjustments at least every six months. The liabilities that fund these loans are also contracted at, or swapped into, floating interest rates. When we make loans at fixed interest rates, we also obtain the corresponding funding on a fixed interest rate basis.

We require that counterparties with which we enter into swap agreements be rated "A" or better by two U.S. nationally recognized statistical rating organizations. At December 31, 2008, we were party to swap agreements with an aggregate notional amount of $4.5 billion.

We seek, to the extent possible under prevailing market conditions, to match the maturities of our liabilities to the maturities of our loan portfolio. At December 31, 2008, the weighted average life of our financial assets was 4.5 years and the weighted average life of our financial liabilities was 3.2 years. Based on our asset and liability structure at December 31, 2008, we have a positive cumulative gap over a 10 year horizon. This positive gap denotes asset sensitivity, which means that decreases in the general level of interest rates should have a negative effect on our net financial income and, conversely, increases in the general level of interest rates should have a positive effect on our net financial income.

Our management expects the weighted average life of our financial assets to increase gradually, as we make more longer-term loans for infrastructure development and similar purposes. At the same time, our management expects that the weighted average life of our liabilities will also increase as a result of our strategy of increasing our presence in the international long-term bond market as market conditions permit.

At December 31, 2008, approximately 99.5% of our assets and 75.6% of our liabilities were denominated in U.S. dollars, with the remainder of our liabilities being denominated principally in Euro, Yen, Swiss Francs and Pounds Sterling, which liabilities were swapped. After swaps, 99.6% of our liabilities were denominated in U.S. dollars. Generally, funding that is contracted in currencies other than the U.S. dollar is swapped into U.S. dollars. In some cases, we extend our loans in the same non-U.S. dollar currencies as debt is incurred in order to minimize exchange risks. Our shareholders' equity is denominated entirely in U.S. dollars.

Our treasury asset and liability management involves managing liquidity, funding, interest rate and exchange rate risk arising from non-trading positions through the use of on-balance sheet instruments. Our external asset managers use forward contracts and may use swap agreements to hedge the interest and exchange rate risk exposures of our non-U.S. dollar denominated investments. Our total exposure on trade derivatives will never exceed the lesser of 3% of liquid investments and 1% of total assets.

ADMINISTRATION

We are governed and administered by the bodies and officials detailed below:

Shareholders' General Meeting

The shareholders' general meeting is the ultimate decision-making body within CAF. Shareholders' general meetings can be ordinary or extraordinary and are governed by the requirement for the presence of a quorum and compliance with other conditions set out in the Constitutive Agreement.

Shareholders' ordinary general meetings are held once a year, within 90 days of the close of the financial year, and are convened by the Executive President. The shareholders' ordinary general meeting:

(1) considers the Board of Directors' annual report and our financial statements, receives the independent auditors' report and allocates our net income;

(2) elects the Board of Directors according to the Constitutive Agreement;

(3) appoints external auditors;

(4) determines compensation for the Board of Directors and the external auditors; and

(5) may consider any other matter expressly submitted to it which is not within the purview of any other body of CAF.

Shareholders' extraordinary general meetings may be convened by resolution adopted at a shareholders' ordinary general meeting, by the Board of Directors, by the Executive President, by any two Series "A" shareholders or by any shareholders representing at least 25% of paid-in capital. The shareholders' extraordinary general meeting may:

(1) increase, reduce or replenish our capital in accordance with the Constitutive Agreement;

(2) dissolve CAF;

(3) change the headquarters of CAF when the Board of Directors so proposes; and

(4) consider any other matter that has been expressly submitted to it that is not within the purview of any other body of CAF.

Resolutions before shareholders' ordinary general meetings are passed by the votes of at least three Series "A" shareholders, together with a majority of the votes of the other shares represented at the meeting. Resolutions passed at shareholders' extraordinary general meetings (including a decision to dissolve CAF) require the votes of four Series "A" shareholders, together with a majority of the votes of the other shares represented at the meeting, except for resolutions concerning modifications to the Constitutive Agreement, in which case an affirmative vote of all five Series "A" shareholders is required, together with a majority of the votes of the other shares represented at the meeting. In the event of adjournment for lack of a quorum, which consists of at least four Series "A" shareholders and a simple majority of the other shareholders, at either an ordinary or extraordinary general meeting, two Series "A" shareholders, plus a majority of the other shares represented at the meeting, may deliberate and approve decisions at a reconvened meeting.

Board of Directors

Our Board of Directors is composed of 13 directors, each of whom is elected for a term of three years and may be re-elected. Each of the five Series "A" shareholders is represented by one director. Five directors represent the governments or governmental institutions holding Series "B" shares and one director represents the private financial institutions holding Series "B" shares. Holders of Series "C" shares are entitled to elect two directors. In the event of a vacancy in a director position, the corresponding alternate director serves as director until such vacancy has been filled. Responsibilities of our Board of Directors include:

(1) establishing and directing our credit and economic policies;

(2) approving our budget;

(3) approving our borrowing limits;

(4) approving credits granted by us in excess of a specified limit;

(5) establishing or modifying internal regulations; and

(6) appointing the Executive President.

All of our directors are non-executive. As of April 1, 2009, the composition of the Board of Directors was as follows:

Directors (and their alternates) representing Series “A” shareholders:

Bolivia	Noel Aguirre Ledezma (Javier Fernández Vargas)	Minister of Development Planning (Vice Minister of Public Investment and External Financing)
Colombia	Oscar Iván Zuloaga (Luis Guillermo Plata)	Minister of Treasury and Public Credit (Minister of Foreign Trade, Industry and Tourism)
Ecuador	Camilo Samán Salem (Xavier Abad Vicuña)	President of the Board of Corporación Financiera Nacional (Minister of Industries and Competitiveness)
Peru	Luis Carranza	Minister of Economy and Finance
Venezuela	Ali Rodríguez Araque (Jorge Giordani)	Minister of the Popular Power for Economy and Finance (Minister of the Popular Power for Planning and Development)

Directors (and their alternates) representing the Series “B” shareholders:

Bolivia	Luis Alberto Arce (Roger Edwin Rojas Ulo)	Minister of Economy and Public Finance (Vice Minister of Treasury and Public Credit)
Colombia	José Dario Uribe (Carolina Rentería R.)	General Manager of Banco de la República (Director of the National Planning Department)
Ecuador	María Elsa Viteri (Carlos Vallejo López)	Minister of Finance (President of the Board Director of Banco Central del Ecuador)
Peru	Alfonso Rivas (María Soledad Guiulfo S.)	Chairman of the Board of Corporación Financiera de Desarrollo (COFIDE) (Vice Minister of Economy)
Venezuela	Eduardo Samán (Alfredo Pardo Acosta)	Minister of the Popular Power for Commerce (Executive Vice President of Banco de Desarrollo Económico y Social of Venezuela)
Private Financial Institutions		
	José Elías Melo Acosta (Guillermo Lasso Mendoza)	President of CORFICOLOMBIA, S.A. of Colombia (Executive President of Banco de Guayaquil)

The Directors representing the Series “C” shareholders are Alexandre Meira da Rosa, Secretary of International Affairs of Brazil from the Ministry of Planning, Budget and Process, and Elena Salgado, Second Vice President of the Government and Minister of the Economy and Treasury for Spain. Their alternates are Martín Abeles, Secretary of Political Economy from the Ministry of Economy and Public Finance of Argentina, and Francisco de Paula Gutiérrez, President of the Central Bank of Costa Rica.

The business address of each of the directors and each of the alternate directors listed above is Torre CAF, Piso 9, Avenida Luis Roche, Altamira, Caracas, Venezuela.

Our Board of Directors annually elects a Chairman to preside over the meetings of the Board of Directors and the shareholders’ general meeting. Currently, Alí Rodriguez Araque is the Chairman until March 31, 2010.

Executive Committee

The Board of Directors delegates certain functions, including credit approvals within specified limits, to the Executive Committee. This Committee is composed of six directors, one from each regional shareholder country plus a director representing the Series “C” shareholders, and CAF’s Executive President, who presides over the Committee (unless the Chairman of the Board of Directors is part of the Committee, in which case she or he will preside).

Executive President

The Executive President is our legal representative and chief executive officer. He is empowered to decide all matters not expressly reserved to the shareholders' general meeting, the Board of Directors or the Executive Committee. The Executive President is elected by the Board of Directors for a period of five years and may be re-elected.

Our Executive President, L. Enrique García, was re-elected in June 2006 for a fourth five-year term that will expire in December 2011. Before becoming our Executive President in November 1991, Mr. García was Minister of Planning and Coordination and Head of the Economic and Social Cabinet in his native Bolivia. Between 1989 and 1991, he represented Bolivia as Governor to the World Bank, the Inter-American Development Bank ("IADB") and as a member of the Development Committee of the World Bank. He was also Chairman of the Board of Directors of CAF from 1990 to 1991. Previously, Mr. García held senior positions during a 17-year tenure at the IADB, including Treasurer.

Officers

L. Enrique García	Executive President
Luis Enrique Berrizbeitia	Executive Vice President
Lilliana Canale	Vice President of Country Programs
Antonio Juan Sosa	Vice President of Infrastructure
Peter Vonk	Vice President of Corporate Finance and Investment Banking
Leonardo Villar	Vice President of Financial Systems
Hugo Sarmiento	Vice President of Finance
Jose Carrera	Vice President of Social and Environmental Development
Ricardo Sigwald	General Legal Counsel
Marcello Zalles	Corporate Comptroller

Employees

At December 31, 2008, we employed 323 professionals and 73 support staff. The senior positions of Executive Vice President, Vice President of Finance, Vice President of Country Programs, Vice President of Infrastructure, Vice President of Corporate Finance and Investment Banking, Vice President of Financial Systems and Vice President of Social and Environmental Development are appointed by the Executive President, subject to ratification by the Board of Directors.

Our management believes that the salaries and other benefits of our professional staff are competitive and that the local support staff are paid at levels above the prevailing local rates. Although we are not subject to local labor laws, we provide our employees with benefits and safeguards at least equivalent to those required under the law of the country where they normally work and reside. We offer technical and professional training opportunities through courses and seminars in Venezuela and abroad for our employees. Management considers its relationship with CAF's employees to be good. There is no employee union and there have been no strikes in the history of CAF.

THE REGIONAL SHAREHOLDER COUNTRIES

Certain of the following information has been extracted from publicly available sources. We believe that the information is accurate but we have not independently verified it.

The region occupied by the regional shareholder countries is bordered by the Atlantic Ocean on the northeast, the Caribbean Sea on the north and the Pacific Ocean on the west, and covers approximately 4.7 million square kilometers in Northern and Western South America, approximately 20% of the continent.

Selected Demographic and Economic Data*

The following table presents selected demographic and economic data for the regional shareholder countries for the years indicated:

	Bolivia	Colombia	Ecuador	Peru	Venezuela
Population (in millions)					
2008	10.0	44.5	13.8	28.7	27.8
2007	9.8	43.9	13.6	27.9	27.4
2006	9.6	43.4	13.4	27.5	27.0
2005	9.4	42.9	13.2	27.2	26.6
2004	9.2	42.4	13.0	26.9	26.1
Life expectancy at birth (years) (1)					
2006	65.1	72.5	74.8	71.0	73.4
2005	64.0	72.3	74.7	70.7	73.2
2004	63.8	72.6	74.5	70.2	73.0
GDP (U.S.$ in millions) (2)					
2008	17,504	248,285	54,011	127,796	319,443
2007	13,430	175,202	42,446	107,504	227,753
2006	11,532	135,822	41,402	92,439	184,251
2005	9,533	122,900	37,187	79,427	141,435
2004	8,638	98,059	32,642	69,698	107,253
GDP per capita (U.S.$) (2)					
2008	1,746	4,703	3,914	4,457	11,435
2007	1,367	3,989	3,120	3,809	8,287
2006	1,198	2,904	3,050	3,356	6,816
2005	1,011	2,669	2,761	2,918	5,322
2004	936	2,163	2,325	2,591	4,147
Gross reserves (excluding gold) (U.S.$ in millions) (3)					
2008	7,722	23,713	4,472	31,196	42,226
2007	5,319	20,609	3,520	27,689	33,500
2006	3,178	15,105	2,203	17,275	36,606
2005	1,714	14,625	2,147	14,097	30,368
2004	1,123	13,216	1,437	12,631	24,208

	Bolivia	Colombia	Ecuador	Peru	Venezuela
Consumer price index growth (4)					
2008	11.9%	7.0%	8.7%	6.7%	31.9%
2007	11.7%	5.7%	3.3%	3.9%	22.5%
2006	5.0%	4.5%	2.9%	1.1%	17.0%
2005	4.9%	4.9%	3.1%	1.5%	14.4%
2004	4.6%	5.5%	1.9%	3.5%	19.2%
Exports of Goods (f.o.b.) (U.S.$ in millions)					
2008	6,448	38,100	17,998	31,529	93,542
2007	4,481	29,991	13,083	27,881	69,165
2006	3,875	25,181	13,153	23,831	65,210
2005	2,791	21,729	10,487	17,368	55,473
2004	2,146	17,224	7,528	12,809	39,668
Imports of Goods (f.o.b.) (U.S.$ in millions)					
2008	4,980	37,000	15,361	28,439	48,095
2007	3,455	31,399	12,201	19,595	45,463
2006	2,814	24,859	11,948	14,844	32,498
2005	2,334	20,134	10,286	12,076	24,008
2004	1,844	15,878	8,266	9,805	17,021

* Sources: Official government sources (including but not limited to the ministries of finance of the regional shareholder countries) and estimates from Business Monitor International.

(1) This information is extracted from the United Nations Human Development Indicators produced by the Human Development Report office of the United Nations.

(2) Expressed in current U.S. dollars.

(3) At December 31.

(4) End of period.

DESCRIPTION OF THE DEBT SECURITIES

The following description sets forth certain general terms and provisions of the debt securities to which any prospectus supplement may relate. The particular terms of the debt securities being offered and the extent to which such general provisions may apply will be described in a prospectus supplement relating to such debt securities.

The debt securities will be issued pursuant to a fiscal agency agreement, dated as of March 17, 1998, between CAF and The Bank of New York Mellon (as successor in interest to JPMorgan Chase Bank), as fiscal agent. The following statements briefly summarize some of the terms of the debt securities and the fiscal agency agreement (a copy of which has been filed as an exhibit to the registration statement). These statements do not purport to be complete and are qualified in their entirety by reference to all provisions of the fiscal agency agreement and such debt securities.

General

The debt securities will constitute our direct, unconditional, unsecured and general obligations. The debt securities will rank equally with all of our other unsecured Indebtedness. "Indebtedness" means all of our indebtedness in respect of monies borrowed by us and guarantees given by us for monies borrowed by others.

The accompanying prospectus supplement will describe the following terms of the debt securities, as applicable:

(1) the title;

(2) the price or prices at which we will issue the debt securities;

(3) any limit on the aggregate principal amount of the debt securities or the series of which they are a part;

(4) the currency or currency units for which the debt securities may be purchased and in which payments of principal and interest will be made;

(5) the date or dates on which principal and interest will be payable;

(6) the rate or rates at which any of the debt securities will bear interest, the date or dates from which any interest will accrue, and the record dates and interest payment dates;

(7) the place or places where principal and interest payments will be made;

(8) the time and price limitations on redemption of the debt securities;

(9) our obligation, if any, to redeem or purchase the debt securities at the option of the holder;

(10) the denominations in which any of the debt securities will be issuable, if other than denominations of $1,000;

(11) if the amount of principal or interest on any of the debt securities is determinable according to an index or a formula, the manner in which such amounts will be determined;

(12) whether and under what circumstances we will issue the debt securities as global debt securities; and

(13) any other specific terms of the debt securities.

Certain debt securities will be treated for United States federal income tax purposes as original issue discount notes ("Discount Notes") if the excess of the debt security's "stated redemption price at maturity" over its issue price is more than a "de minimis amount" (as defined for United States federal income tax purposes). If applicable, the prospectus supplement will describe the United States federal income tax consequences of the ownership of Discount Notes and any special rules regarding debt securities.

Denominations, Registration and Transfer

The debt securities of each series will be issuable only in fully registered form, without coupons, and, unless otherwise specified in the prospectus supplement, only in denominations of $1,000 and integral multiples thereof.

At the option of the holder, subject to the terms of the fiscal agency agreement and the limitations applicable to global debt securities, debt securities of each series will be exchangeable for other debt securities of the same series of any authorized denomination and of a like tenor and aggregate principal amount.

Debt securities may be presented for exchange and for registration of transfer in the manner, at the places and subject to the restrictions set forth in the debt securities and as summarized in the prospectus supplement. Such services will be provided without charge, other than any tax or other governmental charge payable in connection therewith, but subject to the limitations provided in the terms of the debt securities.

If any definitive notes are issued and at that time the notes are listed on the Luxembourg Stock Exchange, we will appoint a transfer agent in Luxembourg, which we anticipate being the same entity that serves as our Luxembourg paying agent. In such circumstances, transfers or exchanges of any definitive notes may be made at the office of our Luxembourg transfer agent (in addition to the corporate trust office of the fiscal agent).

Global Debt Securities

Some or all of the debt securities of any series may be represented, in whole or in part, by one or more global debt securities that will have an aggregate principal amount equal to that of the debt securities they represent. If applicable, each global debt security will be:

(1) registered in the name of a depositary or its nominee identified in the prospectus supplement;

(2) deposited with the depositary or nominee or the depositary's custodian; and

(3) printed with a legend regarding the restrictions on exchanges and registration of transfer of the security, and any other matters required by the fiscal agency agreement and the terms of the debt securities and summarized in the prospectus supplement.

Payment and Paying Agent

Unless otherwise indicated in the prospectus supplement, we will make payments of principal and interest on debt securities:

(1) through the fiscal agent;

(2) to the person in whose name the debt securities are registered at the close of business on the regular record date for the payments; and

(3) at the office of the paying agent or agents designated by us; *unless*

- at our option, payment is mailed to the registered holder, or
- at the request of a registered holder of more than $1,000,000 principal amount of the securities, payment is made by wire transfer.

Unless otherwise indicated in the prospectus supplement, our sole paying agent for payments on the debt securities will be the corporate trust office of the fiscal agent in The City of New York.

Any monies we pay to our fiscal agent or any paying agent for the payment of the principal of or interest on any debt securities that remains unclaimed at the end of two years after such principal or interest has become due and payable will be repaid to us by such agent. Upon such repayment, all liability of our fiscal agent or any paying agent with respect to such monies shall thereupon cease, without, however, limiting in any way our unconditional obligation to pay principal of or any interest on the debt securities when due.

Negative Pledge

As long as any of the debt securities are outstanding and unpaid, but only up to the time amounts sufficient for payment of all principal and interest have been placed at the disposal of the fiscal agent, we will not cause or permit to be created on any of our property or assets any mortgage, pledge or other lien or charge as security for any bonds, notes or other evidences of indebtedness heretofore or hereafter issued, assumed or guaranteed by us for money borrowed (other than purchase money mortgages, pledges or liens on property purchased by us as security for all or part of the purchase price thereof), unless the debt securities are secured by such mortgage, pledge or other lien or charge equally and ratably with such other bonds, notes or evidences of indebtedness.

Default; Acceleration of Maturity

Each of the following will constitute an "event of default" with respect to the debt securities of any series:

(1) a failure to pay any principal of or interest on any debt securities of that series when due and the continuance of the failure for 30 days;

(2) a failure to perform or observe any material obligation under or in respect of any debt securities of that series or the fiscal agency agreement and the continuance of the failure for a period of 90 days after written notice of the failure has been delivered to CAF and to the fiscal agent by the holder of any debt security of that series;

(3) a failure to pay any amount in excess of $20,000,000 (or its equivalent in any other currency or currencies) of principal or interest or premium in respect of any indebtedness incurred, assumed or guaranteed by CAF as and when such amount becomes due and payable and the continuance of the failure until the expiration of any applicable grace period or 30 days, whichever is longer; or

(4) the acceleration of any indebtedness incurred or assumed by CAF with an aggregate principal amount in excess of $20,000,000 (or its equivalent in any other currency or currencies) by any holder or holders thereof.

If an event of default occurs with respect to the debt securities of any series at the time outstanding, each holder of any debt security of that series may, by written notice to CAF and the fiscal agent, declare the principal of and any accrued interest on all the debt securities of that series held by it to be, and the principal and accrued interest shall thereupon become, immediately due and payable, unless prior to receipt of the notice by CAF all events of default in respect of such series of debt securities are cured. If all the events of default are cured following the declaration, the declaration may be rescinded by any such holder with respect to the previously accelerated series of debt securities upon delivery of written notice of the rescission to CAF and the fiscal agent.

Additional Payments by CAF

All amounts payable (whether in respect of principal, interest or otherwise) in respect of the debt securities will be made free and clear of and without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of any of the regional shareholder countries or any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, we will pay such additional amounts as may be necessary in order that the net amounts receivable by the holder of debt securities of any series after the withholding or deduction will equal the respective amounts that would have been receivable by the holder in the absence of the withholding or deduction, *except* that no additional amounts will be payable in relation to any payment in respect of any debt security:

(1) to, or to a third party on behalf of, a holder of a debt security of any series who is liable for such taxes, duties, assessments or governmental charges in respect of such debt security by reason of his

having some connection with any of the regional shareholder countries other than the mere holding of the debt security; or

(2) presented for payment more than 30 days after the "Relevant Date" (as defined in the next paragraph), except to the extent that the relevant holder would have been entitled to the additional amounts on presenting the same for payment on the expiry of the period of 30 days.

As used in this prospectus, the "Relevant Date" means, in respect of any payment, the date on which such payment first becomes due and payable, but if the full amount of the moneys payable has not been received by the fiscal agent on or prior to the due date, it means the first date on which, the full amount of the moneys having been so received and being available for payment to holders of debt securities of any series, notice to that effect will have been duly published as set forth below under "— Notices".

Modification and Amendment

Each and every holder of the debt securities in a series must consent to any amendment of a provision of the debt securities or the fiscal agency agreement that would:

(1) change the due date of the principal of or interest on any series of debt securities; or

(2) reduce the principal amount, interest rate or amount payable upon acceleration of the due date of the debt securities of a series; or

(3) change the currency or place of payment of principal of or interest on the debt securities of a series; or

(4) reduce the proportion of the principal amount of the debt securities of a series that must be held by any of the holders to vote to amend or supplement the terms of the fiscal agency agreement or the debt securities; or

(5) change our obligation to pay additional amounts.

We may, however, with the written consent of the holders of $66^2/_3$% of the principal amount of the debt securities of a series, modify any of the other terms or provisions of the debt securities of a series or the fiscal agency agreement (as it applies to that series). Also, we and the fiscal agent may, without the consent of the holders of the debt securities of a series, modify any of the terms and conditions of the fiscal agency agreement and the debt securities of that series, for the purpose of:

(1) adding to our covenants for the benefit of the holders of the debt securities; or

(2) surrendering any right or power conferred on CAF; or

(3) securing the debt securities of that series; or

(4) curing any ambiguity or correcting or supplementing any defective provision of the fiscal agency agreement or the debt securities; or

(5) for any purpose that we and the fiscal agent may consider necessary or desirable that does not adversely affect the interests of the holders of the debt securities of that series in any material respect.

Notices

All notices will be delivered in writing to each holder of the debt securities of any series. If at the time of such notice the debt securities of a series are represented by global debt securities, the notice shall be delivered to the applicable depositary therefor and shall be deemed to have been given three business days after delivery to such depositary. If at the time of the notice the debt securities of a series are not represented by global debt securities, the notice shall be delivered to the registered holders of the debt securities of the series and in that case shall be deemed to have been given three business days after the mailing of the notice by first class mail.

Further Issues

We may from time to time without the consent of holders of the debt securities create and issue further debt securities so as to form a single series with an outstanding series of debt securities.

Governing Law; Submission to Jurisdiction; Waiver of Immunity

The debt securities are governed by, and shall be construed in accordance with, the laws of the State of New York. We will accept the jurisdiction of any state or federal court in the Borough of Manhattan, The City of New York, in respect of any action arising out of or based on the debt securities that may be instituted by any holder of a debt security. We will appoint CT Corporation System in The City of New York as our authorized agent upon which process in any such action may be served. We will irrevocably waive any immunity to which we might otherwise be entitled in any action arising out of or based on the debt securities brought in any state or federal court in the Borough of Manhattan, The City of New York. CT Corporation System will not be an agent for service of process for actions brought under the United States securities laws, and our waiver of immunity will not extend to such actions.

DESCRIPTION OF THE GUARANTEES

From time to time we may issue under this prospectus and applicable prospectus supplement guarantees for the benefit of holders of specified securities of third parties. The issuers of the underlying securities may or may not be affiliated with us. A holder of a primary security will also have the benefit of our guarantee related to the primary security.

The terms and conditions of any guarantee will vary with the terms and conditions of the underlying securities. A complete description of the terms and conditions of any guarantee issued pursuant to this prospectus will be set forth in the prospectus supplement for the issue of the guarantees.

We may provide guarantees with respect to the certain obligations of an issuer under its securities, including without limitation:

- payment of any accrued and unpaid distributions which are required to be paid under the terms of the securities;
- payment of the redemption price of the securities, including all accrued and unpaid distributions to the date of the redemption;
- payment of any accrued and unpaid interest payments, or payment of any premium which are required to be made on the securities; and
- any obligation of the issuer pursuant to a warrant, option or other rights.

Unless otherwise specified in the applicable prospectus supplement, guarantees issued under this prospectus will rank equally with all of our other unsecured general debt obligations, and will be governed by the laws of the State of New York.

TAXATION

Regional Shareholder Country Taxation

Under the terms of the Constitutive Agreement, we are exempt from all types of taxes levied by each of the regional shareholder countries on our income, property and other assets, and on operations we carry out in accordance with that treaty, and we are exempt from all liability related to the payment, retention or collection of any taxes, contributions or tariffs.

Payments of principal and interest in respect of the debt securities to a non-resident of the regional shareholder countries will therefore not be subject to taxation in any of the regional shareholder countries, nor will any withholding for tax of any of the regional shareholder countries be required on any such payments to any holder of debt securities. In the event of the imposition of withholding taxes by any of the regional shareholder countries, we have undertaken to pay additional amounts in respect of any payments subject to such withholding, subject to certain exceptions, as described under “Description of the Debt Securities — Additional Payments by CAF”.

United States Taxation

This section describes the material United States federal income tax consequences of owning the debt securities we are offering. It is the opinion of Sullivan & Cromwell LLP, our counsel. It applies to you only if you acquire debt securities in the offering at the offering price and you hold your debt securities as capital assets for tax purposes. This section does not apply to you if you are a member of a class of holders subject to special rules, such as:

- a dealer in securities or currencies,
- a trader in securities that elects to use a mark-to-market method of accounting for your securities holdings,
- a bank,
- a life insurance company,
- a tax-exempt organization,
- a person that owns debt securities that are a hedge or that are hedged against interest rate risks,
- a person that owns debt securities as part of a straddle or conversion transaction for tax purposes, or
- a United States holder (as defined below) whose functional currency for tax purposes is not the U.S. dollar.

This discussion deals only with debt securities that are due to mature within 30 years from the date on which they are issued. The United States federal income tax consequences of owning debt securities that are due to mature more than 30 years from their date of issue will be discussed in an applicable prospectus supplement.

This discussion assumes that the debt securities will be issued at par and that all principal and interest payments on the debt securities will be denominated in United States dollars. The United States federal income tax consequences of owning Discount Notes (as defined in “Description of the Debt Securities — General” above) and/or debt securities denominated in a currency other than United States dollars will be discussed in an applicable prospectus supplement.

If a partnership holds the debt securities, the United States federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. A partner in a partnership holding the debt securities should consult its tax advisor with regard to the United States federal income tax treatment of an investment in the debt securities.

If you purchase debt securities at a price other than the offering price, the amortizable bond premium or market discount rules may also apply to you. You should consult your tax advisor regarding this possibility.

This section is based on the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations under the Internal Revenue Code, published rulings and court decisions, all as currently in effect. These laws are subject to change, possibly on a retroactive basis.

Please consult your own tax advisor concerning the consequences of owning these debt securities in your particular circumstances under the Internal Revenue Code and the laws of any other taxing jurisdiction.

United States Holders

This subsection describes the tax consequences to a United States holder. You are a United States holder if you are a beneficial owner of a debt security and you are:

- a citizen or resident of the United States,
- a domestic corporation or an entity treated as a domestic corporation for purposes of the Internal Revenue Code,
- an estate whose income is subject to United States federal income tax regardless of its source, or
- a trust if a United States court can exercise primary supervision over the trust's administration and one or more United States persons are authorized to control all substantial decisions of the trust.

If you are not a United States holder, this subsection does not apply to you and you should refer to "United States Alien Holders" below.

Payments of Interest. You will be taxed on interest on your debt security as ordinary income at the time you receive the interest or when it accrues, depending on your method of accounting for tax purposes.

Interest paid by us on the debt securities is income from sources outside the United States, subject to the rules regarding the foreign tax credit allowable to a United States holder. Under the foreign tax credit rules, interest will, depending on your circumstances, be either "passive" or "general" income for purposes of computing the foreign tax credit.

Purchase, Sale and Retirement of the Debt Securities. Your tax basis in your debt security generally will be its cost. You will generally recognize capital gain or loss on the sale or retirement of your debt securities equal to the difference between the amount you realize on the sale or retirement, excluding any amounts attributable to accrued but unpaid interest, and your tax basis in your debt securities. Capital gain of a noncorporate United States holder that is recognized in taxable years beginning before January 1, 2011 is generally taxed at a maximum rate of 15% where the holder has a holding period greater than one year.

United States Alien Holders

This subsection describes the tax consequences to a United States alien holder. You are a United States alien holder if you are a beneficial owner of a debt security and you are, for United States federal income tax purposes:

- a nonresident alien individual,
- a foreign corporation,
- a foreign partnership, or
- an estate or trust that in either case is not subject to United States federal income tax on a net income basis on income or gain from a debt security.

If you are a United States holder, this subsection does not apply to you.

Under United States federal income and estate tax law, and subject to the discussion of backup withholding below, if you are a United States alien holder of a debt security, interest on a debt security paid to you is exempt from United States federal income tax, including withholding tax, whether or not you are engaged in a trade or business in the United States, unless:

- you are an insurance company carrying on a United States insurance business to which the interest is attributable, within the meaning of the Internal Revenue Code, or
- you both
  - have an office or other fixed place of business in the United States to which the interest is attributable and
  - derive the interest in the active conduct of a banking, financing or similar business within the United States.

Purchase, Sale, Retirement and Other Disposition of the Debt Securities. If you are a United States alien holder of a debt security, you generally will not be subject to United States federal income tax on gain realized on the sale, exchange or retirement of a debt security unless:

- the gain is effectively connected with your conduct of a trade or business in the United States or
- you are an individual, you are present in the United States for 183 or more days during the taxable year in which the gain is realized and certain other conditions exist.

For purposes of the United States federal estate tax, the debt securities will be treated as situated outside the United States and will not be includible in the gross estate of a holder who is neither a citizen nor a resident of the United States at the time of death.

Backup Withholding and Information Reporting

If you are a noncorporate United States holder, information reporting requirements, on Internal Revenue Service Form 1099, generally will apply to:

- payments of principal and interest on a debt security within the United States, including payments made by wire transfer from outside the United States to an account you maintain in the United States, and
- the payment of the proceeds from the sale of a debt security effected at a United States office of a broker.

Additionally, backup withholding will apply to such payments if you are a noncorporate United States holder that:

- fails to provide an accurate taxpayer identification number,
- is notified by the Internal Revenue Service that you have failed to report all interest and dividends required to be shown on your federal income tax returns, or
- in certain circumstances, fails to comply with applicable certification requirements.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be refunded or credited against the holder's United States federal income tax liability, if any, provided that the required information is furnished to the Internal Revenue Service in a timely manner.

If you are a United States alien holder, you are generally exempt from backup withholding and information reporting requirements with respect to:

- payments of principal and interest made to you outside the United States by us or another non-United States payor and
- other payments of principal and interest and the payment of the proceeds from the sale of a debt security effected at a United States office of a broker, as long as the income associated with such payments is otherwise exempt from United States federal income tax, and:
  - the payor or broker does not have actual knowledge or reason to know that you are a United States person and you have furnished to the payor or broker:
    - an Internal Revenue Service Form W-8BEN or an acceptable substitute form upon which you certify, under penalties of perjury, that you are a non-United States person, or
    - other documentation upon which it may rely to treat the payments as made to a non-United States person in accordance with U.S. Treasury regulations, or
  - you otherwise establish an exemption.

Payment of the proceeds from the sale of a debt security effected at a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, a sale of a debt security that is effected at a foreign office of a broker will be subject to information reporting and backup withholding if:

- the proceeds are transferred to an account maintained by you in the United States,
- the payment of proceeds or the confirmation of the sale is mailed to you at a United States address, or

- the sale has some other specified connection with the United States as provided in U.S. Treasury regulations,

unless the broker does not have actual knowledge or reason to know that you are a United States person and the documentation requirements described above are met or you otherwise establish an exemption.

In addition, a sale of a debt security effected at a foreign office of a broker will be subject to information reporting if the broker is:

- a United States person,
- a controlled foreign corporation for United States tax purposes,
- a foreign person 50% or more of whose gross income is effectively connected with the conduct of a United States trade or business for a specified three-year period, or
- a foreign partnership, if at any time during its tax year:
  - one or more of its partners are "U.S. persons", as defined in U.S. Treasury regulations, who in the aggregate hold more than 50% of the income or capital interest in the partnership, or
  - such foreign partnership is engaged in the conduct of a United States trade or business,

unless the broker does not have actual knowledge or reason to know that you are a United States person and the documentation requirements described above are met or you otherwise establish an exemption. Backup withholding will apply if the sale is subject to information reporting and the broker has actual knowledge that you are a United States person.

PLAN OF DISTRIBUTION

We may sell the securities described in this prospectus to one or more underwriters for public offering and sale by them or may sell the securities to investors directly or through agents, which agents may be affiliated with us. Any such underwriter or agent involved in the offer and sale of the securities will be named in the accompanying prospectus supplement.

We may sell our guarantees separately from our debt securities to guarantee certain obligations associated with the securities of third party issuers. In such cases, we may sell the guarantees in the same transaction as the sale of the underlying security or we may sell the guarantee independently to guarantee the obligations of outstanding securities of third party issuers.

Sales of securities offered pursuant to any prospectus supplement may be effected from time to time in one or more transactions at a fixed price or prices which may be changed, at prices related to the prevailing market prices at the time of sale or at negotiated prices. We also may, from time to time, authorize underwriters, acting as our agents, to offer and sell securities upon the terms and conditions set forth in the prospectus supplement. In connection with the sale of securities, underwriters may be deemed to have received compensation from us in the form of underwriting discounts or commissions and may also receive commissions from purchasers of securities for whom they may act as agent. Underwriters may sell securities to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from purchasers of securities for whom they may act as agent.

Any underwriting compensation we pay to underwriters or agents in connection with the offering of securities, and any discounts, concessions or commissions allowed by underwriters to participating dealers, will be set forth in the prospectus supplement. Underwriters, dealers and agents participating in the distribution of the securities may be deemed to be underwriters, and any discounts, concessions or commissions received by them and any profit realized by them on resale of the securities may be deemed to be underwriting discounts and commissions under the Securities Act. Underwriters, dealers and agents may be entitled, under agreements entered into with CAF, to indemnification against and contribution toward certain civil liabilities, including liabilities under the Securities Act.

Unless otherwise specified in the prospectus supplement, each series of securities will be a new issue with no established trading market. We may elect to list any series of securities on any exchange, but we are not obligated to do so.

One or more underwriters may make a market in a series of securities, but they will not be obligated to do so and may discontinue any market making at any time without notice. Neither we nor any underwriter can give assurances as to the liquidity of the trading market for the securities.

Certain of the underwriters, agents and their affiliates may be customers of, engage in transactions with and perform services for CAF in the ordinary course of business.

VALIDITY OF THE DEBT SECURITIES

In connection with particular offerings of the debt securities in the future, and if stated in the applicable prospectus supplements, the validity of those debt securities will be passed upon for us by Sullivan & Cromwell LLP, Washington, D.C., and for any underwriters or agents by counsel named in the applicable prospectus supplement. Sullivan & Cromwell LLP and counsel to the underwriters or agents may rely as to certain matters on the opinion of our General Legal Counsel.

VALIDITY OF THE GUARANTEES

The validity of the guarantees will be passed upon for us by counsel to be named in the applicable prospectus supplement. The validity of the guarantees will be passed upon for the underwriters by counsel to be named in the applicable prospectus supplement.

INDEPENDENT AUDITORS

The balance sheets as of December 31, 2008 and 2007 and the related statements of income, stockholders' equity and cash flows for each of the years in the three year period ended December 31, 2008 included in this prospectus, have been audited by KPMG, independent registered public accounting firm, as stated in their report appearing elsewhere herein.

AUTHORIZED REPRESENTATIVE

Our authorized representative in the United States of America is Puglisi & Associates. The address of the authorized representative in the United States is 850 Library Avenue, Suite 204, Newark, Delaware 19711.

WHERE YOU CAN FIND MORE INFORMATION

This registration statement of which the prospectus forms a part, including its various exhibits, is available to the public over the internet at the SEC's website: http://www.sec.gov. You may also read and copy these documents at the Securities and Exchange Commission's Public Reference Room, at the following address:

SEC Public Reference Room
100 F Street, N.E.
Washington, D.C. 20549

Please call the Securities and Exchange Commission at 1-800-SEC-0330 for further information about how to access the documents we have filed with it.

The information set forth herein, except the information appearing in the section entitled "The Regional Shareholder Countries", is stated on the authority of the Executive President of CAF, in his duly authorized capacity as Executive President.

CORPORACIÓN ANDINA DE FOMENTO

By: /s/ L. ENRIQUE GARCÍA
Name: L. Enrique García
Title: Executive President

INDEX TO FINANCIAL STATEMENTS

MANAGEMENT'S REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROL OVER FINANCIAL REPORTING

The Management of Corporación Andina de Fomento (CAF) (the "Corporation") is responsible for establishing and maintaining effective internal control over financial reporting in the Corporation. Management has evaluated the Corporation's internal control over financial reporting as of December 31, 2008, based on the criteria for effective internal control determined in the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

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 U.S. generally accepted accounting principles. 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 U.S. generally accepted accounting principles, 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 has assessed the effectiveness of CAF's internal control over financial reporting as of December 31, 2008. Based on this assessment, CAF's Management concluded that CAF's internal control over financial reporting was effective as of December 31, 2008.

There are inherent limitations in the effectiveness of any internal control system, including the possibility of human error and the deception 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, 2008, have been audited by an independent registered public accounting firm, which has also issued an attestation report on management's assertion on the effectiveness of CAF's internal control over financial reporting. The attestation report, which is included in this document, expresses an unqualified opinion on management's assertion on the effectiveness of CAF's internal control over financial reporting as of December 31, 2008.

L. Enrique García
Executive President
and Chief Executive Officer

Hugo Sarmiento K.
Corporate Vice President,
Chief Financial Officer

Marcos Subía G.
Director, Accounting and Budget

February 13, 2009

INDEPENDENT ACCOUNTANTS' REPORT ON MANAGEMENT'S ASSERTION ON EFFECTIVENESS OF INTERNAL CONTROL OVER FINANCIAL REPORTING

The Board of Directors and Stockholders of
Corporación Andina de Fomento (CAF):

We have examined management's assertion, included in the accompanying *Management's Report on the Effectiveness of Internal Control Over Financial Reporting*, that Corporación Andina de Fomento (CAF) maintained effective internal control over financial reporting as of December 31, 2008, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO Report). CAF's management is responsible for maintaining effective internal control over financial reporting, and for its assertion on the effectiveness of internal control over financial reporting, included in the accompanying *Management's Report on the Effectiveness of Internal Control Over Financial Reporting*. Our responsibility is to express an opinion on management's assertion based on our examination.

We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our examination included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our examination also included performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

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 U.S. generally accepted accounting principles. 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 U.S. generally accepted accounting principles, 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 evaluation 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.

In our opinion, management's assertion that Corporación Andina de Fomento (CAF) maintained effective internal control over financial reporting as of December 31, 2008 is fairly stated, in all material respects, based on the criteria established in the COSO Report.

We also have audited, in accordance with auditing standards generally accepted in the United States of America, the balance sheets of Corporación Andina de Fomento (CAF) as of December 31, 2008 and 2007, and the related statements of income, stockholders' equity and cash flows for the years then ended and our report dated February 13, 2009 expressed an unqualified opinion of those financial statements.

KPMG

February 13, 2009
Caracas, Venezuela

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders of
Corporación Andina de Fomento (CAF):

We have audited the accompanying balance sheets of Corporación Andina de Fomento (CAF) as of December 31, 2008 and 2007, and the related statements of income, stockholders' equity and cash flows for each of the years in the three year period ended December 31, 2008. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Corporación Andina de Fomento (CAF) as of December 31, 2008 and 2007, and the results of its operations and its cash flows for each of the years in the three year period ended December 31, 2008 in accordance with U.S. generally accepted accounting principles.

KPMG

February 13, 2009
Caracas, Venezuela

CORPORACIÓN ANDINA DE FOMENTO (CAF)

Balance Sheets
December 31, 2008 and 2007
(In thousands of U.S. dollars)

ASSETS

	Note	2008	2007
Cash and due from banks		152,801	3,735
Deposits with banks	2	1,333,635	325,025
Marketable securities:			
Trading	3	1,638,186	882,726
Held-to-maturity	3	—	1,099,801
Securities purchased under resale agreements		—	36,400
Other investments	2	156,380	109,868
Loans (including US$21,829 as of December 31, 2008, at fair value):	4	10,184,068	9,547,987
Less loan commissions, net of origination costs		51,359	46,940
Less allowance for losses	4	143,167	168,257
Loans, net		9,989,542	9,332,790
Equity investments	5	75,066	74,317
Interest and commissions receivable		195,237	231,510
Property and equipment	6	24,049	23,816
Other assets (including US$676,186 and US$436,585 as of December 31, 2008 and 2007, respectively, at fair value)	7	707,559	469,985
Total assets		14,272,455	12,589,973
LIABILITIES AND STOCKHOLDERS' EQUITY			
Deposits	8	2,773,119	1,521,047
Commercial paper	9	663,934	884,146
Advances and short-term borrowings		138,495	395,817
Bonds (including US$4,930,784 and US$4,258,395 as of December 31, 2008 and 2007, respectively, at fair value)	10	5,207,248	4,637,140
Borrowings and other obligations (including US$4,540 as of December 31, 2007, at fair value)	11	684,023	808,487
Accrued interest and commissions payable		138,004	153,938
Accrued expenses and other liabilities (including US$59,022 and US$8,131 as of December 31, 2008 and 2007, respectively, at fair value)	12	113,719	62,089
Total liabilities		9,718,542	8,462,664
Subscribed and paid-in capital (authorized capital US$10,000 million and US$5,000 million for 2008 and 2007, respectively)		2,176,430	2,014,750
Additional paid-in capital		280,255	234,355
Reserves		1,785,754	1,477,405
Retained earnings		311,474	400,799
Total stockholders' equity	14	4,553,913	4,127,309
Total liabilities and stockholders' equity		14,272,455	12,589,973

See accompanying notes to the financial statements.

CORPORACIÓN ANDINA DE FOMENTO (CAF)

Statements of Income
Years ended December 31, 2008, 2007 and 2006
(In thousands of U.S. dollars)

	Note	2008	2007	2006
Interest income:				
Loans	1(f)	549,139	700,397	600,784
Investments and deposits with banks	1(e) and 3	67,983	89,588	95,830
Loan commissions	1(f)	35,258	33,659	39,832
Total interest income		652,380	823,644	736,446
Interest expense:				
Deposits		55,721	34,605	20,587
Commercial paper		29,028	51,254	28,831
Advances and short-term borrowings		10,779	23,469	13,804
Bonds		193,054	262,991	264,424
Borrowings and other obligations		34,172	36,319	31,077
Commissions		5,173	5,291	5,350
Total interest expense		327,927	413,929	364,073
Net interest income		324,453	409,715	372,373
Provision for (credit to) allowance for loan losses	4	(22,970)	(23,133)	19,000
Net interest income, after provision for (credit to) allowance for loan losses		347,423	432,848	353,373
Non-interest income:				
Other commissions		1,741	3,729	3,150
Dividends and equity in earnings of investees		6,487	16,937	5,126
Gain on sale of equity investments		—	8,878	—
Other income		1,303	1,993	1,399
Total non-interest income		9,531	31,537	9,675
Non-interest expenses:				
Administrative expenses		56,482	51,195	46,414
Impairment charge for equity investments	5	1,157	82	190
Other expenses		1,324	31	163
Total non-interest expenses		58,963	51,308	46,767
Net income before ineffectiveness arising from fair value hedges		297,991	413,077	316,281
Ineffectiveness arising from fair value hedges		13,483	(12,278)	4,372
Net income		311,474	400,799	320,653

See accompanying notes to the financial statements.

CORPORACIÓN ANDINA DE FOMENTO (CAF)

Statements of Stockholders' Equity
Years ended December 31, 2008, 2007, 2006
(In thousands of U.S. dollars)

	Note	Subscribed and paid-in capital	Additional paid-in capital	Reserve pursuant to: General reserve	Reserve pursuant to: Article No. 42 of by-laws	Total reserves	Retained earnings	Total stock-holders' equity
Balances at December 31, 2005		1,681,885	239,524	805,640	226,874	1,032,514	283,238	3,237,161
Capital increase	14	95,355	110,558	—	—	—	—	205,913
Stock dividends	14	93,375	(93,375)	—	—	—	—	—
Net income	14	—	—	—	—	—	320,653	320,653
Appropriated for general reserve	14	—	—	183,738	—	183,738	(183,738)	—
Appropriated for reserve pursuant to Article No. 42 of by-laws	14	—	—	—	28,500	28,500	(28,500)	—
Distributions to stockholders' funds	15	—	—	—	—	—	(71,000)	(71,000)
Balances at December 31, 2006		1,870,615	256,707	989,378	255,374	1,244,752	320,653	3,692,727
Capital increase	14	50,650	71,133	—	—	—	—	121,783
Stock dividends	14	93,485	(93,485)	—	—	—	—	—
Net income	14	—	—	—	—	—	400,799	400,799
Appropriated for general reserve	14	—	—	200,553	—	200,553	(200,553)	—
Appropriated for reserve pursuant to Article No. 42 of by-laws	14	—	—	—	32,100	32,100	(32,100)	—
Distributions to stockholders' funds	15	—	—	—	—	—	(88,000)	(88,000)
Balances at December 31, 2007		2,014,750	234,355	1,189,931	287,474	1,477,405	400,799	4,127,309
Capital increase	14	81,160	126,420	—	—	—	—	207,580
Stock dividends	14	80,520	(80,520)	—	—	—	—	—
Net income	14	—	—	—	—	—	311,474	311,474
Appropriated for general reserve	14	—	—	268,249	—	268,249	(268,249)	—
Appropriated for reserve pursuant to Article No. 42 of by-laws	14	—	—	—	40,100	40,100	(40,100)	—
Distributions to stockholders' funds	15	—	—	—	—	—	(92,450)	(92,450)
Balances at December 31, 2008		2,176,430	280,255	1,458,180	327,574	1,785,754	311,474	4,553,913

See accompanying notes to the financial statements.

CORPORACIÓN ANDINA DE FOMENTO (CAF)

Statements of Cash Flows
Years ended December 31, 2008, 2007, 2006
(In thousands of U.S. dollars)

	Note	2008	2007	2006
Cash flows from operating activities				
Net income		311,474	400,799	320,653
Adjustments to reconcile net income to net cash (used in) provided by operating activities				
Loss (gain) on sale of trading securities	3	(8,956)	1,150	(4)
Amortization of loan commissions, net of origination costs		(11,952)	(21,464)	(13,764)
Provision for (credit to) allowance for loan losses	4	(22,970)	(23,133)	19,000
Impairment charge for equity investments	5	1,157	82	190
Equity in earnings of investees		(4,208)	(16,110)	(2,447)
Gain on sale of equity investments		—	(8,878)	—
Amortization of deferred charges		1,668	2,472	2,971
Depreciation of property and equipment	6	3,094	3,477	3,234
Provision for employees' severance indemnities and benefits		6,151	5,928	5,476
Provision for employees' savings plan		1,416	1,465	1,491
Net changes in operating assets and liabilities				
Severance indemnities paid or advanced		(3,603)	(2,360)	(3,055)
Employees' savings plan paid or advanced		(48)	(876)	(606)
Trading securities, net	3	(747,689)	117,742	103,954
Interest and commissions receivable		36,273	(4,980)	(44,591)
Other assets		(15,290)	7,150	11,106
Accrued interest and commissions payable		(15,934)	17,060	25,924
Accrued expenses and other liabilities		(1,068)	(5,526)	(46,261)
Total adjustments and net changes in operating assets and liabilities		(781,959)	73,199	62,618
Net cash (used in) provided by operating activities		(470,485)	473,998	383,271
Cash flows from investing activities				
Purchases of held-to-maturity securities	3	(3,583,769)	(3,825,725)	(1,692,804)
Maturities of held-to-maturity securities	3	4,683,570	3,082,052	1,424,561
Securities purchased under resale agreements		36,400	(36,400)	—
Purchases of other investments	2	(448,120)	(368,918)	(588,132)
Maturities of other investments	2	401,608	469,480	636,278
Loan origination and principal collections, net	4	(620,459)	(1,439,338)	(669,082)
Sale of equity investments	5	2,302	44,015	23,477
Purchases of property and equipment	6	(3,327)	(3,362)	(16,179)
Net cash provided by (used in) investing activities		468,205	(2,078,196)	(881,881)
Carried forward		(2,280)	(1,604,198)	(498,610)

See accompanying notes to the financial statements.

CORPORACIÓN ANDINA DE FOMENTO (CAF)

Statements of Cash Flows, Continued
Years ended December 31, 2008, 2007, 2006
(In thousands of U.S. dollars)

	Note	2008	2007	2006
Brought forward		(2,280)	(1,604,198)	(498,610)
Cash flows from financing activities:				
Net increase in deposits		1,252,072	1,071,250	63,378
Net (decreases) increase in commercial paper		(225,405)	111,390	55,625
Proceeds from advances and short-term borrowings		487,304	1,258,905	864,431
Repayment of advances and short-term borrowings		(735,018)	(1,201,502)	(969,444)
Proceeds from issuance of bonds	10	626,298	718,428	810,228
Repayment of bonds	10	(236,141)	(671,396)	(504,678)
Proceeds from borrowings and other obligations	11	53,664	374,043	154,227
Repayment of borrowings and other obligations	11	(177,948)	(124,382)	(83,942)
Distributions to stockholders' funds	15	(92,450)	(88,000)	(71,000)
Proceeds from issuance of shares	14	207,580	121,783	205,913
Net cash provided by financing activities		1,159,956	1,570,519	524,738
Net increase (decrease) in cash and cash equivalents		1,157,676	(33,679)	26,128
Cash and cash equivalents at beginning of year		328,760	362,439	336,311
Cash and cash equivalents at end of year		1,486,436	328,760	362,439
Consisting of:				
Cash and due from banks		152,801	3,735	8,997
Deposits with banks		1,333,635	325,025	353,442
		1,486,436	328,760	362,439
Supplemental disclosure:				
Interest paid during the year		343,443	386,469	327,725
Non-cash financing activities:				
Change in other assets due to fair value hedging relationships		239,601	151,221	70,044
Change in other liabilities due to fair value hedging relationships		50,891	(62,727)	68,077

See accompanying notes to the financial statements.

CORPORACIÓN ANDINA DE FOMENTO (CAF)

Notes to Financial Statements
December 31, 2008, 2007 and 2006
(In thousands of U.S. dollars)

(1) Significant Accounting Policies

(a) Description of Business

Corporación Andina de Fomento ("CAF" or the "Corporation") commenced operations on June 8, 1970 established under public international law which abides by the provisions of its by-laws. Series "A" and "B" Shareholder countries are: Bolivia, Colombia, Ecuador, Peru and Venezuela. Series "C" Shareholder countries are: Argentina, Brazil, Chile, Costa Rica, Dominican Republic, Jamaica, Mexico, Paraguay, Panama, Spain, Trinidad and Tobago and Uruguay. In addition, there are 15 banks which are Series "B" shareholders. The Corporation has its headquarters in Caracas, Venezuela.

The Corporation's principal activity is to provide short, medium and long-term loans to finance projects, working capital, trade activities and to undertake feasibility studies for investment opportunities in its Shareholder countries.

(b) Financial Statements Presentation

The financial statements have been prepared in accordance with U.S. generally accepted accounting principles and the functional currency is the U.S. dollar.

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Certain amounts in the 2007 and 2006 financial statements have been reclassified to conform to the current year's presentation.

(c) Foreign Currency Transactions

Transactions in currencies other than U.S. dollars are translated at exchange rates prevailing on the international market at the dates of the transactions. Foreign currency balances are translated at year-end exchange rates. Any gains or losses on foreign exchange including related hedge effects are included the statement of income and are not significant.

(d) Cash Equivalents

Cash equivalents are defined as cash, due from banks and short-term deposits with an original maturity of three months or less.

(e) Marketable Securities

The Corporation classifies its debt securities in one of two categories: trading or held-to-maturity. Trading securities are bought and held principally for the purpose of selling them in the near term. Held-to-maturity securities are those securities which the Corporation has the ability and intent to hold until maturity.

Trading securities are recorded at fair value. Unrealized gains and losses on trading securities are included in interest income of investments and deposit with banks in earnings.

Held-to-maturity securities are recorded at amortized cost, adjusted for the amortization or accretion of premiums or discounts. A decline in the market value of any held-to-maturity security below cost that is deemed to be other than temporary results in a reduction in carrying amount. The impairment is charged to income and a new cost basis for the security is established. Premiums and discounts are amortized or accreted

CORPORACIÓN ANDINA DE FOMENTO (CAF)

Notes to Financial Statements
December 31, 2008, 2007 and 2006
(In thousands of U.S. dollars)

over the life of the related held-to-maturity security as an adjustment to yield using the effective interest method.

Dividend and interest income are recognized when received and earned, respectively.

(f) Loans

The Corporation grants short, medium and long-term loans to finance projects, working capital, trade activities and undertake feasibility studies for investment opportunities in its member countries. Loans are reported at their outstanding unpaid principal balances adjusted for charge-offs, less the allowance for loan losses and loan commissions net of origination costs. Interest income is accrued on the unpaid principal balance. Loan commission fees, net of certain direct origination costs, are deferred and recognized as an adjustment of the related loan yield using the interest method and are presented as loan commissions in the statement of income.

The accrual for interest on loans is discontinued at the time a private sector loan is 90 days (180 days for public sector loans) delinquent unless the credit is well-secured and in process of collection.

All interest accrued but not collected for loans that are placed on nonaccrual or charged off is reversed against interest income. The interest on these loans is accounted for on the cash-basis, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

The nonaccrual loans are considered impaired. Factors considered by management in determining impairment include payments status, collateral value, and the probability of collecting scheduled principal and interest payments when due.

(g) Equity Investments

CAF participates with equity investments in companies and investment funds in strategic sectors, with a view to promoting the development of such companies and their participation in the securities markets and to serve as a catalytic agent in attracting resources into the Shareholder countries.

Equity investments are accounted for using the equity method or at cost. If the Corporation has the ability to exercise significant influence over the operating and financial policies of the investee, which is generally presumed to exist at a 20% of equity ownership level, the equity investments are accounted for using the equity method. Under the equity method, the carrying value of the equity investment is adjusted for the Corporation's proportionate share of earnings or losses, dividends received and certain other transactions of the investee company.

A decline in the market value of any equity investment accounted under the equity method or at cost, that is deemed to be other than temporary, results in a reduction in carrying amount to fair value. The impairment is charged to income and a new cost basis for the investment is established.

(h) Allowance for Loan Losses

The allowance for loan losses is maintained at a level the Corporation believes is adequate but not excessive to absorb probable losses inherent in the loan portfolio as of the date of the financial statements. The general allowance for loan losses is established by the Corporation based on the individual risk rating for the long term foreign currency debt of the borrower countries which is assigned by the international risk rating agencies as of the date of the financial statements preparation. This country risk rating considers a default probability. Given the Corporation's status as a preferred creditor and taking onto account the immunities and

CORPORACIÓN ANDINA DE FOMENTO (CAF)

Notes to Financial Statements
December 31, 2008, 2007 and 2006
(In thousands of U.S. dollars)

privileges conferred onto it by its member countries, which are established in the Corporation's by-laws and other similar agreements, a factor reflecting a lower default probability — usually equivalent to a better risk rating — is used.

A specific allowance is established by the Corporation for those loans that are considered impaired. A loan is considered as impaired when, based on currently available information and events, there exists the probability that CAF will not recover the total amount of principal and interest as agreed in the terms of the original loan contract. The impairment of loans is determined on a loan by loan basis based on the present value of expected future cash flows, discounted at the loan's effective interest rate.

Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

(i) Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation, calculated on the straight-line method, is charged to operations over the estimated useful lives of assets.

(j) Employees' Severance Indemnities

The Corporation accrues for employees' severance indemnities in accordance with the Corporation's personnel regulations and the Partial Reform of the Organic Labor Law of the Bolivarian Republic of Venezuela, which establish that employees are entitled to an indemnity upon the termination of employment, equivalent to five days remuneration for each month of service, plus two days for each year of service up to a maximum of 30 days, commencing from the second year. Under certain circumstances the reformed law also provides for the payment for unjustified dismissal. The accrual is presented net of advances and interest is paid annually on the outstanding balance.

(k) Pension Plan

The Corporation established in March 2005 a defined benefit pension plan (the Plan). The Plan is contributory and the benefits are based on years of service and the average employee's salary for the three consecutive years of service with the highest salary.

(l) Derivative Instruments and Hedging Activities

All derivatives are recognized on the balance sheet at their fair value. On the date the derivative contract is entered into, the Corporation designates the derivative as either a hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment ("fair value" hedge), a hedge of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability ("cash flow" hedge), or a foreign-currency fair-value or cash-flow hedge ("foreign currency" hedge). The Corporation formally documents all relationships between hedging instruments and hedged items, as well as its risk-management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives that are designated as fair-value, cash-flow, or foreign-currency hedges to specific assets and liabilities on the balance sheet or to specific firm commitments or forecasted transactions. The Corporation also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. When it is determined that a derivative is not highly effective as a hedge or that it has ceased to be a highly effective hedge, the Corporation discontinues hedge accounting prospectively.

CORPORACIÓN ANDINA DE FOMENTO (CAF)

Notes to Financial Statements
December 31, 2008, 2007 and 2006
(In thousands of U.S. dollars)

Changes in the fair value of a derivative that is highly effective and that is designated and qualifies as a fair-value hedge, along with the loss or gain on the hedged asset or liability or unrecognized firm commitment of the hedged item that is attributable to the hedged risk, are recorded in income. Changes in the fair value of a derivative that is highly effective and that is designated and qualifies as a cash-flow hedge are recorded in other comprehensive income, until income is affected by the variability in cash flows of the designated hedged item. Changes in the fair value of derivatives that are highly effective as hedges and that are designated and qualify as foreign-currency hedges are recorded in either income or other comprehensive income, depending on whether the hedge transaction is a fair-value hedge or a cash-flow hedge.

The Corporation discontinues hedge accounting prospectively when it is determined that the derivative is no longer effective in offsetting changes in the fair value or cash flows of the hedged item; the derivative expires or is sold, terminated, or exercised; the derivative is de-designated as a hedging instrument, because it is unlikely that a forecasted transaction will occur; a hedged firm commitment no longer meets the definition of a firm commitment; or management determines that designation of the derivative as a hedging instrument is no longer appropriate.

When hedge accounting is discontinued because it is determined that the derivative no longer qualifies as an effective fair-value hedge, the Corporation continues to carry the derivative on the balance sheet at its fair value, and no longer adjusts the hedged asset or liability for changes in fair value. The adjustment of the carrying amount of the hedged asset or liability is accounted for in the same manner as other components of the carrying amount of that asset or liability. When hedge accounting is discontinued because the hedged item no longer meets the definition of a firm commitment, the Corporation continues to carry the derivative on the balance sheet at its fair value, removes any asset or liability that was recorded pursuant to recognition of the firm commitment from the balance sheet and recognizes any gain or loss in income. When hedge accounting is discontinued because it is probable that a forecasted transaction will not occur, the Corporation continues to carry the derivative on the balance sheet at its fair value, and gains and losses that were accumulated in other comprehensive income are recognized immediately in income. In all situations in which hedge accounting is discontinued, the Corporation continues to carry the derivative at its fair value on the balance sheet, and recognizes any changes in its fair value in income.

(m) Adoption of SFAS N° 157-Fair Value Measurements

The Corporation adopted SFAS N° 157, “Fair Value Measurements” (SFAS N° 157), as of January 1°, 2008. SFAS N° 157 defines fair value, expands disclosure requirements around fair value and specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company’s market assumptions to determine the best price of these instruments. These two types of inputs create the following fair value hierarchy:

- Level 1 — Quoted prices for identical instruments in active markets.
- Level 2 — Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 — Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

This hierarchy requires the Corporation to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

(In thousands of U.S. dollars)

When available, the Corporation typically uses quoted market prices to determine fair value, and classifies such items in Level 1. In some cases where a market price is not available the Corporation uses acceptable alternatives to calculate the fair value for these instruments, in which case the items are classified in Level 2. If quoted market prices are not available, the fair value is based on internally developed valuation techniques. The fair value of items determined under this procedure are classified in Level 3.

(n) Recent Accounting Pronouncements

In February, 2007 the FASB issued SFAS N° 159, "The Fair Value Option for Financial Assets and Financial Liabilities, including an amendment of FASB Statement N° 115". SFAS N° 159 permits entities to choose to measure many financial instruments and certain warranty and insurance contracts at fair value on a contract-by-contract basis. SFAS N° 159 contains financial statement presentation and disclosure requirements for assets and liabilities reported at fair value as a consequence of the election. SFAS N° 159 is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. The management of the Corporation has determinate that the adoption of SFAS N° 159 for cross currency hedge transactions beginning January 1°, 2009, will not have a significant effect on its financial statements.

On March 19, 2008, the FASB issued SFAS N° 161, "Disclosures about Derivative Instruments and Hedging Activities - an amendment of FASB Statement N° 133". SFAS N° 161 changes the disclosure requirements for derivative instruments and hedging activities. It requires enhanced disclosures about how and why an entity uses derivatives, how derivatives and related hedged items are accounted for, and how derivatives and hedged items affect an entity's financial position, performance, and cash flows. The provisions of SFAS N° 161 are effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early adoption encouraged. Because SFAS N° 161 amends only the disclosure requirements for derivative instruments and hedged items, the adoption of SFAS N° 161 will not affect the Corporation's financial results.

On September 12, 2008, the FASB issued Staff Position N° 133-1 and FIN 45-4, Disclosures about Credit Derivatives and Certain Guarantees: An Amendment of FASB Statement N° 133 and FASB Interpretation N° 45; and Clarification of the Effective Date of FASB Statement N° 161. This FSP is intended to improve disclosures about credit derivatives by requiring more information about the potential adverse effects of changes in credit risk on the financial position, financial performance, and cash flows of the sellers of credit derivatives. It amends SFAS 133, Accounting for Derivative Instruments and Hedging Activities, to require disclosures by sellers of credit derivatives, including credit derivatives embedded in hybrid instruments. The FSP also amends FASB Interpretation N° 45, Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness to Others (FIN 45), to require an additional disclosure about the current status of the payment/performance risk of a guarantee. The provisions of the FSP that amend SFAS 133 and FIN 45 are effective for reporting periods (annual or interim) ending after November 15, 2008. Because the FSP amends only the disclosure requirements for credit derivatives and certain guarantees, the adoption of the FSP will not affect the Corporation's financial results.

(2) Deposits with Banks and Other Investments

Deposits with banks mature in three months or less and include the following:

	December 31	
	2008	2007
U.S. dollars	1,286,602	324,549
Other currencies	47,033	476
	1,333,635	325,025

CORPORACIÓN ANDINA DE FOMENTO (CAF)

Notes to Financial Statements
December 31, 2008, 2007 and 2006
(In thousands of U.S. dollars)

Deposits with maturities over 90 days are reported in the balance sheets as other investments.

(3) Marketable Securities

(a) Trading Securities

A summary of trading securities follows:

	Amount	Average maturity (years)	Average yield (%)
At December 31, 2008 —			
U.S. Treasury Notes	7,070	8.18	4.21
Bonds of non-U.S. governments and government entities	336,165	0.46	1.94
Financial institutions and corporate securities	1,294,951	0.89	6.11
	1,638,186	0.83	5.25
At December 31, 2007 —			
U.S. Treasury Notes	61,965	0.04	4.38
Bonds of non-U.S. governments and government entities	191,449	0.25	6.33
Financial institutions and corporate securities	629,312	1.29	2.00
	882,726	0.97	4.98

Trading securities include net unrealized losses of US$10,955 and US$2,537 at December 31, 2008 and 2007, respectively; and unrealized gains of US$278 at December 31, 2006.

(b) Held-to-Maturity Securities

A summary of held-to-maturity securities follows:

	Amortized cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
At December 31, 2007 —				
Bonds of non-U.S. governments and government entities	36,205	2	(6)	36,201
Financial institutions and corporate securities	1,063,596	—	(309)	1,063,287
	1,099,801	*2*	(315)	1,099,488

All the Corporation's held-to-maturity securities at December 31, 2007 matured in 2008.

CORPORACIÓN ANDINA DE FOMENTO (CAF)

Notes to Financial Statements
December 31, 2008, 2007 and 2006
(In thousands of U.S. dollars)

(4) Loans

Loans include short, medium and long-term loans to finance projects, working capital and trade activities. The majority of the loan contracts have been subscribed with the Series "A" and "B" Shareholder countries, or with private institutions or companies of these countries.

Loans by country are summarized as follows:

	Bolivia	Colombia	Ecuador	Peru	Venezuela	Other	Total
At December 31, 2008 —							
Loans	1,102,063	1,705,282	2,017,638	1,769,725	1,535,146	2,052,253	10,182,107
Fair value adjustments on hedging activities							1,961
Carrying value of loans							10,184,068
At December 31, 2007 —							
Loans	1,040,036	1,633,002	2,149,450	1,804,853	1,469,836	1,450,810	9,547,987

Fair value adjustments to the carrying value of loans represent adjustments to the carrying value of transactions in designated fair value hedging relationships.

At December 31, 2008 and 2007, loans in other currencies were granted for an equivalent of US$24,211 and US$2,337, respectively, principally in Peruvian nuevos soles and Colombian pesos. At December 31, 2008 and 2007, loans include fixed interest rate loans of US$49,697 and US$54,282, respectively.

The loan portfolio composition and average yield of loans disbursed and outstanding are summarized below:

	December 31,			
	2008		2007	
	Amount	Average yield (%)	Amount	Average yield (%)
Loans	10,182,107	4.97	9,547,987	7.22

Loans by industry segments are as follows:

	December 31,			
	2008	%	2007	%
Agriculture, hunting and forestry	91,098	1	113,399	1
Exploitation of mines and quarries	70,000	1	70,000	1
Manufacturing industry	415,682	4	278,644	3
Supply of electricity, gas and water	2,001,991	20	1,079,173	11
Transport, warehousing and communications	3,200,520	30	3,053,811	32
Commercial banks	1,456,687	14	1,636,937	17
Development banks	135,037	1	106,260	1
Social and other infrastructure programs	2,802,229	28	3,196,974	33
Other activities	8,863	1	12,789	1
	10,182,107	100	9,547,987	100

CORPORACIÓN ANDINA DE FOMENTO (CAF)

Notes to Financial Statements
December 31, 2008, 2007 and 2006
(In thousands of U.S. dollars)

Loans mature as follows:

	December 31, 2008	December 31, 2007
Remaining maturities -		
Less than one year	2,209,408	2,290,503
Between one and two years	970,560	964,836
Between two and three years	962,227	827,646
Between three and four years	938,324	884,622
Between four and five years	899,844	868,709
Over five years	4,201,744	3,711,671
	10,182,107	9,547,987

At December 31, 2007 and 2006, all loans were performing except for certain loans which were classified as impaired and were in nonaccrual status; however, at December 31, 2008 there are no loans classified as impaired. The average recorded investment in impaired loans during the years ended December 31, 2007 and 2006 was approximately US$30 and US$199, respectively.

Had these loans not been in impairment status, income for the year ended December 31, 2006 would have increased by US$16. In 2007 the results would not have been materially impacted.

Loan Participations and A/B Loans

During 2008, the Corporation received funds from commercial banks amounting to US$50,000, for loans which were sold by the Corporation to the banks without recourse. These participations are administered by the Corporation on behalf of the participants.

Also, The Corporation administers loan participations provided to clients, and assumes the credit risk only for that portion of the loan owned by the Corporation. As of the end of the years 2008 and 2006, the Corporation administered loans of this nature whereby other financial institutions provided funds amounting to US$450,000 and US$69,833, respectively.

Allowance for Loan Losses

Movements of the allowance for loan losses follow:

	December 31, 2008	2007	2006
Balances at beginning of year	168,257	188,608	161,629
Provision for (credit to) results of operations	(22,970)	(23,133)	19,000
Recoveries	1,880	2,970	9,043
Loans charged-off	(4,000)	(188)	(1,064)
Balances at end of year	143,167	168,257	188,608

CORPORACIÓN ANDINA DE FOMENTO (CAF)

Notes to Financial Statements
December 31, 2008, 2007 and 2006
(In thousands of U.S. dollars)

(5) Equity Investments

A summary of equity investments follows:

	December 31, 2008	December 31, 2007
Direct investments in companies (including investments accounted for using the equity method of US$6,769 and US$5,727, at December 31, 2008 and 2007, respectively)	15,481	14,389
Investment funds (including investments accounted for using the equity method of US$42,347 and US$47,458, at December 31, 2008 and 2007, respectively)	59,585	59,928
	75,066	74,317

The Corporation recorded an impairment charge of US$1,157, US$82 and US$190 for the years ended December 31, 2008, 2007 and 2006, respectively, related to equity investments accounted for at cost.

(6) Property and Equipment

A summary of property and equipment follows:

	December 31, 2008	December 31, 2007
Land	14,069	14,069
Buildings	18,856	19,353
Buildings improvements	15,400	13,686
Furniture and equipment	10,591	8,996
Vehicles	450	334
	59,366	56,438
Less accumulated depreciation	35,317	32,622
	24,049	23,816

Depreciation is provided for property and equipment on the straight-line method over the estimated useful lives of the respective classes of assets, as follows:

Buildings	15 years
Buildings improvements	5 years
Furniture and equipment	2 to 5 years
Vehicles	5 years

CORPORACIÓN ANDINA DE FOMENTO (CAF)

Notes to Financial Statements
December 31, 2008, 2007 and 2006
(In thousands of U.S. dollars)

(7) Other Assets

A summary of other assets follows:

	December 31, 2008	December 31, 2007
Deferred charges	28,843	24,644
Derivative assets (see note 17)	676,186	436,585
Other assets	2,530	8,756
	707,559	469,985

(8) Deposits

The Corporation's deposits of US$2,773,119 at December 31, 2008 mature in 2009 (US$1,521,047 at December 31, 2007 — mature in 2008). At December 31, 2008 and 2007, the interest rates on deposits ranged from 0.10% to 4.50% and from 4.33% to 5.33%, respectively.

(9) Commercial Paper

The Corporation's commercial paper of US$663,934 at December 31, 2008 matures in 2009 (US$884,146 at December 31, 2007 — matures in 2008). At December 31, 2008 and 2007, the interest rates on commercial paper ranged from 0.47% to 3.12% and from 4.49% to 7.02%, respectively.

(10) Bonds

An analysis of bonds follows:

	December 31, 2008			December 31, 2007		
	Principal outstanding		Weighted average	Principal outstanding		Weighted average
	At original exchange rate	At spot exchange rate	cost, after swaps (%) (Year-end)	At original exchange rate	At spot exchange rate	cost, after swaps (%) (Year-end)
U.S. dollars	2,642,528	2,642,528	3.94	2,496,144	2,496,144	6.20
Euros	711,723	904,765	3.35	711,489	956,485	5.83
Yen	336,402	441,258	2.48	474,651	486,941	5.66
Colombian Pesos	210,434	229,798	3.46	100,000	135,298	4.96
Venezuelan Bolivars	209,302	209,566	1.77	209,302	209,302	4.94
Swiss francs	194,903	187,908	4.84	—	—	—
Mexican Pesos	145,223	111,925	3.47	68,807	68,897	5.33
Peruvian Nuevos Soles	75,748	79,121	3.49	75,748	82,938	5.80
Pounds Sterling	63,410	58,555	5.11	63,375	81,447	7.98
	4,589,673	4,865,424		4,199,516	4,517,452	
Fair value adjustments on hedging activities		341,824			119,688	
Carrying value of bonds		5,207,248			4,637,140	

CORPORACIÓN ANDINA DE FOMENTO (CAF)

Notes to Financial Statements
December 31, 2008, 2007 and 2006
(In thousands of U.S. dollars)

Fair value adjustments to the carrying value of bonds represent adjustments to the carrying value of transactions in designated fair value hedging relationships.

A summary of the bonds issued, by remaining maturities, follows:

	December 31, 2008	December 31, 2007
Remaining maturities —		
Less than one year	476,052	137,131
Between one and two years	447,419	576,348
Between two and three years	783,415	371,305
Between three and four years	761,227	783,722
Between four and five years	760,680	761,539
Over five years	1,360,880	1,569,471
	4,589,673	4,199,516

At December 31, 2008 and 2007, fixed interest rate bonds amounted to US$3,609,203 and US$3,193,182, respectively, of which US$1,106,203 and US$941,182, respectively, are denominated in yen, euros, pounds sterling, Swiss francs, Colombian pesos and Peruvian nuevos soles.

(11) Borrowings and Other Obligations

An analysis of borrowings and other obligations and their weighted average cost, follows:

	December 31, 2008			December 31, 2007		
	Principal outstanding		Weighted average	Principal outstanding		Weighted average
	At original exchange rate	At spot exchange rate	cost, after swaps (%) (Year-end)	At original exchange rate	At spot exchange rate	cost, after swaps (%) (Year-end)
U.S. dollars	678,204	678,204	3.27	799,352	799,352	5.39
Yen	—	—	—	3,922	4,427	6.56
Euros (at spot rate)	—	—	—	654	654	4.80
Peruvian Nuevos Soles (at spot rate)	4,300	4,300	8.18	2,337	2,337	5.90
Other currencies (at spot rate)	1,519	1,519	—	2,042	2,042	—
	684,023	684,023		808,307	808,812	
Fair value adjustments on hedging activities		—			(325)	
Carrying value of borrowings and other obligations		684,023			808,487	

Fair value adjustments to the carrying value of borrowings and other obligations represent adjustments to the carrying value of transactions in designated fair value hedging relationships.

At December 31, 2008 and 2007, there are fixed interest-bearing borrowings and other obligations amounting to US$11,342 and US$14,514, respectively.

CORPORACIÓN ANDINA DE FOMENTO (CAF)

Notes to Financial Statements
December 31, 2008, 2007 and 2006
(In thousands of U.S. dollars)

At December 31, 2007 borrowing and other obligations include advances for US$120,000 with original maturities over one year; however, those advances matured in December 2008. Those advances cause interest between 4.61% and 5.13%.

Borrowings and other obligations, by remaining maturities, are summarized below:

	December 31, 2008	December 31, 2007
Remaining maturities —		
Less than one year	147,881	191,285
Between one and two years	120,589	144,244
Between two and three years	132,268	114,516
Between three and four years	50,649	120,910
Between four and five years	85,101	42,424
Over five years	147,535	194,928
	684,023	808,307

Some borrowing agreements contain covenants conditioning the use of the funds for specific purposes or projects.

At December 31, 2008 and 2007 there were unused term credit facilities amounting to US$122,500 and US$223,700, respectively.

(12) Accrued Expenses and Other Liabilities

A summary of accrued expenses and other liabilities follows:

	December 31, 2008	December 31, 2007
Employees' severance indemnities, benefits and savings plan	51,145	48,964
Derivative liabilities (see note 17)	59,022	8,131
Deferred income	—	2,942
Other liabilities	3,552	2,052
	113,719	62,089

(13) Pension Plan

The Corporation established in March 2005 a defined benefit pension plan (the Plan) which is mandatory for all new employees as of the date of implementation of the Plan and voluntary for all other employees. The Plan is contributory and the benefits are based on years of service and the average employee's salary for the three consecutive years of service with the highest salary. The employees make monthly contributions to the Plan equal to 7% of their salary. Voluntary participants must contribute to the Plan certain withheld benefits. The Plan has 129 participants as of December 31, 2008.

The measurement date used to determine pension plan benefits is December 31.

CORPORACIÓN ANDINA DE FOMENTO (CAF)

Notes to Financial Statements
December 31, 2008, 2007 and 2006
(In thousands of U.S. dollars)

The Plan's benefit obligation (PBO) and assets as of December 31, 2008 and 2007 follow:

	December 31, 2008	December 31, 2007
Plan's benefit obligation (PBO)	1,219	577
Assets	1,219	577

Weighted-average assumptions used to determine net benefit cost from the origination of the Plan to December 31, 2008 and 2007, follow:

Discount rate	4%
Expected long-term rate of return on Plan assets	4%
Rate of salary increase	3%

(14) Stockholders' Equity

Authorized Capital

The authorized capital of the Corporation at December 31, 2008 amounts to US$10,000,000 and at December 31, 2007 and 2006, amounts to US$5,000,000, respectively, distributed among Series "A", "B" and "C" shares.

Subscribed Callable Capital

The payment of subscribed callable capital will be as required, with prior approval of the Board of Directors, in order to meet financial obligations of the Corporation, when internal resources are inadequate.

Shares

The Corporation's shares are classified as follows:

- *Series "A" shares:* Subscribed by the governments or public-sector institutions, semipublic or private entities with social or public objectives of: Bolivia, Colombia, Ecuador, Peru and Venezuela. These shares grant the right of representation on the Corporation's board of one principal director and one alternate director per share. Series "A" shares have a par value of US$1,200.
- *Series "B" shares:* Subscribed by the governments or public-sector institutions, semipublic or private entities and commercial banks of: Bolivia, Colombia, Ecuador, Peru and Venezuela. These shares grant the right of representation on the Corporation's board of one principal director and one alternate director. Also, the commercial banks are entitled to one principal director and one alternate director on the board. Series "B" shares have a par value of US$5.
- *Series "C" shares:* Subscribed by legal entities or individuals belonging to countries other than Bolivia, Colombia, Ecuador, Peru and Venezuela. These shares provide for representation on the board of directors of the Corporation of two principal directors and their respective alternates, who are elected by the holders of these shares. Series "C" shares have a par value of US$5.

CORPORACIÓN ANDINA DE FOMENTO (CAF)

Notes to Financial Statements
December 31, 2008, 2007 and 2006
(In thousands of U.S. dollars)

A summary of the movement in subscribed and paid-in capital for the years ended December 31, 2008, 2007 and 2006, follows:

	Number of Shares			Amounts			
	Series "A"	Series "B"	Series "C"	Series "A"	Series "B"	Series "C"	Total
At December 31, 2005	5	300,579	34,598	6,000	1,502,895	172,990	1,681,885
Dividends in shares	—	16,747	1,928	—	83,735	9,640	93,375
Issued for cash	—	15,061	4,010	—	75,305	20,050	95,355
At December 31, 2006	5	332,387	40,536	6,000	1,661,935	202,680	1,870,615
Dividends in shares	—	16,675	2,022	—	83,375	10,110	93,485
Issued for cash	—	2,484	7,646	—	12,420	38,230	50,650
At December 31, 2007	5	351,546	50,204	6,000	1,757,730	251,020	2,014,750
Dividends in shares	—	14,103	2,001	—	70,515	10,005	80,520
Issued for cash	—	622	15,610	—	3,110	78,050	81,160
At December 31, 2008	5	366,271	67,815	6,000	1,831,355	339,075	2,176,430

Subscribed and paid-in capital is held as follows at December 31, 2008:

	Number of Shares			Amounts			
Stockholder	Series "A"	Series "B"	Series "C"	Series "A"	Series "B"	Series "C"	Total
Bolivia	1	28,866	—	1,200	144,330	—	145,530
Colombia	1	102,420	—	1,200	512,100	—	513,300
Ecuador	1	29,102	—	1,200	145,510	—	146,710
Peru	1	102,801	—	1,200	514,005	—	515,205
Venezuela	1	102,799	—	1,200	513,995	—	515,195
Argentina	—	—	17,481	—	—	87,405	87,405
Brazil	—	—	13,020	—	—	65,100	65,100
Chile	—	—	4,276	—	—	21,380	21,380
Costa Rica	—	—	2,539	—	—	12,695	12,695
Dominican Republic	—	—	3,448	—	—	17,240	17,240
Jamaica	—	—	141	—	—	705	705
Mexico	—	—	3,638	—	—	18,190	18,190
Panama	—	—	3,566	—	—	17,830	17,830
Paraguay	—	—	1,410	—	—	7,050	7,050
Spain	—	—	12,049	—	—	60,245	60,245
Trinidad & Tobago		—	160	—	—	800	800
Uruguay	—	—	6,087	—	—	30,435	30,435
Commercial banks	—	283	—	—	1,415	—	1,415
	5	366,271	67,815	6,000	1,831,355	339,075	2,176,430

CORPORACIÓN ANDINA DE FOMENTO (CAF)

Notes to Financial Statements
December 31, 2008, 2007 and 2006
(In thousands of U.S. dollars)

At December 31, 2008, the distribution of unpaid subscribed capital and of subscribed callable capital is presented below:

	Unpaid Subscribed Capital				Subscribed Callable Capital			
	Series "B"		Series "C"		Series "B"		Series "C"	
Stockholder	**Number of shares**	**Amount**	**Number of shares**	**Amount**	**Number of shares**	**Amount**	**Number of shares**	**Amount**
Bolivia	—	—	—	—	14,400	72,000	—	—
Colombia	—	—	—	—	50,400	252,000	—	—
Ecuador	—	—	—	—	14,400	72,000	—	—
Peru	—	—	—	—	50,400	252,000	—	—
Venezuela	—	—	—	—	50,400	252,000	—	—
Argentina	—	—	33,182	165,910	—	—	—	—
Brasil	—	—	35,378	176,890	—	—	—	—
Chile	—	—	—	—	—	—	800	4,000
Dominican Republic	—	—	1,102	5,510	—	—	—	—
Mexico	—	—	—	—	—	—	1,600	8,000
Panama	—	—	10,769	53,845	—	—	—	—
Spain	—	—	—	—	—	—	40,000	200,000
Uruguay	—	—	8,333	41,665	—	—	—	—
	—	—	88,764	443,820	180,000	900,000	42,400	212,000

Subscribed and paid-in capital is held as follows at December 31, 2007:

	Number of Shares			Amounts			
Stockholder	**Series "A"**	**Series "B"**	**Series "C"**	**Series "A"**	**Series "B"**	**Series "C"**	**Total**
Bolivia	1	27,149	—	1,200	135,745	—	136,945
Colombia	1	98,473	—	1,200	492,365	—	493,565
Ecuador	1	27,975	—	1,200	139,875	—	141,075
Peru	1	98,839	—	1,200	494,195	—	495,395
Venezuela	1	98,837	—	1,200	494,185	—	495,385
Argentina	—	—	7,187	—	—	35,935	35,935
Brazil	—	—	12,520	—	—	62,600	62,600
Chile	—	—	4,112	—	—	20,560	20,560
Costa Rica	—	—	2,442	—	—	12,210	12,210
Dominican Republic	—	—	2,257	—	—	11,285	11,285
Jamaica	—	—	136	—	—	680	680
Mexico	—	—	3,499	—	—	17,495	17,495
Panama	—	—	1,746	—	—	8,730	8,730
Paraguay	—	—	1,356	—	—	6,780	6,780
Spain	—	—	11,586	—	—	57,930	57,930
Trinidad & Tobago	—	—	154	—	—	770	770
Uruguay	—	—	3,209	—	—	16,045	16,045
Commercial banks	—	273	—	—	1,365	—	1,365
	5	351,546	50,204	6,000	1,757,730	251,020	2,014,750

CORPORACIÓN ANDINA DE FOMENTO (CAF)

Notes to Financial Statements
December 31, 2008, 2007 and 2006
(In thousands of U.S. dollars)

At December 31, 2007, the distribution of unpaid subscribed capital and of subscribed callable capital is presented below:

	Unpaid Subscribed Capital				Subscribed Callable Capital			
	Series "B"		Series "C"		Series "B"		Series "C"	
Stockholder	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Bolivia	622	3,110	—	—	14,400	72,000	—	—
Colombia	—	—	—	—	50,400	252,000	—	—
Ecuador	—	—	—	—	14,400	72,000	—	—
Peru	—	—	—	—	50,400	252,000	—	—
Venezuela	—	—	—	—	50,400	252,000	—	—
Argentina	—	—	2,054	10,270	—	—	—	—
Chile	—	—	—	—	—	—	800	4,000
Dominican Republic	—	—	2,203	11,015	—	—	—	—
Mexico	—	—	—	—	—	—	1,600	8,000
Panama	—	—	506	2,530	—	—	—	—
Spain	—	—	—	—	—	—	40,000	200,000
Uruguay	—	—	705	3,525	—	—	—	—
	622	3,110	5,468	27,340	180,000	900,000	42,400	212,000

General Reserve

The general reserve was set-up to cover possible contingencies. The stockholders decided to increase the reserve by US$268,249, US$200,553 and US$183,738 during the years ended December 31, 2008, 2007 and 2006, by appropriations from net income for the years ended December 31, 2007, 2006 and 2005, respectively.

Reserve Pursuant to Article N° 42 of the By-laws

The Corporation's by-laws establish that at least 10% of annual net income is to be allocated to a reserve fund until that fund amounts to 50% of the subscribed capital. Additional allocations may be approved by the stockholders. At the stockholders meetings in March 2008, 2007 and 2006, it was authorized to increase the reserve by US$40,100, US$32,100 and US$28,500, from net income for the years ended December 31, 2008, 2007 and 2006, respectively.

(15) Distributions to Stockholders' Funds

The Corporation's board distributes a portion of retained earnings to special funds, created to promote technical cooperation, sustainable human development and management of poverty relief funds in the Shareholder countries.

In March 2008, 2007 and 2006, the stockholders agreed to allocate US$92,450, US$88,000 and US$71,000, from retained earnings at December 31, 2007, 2006 and 2005, respectively, to the stockholders' funds.

(16) Tax Exemptions

The Corporation is exempt from all taxes on income, properties and other assets. It is also exempt from liability related to the payment, withholding or collection of any tax or other levy.

CORPORACIÓN ANDINA DE FOMENTO (CAF)

Notes to Financial Statements
December 31, 2008, 2007 and 2006
(In thousands of U.S. dollars)

(17) Derivative Instruments and Hedging Activities

The Corporation seeks to match the maturities of its liabilities to the maturities of its loan portfolio. The Corporation utilizes derivative financial instruments to reduce exposure to interest rate risk and foreign currency risk. The Corporation does not hold or issue derivative financial instruments for trading or speculative purposes.

By using derivative financial instruments to hedge exposures to changes in interest rate and foreign exchange rates, the Corporation exposes itself to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty owes the Corporation, which creates credit risk for the Corporation. When the fair value of a derivative contract is negative, the Corporation owes the counterparty and, therefore, it does not possess credit risk. The Corporation minimizes the credit risk in derivative instruments by entering into transactions with high-quality counterparties whose credit rating is “A” or higher.

The market risk associated with interest rate and currency risk is managed by swapping loans and borrowings subject to fixed interest rates and denominated in foreign currency into floating interest rate instruments denominated in U.S. dollars. The Corporation enters into derivative instruments with market risk characteristics that are expected to change in a manner that will offset the economic change in value of specifically identified loans, bonds or borrowings and other obligations. Derivative contracts held by the Corporation consist of interest rate and cross-currency swaps and are designated as fair value hedges of specifically identified loans, bonds or borrowings and other obligations with fixed interest rates or non U.S. currency exposure.

The following table presents the notional amount and fair values of interest rate swaps and cross-currency swaps and the underlying hedged items at December 31, 2008 and 2007:

	Notional amount		Fair value	
	Interest rate swap	Cross-currency swap	Derivative assets	Derivative liabilities
At December 31, 2008 —				
Bonds	2,367,000	—	279,104	—
Bonds	—	1,946,207	389,762	46,964
Other investments	—	13,815	1,284	—
Loans	—	19,868	396	1,680
Commercial paper	—	64,128	5,640	—
Advances and short-term borrowings	—	114,621	—	10,378
	2,367,000	2,158,639	676,186	59,022
At December 31, 2007 —				
Bonds	2,117,000	—	53,527	—
Bonds	—	1,703,770	381,247	6,284
Borrowings and other obligations	—	3,923	369	213
Commercial paper	—	149,981	1,442	871
Advances and short-term borrowings	—	74,417	—	763
	2,117,000	1,932,091	436,585	8,131

CORPORACIÓN ANDINA DE FOMENTO (CAF)

Notes to Financial Statements
December 31, 2008, 2007 and 2006
(In thousands of U.S. dollars)

For the years ended December 31, 2008, 2007 and 2006 all of the Corporations' derivatives which have been designated in hedging relationships were considered fair value hedges. The change in fair value of such derivative instruments and the change in fair value of hedged items attributable to risk being hedged is included in the statements of income.

(18) Fair Value Measurement

SFAS N° 157 establishes a single authoritative definition of value, sets out a framework for measuring fair value, and provides a hierarchal disclosure framework for assets and liabilities measured at fair value. The adoption of SFAS N° 157 did not have any impact on the Corporation's financial position or results of operations. Presented below is information about the determination of the fair value, assets and liabilities recorded in the Corporation's balance sheet at fair value on a recurring basis, and assets and liabilities recorded in the Corporation's balance sheet at fair value on a nonrecurring basis.

Determination of Fair Value

The following section describes the valuation methodologies used by the Corporation to measure various financial instruments at fair value, including an indication of the level in the fair-value hierarchy in which each instrument is generally classified. Where appropriate the description includes details of the valuation models, the key inputs to those models as well as any significant assumptions.

When available, the Corporation generally uses quoted market prices to determine fair value, and classifies such items in Level 1. In some cases where a market price is not available, the Corporation will make use of acceptable practical expedients (such as matrix pricing) to calculate fair value, in which case the items are classified in Level 2.

If quoted market prices are not available, fair value is based upon internally developed valuation techniques that use, where possible, current market-based or independently sourced market parameters, such as interest rates, currency rates, etc. Items valued using such internally generated valuation techniques are classified according to the lowest level input or value driver that is significant to the valuation. Thus, an item may be classified in Level 3 even though there may be some significant inputs that are readily observable.

Where available, the Corporation may also make use of quoted prices for recent trading activity in positions with the same or similar characteristics to that being valued. The frequency and size of transactions and the amount of the bid-ask spread are among the factors considered in determining the liquidity of markets and the relevance of observed prices from those markets. If relevant and observable prices are available, those valuations would be classified as Level 2. If prices are not available, other valuation techniques would be used and the item would be classified as Level 3.

- *Marketable securities:* The Corporation uses quoted market prices to determine the fair value of trading securities and those transactions are classified in Level 1 of the fair-value hierarchy. Marketable securities include investments in government securities, equity and debt securities.
- *Loans:* The fair value of fixed rate loans, which are hedged using derivative transactions, is determined using the current variable interest rate for similar loans. Loans transactions are classified in Level 2 of the fair value hierarchy.
- *Derivative assets and liabilities:* Derivative transactions contracted and designated by the Corporation as hedges of risks related to interest rates, currency rates or both for transactions recorded as financial assets or liabilities are also presented at fair value. In those cases the fair value is calculated utilizing market prices given by the counterparties. Derivative transactions are classified in Level 2 of the fair-value hierarchy.

CORPORACIÓN ANDINA DE FOMENTO (CAF)

Notes to Financial Statements
December 31, 2008, 2007 and 2006
(In thousands of U.S. dollars)

- *Bonds, borrowings and other obligations:* For bonds issued and medium and long term borrowings of the Corporation which are hedged using derivative transactions, the fair value is determined utilizing internal valuation techniques, such as, discounting expected cash flows using the appropriate discount rates for the applicable maturity, reflecting the fluctuation of the hedged variables such as interest and exchange rates. Those transactions are generally classified in Level 2 of the fair-value hierarchy depending on the observability of significant inputs to the model.

Items Measured at Fair Value on a Recurring Basis

The following tables present for each of the fair-value hierarchy levels the Corporation's assets and liabilities that are measured at fair value on a recurring basis at December 31, 2008 and 2007.

	Level 1	Level 2	Level 3	Net balance
At December 31, 2008 —				
Assets —				
Marketable securities	1,638,186		—	1,638,186
Loans	—	21,829	—	21,829
Derivative assets	—	676,186	—	676,186
	1,638,186	698,015	—	2,336,201
Liabilities —				
Bonds	—	4,930,784	—	4,930,784
Derivative liabilities	—	59,022	—	59,022
	—	4,989,806	—	4,989,806
At December 31, 2007 —				
Assets —				
Marketable securities	882,726	—	—	882,726
Derivative assets	—	436,585	—	436,585
	882,726	436,585	—	1,319,311
Liabilities —				
Bonds	—	4,258,395		4,258,395
Borrowings and other obligations	—	4,540	—	4,540
Derivative liabilities	—	8,131	—	8,131
	—	4,271,066	—	4,271,066

Items Measured at Fair Value on a Nonrecurring Basis

Equity investments initially recorded at cost are measured at fair value on a non-recurring basis and therefore are not included in the tables above. Equity investments with a cost of US$25,950 and US$21,132 as December 31, 2008 and 2007, respectively, were written down to their fair value of US$24,793 and US$21,050, respectively, resulting in an impairment charge of US$1,157 and US$82 during 2008 and 2007, respectively, which was included in the statement of income. Such equity investments are classified in Level 3 of the fair-value hierarchy. The fair value of those equity investments is determined based on financial analysis of the investees.

(In thousands of U.S. dollars)

(19) Fair Value of Financial Instruments

In accordance with SFAS N° 107, the Corporation also estimated the fair value of all financial instruments in the Corporation's balance sheet, including those financial instruments carried at cost, as presented in the table below. The fair value estimates, methods and assumptions set forth below for the Corporation's financial instruments are made solely to comply with the requirements of SFAS N° 107 and should be read in conjunction with the financial statements.

The following is a summary of the carrying value and estimated fair value of the Corporation's financial instruments at December 31, 2008 and 2007:

	December 31,			
	2008		2007	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Financial assets:				
Cash and due from banks	152,801	152,801	3,735	3,735
Deposits with banks	1,333,635	1,333,635	325,025	325,025
Trading securities	1,638,186	1,638,186	882,726	882,726
Held-to-maturity securities	—	—	1,099,801	1,099,488
Securities purchased under resale agreements	—	—	36,400	36,400
Other investments	156,380	156,380	109,868	109,868
Loans, net	9,989,542	9,996,394	9,332,790	9,337,914
Equity investments	75,066	75,066	74,317	74,317
Interest and commissions receivable	195,237	195,237	231,510	231,510
Derivative contracts (included in other assets)	676,186	676,186	436,585	436,585
Financial liabilities:				
Deposits	2,773,119	2,773,119	1,521,047	1,521,047
Commercial paper	663,934	663,934	884,146	884,146
Advances and short-term borrowings	138,495	138,495	395,817	395,817
Bonds	5,207,248	5,209,957	4,637,140	4,640,000
Borrowings and other obligations	684,023	684,619	808,487	807,933
Derivative contracts (included in accrued expenses and other liabilities)	59,022	59,022	8,131	8,131
Accrued interest and commissions payable	138,004	138,004	153,938	153,938

The following methods and assumptions were used to estimate the fair value of those financial instruments, not accounted for at fair value under SFAS N° 157:

- *Cash and due from banks, deposits with banks, interest and commissions receivable, other assets, deposits, commercial paper, advances and short-term borrowings, accrued interest and commissions payable, accrued expenses:* The carrying amounts approximate fair value because of the short maturity of these instruments.

CORPORACIÓN ANDINA DE FOMENTO (CAF)

Notes to Financial Statements
December 31, 2008, 2007 and 2006
(In thousands of U.S. dollars)

- *Held-to-maturity securities:* The fair values of held-to-maturity securities are based on quoted market prices at the reporting date for those or similar securities.
- *Loans:* The Corporation is one of the few institutions that offer loans for development in the stockholder countries. A secondary market does not exist for the type of loans granted by the Corporation. As rates on variable rate loans and loan commitments are reset on a semiannual basis, the carrying value, adjusted for credit risk, was determined to be the best estimate of fair value. The fair value of fixed rate loans is determined using the current variable interest rate for similar loans.
- *Equity investments:* The fair value of equity investments is determined based on financial statements of the investees or based on a financial analysis of the investees.

For additional information regarding the Corporation's determination of fair value, included items accounted for at fair value under SFAS N° 157, see note 18.

(20) Commitments and Contingencies

Commitments and contingencies include the following:

	December 31,	
	2008	2007
Credit agreements subscribed	2,610,482	1,668,981
Lines of credit	2,756,182	2,248,424
Letters of credit	10,508	24,654
Guarantees	148,859	242,888

These commitments and contingencies result from the normal course of the Corporation's business and are related principally to loans and loan equivalents that have been approved or committed for disbursement.

In the ordinary course of business the Corporation has entered into commitments to extend credit. Such financial instruments are recorded as commitments upon signing the corresponding contract and are reported in the financial statements when disbursements are made.

The contracts to extend credit have fixed expiration dates and in some cases expire without making disbursements. Also based on experience, parts of the disbursements are made up to two years after the signing of the contract. Therefore, the total commitment amounts do not necessarily represent future cash requirements.

In the event the credit lines are not utilized, no additional cost is incurred by the Corporation.

Guarantees mature as follows:

	December 31,	
	2008	2007
Less than one year	—	88,233
Over five years	148,859	154,655
	148,859	242,888

Guarantees result from the normal course of the Corporation's business and usually take the form of partial guarantees to CAF's clients, as a credit enhancement for their liabilities, as well as guarantees to third parties on behalf of the Corporation's clients. CAF's responsibility is usually limited to payment up to the amount of the guarantee upon default by the client. The carrying value of the guarantees at December 31, 2008 and 2007 is US$2,189 and US$10,892, respectively.

CORPORACIÓN ANDINA DE FOMENTO (CAF)

Unaudited Interim Financial Information
As of March 31, 2009 and December 31, 2008

Balance Sheets
(In thousands of U.S. dollars)

	March 31, 2009 (unaudited)	December 31, 2008
ASSETS		
Cash and due from banks	13,521	152,801
Deposits with banks	1,287,654	1,333,635
Marketable securities		
Trading	1,559,150	1,638,186
Held-to-maturity	—	—
Securities purchased under resale agreements	—	—
Other investments	170,408	156,380
Loans (includes U.S.$20,797 and U.S.$21,829, respectively, at fair value)	10,721,765	10,184,068
Less loan commissions, net of origination costs	52,216	51,359
Less allowance for losses	140,853	143,167
Loans, net of allowance for losses	10,528,696	9,989,542
Equity investments	75,482	75,066
Interest and commissions receivable	219,104	195,237
Property and equipment, net	25,273	24,049
Other assets (includes U.S.$575,321 and U.S.$676,186, respectively, at fair value)	603,141	707,559
Total assets	14,482,429	14,272,455
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits	3,054,659	2,773,119
Commercial paper	380,931	663,934
Advances and short-term borrowings	92,594	138,495
Bonds (includes U.S.$4,922,779 and U.S.$4,930,784, respectively, at fair value)	5,198,660	5,207,248
Borrowings and other obligations	695,788	684,023
Accrued interest and commissions payable	119,811	138,004
Accrued expenses and other liabilities (includes U.S.$72,736 and U.S.$59,022, respectively, at fair value)	126,113	113,719
Total liabilities	9,668,556	9,718,542
Subscribed and paid-in capital (authorized capital US$10,000 million)	2,369,935	2,176,430
Additional paid-in capital	347,983	280,255
Reserves	2,027,228	1,785,754
Retained earnings	68,727	311,474
Total stockholders' equity	4,813,873	4,553,913
Total liabilities and stockholders' equity	14,482,429	14,272,455

CORPORACIÓN ANDINA DE FOMENTO (CAF)

Unaudited Interim Financial Information for the Three-Month Periods Ended March 31, 2009 and 2008

Statements of Income (In thousands of U.S. dollars)

	Three Months Ended March 31,	
	2009	2008
Interest income		
Loans	121,021	162,237
Investments and deposits with banks	16,128	25,405
Loan commissions	4,538	12,572
Total interest income	141,687	200,214
Interest expense		
Deposits	6,567	17,393
Commercial paper	2,156	9,897
Advances and short-term borrowings	659	5,059
Bonds	36,908	53,125
Borrowings and other obligations	5,821	9,444
Commissions	6,895	1,442
Total interest expense	59,006	96,360
Net interest income	82,681	103,854
Provision (credit) for loan losses	(2,316)	(54,373)
Net interest income, after provision (credit) for loan losses	84,997	158,227
Non-interest income		
Other commissions	678	1,152
Dividends and equity in earnings of investees	38	660
Gain on sale of equity investments	—	—
Other income	139	428
Total non-interest income	855	2,240
Non-interest expenses		
Administrative expenses	13,807	10,782
Impairment charge for equity investments	—	—
Other expenses	64	60
Total non-interest expenses	13,871	10,842
Net income before ineffectiveness arising from fair value hedges and changes in fair value related to fair value option	71,981	149,625
Ineffectiveness arising from fair value hedges	—	383
Changes in fair value related to fair value option	(3,254)	—
Net income	68,727	150,008

CORPORACIÓN ANDINA DE FOMENTO (CAF)

Unaudited Interim Financial Information for the Three-Month Periods Ended March 31, 2009 and 2008

Statements of Cash Flows (In thousands of U.S. dollars)

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008
Cash flows from operating activities:		
Net income	68,727	150,008
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Net gain of trading securities	(3,323)	61
Amortization of loan commissions, net of origination costs	(2,097)	(3,375)
Provision (credit) for loan losses	(2,316)	(54,373)
Depreciation of property and equipment	856	718
Amortization of deferred charges	441	434
Provision for employees' severance indemnities and benefits	1,468	1,413
Provisions for employees' savings plan	346	354
Net changes in operating assets and liabilities		
Securities purchased under resale agreements	—	10,000
Severance indemnities paid or advanced	(771)	(722)
Employees' savings plan paid or advanced	(135)	10
Trading securities, net	82,359	(743,279)
Interest and commissions receivable	(23,867)	(18,467)
Other assets	7,550	(5,276)
Accrued interest and commissions payable	(18,193)	(1,884)
Accrued expenses and other liabilities	(2,228)	1,308
Total adjustments and net changes in operating assets and liabilities	40,090	(813,078)
Net cash provided by (used in) operating activities	108,817	(663,070)
Cash flows from investing activities		
Purchases of held-to-maturity securities	—	(3,562,906)
Maturities of held-to-maturity securities	—	3,966,395
Purchases of other investments	(176,902)	(221,867)
Maturities of other investments	162,874	129,120
Loan origination and principal collections, net	(535,773)	294,630
Equity investments	(416)	786
Purchases of property and equipment	(2,080)	(976)
Net cash provided by (used in) investing activities	(552,297)	605,182
Carried forward	(443,480)	(57,888)

CORPORACIÓN ANDINA DE FOMENTO (CAF)

Unaudited Interim Financial Information for the Three-Month Periods Ended March 31, 2009 and 2008

Statements of Cash Flows, Continued (In thousands of U.S. dollars)

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008
Brought forward	(443,480)	(57,888)
Cash flows from financing activities		
Net increase (decrease) in deposits	281,540	261,865
Net increase (decrease) in commercial paper	(281,413)	1,967
Net increase in advances and short-term borrowings	90,950	153,757
Repayment of advances and short-term borrowings	(147,229)	(259,309)
Proceeds from issuance of bonds	111,957	250,000
Repayment of bonds	(584)	(4,633)
Proceeds from borrowings and other obligations	14,828	—
Repayment of borrowings and other obligations	(3,063)	(9,736)
Distributions to stockholders' funds	(70,000)	(92,450)
Proceeds from issuance of shares	261,233	26,333
Net cash provided by financing activities	258,219	327,794
Net increase (decrease) in cash and cash equivalents	(185,261)	269,906
Cash and cash equivalents at beginning of period	1,486,436	328,760
Cash and cash equivalents at end of period	1,301,175	598,666
Consisting of:		
Cash and due from banks	13,521	1,241
Deposits with banks	1,287,654	597,425
	1,301,175	598,666
Supplemental disclosure		
Interest paid during the period	73,395	93,127
Non-cash financing activities		
Change in other assets due to fair value hedging relationships	(100,865)	270,128
Change in other liabilities due to fair value hedging relationships	13,714	(7,162)

CORPORACIÓN ANDINA DE FOMENTO (CAF)

Notes to Unaudited Interim Financial Information
March 31, 2009 and 2008

(1) Basis of Presentation

The interim financial information as of March 31, 2009 and for the three-month periods ended March 31, 2009 and 2008 is unaudited and has been prepared in accordance with accounting principles generally accepted in the United States of America. In the opinion of management, such interim financial information includes all adjustments, consisting of normal recurring adjustments, necessary for the fair presentation of the results of the interim periods. The results of operations for the three-month period ended March 31, 2009 are not necessarily an indication of the results to be expected for the full year 2009.

This interim financial information should be read in conjunction with the Corporation's financial statements as of December 31, 2008 and 2007 and for each of the years in the three-year period ended December 31, 2008 and the notes thereto presented in the prospectus.

(2) Allowance for Loan Losses

For the three-month period ended March 31, 2009, CAF had a credit for loan losses of $2.3 million, compared to a provision for loan losses of $54.4 million for the same period in 2008. The allowance for loan losses as a percentage of the loan portfolio was 1.3% for the first three months of 2009, compared to 1.2% for the same period in 2008.

The allowance for loan losses is maintained at a level the Corporation believes is adequate but not excessive to absorb probable losses inherent in the loan portfolio as of the date of the financial statements. The general allowance for loan losses is established by the Corporation based on the individual risk rating for the long term foreign currency debt of the borrower countries which is assigned by the international risk rating agencies as of the date of the financial statements preparation. This country risk rating considers a default probability. In the case of sovereign loan portfolio a factor of preferred creditor status is also considered.

A specific allowance is established by the Corporation for those loans that are considered impaired. A loan is considered as impaired when based on currently available information and events, there exists the probability that CAF will not recover the total amount of principal and interest as agreed in the terms of the original loan contract. The impairment of loans is determined on a loan by loan basis based on the present value of expected future cash flows, discounted at the loan's effective interest rate.

Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

(3) Commitments and Contingencies

Commitments and contingencies include the following:

	March 31,	
	2009	2008
Credit agreements subscribed	2,604,790	2,602,927
Lines of credit for foreign trade	2,294,320	2,537,392
Letters of credit for foreign trade	5,494	20,215
Guarantees	146,118	154,655

These commitments and contingencies result from the normal course of the Corporation's business and are related principally to loans and loan equivalents that have been approved or committed for disbursement.

CORPORACIÓN ANDINA DE FOMENTO (CAF)

Notes to Unaudited Interim Financial Information
March 31, 2009 and 2008

In the ordinary course of business the Corporation has entered into commitments to extend credit. Such financial instruments are recorded as commitments upon signing the corresponding contract and are reported in the financial statements when disbursements are made.

The contracts to extend credit have fixed expiration dates and in some cases expire without making disbursements. Also based on experience, part of the disbursements are made up to two years after the signing of the contract. Therefore, the total commitment amounts do not necessarily represent future cash requirements.

In the event the credit lines are not utilized, no additional cost is incurred by the Corporation.

Guarantees primarily consist of partial credit guarantees given to the Republics of Bolivia and Peru for the payment of principal and interest up to the following amounts (in thousands of U.S. dollars):

	March 31,	
	2009	2008
2018	118.1	126.7
2025	28.0	28.0
	146.1	154.7

(4) Fair Value Measurement

SFAS N° 157 establishes a single authoritative definition of value, sets out a framework for measuring fair value, and provides a hierarchal disclosure framework for assets and liabilities measured at fair value. The adoption of SFAS N° 157 did not have any impact on the Corporation's financial position or results of operations. Presented below is information about the determination of the fair value, assets and liabilities recorded in the Corporation's balance sheet at fair value on a recurring basis, and assets and liabilities recorded in the Corporation's balance sheet at fair value on a nonrecurring basis.

Determination of Fair Value

The following section describes the valuation methodologies used by the Corporation to measure various financial instruments at fair value, including an indication of the level in the fair-value hierarchy in which each instrument is generally classified. Where appropriate the description includes details of the valuation models, the key inputs to those models as well as any significant assumptions.

When available, the Corporation generally uses quoted market prices to determine fair value, and classifies such items in Level 1. In some cases where a market price is not available, the Corporation will make use of acceptable practical expedients (such as matrix pricing) to calculate fair value, in which case the items are classified in Level 2.

If quoted market prices are not available, fair value is based upon internally developed valuation techniques that use, where possible, current market-based or independently sourced market parameters, such as interest rates, currency rates, etc. Items valued using such internally generated valuation techniques are classified according to the lowest level input or value driver that is significant to the valuation. Thus, an item may be classified in Level 3 even though there may be some significant inputs that are readily observable.

Where available, the Corporation may also make use of quoted prices for recent trading activity in positions with the same or similar characteristics to that being valued. The frequency and size of transactions and the amount of the bid-ask spread are among the factors considered in determining the liquidity of markets and the relevance of observed prices from those markets. If relevant and observable

CORPORACIÓN ANDINA DE FOMENTO (CAF)

Notes to Unaudited Interim Financial Information
March 31, 2009 and 2008

prices are available, those valuations would be classified as Level 2. If prices are not available, other valuation techniques would be used and the item would be classified as Level 3.

- *Marketable securities:* The Corporation uses quoted market prices to determine the fair value of trading securities and those transactions are classified in Level 1 of the fair-value hierarchy. Marketable securities include investments in government securities, equity and debt securities.
- *Loans:* The fair value of fixed rate loans, which are hedged using derivative transactions, is determined using the current variable interest rate for similar loans. Loans transactions are classified in Level 2 of the fair value hierarchy.
- *Derivative assets and liabilities:* Derivative transactions contracted and designated by the Corporation as hedges of risks related to interest rates, currency rates or both for transactions recorded as financial assets or liabilities are also presented at fair value. In those cases the fair value is calculated utilizing market prices given by the counterparties. Derivative transactions are classified in Level 2 of the fair-value hierarchy.
- *Bonds, borrowings and other obligations:* For bonds issued and medium and long term borrowings of the Corporation which are hedged using derivative transactions, the fair value is determined utilizing internal valuation techniques, such as, discounting expected cash flows using the appropriate discount rates for the applicable maturity, reflecting the fluctuation of the hedged variables such as interest and exchange rates. Those transactions are generally classified in Level 2 of the fair-value hierarchy depending on the observability of significant inputs to the model.

Items Measured at Fair Value on a Recurring Basis

The following tables present for each of the fair-value hierarchy levels the Corporation's assets and liabilities that are measured at fair value on a recurring basis at March 31, 2009 and December 31, 2008.

	Level 1	Level 2	Level 3	Net balance
At March 31, 2009 —				
Assets —				
Marketable securities	1,559,150		—	1,559,150
Loans	—	20,797	—	20,797
Derivative assets	—	575,321	—	575,321
	1,559,150	596,118	—	2,155,268
Liabilities —				
Bonds	—	4,922,779	—	4,922,779
Derivative liabilities	—	72,736	—	72,736
	—	4,995,515	—	4,995,515

CORPORACIÓN ANDINA DE FOMENTO (CAF)

Notes to Unaudited Interim Financial Information
March 31, 2009 and 2008

	Level 1	Level 2	Level 3	Net balance
At December 31, 2008 —				
Assets —				
Marketable securities	1,638,186	—	—	1,638,186
Loans	—	21,829	—	21,829
Derivative assets	—	676,186	—	676,186
	1,638,186	698,015	—	2,336,201
Liabilities —				
Bonds	—	4,930,784		4,930,784
Derivative liabilities	—	59,022	—	59,022
	—	4,989,806	—	4,989,806

(5) The Fair Value Option for Financial Assets and Financial Liabilities, including an amendment of FASB Statement N° 115

The management of the Corporation decided to apply SFAS N° 159 for cross-currency hedge transactions beginning January 1, 2009, which did not have a significant effect on the Corporation's financial statements. The changes in fair value option are reported in the income statement for the three-month period ended March 31, 2009.

CORPORACIÓN ANDINA DE FOMENTO (CAF)

SUPPLEMENTARY INFORMATION

BONDS

Title	Interest Rate	Date of Agreement of Issue	Year of Final Maturity	Currency	Principal Amount Outstanding at March 31, 2009 (In millions)
7.79% Yankee Bonds	Fixed	1997	2017	US	50.0
7 3/8% Yankee Global Bonds	Fixed	2001	2011	US	300.0
6 7/8% Yankee Bonds	Fixed	2002	2012	US	350.0
6 3/8% Euro Bonds	Fixed	2002	2009	EUR(1)	250.9
7 5/8% Euro GBP Bonds	Fixed	2002	2010	GBP(2)	40.7
7 7/8% Yankee Bonds	Fixed	2002	2022	US	85.0
6 7/8% Yankee Bonds	Fixed	2003	2012	US	188.0
6 3/8% Euro Bonds	Fixed	2003	2009	EUR	100.0
5 1/8% Yankee Bonds	Fixed	2003	2013	US	500.0
5.8175% Euro Bonds	Fixed	2004	2014	US	29.0
Colombian Peso Bonds	Floating	2004	2010	COP(3)	272,220.0
Euro Dollar Bonds	Floating	2005	2009	USD	150.0
1.31% Samurai Bonds	Fixed	2005	2012	JPY(4)	5,000.0
5 1/8% Yankee Bonds	Fixed	2005	2015	USD	250.0
7.53125% Peruvian Soles Bonds	Fixed	2006	2018	PEN(5)	248.4
Venezuelan Bolivares Bonds	Floating	2006	2011	VEB(6)	215.0
5.75% Yankee Bonds	Fixed	2006	2017	USD	250.0
Euro Dollar Bonds	Floating	2006	2011	EUR	300.0
5.75% Yankee Bonds	Fixed	2007	2017	USD	250.0
Venezuelan Bolivares Bonds	Floating	2007	2012	VEB	107.5
Venezuelan Bolivares Bonds	Floating	2007	2012	VEB	127.5
1.67% Samurai Bonds	Fixed	2007	2010	JPY	20,000.0
2.32% Samurai Bonds	Fixed	2007	2014	JPY	10,000.0
1.47% Samurai Bonds	Fixed	2007	2010	JPY	5,000.0
Mexican Pesos Bonds	Floating	2007	2012	MXN(7)	750.0
5.75% Yankee Bonds	Fixed	2008	2017	USD	250.0
Mexican Pesos Bonds	Floating	2008	2010	MXN	800.0
5.00% Swiss Franc Bonds	Fixed	2008	2013	CHF(8)	200.0
Colombian Peso Bonds	Fixed	2008	2013	COP	150,250.0
Colombian Peso Bonds	Fixed	2008	2018	COP	94,250.0
4.30% Samurai Bonds	Fixed	2009	2019	JPY	10,000.0

(1) Euro.

(2) Sterling Pounds.

(3) Colombian Pesos.

(4) Yen.

(5) Peruvian Soles.

(6) Venezuelan Bolivares.

(7) Mexican Pesos.

(8) Swiss Francs.

Note: In April 2009, there was a bond issuance in Colombia in two tranches for COP 111,980.0 millions and COP 127,500.0 millions due 2014 and 2019, respectively, at fixed rates.

CORPORACIÓN ANDINA DE FOMENTO (CAF)

SUPPLEMENTARY INFORMATION

LOANS FROM COMMERCIAL BANKS, ADVANCES, DEPOSITS, COMMERCIAL PAPER AND REPURCHASE AGREEMENTS

Title	Interest Rate	Date of Agreement of Issue	Year of Final Maturity	Currency	Principal Amount Outstanding at March 31, 2009 (in US$ millions)
Medium and Long-term Loans	Various	Various	Various	Various	695.8
Advances and Short-term Loans	Floating	Various	Various	US	92.6
Deposits	Floating	Various	Various	Various	3,054.7
Commercial Paper	Floating	Various	Various	Various	380.9

LOANS FROM MULTILATERALS AND BILATERALS, EXIMS AND EXPORT CREDIT AGENCIES

Title	Interest Rate	Date of Agreement of Issue	Year of Final Maturity	Currency	Principal Amount Outstanding at March 31, 2009 (In millions)
IADB	Variable	Various	05/24/2023	US	39.8
ACDI (Canada)	0%	03/29/1974	9/30/2023	CAN(1)	1.8
KfW (Germany)	Variable	Various	12/30/2012	US	81.6
AID (U.S.A.)	3%	10/10/1972	11/27/2014	US	2.7
Nordic Investment Bank	Variable	Various	7/17/2021	US	34.0
European Investment Bank	Various	10/16/1997	12/15/2013	US	14.6
China Development Bank — CDB	Variable	11/20/2007	11/29/2019	US	150.0
Instituto de Crédito Oficial — ICO	Variable	05/31/2004	9/15/2014	US	47.8

(1) Canadian dollars.

CORPORACIÓN ANDINA DE FOMENTO (CAF)

SUPPLEMENTARY INFORMATION

GUARANTEED DEBT

Borrower	Date of Issue	Year of Final Maturity	Principal Amount Outstanding at March 31, 2009 (in U.S. $ millions)
Republic of Bolivia	10/3/2001	4/3/2018	40.4
Republic of Bolivia	5/22/2004	5/22/2018	77.7
Republic of Peru	4/17/2006	2/13/2025	28.0

$1,000,000,000

CORPORACIÓN ANDINA DE FOMENTO

8.125% Notes Due 2019

PROSPECTUS SUPPLEMENT

Credit Suisse **Merrill Lynch & Co.**

May 28, 2009