

(Free translation from the original issued in Spanish)

FONPLATA - BANCO MULTILATERAL DE DESARROLLO

**Financial statements for the years ended as of December
31, 2024, 2023 and 2022, respectively,
along with the independent auditors' report**

(Free translation from the original issued in Spanish)

FONPLATA - BANCO MULTILATERAL DE DESARROLLO

Financial statements

Years ended as of December 31, 2024, 2023 and 2022, respectively

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Statement of profit or loss and other comprehensive income

Statement of cash flows

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Notes to the financial statements



Av. Ejército Nacional 843-B Tel: +55 5283 1300
Antara Polanco Fax: +55 5283 1392
11520 Mexico ey.com/mx

INDEPENDENT AUDITORS' REPORT

To the Assembly of Governors of
Fondo Financiero para el Desarrollo de la Cuenca del Plata
(FONPLATA) - Banco Multilateral de Desarrollo

Opinion

We have audited the financial statements of Fondo Financiero para el EL Desarrollo de la Cuenca del Plata - Banco Multilateral de Desarrollo ("FONPLATA" or "the Bank"), which comprise the statement of financial position as of December 31, 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of FONPLATA as of December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "*Auditor's responsibilities for the audit of the financial statements*" section of our report. We are independent of FONPLATA in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) ("*IESBA Code*") together with the ethical requirements that are relevant to our audit of the financial statements in Mexico according with the "*Código de Ética Profesional del Instituto Mexicano de Contadores Públicos*" ("*IMCP Code*"), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

2.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *"Auditor's responsibilities for the audit of the financial statements"* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Valuation of hedging instruments***Description and why matter is of most material***

We have considered the valuation of hedging instruments and their classification as a key audit matter, since Management uses valuation techniques that involve judgments when the use of inputs from various sources and complex valuation models is required, as well as requiring the involvement of the auditor's specialists to validate the valuation.

Notes 4.10 and 8.5 (ii) and (iii) to the accompanying financial statements as of December 31, 2024 describe the accounting policy on the valuation techniques and assumptions used in the recognition of investments in hedging instruments, as well as their integration.

How our audit addressed the key audit matter

As part of the audit procedures, we obtained an understanding of the process and control environment established by FONPLATA on the valuation process of investments in hedging instruments. In addition, we inspected the contractual origin of the transactions by obtaining the financing contracts, as well as the respective derivative contracts and we evaluated the selection of the accounting criteria of the financial instruments as "Cash Flow Hedge or Fair Value Hedge".

We also involved our specialists to review the reasonableness of the valuation of hedging instruments. We reviewed the calculation of the fair value of derivatives, through the appropriate selection of valuation curves. In addition, we obtained confirmation of collateral balances at year-end from counterparties.

3.

We also assessed the adequacy of disclosures related to hedging financial instruments in the accompanying financial statements as of December 31, 2024.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report submitted to the National Banking and Securities Commission (the CNBV or the Commission), but does not include the financial statements or our corresponding audit report. We expect to have the other information available after the date of this audit report.

Our opinion on the financial statements does not cover the other information, and we will not express any form of conclusion that provides a degree of assurance on it.

In relation to our audit of the financial statements, our responsibility is to read and consider the other information we identified earlier when it becomes available and, in doing so, to consider whether there is a material inconsistency between the other information and the financial statements or the knowledge obtained by us in the audit, or if it appears that there is a material misstatement in the other information for any other reason.

When we read and consider the Annual Report submitted to the CNBV, if we conclude that it contains a material misstatement, we are required to communicate the matter to those charged with governance of the Bank and issue the declaration regarding the Annual Report required by the Commission, in which the matter will be described.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of FONPLATA'S internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on FONPLATA'S ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause FONPLATA to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

5.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent auditor's report, is who signs it.

This Independent Auditor's Report and the accompanying financial statements have been translated into English for convenience purposes only.

Mancera, S.C.
Member of
Ernst & Young Global Limited

C.P.C. Gabriel Alejandro Baroccio
Pompa

Mexico City,
February 21, 2025



Av. Ejército Nacional 843-B Tel: +55 5283 1300
Antara Polanco Fax: +55 5283 1392
11520 Mexico ey.com/mx

INDEPENDENT AUDITORS' REPORT

To the Assembly of Governors
of **FONDO FINANCIERO PARA EL DESARROLLO DE LA CUENCA DEL PLATA**
(FONPLATA) Banco Multilateral de Desarrollo

Opinion

We have audited the financial statements of FONDO FINANCIERO PARA EL DESARROLLO DE LA CUENCA DEL PLATA Banco Multilateral de Desarrollo ("FONPLATA"), which comprise the statement of financial position as at December 31, 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of FONPLATA as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the "*Auditor's responsibilities for the audit of the financial statements*" section of our report. We are independent of Fonplata in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) ("*IESBA Code*") together with the ethical requirements that are relevant to our audit of the financial statements in Mexico according with the "*Código de Ética Profesional del Instituto Mexicano de Contadores Públicos*" ("*IMCP Code*"), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *“Auditor’s responsibilities for the audit of the financial statements”* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Valuation of hedging instruments

Description and why matter is of most material

We have considered the valuation of hedging instruments and their classification as a key audit matter, because Management uses valuation techniques that involve judgments when the use of inputs from various sources and complex valuation models is required, as well as requiring the involvement of the auditor's specialists to validate the valuation.

Notes 4.10 and 8.5 (ii) and (iii) to the accompanying financial statements as of December 31, 2023 describes the accounting policy on the valuation techniques and assumptions used in the recognition of investments in hedging instruments, as well as their integration.

How our audit addressed the key audit matter

As part of the audit procedures, we obtained an understanding of the process and control environment established by FONPLATA on the valuation process of investments in hedging instruments. In addition, we inspected the contractual origin of the transactions by obtaining the financing contracts, as well as the respective derivative contracts and we evaluate the selection of the accounting criteria of the financial instruments as "Cash Flow Hedge or Fair Value Hedge".

We also involved our specialists to review the reasonableness of the valuation of hedging instruments. We reviewed the calculation of the fair value of derivatives, through the appropriate selection of valuation curves. In addition, we obtained confirmation of collateral balances at year-end from counterparties.

We also assessed the adequacy of disclosures related to hedging financial instruments in the accompanying financial statements as of December 31, 2023.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Fonplata's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Fonplata's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Fonplata to cease to continue as a going concern.

4.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent auditor's report, is who signs it.

This Independent Auditor's Report and the accompanying financial statements have been translated into English for convenience purposes only.

Mancera, S.C.
Member of
Ernst & Young Global Limited



C.P.C. José Luis Loaeza Leyva

Mexico City
February 23, 2024



Ernst & Young Ltda.
Av. Cristo Redentor y 4to. Anillo,
Edif. Torre Empresarial MSC, Piso 13
Of. 13-B
Santa Cruz - Bolivia

Tel: 591-3-3423288
Fax: 591-3-3451577
ey.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Governors
FONPLATA - Banco Multilateral de Desarrollo

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of FONPLATA - Banco Multilateral de Desarrollo (the Bank), which comprise the statement of financial position as of December 31, 2022, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as of December 31, 2022, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

For each of the aspects below, we describe how we have treated them in the context of our audit.

We have fulfilled the responsibilities described in the Auditor's Responsibilities section in connection with the audit of the financial statements of our report, including those related to these aspects. Accordingly, our audit included the execution of procedures designed to respond to our assessment of the risks of material misstatement in the financial statements. The results of our audit procedures, including the procedures performed to respond to the matters described below, provide the basis for our audit opinion on the accompanying financial statements.



1. Valuation of hedging instruments

| Key Audit Matter | Audit Response |
|--|---|
| <p>As of December 31, 2022, FONPLATA holds the following debt for bond issuances:</p> <ul style="list-style-type: none"> - During 2019, FONPLATA, through Credit Swiss & UBS, issued a five-year bond, with a fixed annual coupon of 0.578%, denominated in Swiss francs for an amount of CHF 150,000,000. - During 2021, FONPLATA, through Credit Swiss & UBS, issued two 5 and a half and 7-year bonds, with fixed annual coupons of 0.556% and 0.795% denominated in Swiss francs (CHF) and for an amount of CHF 200,000,000 and CHF 150,000,000, respectively. - During 2022, FONPLATA obtained loans from CAF, within the framework of the credit line subscribed in 2021, whose reference rate is the "Term SOFR". <p>As part of the risk management strategy, in connection with the issuance of these bonds, FONPLATA entered into currency exchange and interest rate contracts with J.P. Morgan Chase, NA., Credit Suisse and Deutsche Bank under the parameters of "The international Swaps and Derivatives Agreement Association, Inc. (ISDA)".</p> <p>We view this situation as a key audit matter, due to the inherent relevance and overall complexity that the estimate poses in the presentation and disclosure of the financial statements.</p> | <p>We evaluated these transactions through the following audit procedures.</p> <ul style="list-style-type: none"> - We obtained an understanding of the process implemented by the Bank for the identification, classification, valuation and accounting of these operations and identified the main controls implemented by FONPLATA associated with these derivative operations. - We inspected the contractual origin of the transactions obtaining the financing contracts, as well as the respective derivative contracts. - We evaluated the risk of material error in the selection of the accounting criteria of financial instruments as "Cash Flow or Fair Value Hedges". - We inspected the effectiveness of the hedging of Derivatives, through the comparison of the market value of both debt instruments and hedging instruments. - We inspected the calculation of the fair value of the Derivatives, through the appropriate selection of the valuation curves obtained from the Bloomberg terminal. - We received confirmation of the collateral balances at the end of the year, from the derivative issuers' financial institutions, J.P. Morgan and Credit Suisse and Deutsch Bank. - We inspected the effect of the exchange differences and the rates originated both in the transaction and in the hedging instrument, with information obtained from financial institutions and market quotes. - We inspected the reasonableness of the effect of the valuation of currency exchange and interest rate contracts recognized in the Financial Statements. |



2. Revenue recognition and measurement

| <u>Key Audit Matter</u> | <u>Audit response</u> |
|---|---|
| <p>The Bank generates most of its income (Note 11), based on the result obtained from the granting of sovereign guaranteed loans to its member countries, and from 2020, to a lesser extent, from the approval of loans to banks and public enterprises at the national or subnational level of the member countries, as well as, based on administration and commitment fees that are charged to the same institutions or companies to which the credits were granted.</p> <p>Interest income is recognized using the effective interest rate method in accordance with IFRS 9 - Financial Instruments and other income related to loan management, consisting of administrative and commitment fees, is recognized in accordance with IFRS 15 - Revenue from Contracts with Customers, based on management's analysis of the likelihood that such loans will be used by creditors.</p> <p>Both, the calculation of interest and commissions, which are parameterized in the system, are determined considering the conditions established in each of the contracts.</p> <p>We have considered this situation as a key audit matter due to the relevance of interest income and loan management to the financial statements.</p> | <p>We evaluate revenue recognition through the following audit procedures.</p> <ul style="list-style-type: none"> - We got an understanding of the process implemented by the Bank for the identification, classification and valuation of its income and identified the main controls implemented by FONPLATA associated with its portfolio management and income recognition. - We performed an analysis of the appropriate recognition of income for interest, administration, and commitment fees. - We inspected the contracts signed between the countries, corroborating that the interest rates and commissions had been properly incorporated into the system for the respective calculation. - We recalculated the related interest identifying those loans that are subject to the SOFR Rate as well as those that are subject to the Libor Rate. - We recalculated the administration and commitment fees. |

Other matters

The Bank's financial statements as of December 31, 2021 were audited by another auditor who expressed an unqualified opinion on February 18, 2022.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.



Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Member Firm of Ernst & Young Global

A handwritten signature in black ink, appearing to read 'Javier Iriarte J.', is written over the printed name and title.

Lic. Aud. Javier Iriarte J.
Partner
MAT. PROF. N° CAUB - 9324
MAT. PROF. N° CAUSC - 3125

Santa Cruz de la Sierra, February 28, 2023



FONPLATA – Banco Multilateral de Desarrollo
STATEMENT OF FINANCIAL POSITION
 (All amounts expressed in millions of U.S. dollars)

As of December 31,

ASSETS

| | <u>2024</u> | | <u>2023</u> | | <u>2022</u> |
|---|-------------|-----------------------|-------------|-----------------------|-----------------------|
| Cash and cash equivalents – Note 8.1 and 8.3 | 339.4 | | 324.2 | | 217.6 |
| Investments | | | | | |
| At fair value with changes in other comprehensive income – Note 8.2 | 409.6 | | 376.4 | | 338.8 |
| At amortized cost | 19.2 | 428.8 | 30.0 | 406.4 | 338.8 |
| Loan portfolio – Note 8.4 | | 2,352.3 | | 1,853.3 | 1,744.4 |
| Accrued interest | | | | | |
| On investments | 3.1 | | 3.3 | | 1.4 |
| On loans – Note 8.4 | 47.3 | 50.4 | 39.5 | 42.8 | 29.6 |
| Other assets | | | | | |
| Fair value hedge derivatives – Note 8.5 (ii) | -.- | | 6.8 | | -.- |
| Property and equipment, net – Note 9.1 | 4.9 | | 5.2 | | 5.7 |
| Miscellaneous – Note 9.2 | 1.5 | 6.4 | 1.4 | 13.4 | 1.1 |
| Total assets | | <u><u>3,177.3</u></u> | | <u><u>2,640.1</u></u> | <u><u>2,337.2</u></u> |

LIABILITIES AND EQUITY

Liabilities

| | | | | | |
|--|---------|-----------------------|---------|-----------------------|-----------------------|
| Fair value hedge derivatives – Note 8.5 (ii) | 1.7 | | | | |
| Borrowings – Note 8.5 | 1,380.1 | | 1,050.0 | | 975.4 |
| Other liabilities – Note 9.3 | 18.0 | | 16.0 | | 10.3 |
| Special funds – Note 8.6 | 27.3 | | 24.5 | | 22.6 |
| Total liabilities | | <u><u>1,427.1</u></u> | | <u><u>1,090.5</u></u> | <u><u>1,008.3</u></u> |

Equity

Capital – Note 10.1

| | | | | | |
|-------------------------------------|-----------|-----------------------|-----------|-----------------------|-----------------------|
| Authorized | 3,014.2 | | 3,014.2 | | 3,014.2 |
| Less callable portion | (1,665.0) | | (1,665.0) | | (1,665.0) |
| Paid-in capital | 1,349.2 | | 1,349.2 | | 1,349.2 |
| Paid-in capital receivable | (28.1) | 1,321.1 | (138.8) | 1,210.4 | (267.5) |
| General reserve – Note 10.3 | | 332.9 | | 246.9 | 203.6 |
| Other reserves – Note 10.2 | | (2.5) | | 0.2 | (4.0) |
| Retained earnings – Note 10.3 | | 98.7 | | 92.1 | 47.6 |
| Total equity | | <u><u>1,750.2</u></u> | | <u><u>1,549.6</u></u> | <u><u>1,328.9</u></u> |
| Total liabilities and equity | | <u><u>3,177.3</u></u> | | <u><u>2,640.1</u></u> | <u><u>2,337.2</u></u> |

The accompanying notes are an integral part of these financial statements.

DocuSigned by:

 2F763BF48E5B488
 Luciana Botalogo Brito
 EXECUTIVE PRESIDENT

DocuSigned by:

 2F763BF48E5B488
 Fernando A. Fernandez Montovani
 CHIEF BUDGET AND ACCOUNTING

Signed by:

 FB3495A235BB488
 Fabio Marville Bueno
 CHAIRPERSON BOARD OF EXECUTIVE DIRECTORS

DocuSigned by:

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 Rafael Robles
 VICEPRESIDENT OF FINANCE ad Int.





FONPLATA – Banco Multilateral de Desarrollo
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 (All amounts expressed in millions of U.S. dollars)

January 1 through December 31,

| | 2024 | 2023 | 2022 |
|---|--------|--------|--------|
| INCOME – Note 11 | | | |
| Loan portfolio | | | |
| Interest | 169.6 | 139.4 | 69.6 |
| Other loan income | 7.1 | 7.3 | 5.9 |
| | 176.7 | 146.7 | 75.5 |
| Investments | | | |
| Interest | 33.9 | 28.9 | 2.1 |
| Other | 0.4 | 0.8 | -.- |
| | 34.3 | 29.7 | 2.1 |
| Income from financial assets | 211.0 | 176.4 | 77.6 |
| EXPENSES | | | |
| Interest expense | (77.4) | (65.3) | (25.2) |
| Income from financial assets, net | 133.6 | 111.1 | 52.4 |
| Other income/expenses | (18.6) | (0.7) | 7.4 |
| Income before provision and administrative expenses | 115.0 | 110.4 | 59.8 |
| Provision for loan impairment Notes 3 and 8.4 | (2.4) | (5.9) | (1.2) |
| Income after provision for loan impairment | 112.6 | 104.5 | 58.6 |
| Administrative expenses – Note 12 | (13.9) | (12.4) | (11.0) |
| Net income | 98.7 | 92.1 | 47.6 |
| Items that may be reclassified to profit or loss: | | | |
| Changes in fair value of investments | (2.6) | 4.2 | 1.2 |
| Losses/Gains on cash flow hedges net | -.- | -.- | 3.5 |
| Items that will be not reclassified to profit or loss: | | | |
| Technical appraisal of property | (0.1) | -.- | -.- |
| Comprehensive income | 96.0 | 96.3 | 52.3 |

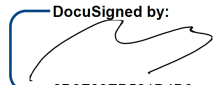
The accompanying notes are an integral part of these financial statements.

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 Luciana Botarogo Brito
 EXECUTIVE PRESIDENT

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 Fernando A. Fernandez Mantovani
 CHIEF BUDGET AND ACCOUNTING

Signed by:

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 Fabio Marvulle Bueno
 CHAIRPERSON BOARD OF EXECUTIVE
 DIRECTORS

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 Rafael Robles
 VICEPRESIDENT OF FINANCE ad Int.



FONPLATA – Banco Multilateral de Desarrollo
STATEMENT OF CASH FLOWS


(All amounts expressed in millions of U.S. dollars)

| | January 1 through December 31, | | |
|---|--------------------------------|---------------|----------------|
| | 2024 | 2023 | 2022 |
| Cash Flows from Operating Activities | | | |
| Lending | | | |
| Disbursements | (737.0) | (291.9) | (354.6) |
| Cash received from loan principal amortizations | 232.2 | 175.5 | 113.4 |
| Net disbursements | (504.8) | (116.4) | (241.2) |
| Cash received from interest and other loan charges | 172.2 | 137.0 | 57.3 |
| Net flows in lending activities | <u>(332.6)</u> | <u>20.6</u> | <u>(183.9)</u> |
| Other operating flows: | | | |
| Payment of salaries, benefits, and other personnel expenses | (7.9) | (7.2) | (7.6) |
| Payment of administrative expenses | (4.5) | (3.7) | (3.4) |
| Increase in trade accounts payable and with special funds | (3.1) | (1.7) | (1.3) |
| Net flows used in other operating activities | <u>(15.5)</u> | <u>(12.6)</u> | <u>(12.3)</u> |
| Net flows from operating activities | <u>(348.1)</u> | <u>8.0</u> | <u>(196.2)</u> |
| Cash Flows from Financing Activities | | | |
| Proceeds from borrowings | 662.5 | 114.4 | 169.1 |
| Derivatives – Collateral deposited at counterparts | (49.5) | 57.5 | (44.4) |
| Repayment of borrowings and debt service | (370.9) | (165.1) | (84.3) |
| Net flows from financing from third parties | <u>242.1</u> | <u>6.8</u> | <u>40.4</u> |
| Collection of paid-in capital subscriptions | 110.7 | 128.7 | 75.2 |
| Net flows from financing activities | <u>352.8</u> | <u>135.5</u> | <u>115.6</u> |
| Cash flows from investing activities | | | |
| Collection of investment income | 35.1 | 26.7 | 2.9 |
| Net sales/(purchases) of investments | (24.3) | (63.4) | 166.9 |
| Income from office sale | -.- | -.- | 0.2 |
| Capital expenditures | (0.3) | (0.2) | (0.1) |
| Net flows from investment activities | <u>10.5</u> | <u>(36.9)</u> | <u>169.9</u> |
| Increase in cash and equivalents during the year | 15.2 | 106.6 | 89.3 |
| Cash and Cash equivalents at the beginning of the year | 324.2 | 217.6 | 128.3 |
| Cash and Cash equivalents at the end of the year | <u>339.4</u> | <u>324.2</u> | <u>217.6</u> |

The accompanying notes are an integral part of these financial statements.

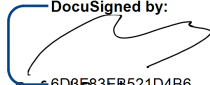
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 Luciana Botafogo Brito
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(All amounts expressed in millions of U.S. dollars)

Rafael Robles
VICEPRESIDENT OF FINANCE ad.Int.



FONPLATA – Banco Multilateral de Desarrollo
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 and 2022
 (All amounts expressed in millions of U.S. dollars)

NOTE 1 – BACKGROUND

The “Fondo Financiero para el Desarrollo de la Cuenca del Plata,” hereinafter and for all intent and purposes denominated as “FONPLATA,” or “the Bank,” is an international legal entity of indefinite life, which is governed by the covenants contained in its Charter and on its Regulations as a multilateral development bank. The Bank is headquartered in the city of Santa Cruz de la Sierra, Estado Plurinacional de Bolivia and has country offices in Asuncion, Republic of Paraguay, since 1989, in Buenos Aires, Republic of Argentina since June 2018, in Montevideo, Uruguay, since December 2019, Brasilia, Brazil, since March 2021, and on April 2024, opened an office in La Paz, Bolivia, consolidating its presence in all five member countries. Country offices are an integral part of the Bank’s strategy to strengthen the working relationship with its member countries.

The Bank is formed by the governments of Argentina, Bolivia, Brazil, Paraguay and Uruguay, hereinafter “founding members”, based on the River Plate Basin Treaty, subscribed on April 23, 1969, which gave rise to its consolidation and recognition as a legal entity on October 14, 1976, when its Charter was approved and put into force.

The Bank was established by its founding members, within a spirit of cooperation and solidarity, persuaded that only cooperation and joint action could lead to harmonized, inclusive, and sustainable development to foster a better insertion of its member countries within the regional and global economy.

The Bank’s founding members maintain a close relationship among themselves sharing the same ecosystems, such as the hydrographic and energy systems, air, river and road transportation networks and other communication systems.

Among the main functions of the Bank, are the granting of loans and guarantees, obtaining external financing with the guarantee of the Bank’s net assets; the financing of pre-investment studies with the purpose of identifying investment opportunities or projects of interest to enhance the development and integration of its member countries at regional and global levels; the financing and contracting of technical assistance; and to undertake any other functions that are considered conducive to the attainment of its objectives.

On November 9, 2018, reaffirming its support to management and the continuous growth of its portfolio of operations, the Board of Governors approved modifications to the Charter pursuing the purpose of modernizing and enhancing the institution’s overall capacity and relevance to perform as an effective partner in the development of its member countries and their integration at a regional and global level. The modifications approved encompass: (i) FONPLATA’s transformation from a “fund” into a “development bank”; (ii) a change in its name to be formally recognized as “FONPLATA”, or “The Bank”; (iii) expansion of its scope of work from an strictly geographic focus based on the countries, to one encompassing the region of its member countries and their integration in the global market; (iv) the expansion of its membership beyond its founding members, recognizing the possibility of incorporating non-founding members that could consist of either countries or institutions, to its capital base; (v) the



redenomination of capital as “authorized capital” for an initial amount of \$3,014.2, consisting of 301,420 class “A” shares, to be allocated to founding members only, with a par value of \$0.01 each, and with a voting right of one vote per share. Furthermore, the modifications approved stipulate that the authorized capital shall also include shares class - 6 - “B”, to be allocated to non-founding members. The initial authorized capital consists in its entirety of class “A” shares, consisting of 134,920 shares of paid-in capital for a total amount of \$1,349.2, and 166,500 shares of callable capital for an amount of \$1,665.0. Class “B” shares would be issued after the authorized capital has been increased and in the number of shares corresponding to the percentage of participation at the time new members are admitted.

On April 10, 2023, the Assembly of Governors appointed Luciana Botafogo Brito as the Executive President of FONPLATA, Development Bank for the period 2023 – 2028, and on April 12, 2024, the Assembly of Governors approved the financial statements for the year ended December 31, 2023.

On June 12, 2024, while meeting in the City of Sucre, Plurinational State of Bolivia, the Assembly of Governors, as part of the commemoration of the 50th anniversary of FONPLATA’s founding, instructed the Administration in coordination with the Executive Board to prepare a proposal for a new capital increase. In that opportunity the Assembly of Governors also approved the guidelines to be followed for the increase, as well as the criteria for the admission of new members. This decision preceded the increase in the amount of authorized capital from \$3,014.2 to \$6,500.0, which was approved by the Assembly of Governors on February 5, 2024.

The Bank Administration is characterized by a keen focus on strategic planning and results-based management. The Strategic Institutional Plan 2022 – 2026 (a.k.a. PEI for its Spanish acronym), was approved by the Board of Governors in September 2021. As part of drafting the new capital increase, the Administration together with the Board of Executive Directors revalidated the strategic pillars and objectives driving the Bank’s direction and focus during 2025 and through the beginning of the new capital increase expected by mid-2027. The Planning and Budget Document (a.k.a. DPP for its Spanish acronym) containing the expected results for the period 2025 – 2027, the activities required along with the administrative and capital budgets needed was approved by the Assembly of Governors on December 27, 2024 (RAG 209).

NOTE 2 – SIGNIFICANT CHANGES DURING YEARS 2024, 2023, AND 2022

The following paragraphs provide a description of the most relevant operational and financial activities of the Bank during the years ending December 31, 2024, 2023, and 2022, respectively, which have directly contributed to the growth of its net earning assets and to the generation of net income for each year:

For the year 2024

- Loan income was mainly determined by the increase in the lending portfolio resulting from the excess of disbursements over collections of principal by \$504.8, equivalent to 27%, as shown in the statement of cashflows, and to the lesser extent due to the increase in the loan reference interest rate that on average was 2.8% greater than in 2023 (2024 – 5.15% average compared to 2023 – 5.01%).



- As indicated in Note 6.2 “Interest Rate Risk”; and Note 7.1.1 “Expected Change from the 6 Month USD Libor Interest Rate to the SOFR Interest Rate, since July 1, 2023, date on which publication of the LIBOR rate discontinued, the reference rate for loans operations is The SOFR rate (“Secured Overnight Financing Rate”), published by the United States Federal Reserve Bank (“FED”). This reference rate has remained stable through august 2024 (January 2024 – 5.4%) and begun to decline in September (4.96%) to reach 4.3% at the closing of markets in December 2024, for an annual daily average of 5.15%. It is anticipated that SOFR would continue to be gradually reduced through the beginning of the second half of 2025 to reach from 2.8% to 3.0%. As of December 31, 2024, the Bank has migrated all its loan contracts to the SOFR in arrears. The annual average interest rate accrued during 2024 reached 796 basis points, or 3.7% greater than in 2023 (767 basis points).
- As of December 31, 2024, the Bank migrated all their loans contracts to the SOFR in arrears rate. On December 31, 2023, the Plurinational State of Bolivia as part of the approval of its annual budget (Law No. 1546), approved the required amendments on all loan contracts, which made it possible to adopt the SOFR in arrears rate in the contracts maintained with the Bank. As a result of this, on January 10, 2024, 15 of the 16 contracts in force on that date were migrated to the expired SOFR rate, and the remaining contract was migrated on March 14, 2024. As of December 31, 2023, current loan portfolio with the Plurinational State of Bolivia amounted to \$440.6, which on average accrued interest at a synthetic 6-month Libor rate of 830 basis points. This portfolio balance included a transaction for an amount of \$35.3 that accrued interest under the 6-month Libor, and which was converted at the SOFR in arrears rate on January 10, 2024. Regarding the current portfolio in Brazil, it consisted of 22 operations for an amount of \$258.3. 91% of loan contracts in Brazil had been converted to the SOFR rate under the overdue modality. The remaining 9% corresponding to two operations for an amount of \$6.9, for financing granted to prefectures and municipalities, were converted at the SOFR in arrears rate during the first quarter of 2024. During the year ended as of December 31, 2024, the Bank approved 12 sovereign guaranteed financing operations for an amount of \$690.0 (December 31, 2023 - \$534.3 in 10 sovereign guaranteed operations); and 2 operations without sovereign guarantee for an amount of \$75.0 (December 31, 2023 - \$44.0). Likewise, \$737.0 was disbursed, including \$71.0 without sovereign guarantee (2023 -\$291.9 including \$59.5 in loans without sovereign guarantee); and received \$232.2 in principal repayments, of which \$40.3 correspond to non-sovereign guaranteed loans (December 31, 2023 - \$175.5 in principal repayments, including \$37.2 in non-sovereign guaranteed loans).
- Financial costs decreased slightly on average by 10 basis points compared to the year ended as of December 31, 2023, which explains the increase of 38 basis points in the return on net financial assets during the year ended as of December 31, 2024, compared to 2023.
- In compliance with its policies and procedures for the maintenance of liquid assets and borrowings, during the year ending as of December 31, 2024, the Bank conducted the following redemption, issuance bond transactions and listings:

| Bond | Details |
|--|---|
| March 11, 2024 - FONPLATA 24- Redemption upon maturity | The Bank received CHF 150.0 from the counterparty plus CHF 0.9 in interest and the Bank paid the counterparty \$148.8 in principal and \$5.3 in interest in repayment of the bond issued in the Swiss market in March 2019. |
| May 15, 2024- FONPLATA 27 – Issuance | Bonds were issued in the Swiss capital market for CHF 145.0 maturing on November 15, 2027, under the Sustainable Debt Framework with an annual payment coupon at a fixed rate. In accordance with its policy for the management of financial risks, |



| | |
|--|--|
| | the Bank contracted a cross-currency swap with BBVA to exchange the CHF debt with a US dollar denominated debt in the amount of \$158.6, with semi-manual interest payments at the SOFR in arrears on November 15, 2027. |
| June 20, 2024 – Third and Fourth Series 27 and 29 - Issuance | Two new series of bonds were issued in the Japanese capital market through a private issuance within the Sustainable Debt Framework (third and fourth series). The third series consisted of two tranches, the first for JPY 6,200.0 due and the second one for JPY 100.0, both with maturity on June 18, 2027; and the fourth series for JPY 1,100.0 maturing on June 20, 2029. The two series pay a fixed annual rate with semiannual interest coupons. In accordance with the financial risk management policy, the Bank contracted a cross-currency swap with Sumitomo (SMBC) that provide for the exchange of flows in such a way that the Bank will pay USD 40.2 at the maturity of the third series of bonds in 2027, and \$7.0 at maturity of the fourth series bonds in 2029, with semiannual interest payments based on the SOFR in arrears. |
| October 24, 2024, FONPLATA 29 – Issuance | 5 year Bonds were issued in the Swiss capital market under the Sustainable Debt framework of the Bank, for CHF 130.0 maturing on October 24, 2029, with an annual payment coupon at a fixed rate. In accordance with its policy for the management of financial risks, the Bank contracted a cross-currency swap with DB to exchange the CHF debt by a US dollar denominated debt in the amount of \$152.9 at the SOFR in arrears on November 24, 2029. |
| October 29, 2024 – Registration of long-term stock certificate program in Mexico | In line with its strategy to diversify its funding sources, FONPLATA registered a public offering placement program in Mexico, which consists of long-term stock certificates. This program has been registered with the National Banking and Securities Commission (CNBV) and is valid for 5 years, with an authorized amount of up to 20,000 million Mexican pesos, or its equivalent in Investment Units (UDIS) or US dollars, on a revolving basis. |
| November 11, 2024 – Medium-Term Note Program Registration on the London Stock Exchange | FONPLATA carried out the registration of its first Medium-Term Note (MTN) Program on the London Stock Exchange. This program is capped at up to \$2,000, pursuant to Rule 144-A and Regulation S of the Securities Act of 1933 of the United States of America. This program provides the Bank with a flexible and effective mechanism for issuing debt in different markers, in multiple currencies and with different maturities. |

- Additionally, the Bank took funds under existing credit lines for \$75.5, with AFD, KfW, and IADB, and drew-down \$24.6; \$11.1; and \$39.8, respectively. The Bank also contracted new loans with CDP - Cassa Depositi e Prestiti S.P.A., \$30.0, in May 2024, Banco Bilbao Viscaya Argentaria (BBVA) \$125.0, in November 2024; and with CAF \$75.0, in December 2024, and disbursed the total amount under these new borrowings, for which the total amount received in credit lines and loans for a total of \$305.5.



Amortization of principal outstanding under existing lines of credit amounted to \$141.2 (December 2023 - \$60.3 down-drawn on new lines of credit for at cumulative amount down-drawn of \$114.4, on new and existing lines of credit and loans; and repaid principal outstanding under lines of credit and loans in the amount of \$104.6, respectively).

The following chart depicts outstanding borrowing amounts as of the year ended December 31, 2024, and 2023, respectively, under the various lines of credit, loans and the amount owed to the Bank's bondholders for bond issuances:

| <u>Creditor</u> | <u>Outstanding as of December 31, 2023</u> | <u>Principal repaid</u> | <u>Fair value adjustments and exchange differences</u> | <u>Funds received in 2024</u> | <u>Outstanding debt as of December 31, 2024</u> |
|---|--|-----------------------------|--|---------------------------------------|---|
| Banco de Desarrollo de América Latina (CAF) | 100.0 | (100.0) | -.- | 75.0 | 75.0 |
| Inter-American Development Bank (IDB) | 133.0 | (5.0) | -.- | 39.8 | 167.8 |
| French Development Agency (AFD) ¹ | 26.9 | (1.8) | (0.9) | 24.6 | 48.8 |
| European Investment Bank (BEI) | 60.0 | -.- | -.- | -.- | 60.0 |
| Official Credit Institute E.P.E. (ICO) | 15.5 | (1.1) | -.- | -.- | 14.4 |
| Banco Bilbao Vizcaya Argentaria (BBVA) | 83.3 | (33.3) | -.- | 125.0 | 175.0 |
| KfW – Euros at Euribor rate ¹ | 24.1 | -.- | (1.7) | 11.1 | 33.5 |
| CDP Cassa Depositi | -.- | -.- | -.- | 30.0 | 30.0 |
| Subtotal before deferred charges | 442.8 | (141.2) | (2.6) | 305.5 | 604.5 |
| Deferred loan charges | (0.7) | 0.1 | -.- | (3.9) | (4.5) |
| Subtotal multilaterals and other | 442.1 | (141.1) | (2.6) | 301.6 | 600.0 |
| Bond issuance of CHF FONPLATA 24 ² | 177.6 | (148.8) | (28.8) | -.- | -.- |
| Bond issuance of CHF FONPLATA 26 ² | 223.8 | -.- | (4.9) | -.- | 218.9 |
| Bond issuance of CHF FONPLATA 27 ² | -.- | -.- | 5.3 | 160.2 | 165.5 |
| Bond issuance of CHF FONPLATA 28 ² | 158.2 | -.- | 3.1 | -.- | 161.3 |
| Bond issuance of CHF FONPLATA 29 ² | -.- | -.- | (3.4) | 150.0 | 146.6 |
| Bond issuance of JPY Serie 28 1 ² | 21.1 | -.- | (2.4) | -.- | 18.7 |
| Bond issuance of JPY Serie 29 2 ² | 29.3 | -.- | (3.3) | -.- | 26.0 |
| Bond issuance of JPY Serie 27 3 ² | -.- | -.- | (0.4) | 39.9 | 39.5 |
| Bond issuance of JPY Serie 29 4 ² | -.- | -.- | (0.1) | 7.0 | 6.9 |
| Subtotal before deferred charges | 610.0 | (148.8) | (34.9) | 357.1 | 783.4 |
| Deferred loan charges | (2.1) | 0.4 | -.- | (1.6) | (3.3) |
| Subtotal bonds | 607.9 | (148.4) | (34.9) | 355.5 | 780.1 |
| Total borrowings | 1,050.0 | (289.5) | (37.5) | 657.1 | 1,380.1 |

¹Lines of credit and borrowings contracted in currencies other than the US dollar at rates different than the loan interest reference rate are valued at their fair value (see Note 8.5 (ii) for more details). The total shown as "Fair value adjustments and exchange differences" includes exchange losses of \$0.9 and \$1.7, related to borrowings contracted with the AFD and KfW, respectively, for the year ended as of December 31, 2024 (2023 – \$0.3 and \$0.4 of exchange loss) (see Note 8.5 (i) (4) and (8)).

²Bonds issued in currencies other than the US dollar at rates different than the loan interest reference rate are valued at their fair value (see Note 8.5 (ii) for further information).

- Derivatives related to FONPLATA's bond issuances and lines that are hedged through cross-currency and interest rate swaps, were designated as of January 1, 2022, as fair value hedges used to finance disbursements on loans to member countries, in accordance with the framework provided by IFRS 9 (see Notes 4.10; 6; and 8(ii)). These derivative contracts are based on ISDA contracts signed with the Bank counterparts, namely JPM; Deutsche Bank (DB); HSBC; BBVA and SMBC.



- In compliance with its financial and risk management policies, the Bank use of derivatives for the sole purpose of reducing its risk exposure to changes in (i) exchange rates of currencies different than the United States dollar, and (ii) in interest rates different from its lending reference interest rate and not for speculative purposes.
- In 2024 the Bank received \$110.7 in paid-in capital from member countries (see Note 10.1 “Capital”).
- Administrative expenditures during the year ended as of December 31, 2024, on average represented 81 basis points of the actual return on net financial assets, showing a decrease of 2 basis points compared to December 2023. This reaffirms FONPLATA’s commitment to ensuring the lowest transactional cost possible for its member countries.
- The Bank is the fiduciary agent for the management of the investment portfolio of the Structural Convergence Fund (“Fondo de Convergencia Estructural de MERCOSUR - FOCES”). During the year ended December 31, 2024, FOCES’s investment portfolio managed by the Bank amounted to \$102.0, and the amount of administrative fee received by the Bank amounted to \$0.5.

For the year 2023

- 94% of the amount of loan income was determined by the increase in interest rates, with the remaining 6% being the result of disbursements more than the collection of principal amortizations in the amount of \$116.4, as shown in the statement of cash flows. The increase in interest rates is the result of the effort of the most developed economies to counter inflationary pressures as a result of the disruption in global production and supply chains during the COVID-19 pandemic, followed by the disruption to international trade caused by the Russian invasion of Ukraine, compounded with the instability resulting from the conflict in the Middle East. The SOFR rate (Secured Overnight Financing Rate), which in December 2021 was 5 base points, during 2022 registered an increase of 425 base points, and during the year ended December 31, 2023, it increased another 108 base points. The cycle of monetary contraction started by the United States Federal Reserve in 2022 is expected to end. However, the interest rate is expected to remain at the current level if there is no conclusive evidence of a slowdown in the general inflation rate, and particularly in the core inflation rate driving it towards the target level around 2%. As of December 31, 2023, approximately 97% of loan contracts have the SOFR in arrears as the reference rate. The average SOFR, LIBOR and Synthetic LIBOR rate accrued during the year ended as of December 31, 2023, was 790, 740 and 830 basis points, respectively, for a weighted average of 780 base points, significantly higher than that registered in 2022, of 393 basis points, respectively. This is explained in the process of gradual adoption of the SOFR rate and in the fact that the 6-month Libor rate is applied in arrears (i.e., the applicable rate is that of the previous semester). Except for two loan contracts in municipal administrations in Brazil, the process of adopting the SOFR rate for all financing granted by the Bank was completed as of December 31, 2023.
- In compliance with its financial and risk management policies, the Bank manages its risk from exposure to changes in exchange and interest rates by denominating all its loan contracts in United States dollars and through December 31, 2021, by adopting the 6-month Libor rate as its reference rate component of its lending rate. Effective January 1, 2022, all loan contracts signed incorporate the compounded SOFR in arrears as its reference rate.



Furthermore, on all legacy loan contracts signed prior to December 31, 2021, due to the replacement of the 6-month Libor rate by the SOFR rate, the Bank agreed with its member countries to a voluntary conversion process by some countries adopted the compounded SOFR in arrears plus an adjusting margin¹ in replacement of the 6-month Libor rate. Loan contracts that remained on the 6-month Libor rate as of June 30, 2023, date on which its use was formally discontinued because it was no longer published, accrue interest based on the synthetic Libor rate, which is based on the SOFR Term.

- Prior to the Libor rate being discontinued, and in mutual agreement with its member countries, the Bank replaced this rate as its loan reference rate in all its loan contracts with Argentina, Paraguay and Uruguay (December 31, 2022 – 64 loan contracts had already been migrated to the SOFR rate in arrears for a total amount of \$1,040.6, while 52 loan contracts amounting to \$712.3, remained on the 6-month Libor rate). On December 31, 2023, the Plurinational State of Bolivia as part of the approval of its annual budget approved by Law No. 1546, approved the required amendments on all loan contracts to effectively pave the way for the adoption of the SOFR in arrears on all loan contracts with the Bank. Migration to the SOFR rate in 15 of the 16 loan contracts with Bolivia will become effective on January 10, 2024, and on March 14, 2024, for the remaining contract. The loan portfolio outstanding with the Plurinational State of Bolivia amounts to \$440.6, which on average accrue interest at the 6-months synthetic Libor rate of 830 base points. The outstanding loan balance includes one operation amounting to \$35.3 which accrues interest at the 6-month Libor rate and that it would be converted to the SOFR in arrears on January 10, 2024. The outstanding loan portfolio in Brazil consists of 22 operations amounting to \$258.3. The 91% of the outstanding loan contracts in Brazil were converted to the SOFR in arrears. The 9% remaining corresponds to two operations amounting to \$6.9, on financings granted to municipal authorities in Brazil that are expected to be converted to the SOFR in arrears in the following months. During the year ended as of December 31, 2023, the Bank approved 10 sovereign guaranteed operations in the total amount of \$534.3 (as of December 31, 2022, was \$456.0 in 12 operations with sovereign guarantee); and two operations without sovereign-guarantee in the amount of \$44.0 (2022 - \$0). Disbursements amounted to \$291.9, including \$59.5 without sovereign-guarantee (2022 - \$354.6, including \$10.0 without sovereign guarantee); and received \$175.5 in principal amortizations, of which \$37.2 correspond to loans without sovereign guarantee (2022 - \$107.4 of loan principal amortizations on sovereign-guaranteed loans).
- As stated in greater detail in the following subsection and in Note 3 – How Income is Generated, during the year ended as of December 31, 2023, the loan reference rate has experienced constant increases. This in turn has driven a recovery in nominal terms of loan revenues though still lower than before the pandemic when measured in terms of actual return. This has contributed to the Bank's reaching a level of income from net financial assets that is 125% higher than the one attained in 2022, strengthening its already robust financial profile.
- Financial costs increased on average by 380 basis points due to the sudden increase in interest rates. The increase is 8 basis points higher than the average Bank's return on interest and commission loans. In December 2022, and in agreement with its counterparts, the Bank migrated its swaps design to protect the debt contracted through the issuance of Swiss bonds, namely FONPLATA 24 and FONPLATA 28, from the 6-month Libor to the SOFR. The migration was formalized in March and June 2023, respectively. The FONPLATA 26 bond migrated to SOFR in arrears in the third quarter of 2023 according to the fallback covenants.

¹ The SOFR adjusting margin of 42,826 basis points, was set by the Alternative Reference Rate Committee ("ARRC") in March 2021.



The swaps contracted to protect the sustainable bonds issued in Japan in March 2023 were contracted at the SOFR in arrears rate. Finally, the cross-currency swap contracted in December 2022 in connection with the debt contracted with the AFD at the Euribor rate and the drawdown on the line of credit contracted with the KfW on August 24, 2023, were converted into the SOFR rate in arrears.

- In compliance with its policies and procedures for the maintenance of liquid assets and borrowings, on March 24, 2023, the Bank made its entrance for the first time in the Japanese capital markets and launched its first sustainable bond through a private issuance raising JPY 7,200.0 equivalent to \$54.0. Furthermore, the Bank drew \$60.3, on existing lines of credit and loans for a total of \$144.4, and amortized principal on outstanding borrowings and lines of credit for \$104.6 (2022 - \$66.0).

The following chart shows, on a comparative basis, the outstanding borrowing amounts under the various credit lines, loans and the amount owed to the Bank's bondholders for the fourth bond issuances as at today:

| <u>Creditor</u> | <u>Outstanding as of December 31, 2022</u> | <u>Principal repaid</u> | <u>Fair value adjustments and exchange differences</u> | <u>Funds received in 2023</u> | <u>Outstanding debt as of December 31, 2023</u> |
|---|--|-------------------------|--|-------------------------------|---|
| | \$ | \$ | \$ | \$ | \$ |
| Banco de Desarrollo de América Latina (CAF) | 100.0 | -.- | | -.- | 100.0 |
| Inter-American Development Bank (IDB) | 118.4 | (5.0) | | 19.6 | 133.0 |
| French Development Agency (AFD) ¹ | 28.3 | (1.8) | 0.4 | -.- | 26.9 |
| European Investment Bank (BEI) | 42.0 | -.- | | 18.0 | 60.0 |
| Official Credit Institute E.P.E. (ICO) | 16.6 | (1.1) | | -.- | 15.5 |
| Banco Bilbao Vizcaya Argentaria (BBVA) | 100.0 | (16.7) | | -.- | 83.3 |
| Banco Central del Uruguay (BCU) –Fix rate | 80.0 | (80.0) | | -.- | -.- |
| KfW – Euros at Euribor rate ¹ | -.- | -.- | 1.3 | 22.8 | 24.1 |
| Subtotal before deferred charges | 485.3 | (104.6) | 1.7 | 60.4 | 442.8 |
| Deferred loan charges | (0.5) | 0.1 | -.- | (0.3) | (0.7) |
| Subtotal multilaterals and other | 484.8 | (104.5) | 1.7 | 60.1 | 442.1 |
| Bond issuance of CHF FONPLATA 24 ² | 157.6 | -.- | 20.0 | -.- | 177.6 |
| Bond issuance of CHF FONPLATA 26 ² | 196.4 | -.- | 27.4 | -.- | 223.8 |
| Bond issuance of CHF FONPLATA 28 ² | 138.0 | -.- | 20.2 | -.- | 158.2 |
| Bond issuance of JPY Serie 1 ² | -.- | -.- | (1.4) | 22.5 | 21.1 |
| Bond issuance of JPY Serie 2 ² | -.- | -.- | (2.2) | 31.5 | 29.3 |
| Subtotal before deferred charges | 492.0 | -.- | 64.0 | 54.0 | 610.0 |
| Deferred loan charges | (1.4) | 0.4 | (0.1) | (1.0) | (2.1) |
| Subtotal bonds | 490.6 | 0.4 | 63.9 | 53.0 | 607.9 |
| Total borrowings | 975.4 | (104.1) | 65.6 | 113.1 | 1,050.0 |

¹Credit lines and borrowings contracted in currencies other than the US dollar at rates different than the loan interest reference rate are valued at their fair value (see Note 8.5 (ii)). The total shown as "Fair value adjustments and exchange differences" includes exchange losses of \$0.3 and \$0.4, related to borrowings contracted with the AFD and KfW, respectively, for the year ended as of December 31, 2023 (2022 – \$0.01 of exchange loss) (see Notes 8.5 (i) (4) and (8)).

²Bonds issued in currencies other than the US dollar at rates different than the loan interest reference rate are valued at their fair value (see Note 8.5 (ii)).



- Derivatives related to bond issuances and credit lines that are hedged through cross-currency and interest rate swaps, were designated as of January 1, 2022, as fair value hedges used to finance disbursements on loans to member countries, in accordance with the framework provided by IFRS 9 (see Notes 4.10; 6; and 8.5(ii)). These derivative contracts are based on ISDA contracts signed with the Bank counterparts, namely Credit Suisse (CS); JPM; Deutsche Bank (DB); HSBC and BBVA.
- In compliance with its financial and risk management policies, the Bank use of derivatives for the sole purpose of reducing its risk exposure to changes in (i) exchange rates of currencies different than the United States dollar, and (ii) in interest rates different from its lending reference interest rate and not for speculative purposes.
- On January 3, 2023, the Bank received from Brazil the sum of \$69.8, corresponding to its paid-in capital contributions for the period 2020 to 2022, and thereafter, on April 14, 2023, it received the sum of \$0.1, thus completing the amount of paid-in capital subscribed and due as of December 31, 2022. Finally, on April 27, 2023, Brazil paid its 2023 paid-in capital subscription in the amount of \$27.6.
- Administrative expenses during the year ended as of December 31, 2023, on average represented 83 basis points of the actual return on net financial assets, which is the same level as in 2022. This reaffirms FONPLATA's commitment to ensuring the lowest transactional cost possible for its member countries.
- The Bank is the fiduciary agent for the management of the investment portfolio of the Structural Convergence Fund ("Fondo de Convergencia Estructural de MERCOSUR - FOCEM). During the year ended December 31, 2023, FOCEM's investment portfolio managed by the Bank amounted to \$98.2, and the amount of administrative fee received by the Bank amounted to \$0.5.

For the year 2022

During most of 2022, the pandemic continued to affect the normal operations of most businesses around the world. However, because of the actions taken by the Bank since the onset of the pandemic and described below in the note on FY2021 results, the Bank's operations and results were not affected.

The following paragraphs provide a more specific analysis of the operational and financial activities of the Bank that have directly contributed to the growth of its net earning assets and to the generation of net income during the year ended as of December 31, 2022:

- Loan income was primarily driven by an increase in the balance of loans receivable due to higher disbursements, net of principal repayments received from member countries, and changes in the benchmark rate applied to all the Bank's lending operations. During the pandemic, the 6-month Libor rate declined steadily, reaching its lowest point in the first half of 2021, at 17 basis points. Beginning the fourth quarter of 2021, interest rates have risen rapidly, as a result of the efforts of the major economies to contain the inflation produced by the pandemic and accelerated as a consequence of the geopolitical conflict between Russia and the European Union and the United States of America, reaching the 6-month LIBOR rate 513,8 basis points at the end of December 2022.



The SOFR, which replaced the 6-month Libor rate in all financing contracts entered into as of January 1, 2022, as well as in legacy loans where member countries have agreed to adopt this new reference rate, which in December 2021 was at 5 basis points, increased by 425 basis points during 2022. It is anticipated that interest rates will continue to increase, the increase is expected to be more moderate than the increases recorded in the January to September 2022 period. As of December 31, 2022, approximately 60% of the loan contracts had SOFR as the reference rate. The average combined increase in the reference rate accrued during 2022 was 167 basis points, significantly lower than the increase recorded in the 6-month Libor rate and the SOFR. This is explained by the gradual adoption process of the SOFR rate and the fact that the 6-month Libor rate is applied on a half-yearly basis.

- As part of its strategy to manage the risk of exposure to changes in exchange rates and interest rates, and in compliance with its policies, the Bank grants and denominates its financing in U.S. dollars, and until December 31, 2021, it used the 6-month Libor rate as a reference rate. For all loans approved after 2022, the Bank adopted the SOFR rate as the reference rate under the compounded maturity method. In addition, for loans approved until December 31, 2021, and because of the replacement of the Libor rate by the SOFR rate, the Bank agreed with its member countries, the voluntary adoption of the SOFR rate, under the compounded maturity modality, plus an adjustment margin².
- As of December 31, 2022, and by mutual agreement with its member countries, the Bank has replaced the 6-month Libor rate as the reference rate in 52 loan contracts, out of a total of 108 contracts that had been signed as of December 31, 2021. In addition, during 2022, 12 financing contracts approved as of January 1, and therefore under the expired SOFR rate, became effective. As of December 31, 2022, the loan portfolio includes 64 contracts at the SOFR overdue rate and 52 contracts at the 6-month Libor rate (55.2% and 44.8%, respectively). In amount, interest-bearing contracts based on the overdue SOFR rate total \$1,048.6, equivalent to 59.5% of the loan receivable balance before deducting the amounts of the management fee pending accrual and allowance for potential loan losses (\$1,025.5 on contracts approved through December 31, 2022, and \$23.1 on contracts approved on or after January 1, 2022, respectively), and \$712.3, equal to 40.5% in outstanding balances receivable on contracts based on the 6-month Libor rate.
- During the year ended December 31, 2022, the Bank approved \$456.0 in new sovereign guaranteed loans (2021 - \$401.4, including \$48.0 in non-sovereign guaranteed); disbursed \$354.6, including \$10.0 in non-sovereign guaranteed (2021 - \$345.5 in sovereign guaranteed loans); and received \$113.4 in principal repayments, of which \$6.0 in non-sovereign guaranteed loans (2021 - \$77.3 in sovereign guaranteed loans). In addition, the net flow of loan funds has been positive for all member countries.
- As stated in more detail in the following subsection, and in Note 3 – How Income is Generated, during the year ended December 31, 2022, the level of the benchmark lending rate has been steadily increasing, which has allowed for a recovery in loan income, though still in percentage terms still lower than those achieved prior to the pandemic. This has contributed to the Bank achieving a level of net financial asset income that in percentage terms is 45.8% higher than that recorded in 2021 thus reinforcing its robust financial profile.

² The SOFR adjusting margin of 42,826 basis points, was set by the ARRC in March 2021.



- Finance costs have increased by an average of 114 basis points because of the sudden increase in interest rates experienced throughout 2022. This increase was 195 basis points lower than the average increase in interest and loan fees. This differential is mostly explained by the fact that approximately 40% of the loan receivable balance is financed with equity. Except for borrowings contracted with the IDB and ICO, which have been converted in March and June 2022, respectively, to the SOFR reference rate, and disbursements taken with CAF, within the framework of the credit line subscribed in 2021, whose reference rate is the "Term SOFR" and was replaced by the compounded overdue SOFR rate through a hedging operation contracted with Deutsche Bank (DB).
- In compliance with its policies and procedures for the maintenance of liquid assets and indebtedness, during the year ended December 31, 2022, the Bank entered into loan agreements and lines of credit with: (i) the Inter-American Development Bank (IDB) for \$100.0; and the French Development Agency (AFD) for EUR 30.0, and took disbursements totaling \$169.1, and repaid indebtedness and lines of credit totaling \$66.0. Also, the certificate of deposit raised with the Central Bank of Uruguay (BCU) for a total of \$80.0 continues to be in force, since the latter has not exercised the option to discontinue it.

The following table shows a comparison of the balance of indebtedness owed on loans, credit lines and the three bond issues made in the Swiss capital market between 2021 and 2022; respectively:

| <u>Creditor</u> | <u>Outstanding as of December 31, 2021</u> | <u>Principal repaid</u> | <u>Fair value adjustments and exchange differences</u> | <u>Funds received in 2022</u> | <u>Outstanding debt as of December 31, 2022</u> |
|---|--|-------------------------|--|-------------------------------|---|
| Banco de Desarrollo de América Latina (CAF) | 64.0 | (64.0) | -.- | 100.0 | 100.0 |
| Inter-American Development Bank (IDB) | 100.0 | -.- | -.- | 18.4 | 118.4 |
| French Development Agency (AFD) ¹ | 20.0 | -.- | (0.2) | 8.5 | 28.3 |
| European Investment Bank (BEI) | 12.0 | -.- | -.- | 30.0 | 42.0 |
| Official Credit Institute E.P.E. (ICO) | 5.5 | (1.1) | -.- | 12.2 | 16.6 |
| Banco Bilbao Vizcaya Argentaria (BBVA) | 100.0 | -.- | -.- | -.- | 100.0 |
| Banco Central del Uruguay (BCU) –Fix rate | 80.0 | -.- | -.- | -.- | 80.0 |
| KfW – Euros at Euribor rate ¹ | -.- | -.- | -.- | -.- | -.- |
| Subtotal before deferred charges | 381.5 | (65.1) | (0.2) | 169.1 | 485.3 |
| Deferred loan changes | (0.6) | (0.1) | -.- | 0.2 | (0.5) |
| Subtotal multilaterals and other | 380.9 | (65.2) | (0.2) | 169.3 | 484.8 |
| Bond issuance of CHF FONPLATA 24 ² | 164.4 | -.- | (6.8) | -.- | 157.6 |
| Bond issuance of CHF FONPLATA 26 ² | 219.1 | -.- | (22.7) | -.- | 196.4 |
| Bond issuance of CHF FONPLATA 28 ² | 164.3 | -.- | (26.3) | -.- | 138.0 |
| Subtotal before deferred charges | 547.8 | -.- | (55.8) | -.- | 492.0 |
| Deferred loan charges | (2.0) | -.- | (0.4) | 1.0 | (1.4) |
| Subtotal bonds | 545.8 | -.- | (56.2) | 1.0 | 490.6 |
| Total borrowings | 926.7 | (65.2) | (56.4) | 170.3 | 975.4 |

¹Loan signed on December 16, 2022, with KfW for EUR 37.0 and undisbursed as of December 31, 2022 (see Note 8.5 (i) (8)).

²The total shown as principal repayment and fair value adjustments of \$0.2 is comprised of \$0.9 of principal repayment made against the \$20.0 balance denominated in U.S. dollars, and \$0.7 of fair value adjustments on the Euro 8.0 denominated disbursement equivalent to a fair value of \$9.2 at December 31, 2022 (see Note 8.5 (4)).



- Most of the Bank's borrowings are denominated in U.S. dollars and are based on the 6-month Libor interest rate as a reference rate. Hence, the Bank minimizes its exposure to these risks. For borrowings denominated in currencies other than U.S. dollars and at rates other than the 6-month Libor interest rate, the Bank enters derivative transactions to effectively mitigate the degree of exposure. In anticipation of the discontinuation of the Libor reference rate as of the second half of 2023, the Bank gradually realigned the reference rate for lending and borrowing transactions, adequately hedging the potential risk of changes in interest rates.
- In this regard, in December 2022, for the maturities to occur on March 3, 2023 and January 1, 2023, the Bank agreed with JP Morgan (JPM) to replace the 6-month Libor reference rate with the SOFR rate due in the rate and currency swap transactions entered into in connection with the FONPLATA 24 and FONPLATA 28 bonds, maturing on March 11, 2024 and December 1, 2028, respectively.
- Derivatives related to its three bond issues have been designated as of January 1, 2022, as fair value hedging transactions in accordance with the framework established by IFRS 9 (see also Notes 4.10; 6; and 8(ii)). These derivatives are covered by ISDA contracts signed with the Bank's counterparties, namely: Credit Suisse (CS); JP Morgan (JPM); and Deutsche Bank (DB).
- The Bank uses derivatives solely for the purpose of reducing its exposure to risks arising from changes in the exchange rates of currencies other than the U.S. dollar and in interest rates other than the reference rate of its lending operations and not for speculative purposes.
- On January 3, 2023, the Bank received from Brazil the amount of \$69.8, corresponding to the remaining balance of the capital installments agreed for the period 2020 to 2022. There is only a remaining balance of \$0.1 corresponding to the 2022 installment.
- Administrative expenditures, during the year ended December 31, 2022, on average, administrative expenses represented 84 basis points with respect to total net financial assets. Compared with 2021, this ratio of administrative expenses to net assets shows an increase of 6 basis points. This increase is considered reasonable given that during the period February 2020 to September 2021, in response to the decline in the benchmark lending rate, and as a result of the pandemic, the Bank implemented strict cost-saving measures through the freezing of vacancies, as well as the suspension of servicing missions. As of 2022, and in view of the increase in the loan portfolio and the return to face-to-face work, administrative expenditures have returned to normal operating levels and we have begun to recruit positions necessary to ensure the effectiveness and agility that characterize the Bank's operations, as well as to consolidate the growth we have achieved.

GOING CONCERN

On January 18, 2024, the Bank formally received a letter signed by the Governor of the Argentine Republic withdrawing the letter that was sent on April 21, 2023, by his predecessor in which he informed his country of his willingness to "initiate the process aimed at ceasing its membership" in FONPLATA.

Based on this official communication, the Government of the Argentine Republic ratifies that it continues to be a full member of FONPLATA.



In accordance with the transparency and prudence that characterize the management, after receiving the communication from the Governor of the Argentine Republic, the Bank's Senior Management has shared the terms of the communication with its bondholders and creditors, as well as with the risk rating agencies. This news has been welcomed and although the rating agencies have not modified their rating, Standard & Poor's which on May 5, 2023, modified FONPLATA's outlook to "negative", revised it to "stable" effective January 30, 2024.

On June 12, 2024, and within the framework of the 50th anniversary of the Bank's founding celebration, and following the decision to increase the authorized capital from \$3,014.2 to \$6,500.0, the Assembly of Governors approved the guidelines to be used for the preparation of the proposal to increase the subscribed capital, as well as the criteria for the addition of new members, instructing the Administration and the Executive Board to proceed to prepare a proposal for a new capital increase to be considered for approval by the beginning of the second quarter of 2025.

This, together with the institution's robust financial profile, confirms that FONPLATA Development Bank focused on Mercosur, is a going-concern institution financially solvent and of relevance for the development agendas of its member countries.

NOTE 3 – HOW INCOME IS GENERATED

The Bank derives most of its income from sovereign-guaranteed loans to its member countries, and starting in 2020, approximately 5% comes from non -sovereign guaranteed loans extended to estate-owned banks at national and subnational level at its member countries'. The Bank's ability to generate loan income relates to various relevant factors directly affecting the growth of its main earning asset, its loan portfolio. The following factors directly affect loan portfolio growth and its profitability:

- The lending capacity, which is based on three times the amount of equity.
- The amount of loan disbursements.
- The amount of principal collections received during the year; and,
- The 6-month Libor rate for legacy loans migrated to the SOFR rate during the first half of 2023, and the SOFR rate for loans approved starting on or after January 1, 2022, and for Legacy loans where the borrowers opted to convert into the SOFR rate prior to January 1, 2022; and the synthetic Libor rate for loans no converted as of December 31, 2023, plus a fix margin.

Investment income relates directly to the investment of the Bank's portfolio of liquid assets (i.e., cash and cash equivalents), for the purpose of reducing the cost of carry associated to maintaining the minimum level of liquidity required by policy. The Bank holds liquidity for the purpose of meeting expected loan disbursements, meeting its financial obligations, and defray its operational expenses for a period of 12 months (see Note 6.5).

The following table, which is based on average financial assets and liabilities and annual administrative expenses, illustrates how the Bank derives its revenues, expenses, and net income:



| | January 1, through December 31, | | | | | | | | |
|---|---------------------------------|--------------|-----------------------|-----------------|--------------|-----------------------|-----------------|-------------|-----------------------|
| | 2024 | | | 2023 | | | 2022 | | |
| | Average balance | Income | Return ² % | Average balance | Income | Return ² % | Average balance | Income | Return ² % |
| Loans outstanding | 2,129.6 | 176.7 | 8.30 | 1,819.1 | 146.7 | 8.06 | 1,640.2 | 75.5 | 4.60 |
| Investments ¹ | 711.3 | 34.9 | 4.91 | 603.0 | 29.8 | 4.94 | 546.2 | 2.3 | 0.42 |
| Cash at banks ¹ | 36.7 | 0.4 | 1.09 | 39.3 | 0.8 | 2.04 | 48.0 | 0.1 | 0.21 |
| Financial assets | 2,877.6 | 212.0 | 7.37 | 2,461.4 | 177.3 | 7.20 | 2,234.4 | 77.9 | 3.49 |
| Borrowings | (1,220.4) | (77.4) | (6.34) | (1,015.1) | (65.3) | (6.43) | (953.4) | (25.2) | (2.64) |
| Net financial assets | 1,657.2 | 134.6 | 8.12 | 1,446.3 | 112.0 | 7.74 | 1,281.0 | 52.7 | 4.11 |
| Provisions and other charges ³ | -.- | (22.4) | (1.35) | -.- | (7.8) | (0.54) | -.- | 5.5 | 0.43 |
| Administrative expenses ⁴ | -.- | (13.5) | (0.81) | -.- | (12.1) | (0.83) | -.- | (10.6) | (0.83) |
| Net assets | 1,657.2 | 98.7 | 5.96 | 1,446.3 | 92.1 | 6.37 | 1,281.0 | 47.6 | 3.72 |
| Equity | 1,649.9 | 98.7 | 5.98 | 1,439.2 | 92.1 | 6.40 | 1,267.0 | 47.6 | 3.76 |

¹The average balance of investments as of December 31, 2024, includes \$288.7 reclassified as cash and equivalents for presentation purposes in the Financial Statements, as they correspond to investments where the time spanned between the day of purchase and of their contractual maturity is of 90 days or less and \$21.5 of investments in sweep account (December 2023 and 2022- \$264.9 and \$12.3; and \$123.5 and 0.0, respectively). For the purpose of this table, investment income is shown gross before deducting the special funds participation (see 3- "Provisions and other charges", below and Note 8.6-Special Funds).

²Returns are calculated based on actual income/expense line items at year-end divided by the average balance for each category of financial assets and liabilities. These averages are calculated by adding up the prior year-end balance plus the current year-end balance, divided by 2, for which they may differ from the actual average.

| ³Provisions and other charges | January 1, through December 31, | | |
|--|---------------------------------|--------------|------------|
| | 2024 | 2023 | 2022 |
| | \$ | \$ | \$ |
| Provision for loan impairments – Note 8.4 | (2.4) | (5.8) | (1.2) |
| Depreciation | (0.6) | (0.6) | (0.4) |
| Exchanges differences – Gain/(loss) | 0.2 | 0.3 | -.- |
| Special funds participation in investment income | (1.1) | (0.9) | (0.2) |
| Unrealized (losses)/gains on borrowings and on their related cross-currency and interest rate swaps classified as fair-value hedges – Note 8.5 | (19.2) | (1.4) | 6.4 |
| Other income | 0.7 | 0.6 | 0.9 |
| Total provisions and other charges | (22.4) | (7.8) | 5.5 |

⁴Actual amount of incurred administrative budget – See Note 12 "Administrative Expenditures."

NOTE 4 – SUMMARY OF MATERIAL ACCOUNTING POLICIES

Below is a summary of the main accounting policies used in the preparation of these financial statements. Except when expressly noted, these accounting policies have been consistently applied during the periods and years presented.



4.1 Basis for presentation

(i) Compliance with International Financial Reporting Standards

The financial statements are presented in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretation Committee (IFRIC), applicable to entities that report under IFRS and comply with the standards issued by the International Accounting Standards Board (IASB).

The Bank presents a statement of financial position classifying assets and liabilities in accordance with their expected liquidity. Assets and liabilities are shown based on their expected recovery or repayment within a 12-month period, following the date of the financial statements (current), and those for which their expected recovery or repayment is expected to take more than a 12-month period following the date of the financial statements (non-current), see Note 13.

(ii) Historical cost

The financial statements have been prepared based on the historical cost, except for the following components:

- Investments available for sale valued at fair value with changes in other comprehensive income (OCI).
- Investments held-to-maturity and valued at amortized cost, which are adjusted through a provision to their fair value in those cases where there has been an impairment, in those cases in which the latter is lower.
- Debt contracted in currencies other than the U.S. dollar or at interest rates other than the interest reference rate adopted by the Bank for its loans to member countries and the related swaps contracted by the Bank with its counterparts, which are valued initially at fair value with changes in income.
- Property valued at fair value.

(iii) New standards and modifications adopted by the Bank

The Bank first applied certain rules and amendments, which are effective for annual periods beginning on or after January 1, 2024, (unless otherwise noted). The Bank has not pre-adopted any other rules, interpretations, or amendments that have been issued but are not yet effective as of December 31, 2024.

Amendment to IAS 12, International Tax Reform - Second Pillar Model Rules

The amendments clarify that IAS 12 applies to income taxes arising from tax law enacted or substantially enacted to implement the Pillar Two Model Rules published by the Organization for Economic Co-operation and Development (OECD).

The amendments introduce the following recognition and disclosure requirements:

Disclosure of current tax: Disclose the current tax expense related to the second pillar model in the periods in which the legislation is in force.



Disclosure in periods prior to the entry into force of the tax reform: In those legislations where the second pillar model has been enacted but is not yet effective, entities must disclose at the end of their reporting period quantitative and qualitative information about their exposure to income taxes related to the second pillar model.

Disclosure of the application of the exception: A mandatory exception was introduced in IAS 12 in May 2023 not to recognize and disclose deferred tax assets and liabilities related to income tax to the second pillar. This exception allows entities to assess the accounting implications that will arise from the application of this amendment once there is legislation adopted in the jurisdictions where the entity has a presence.

The amendments had no impact on the financial statements because the Bank is not subject to income tax.

Amendments to IAS 1 - Classification of Liabilities as Current or Non-Current with Covenants

The amendments to IAS 1 affect the presentation of liabilities on the balance sheet and include disclosure requirements in this regard.

The amendments clarify that the classification of liabilities as short-term or long-term is based on the rights that are in existence at the end of the reporting period; They align the wording of the "right" to defer settlement for at least 12 months and detail that only the rights in form at the end of the reporting period are those that should affect the classification of a liability, not management's expectations.

Additionally, the concept of future covenants is introduced; An entity that is subject to compliance with future or subsequent covenants at the reporting date has the right to defer settlement of liabilities even if it is not in compliance with such covenants as of the reporting date.

The amendments had no impact on the Bank's financial statements since it classifies its liabilities according to contractual maturities. The Bank is not subject to compliance with *future covenants*.

Measurement of a lease-for-sale liability with a lease-on-return - Amendments to IFRS 16

The amendments specify the requirements to be used by the lessee-seller in measuring the lease liability arising in a sale-leaseback transaction, to ensure that the lessee (seller) does not recognize the amount of gain or loss that relates to the right of use that it retains.

The Bank has not entered into transactions for the sale of properties with subsequent lease, so no impact was generated by the adoption of these amendments.



Amendments to IAS 7 and IFRS 7 – Financing agreements with suppliers

In these agreements, one or more financial providers pay amounts that an entity owes to its suppliers (reverse factoring) while the entity agrees to settle those amounts with the financial providers in accordance with the terms and conditions of the agreements.

The amendment introduces disclosure requirements for agreements with financial providers in liabilities and cash flows, including the terms and conditions of such agreements, as well as quantitative information on such agreements at the beginning and end of the period.

Fonplata has not entered into reverse factoring agreements, therefore, there're no impacts from the adoption of these amendments within the financial statements.

New standards and interpretations that have not yet been adopted

The following standards and interpretations are not yet effective as of the date of issuance of these financial statements, and the Bank will evaluate their applicability once they enter into force:

- Amendments to IAS 21 – Lack of exchangeability¹
- Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments²
- Annual Amendments to International Financial Reporting Standards - Volume 11²
- IFRS 18 – Presentation and Disclosure in Financial Statements³
- IFRS 19 – Subsidiaries without Public Accountability³

¹ Effective for annual reporting periods beginning on January 1, 2025.

² Effective for annual reporting periods beginning on January 1, 2026.

³ Effective for annual reporting periods beginning on January 1, 2027.

4.2 Information relevant operation

Based on an analysis of its operations, the Bank has determined that its core business only has a single operating segment, which consists of the financing of the development needs of its member countries which corresponds to its single reportable segment.

The Bank continuously evaluates its performance and financial position as the basis for making decisions it considers appropriate for the attainment of its strategic objectives.

4.3 Foreign currency translation

(i) Functional and reporting currency

Account balances presented in the financial statements, as well as the underlying transactions that conform them, are measured using the United States dollar, which is the primary currency of the economic environment in which operates ("functional currency").



(ii) Account balances and transactions

Financial assets and liabilities, such as investments and loans are denominated in U.S. dollars, and except for the non-sovereign guaranteed loan granted to BADESUL for \$10.0, and disbursed for its equivalent in BRL 49.2; the Swiss Francs, and Japanese Yens denominated bonds, and the disbursements denominated in Euros under the lines of credit obtained in December 2022 with AFD and August 2023 with the KfW. This loan and the bond issuances were swapped to U.S. dollars at the SOFR in arrears rate. The Bank does not have other financial liabilities in other currencies. Consequently, there is no exchange rate risk exposure related to the Bank's financial assets and liabilities.

Except for a small number of goods and services related to administrative expenses denominated in currencies other than the functional currency, most the Bank's operational expenses are incurred in the functional currency and recorded at their fair value. The Bank keeps available a small amount of local currency both at its headquarters and country offices to pay for the cost of goods and services required at those locations. Amounts involved are translated into the functional currency using the exchange rate of the date in which the fair value of those expenditures is established. Exchange differences in assets and liabilities measured at fair value are shown together with gains and losses in fair value.

4.4 Revenue recognition

Interest in loans and investments at amortized cost is recognized using the effective interest rate method.

The Bank recognizes revenues when their amount can be reliably measured and when it is likely that the resulting economic benefits will be received. The Bank based its estimates on historical results, considering both the type of transaction or borrower and the relevant terms of the corresponding signed contracts.

(i) Commissions Income

Other loan income consists of the administrative commission and the commitment fee. These commissions relate to the Bank's service provided to its borrowers for inspection and supervision of loans and to ensure the availability of funds for borrowers to disbursed at any time during the contractually agreed upon disbursement period, and as such are recognized ratably in income in accordance with IFRS 15.

4.5 Leases

Lease contracts for terms of up to 12 month or less and that do not include a purchase option are recognized as an expense on a straight-line basis throughout the contract.

Lease contracts for terms greater than 12 months are initially recognized based on the right of use of the asset and as a lease liability. The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred. After lease commencement, the Bank measures the right-of-use of the asset using a cost model.



Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date, and less lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The right-of-use assets are also subject to impairment.

4.6 Cash and cash equivalents

For presentation purposes in the statement of cash flows, cash and its equivalents include both cash at hand and highly liquid bank deposits and investments, with an original maturity of three months or less, that can be converted into determinable amounts, and which are not subject to significant risks affecting their value.

4.7 Loan portfolio

A loan portfolio is initially recorded at its fair value and subsequently measured at its amortized cost using the effective interest rate method, net of the provision for loan impairment. For additional information on how the Bank accounts for its loan portfolio, refer to Note 8.4.

4.8 The Bank's business model and its effect on financial assets and liabilities

Classification, measurement, recognition and disclosure of the Bank's financial assets and liabilities in the financial statements is driven by its business model. The Bank's business model architecture is designed with the purpose of helping its member countries in their efforts to improve their people's quality of life by financing projects designed to improve regional integration and socioeconomic development. The Bank, like any other multilateral development bank (MDB), finances its lending program through a combination of paid-in capital subscriptions; its retained earnings; and, by borrowing from capital markets; MDBs; cooperation agencies and private and governmental international financial institutions.

The Bank's capital consists of paid-in and callable capital. Callable capital is subscribed to and committed by member countries and can be called upon in case of a financial emergency such as a catastrophic event that would preclude the Bank from either accessing capital markets or borrowing directly from other institutions to comply with its financial obligations.

One of the key elements of the Bank's business model is its capacity to remain relevant. The Bank's relevance is measured through its ability to mobilize a sizable volume of fresh financial resources, through both on-lent and technical cooperation activities, sufficient to assist its member countries in their development needs.

To achieve its mission, MDBs are required to continuously grow their capital base, to increase their lending capacity over time. For this purpose, every 5 to 7 years, MDBs may go through capital replenishment that consists of an increase of both paid-in and callable capital or in some cases may also involve the addition of new members.



Lending capacity is determined through either the callable capital of investment grade members, like it is the case in the oldest and most mature MDBs that have a global membership, or based on a multiplier of their equity, as it is the case with younger and regional institutions, such as the Bank.

In the case of the Bank, lending capacity is measured based on a multiplier of 3-times its equity.

Based on its capital structure, which by the end of the current replenishment should consist of approximately 45% paid-in capital and 55% callable capital, the Bank needs to borrow funds to finance disbursements for a portion of its lending portfolio. Borrowing capacity is also determined based on 2-times the equity plus liquid assets.

The main financial earning asset of the Bank is its loans to member countries. Except for the loan granted to BADESUL without sovereign-guarantee, that at the borrower's option was denominated in BRLs, all financial assets are contracted and denominated in U.S. dollars and bear interest based on reference interest rate plus a margin. Financial liabilities and within its prudential risk-management philosophy and policies, the Bank uses derivatives for the sole purpose of hedging the underlying cash-flows associated to borrowings contracted in currencies different than the U.S. dollars or that bear interest at a rate different than the loan reference rate. Derivatives are not used for speculative purposes. These derivatives are designated as fair value hedges. By way of these derivatives, the Bank changes the currency in which the original debt is denominated and its reference rate to the currency and reference interest rate in which all Bank loans are denominated. This way, the Bank mitigates the economic and financial exposure to changes in currency and interest rates.

According to Bank's financial policies, liquidity is maintained for the purpose of ensuring the ability to meet all planned loan disbursements, debt service requirements, and to pay for all planned and approved operating expenditures and capital investments expected to occur during the next 12 month following the end of the Bank's fiscal year. Liquidity is invested with the sole purpose of reducing the cost of carrying the required level of liquidity in compliance with the Bank's policies.

The main disclosures that follow form an integral part of these financial statements and provide specific information on each of the Bank's relevant financial assets and liabilities, as well as additional information on the Bank's business model, and how it determines manner and opportunity in which they are classified, measured, recognized, and disclosed.

(i) Classification

Classification of financial assets depends on the Bank's business model that contemplates the nature and purpose at the time of their acquisition and recognition. The Bank has two distinct investment portfolios, one where investments can be sold at any time prior to their contracted maturity, and the other one where investments are purchased with the intent of being held through their contractual maturity. Classification of investments on either portfolio is determined based on planned liquidity requirements and other factors.

Investments held to their contractual maturity are accounted for at the lower of their amortized cost or fair value. Investments available for sale are valued at their fair value with changes in value recognized in other comprehensive income (OCI). Note 8, provides further details on the recognition, measurement, and disclosure of investments.



The bank classifies its financial assets in the following categories:

- **Financial assets at amortized cost - Loan and investment portfolios (FAVAC):** are assets generated or purchased with the objective of collecting contractual cash flows resulting from principal amortization and accrued interest. These financial assets are not designated as “financial assets at fair value with changes in income,” and are measured at their amortized cost. The value of these financial assets is adjusted by the provision for estimated losses, which is calculated and recognized as stated in this note.
- **Financial assets at fair value with changes in other comprehensive income (FVOCI):** are assets purchased with the purpose of collecting contractual cash flows resulting from principal amortization and accrued interest, as well as from the sale of the underlying assets. These assets are designated as “financial assets at fair value with changes in the Income Statement,” and are measured at their fair value with changes recognized in other comprehensive income.
- The Bank does not have financial assets at fair value with changes in income.
- Derivatives resulting from the cross-currency and interest rate swaps entered into as an integral part of the Bank’s risk management strategy designed to hedge the interest rate and foreign exchange risk associated to borrowings contracted in currencies other than the U.S. dollar or at interest rates other than the 6-month Libor, which is the Bank’s reference rate for its loans, have been designated as a Fair value hedges, and are considered completely effective. The reference interest rate for loans approved through December 31, 2021, and that has not been converted to the compounded SOFR in arrears is the 6-month Libor rate. For all loans that have been converted under the voluntary conversion program and for all loans approved on or after January 1, 2022, the reference interest rate is the compounded SOFR in arrears. Changes in fair value of these derivatives, given the Bank’s right to offset and be compensated in the event of counterparty’s default, are shown forming part of Other Assets, as derivatives, together with the resulting collateral in the statement of financial position. Bonds issued and outstanding are valued at their amortized cost and shown under borrowings in the statement of financial position. Changes in the fair value of the cross-currency swaps are accounted for in other income (see Notes 2; 4.10 and 8.5-(ii)).

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(ii) Reclassification

Financial assets other than loans could be reclassified under a different category of “investments at fair value with changes in other comprehensive income,” based on the business model in use to manage them or according to the characteristics of their contractual cash flows.

The Bank reclassifies financial assets only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent, and none occurred during the period.



(iii) Recognition and disposal

Normal origination purchases or the contracting and sales of financial assets and liabilities are recognized on the date on which they are transacted, which is the date on which the Bank generates them or commits/contracts to their purchase or sale. Financial assets and liabilities are disposed of or extinguished upon expiration of the rights to receive or the obligation to pay a flow of funds or upon transferring their risk of ownership.

Financial assets and liabilities are valued according to their classification as amortized cost or at their fair value with changes in income or changes in other comprehensive income.

(iv) Measurement

Initially, the Bank measures financial assets at their fair value plus those transaction costs directly attributable to their acquisition.

Loans and investments held to maturity are subsequently valued at their amortized cost using the effective interest rate method.

Investments which will be maintained at fair value with changes in other comprehensive income, are subsequently valued at their corresponding reasonable value. Gains and losses resulting from changes in fair value are recognized in other comprehensive income. Interest resulting from financial assets carried either at reasonable value through other comprehensive income or at amortized cost and loans, calculated based on the effective interest rate method, is recognized in the income statement as part of operating income.

Note 8.7 includes details pertaining to the determination of fair values of financial instruments.

(v) Impairment

The Bank assesses the likelihood of potential impairment affecting either a financial asset or a group of financial assets. The Bank determines the adequacy of the provision for potential impairment on its loans by applying a standard methodology also adopted by the leading MDBs, considered as a leading practice. The methodology used assesses the expected loss based on the following factors: (i) the maximum exposure to risk at default; (ii) the probability of default; and (iii) the loss given default. Although the Bank uses the same formulae, the values used in connection with each factor are different for sovereign guaranteed loans than those used for non-sovereign guaranteed loans.

For sovereign loans, the Bank assesses the probability of default by its member countries using the most recent sovereign credit risk rating assigned to each country, by three of the internationally recognized credit rating agencies, adjusted by the Bank's preferred creditor status.

For non-sovereign guaranteed loans, the Bank assesses the probability of default, using the most recent credit risk rating developed and maintained by the Bank's.

The provision for potential loan losses is shown as a deduction of the amount of the loan portfolio.



Should there be a reduction in the amount of potential loan losses in a subsequent period, and such reduction is objectively related to an event occurring after recognition of the impairment (such as an improvement in the credit risk rating of the borrower), the reversal of the impairment losses previously recognized will be included in the income statement.

The accrual of interest on loans is discontinued for loans balances that have been in arrears for more than 180 days. The amount of loan interest accrued receivable on loans declared on non-accrual status is recognized at the time of collection until such date when those loans are in accrual status. Accrual status requires the borrower to pay in full the amount of principal and interest or commissions in arrears, as well as the assurance that the borrowing member country has resolved the financial difficulties that caused it to fall behind on meeting its obligations on a timely basis.

Note 8.4-(iii), has a detailed explanation of this methodology as well as the determination of the provision for loan impairment.

Expected impairment of the value of investments carried at fair value with changes in other comprehensive income (FVOCI), is already embedded in the market value.

For investments carried at amortized cost, the Bank assesses expected impairment by comparing the dirty price and the bid market price of each investment held in the portfolio to their respective carrying amount and recognizing a potential impairment based on the difference between the carrying amount and the bid market price, whenever the latter is lower than the carrying amount at amortized cost.

For investments held-to-maturity and valued at amortized cost, the Bank assesses any potential impairments by reviewing any downgrades in the credit risk rating of issuers and using valuation models to assess if the potential impairment is other than temporary. Should a potential impairment be deemed to be permanent then the Bank proceeds to value it at its impaired value through a provision for loan impairment.

Except for determining the adequacy of the amount of provision for expected losses on loans with sovereign guarantee and non-sovereign guarantee, and for purposes of estimating the expected credit loss (ECL) on other - 18 - financial assets, in accordance with its internal policies the Bank classifies its financial instruments measured at amortized cost or fair value through OCI, in one of the following categories:

Stage 1: includes all instruments that have not experienced a significant increase in credit risk since their initial purchase and recognition, where the ECL equals the impairment expected in the next 12 months.

Stage 2: includes all instruments that have experienced significant increases in credit risk since initial recognition but are not yet deemed credit impaired.

Stage 3: includes financial instruments, close to overdue, which are credit impaired. Likewise, loan commitments or financial guarantees whose payment is probable and their recovery doubtful.



Classification into stages: Following immediate recognition of the financial asset, determination of whether an asset credit quality is impaired and of the degree to which it is impaired is based on the following relevant criteria:

- Contractual payments of either principal or interest are more than 180 days overdue.
- Significant decrease in the credit rating of the assets; and
- Whether the financial asset is credit impaired.

(vi) Revenue recognition

Interest revenues are recognized based on the effective interest rate method. Should there be loans in nonaccrual status, they are considered impaired loans. A loan is impaired when the analysis of available information and current events is indicative of the probability that the Bank could not recover the full amount of principal and interest accrued, based on the agreed upon loan agreements. When a loan is impaired, the Bank reduces the carrying amount of such loan to its net realizable value, based on the discounted cash flows using the loan's original effective interest rate, and reverts the discounted amount against loan revenues. Interest revenues on impaired loans are recognized using the original effective interest rate.

4.9 Property and equipment

Property is carried at fair value, which includes revaluations. Increases to the carrying amount of property resulting from revaluations are included in other comprehensive income and shown as part of the accumulated balance of revaluation reserves within equity. Subsequent increases to the carrying amount due to revaluations should be recognized affecting income to the extent that revaluation increases had been previously reverted affecting the income statement. Any decreases reverting revaluation increases of the same assets are initially recognized in other comprehensive income to the extent there are revaluation surpluses attributable to those assets. All other decreases are reflected in the income statement.

Equipment is carried at their historical cost less depreciation. The historical cost includes all related acquisition expenses.

Subsequent costs are either included as part of the carrying amount of property and equipment or recognized as a separate asset, only when it is probable that there are future economic benefits to be derived from that asset and its cost can be reliably determined. The carrying amount of each component recognized as a separate asset is written off at the time of its disposal or replacement. Repair and maintenance expenses are included in the income statement during the period in which they are incurred.

Note 9.1 shows the depreciation methods and useful lives used by the Bank. Assets' residual values and useful lives are reassessed and adjusted as appropriate at year end. In those instances, where the carrying amount of assets exceeds their recoverable value, carrying amounts are adjusted to their recoverable value.



Gains and losses on the sale of fixed assets are determined by comparing the carrying amount with the sale price and accounted for in the income statement. In the case of the sale of revalued assets, it is the Bank's policy to transfer the amounts carried in revaluation reserves into retained earnings.

4.10 Financial liabilities

Financial liabilities consist of borrowings and derivative financial instruments that are an integral part of the Bank's hedging activities designed to effectively manage interest rate and exchange rate risks in connection with bond issuances. The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 8.5.

At inception of the hedge relationship, the Bank documents its risk management objective and strategy and the economic relationship between hedging instruments and hedged items, including whether changes in the fair value of the hedging instruments are expected to offset changes in the fair value of hedged items.

The following is an explanation of borrowing and derivative financial instruments, hedging activities and accounting policies used in connection with these instruments.

Borrowings: Borrowings contracted in currencies other than the US dollar, which is the Bank's functional currency, and at different interest rates from the loan reference interest rate are initially recognized at their cost, net of transaction expenses and subsequently valued at their fair value. The difference between the fair value and the amortized cost basis is included in the Income Statement together with the net difference between the receivable and payable swaps which are also at fair value. These net differences correspond to changes in exchange and interest rates which are not expected to affect future cashflows nor to result in realized gains and losses, since they will converge to zero at the maturity of the original debt. Upon maturity, the Bank will exchange the contracted amounts with its counterparts, thereby cancelling the original debt and the related receivable and payable swaps.

Borrowings contracted in the US dollars and at the loan's interest reference rate are initially recognized at their fair value, net of related transaction costs. Subsequently, borrowings are valued at their amortized cost. Any difference between the value initially recognized for the liability and the amount effectively paid is reflected in the statement of income based on the effective interest rate method over the contractual term of the loan.

Derivative financial instruments and hedging activities: Derivatives are solely used for hedging interest and exchange rate risk associated with its three bond issuances in the Swiss capital market on 2021, namely "FONPLATA26"; "FONPLATA28", and in May and in October, 2024, "FONPLATA27" and "FONPLATA29", respectively; and the bonds issued in the Japanese market in March 2023 namely "Japon I" and "Japon II", and on June 2024 namely "Japon III" and "Japon IV", as well as other liabilities and assets originally contracted in currencies other than the dollar or in dollars at a fixed rate (see notes 2 and 8.5-(ii)).

Derivatives carry inherent market and credit risks. The inherent market risk on a financial instrument is the potential fluctuation in the interest rate, currency exchange rate or other factors, and it is a function of the type of product, the volume of the transactions, the tenor and other terms of each contract and the underlying volatility.



The inherent credit risk is the counterparty's possible non-compliance in the delivery of collateral to recover the balance due.

The Bank mitigates the credit risk in derivative financial instruments through transactions with highly qualified counterparties with investment grade credit rating, and by signing an ISDA master netting agreement coupled with a credit support annex (CSA), with its derivatives counterparties.

The Bank formally documents the hedging relationship and its risk-management objective and strategy for undertaking the hedge, how the hedging instrument's effectiveness in offsetting the hedged risk will be assessed prospectively and retrospectively, and a description of the method of measuring ineffectiveness.

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 forecast transactions.

The Bank also monitors, 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 of hedged items, or to specific firm commitments or forecasted transactions, as applicable.

Changes in the fair value of a derivative financial instrument together with the changes in the fair value of the original debt that is the subject of the hedges are included in other income, as gains or losses in the determination of net income for the year.

The master ISDA agreements signed with its counterparts confer the Bank the possibility to exchange the contracted flows either during the repayment period or upon maturity of the original debt, and the Bank is fully intent in doing so. Furthermore, the Bank expects its counterparts to fully comply with their obligations under the swaps and it does not anticipate noncompliance on their part.

The ineffective portion of the change in the fair value of a derivative instrument that qualifies as a hedge is reported in the income statement.

The Bank discontinues hedge accounting when it is determined that the derivative instrument is no longer effective in offsetting changes in fair value of the hedged item; the derivative expires, is sold, terminated, or exercised; the hedge asset or liability expires, is sold, terminated, or exercised; the derivative is not designated as a hedging instrument because it is unlikely that a forecasted transaction will occur; or management determines that designation of the derivative as a hedging instrument is no longer appropriate.

4.11 Other liabilities and commitments

These amounts represent outstanding liabilities for goods and services received by the Bank prior to the date of the financial statements. Other liabilities do not include guarantees and are usually paid within 30 days of their initial recognition. These liabilities are initially recognized at their fair value and subsequently measured at amortized cost.



4.12 Special funds

These balances represent liabilities equaling the investment amount administered on behalf of special funds. These liabilities do not represent guarantees and are usually paid based upon fund requests to settle the liabilities of special Funds. These liabilities are initially recognized at their fair value and subsequently measured at amortized cost using the effective interest rate method. Note 8.6), contains a detailed explanation of the special funds and their purpose, and the balance owed to each one as of December 31, 2024, and 2023, respectively.

4.13 Other benefits to employees

The amount included under “Other benefits to employees,” represent accrued liabilities associated to benefits granted to the Bank’s staff under a joint savings program “Programa de Ahorro Compartido” or PAC, by its name in Spanish. PAC liabilities are paid to the staff upon termination of their employment. The Bank’s matching contribution on the amount of an employee’s voluntary saving is subject to a withholding percentage based on the years of service required for full vesting under the program. Withheld amounts are deferred and subsequently expensed as employees accumulate the required years of service for full vesting under the PAC. Note 8.6 – c), provides a detailed explanation and breakdown of the PAC liability as of December 31, 2024, and 2023, respectively.

4.14 Capital

The authorized capital consists of paid-in shares and callable shares. Paid-in capital consists of the amount of capital subscriptions paid to the Bank by its member countries.

NOTE 5 – SIGNIFICANT ESTIMATES AND JUDGEMENTS

The financial statements are prepared in accordance with International Financial Reporting Standards, which require the Bank’s Management to make assumptions and estimates affecting the amounts shown for assets and liabilities, as well as revenues and expenses during the fiscal year. The estimates and judgements are continuously assessed and are based on legal requirements and other prevailing factors, including the expectation of future events considered reasonable within the current circumstances.

This note provides a general overview of the areas that entail more management judgment or inherent complexity to each estimate, and the items that are more likely to be materially adjusted because actual results could differ from those estimates. Detailed information pertaining to each estimate and judgement made are included in Notes 6 and 7, respectively, together with the information regarding the basis used for computing each item affecting the financial statements.



The most relevant estimates affecting the preparation of the Bank's financial statements relate to:

- Degree of uncertainty pertaining the estimate of the probability of borrowers disbursing the amount approved for financing during the contractually agreed upon disbursement period which determines recognition of the commitment fee on a straight-line basis – Note 4.4,
- Potential impairment of investments carried at amortized cost – Note 8.3 – (ii),
- Potential impairment of the loan portfolio – Note 8.4 – (iii).
- Overall effectiveness of derivatives to ensure adequate hedging of loan disbursements under the Flexible Financing Facility (FFF), and of borrowings, denominated in currencies other than the US dollar and at rates other than the SOFR in arrears – Note 8.5 (ii).

Climate-related issues

The Bank and its operations are not exposed to a relevant risk in the judgments and estimates it makes as an issuer because of climate change. As a Multilateral Development Bank, FONPLATA adheres to and complies with internationally accepted best practices for the management of environmental risks in the projects it finances, while since 2021 it has implemented a Sustainable Debt Framework and promotes, through direct subsidies, projects that contribute to the preservation of the environment and reduce the impact of climate change.

Macroeconomic and geopolitical uncertainty

In relation to these issues, the prices in the valuations of investments and derivative financial instruments are considered as a component of evaluating them at market value.

NOTE 6 – FINANCIAL RISK MANAGEMENT

This note explains the Bank's financial risk exposures and how they could potentially affect its future financial performance.

| Risk | Source of Exposure | Measurement | Risk Management |
|--------------------------------|--|------------------|--|
| Market risk – foreign exchange | Except for the loan granted to BADESUL, and apart from the bond issuances, and lines of financing denominated in currencies other than the U.S. dollar, which were effectively hedged through cross-currency swaps as discussed in Notes 2; 4.10; and 8.5 – (ii), 99.7% of financial assets and 40.4% of financial liabilities are denominated in U.S. dollars (functional currency). 0.3% | Cash flow budget | <p>All loan and investment transactions, as well as the most relevant liabilities shown in the financial statements have been transacted in U.S. dollars.</p> <p>The Bank signed enforceable ISDA Master agreements along with CSA (Credit Support Annex) to cover the credit risk using collateral guarantees with the right to offset with JPM, DB, HSBC, BBVA and SMBC.</p> |



| Risk | Source of Exposure | Measurement | Risk Management |
|---|--|-----------------------------|---|
| | <p>of assets and 59.5% of liabilities have been denominated in currencies other than the Bank's functional currency and are hedged through cross-currency swaps.</p> | | <p>Based on these agreements, the Bank contracted cross-currency swaps to offset both the interest rate and foreign currency exchange risks associated to its operations in currencies other than the U.S. dollar.</p> <p>These derivatives are an integral part of the Bank's risk management process designed to minimize exposure to financial risks in the financing of loan disbursements and as such were designated as a fair value hedge.</p> |
| <p>Market risk – Interest rate risk</p> | <p>Risk of experiencing fluctuations in lending and borrowing rates applicable to the Bank's loans, and debt.</p> <p>See Notes 2; 4; 8.4; 8.5 (ii); and 10, explaining the transactions whose reference interest rate differs from the SOFR in arrears rate, which is the Bank's financial asset and liability reference rate.</p> | <p>Sensitivity analysis</p> | <p>The Bank has established policies for the determination of interest rates, allowing it to mitigate the potential effects of interest rate fluctuations. The Bank seeks to minimize the negative impact associated with potential mismatches on the duration of the loan portfolio and the debt incurred to finance such loans.</p> <p>Potential exposures from the issuance of the bonds denominated in currencies other than the US dollar and at interest rates other than the reference rate, are effectively managed through cross-currency swaps.</p> <p>These currency and interest rate hedges were designed to replace the currency and interest rate in which the original debt was contracted, by a debt denominated in US dollar that bears interest on the compounded SOFR in arrears, which is the Bank loan interest reference rate,</p> |



| Risk | Source of Exposure | Measurement | Risk Management |
|-------------------------------|--|---|---|
| | | | effectively eliminating currency and interest rate risks. |
| Market risk – Security prices | The Bank does not have investments in equity instruments that might be exposed to price risk. All investments consist of bonds that according to the Bank's business model can either be classified as available for sale or held-to-maturity. | Sensitivity analysis based on changes in interest rate for bonds classified as available for sale, valued at fair value with changes in OCI. The analysis also focuses on changes in the credit risk rating of issuers of bonds classified as held-to-maturity, which are valued at the lower of amortized cost or fair value | The Bank does not have investment in equity instruments that might be exposed to price risk. Bonds classified in the available for sale portfolio are monitored on a regular basis. The Bank does not engage in trading book and trading activities. |
| Credit risk | Cash and cash equivalents, investments valued at fair value with changes in OCI, investments valued at amortized cost, and derivative financial instruments designated as fair value hedges of specific borrowings. | - Arrears analysis based on the aging of loans, derivatives, bonds, and other instruments. - Credit ratings - Loan loss provision | Diversification of bank deposits and applicable loan limits. Investment policies and guidelines and credit rating of counterparts. Limits for concentration of credit risk applied to member countries and non-sovereign loans. No private sector loans. |
| Liquidity risk | Borrowings, other liabilities, and obligations with special funds. | Rolling cash flow forecasts | Availability of funds required to meet obligations and commitments, at least for a 12-month period following the date of the financial statements. |



The Bank manages its risks exposures in accordance with its enterprise-wide risk management policy. This policy encompasses the management of market and interest rate risks, operational and strategic risks. The focus of the Bank's enterprise-wide risk management is to ensure risks will remain within established limits. Those limits are formally established in the Bank's financial policies and reflect its capacity to assume risks as defined by its governance bodies. Within the scope of its enterprise-wide risk management policy, risk management is oriented to avoid risks that may exceed its tolerable risk level, and to mitigate all financial, operational, and strategic risks in accordance with the limits established for each risk related to its operations.

In line with international best practices for risk management, the Bank adopted the risk classification and definitions issued by the Office of the Comptroller of the Currency of the United States ("OCC") and Basle

The Bank's integrated risk management rests upon a cash flow forecast model covering the short, medium, and long-term and a set of projected statements of financial position and income, which is constantly adjusted to actuals and closely monitored to forecast loan approvals; loan disbursements; borrowings; commitments and obligations as well as administrative expenditures, in order to meet expected income and to maintain liquidity requirements.

6.1 Currency risk

All financial assets and approximately 99.9% of liabilities after considering existing cross-currency swap agreements, are denominated in U.S. dollars, which constitutes the Bank's functional currency. Consequently, the Bank's financial statements are not exposed to significant levels of risk resulting from potential changes in exchange rates.

6.2 Interest rate risk

As of December 31, 2024, all loan contracts that make up the loan portfolio pending collection have been converted at the SOFR in arrears rate modality plus a fixed margin. As of December 31, 2024, and 2023, the loan contracts signed with Bolivia were pending conversion, which were temporarily expressed at the synthetic Libor rate, and three loan contracts in municipalities in Brazil that continued at the 6-month Libor rate until its conversion to the SOFR in arrears rate in the first quarter of 2024. Loans that have been converted, at the option of the borrower to the SOFR in arrears rate, in addition to the fixed operating margin, have a margin of SOFR correction. Loans approved since January 1, 2022, have the SOFR in arrears rate, plus a fixed margin, as the reference rate.

The Bank's fixed margin is reviewed annually for new loans based on the Bank's policy guidelines for income management and financial charges. The objective of this policy is to achieve a balance between the accumulation of a level of capital in the long-term to ensure its self-sustainability and to ensure obtaining the best financial terms for the benefit of its member countries. The Bank applies a financial income model as a tool to achieve results over a planning horizon covering the medium and long-term. The Bank's income model allows through the management of various parameters and assumptions to ensure the relative stability and sufficiency of loan charges to cover the Bank's financial costs and operating expenses as stated in its financial policies, and to make timely adjustments that might be required from time to time to its fix lending margin in response to sudden and significant changes in relevant assumptions used. The Bank regularly reassess the reasonableness of its underlying assumptions and the model to ensure the proper management of exposure to interest rate risk.



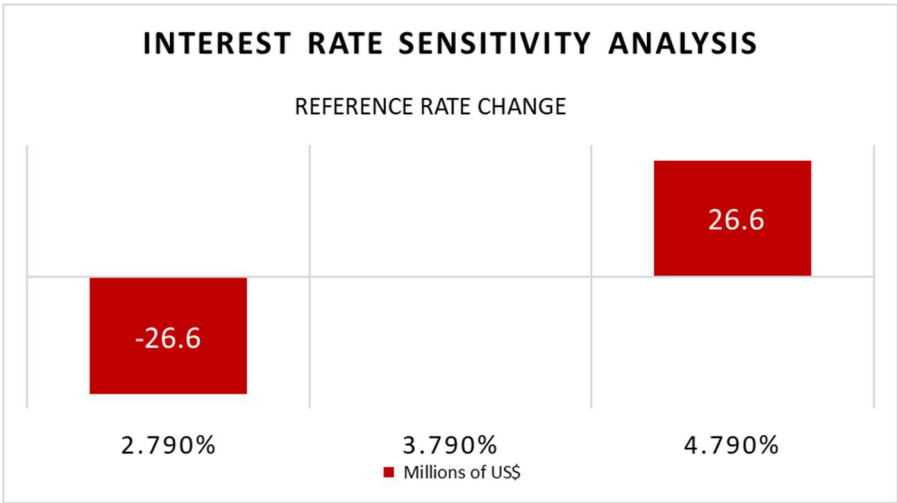
In compliance with its income management and financial charges policy, the Bank annually establishes a fixed margin applicable to new loans to be granted in the upcoming year (Operating Lending Rate or “TOR”). For non-sovereign loans approved after March 3, 2023, the Board of Executive Directors approved maintaining the current lower threshold and a reduction of 25 basis points to the upper threshold for the fixed-margin or TOR (RES/DEJ-1532/24), maintaining unchanged all financial conditions approved for sovereign guaranteed loans on March 15, 2022 (RES/DEJ1490/22).

The Executive President is authorized to set lending rates applicable to loan maturities for periods shorter than 15 years, approving operating lending rates as an incentive for member countries to borrow at shorter terms.

The Bank’s interest rate risk is limited to the risk associated with the variable component of its lending rate. The Bank performs sensitivity analysis to determine the variance in income or in net equity associated with changes in interest rates.

The sensitivity analysis was performed based on future projections of SOFR rate, which is the reference rate of the Bank’s lending operations, which equals 379 basis points.

Accordingly, the analysis yields a maximum and a minimum for the weighted average reference rate of 479 – 279 basis points, respectively. Should the positive or negative variation of the weighted average reference rate of 100 basis points were to materialize, future net income could be increased or decreased by \$26.6, respectively.



6.3 Market risk

Market risk is the risk of losses in the value of financial assets and liabilities because of changes in market conditions. The Bank manages market risks affecting its investment and loan portfolios through various measures to ensure risk exposures will remain within established policy limits (see Notes 4.8, 8.2; and 8.3, for further details).



Bank investments pursue the objective of reducing the cost of carrying the required liquidity comply with expected loan disbursements, service the debt, and defray Bank operational costs. The Bank classifies its liquid investments according to specific objectives in the following two portfolios:

Investments available for sale: valued at their fair value with changes in other comprehensive income (FVOCI).

Investments held to maturity: consisting of time-deposits and commercial paper valued at the lower of their amortized cost or fair value (FVAC).

As stated in Note 8.7, the Bank adopts a methodology for the determination of fair value based on three distinct levels, associated with the availability of objective market value information for each type of investment. Based on this methodology, the Bank performs a sensitivity analysis of its investment portfolios to gauge the maximum loss in the event of price changes because of changes in interest rate for investments classified as available for sale and valued at FVOCI, and for changes in credit rating of investments classified as held-to maturity and valued at amortized cost or lowered to their fair value through a provision, when applicable.

The following chart shows the maximum exposure to losses related to price changes for investments classified as available for sale valued at fair value with changes in other comprehensive income assuming a 100 basis points change in interest rates, and the maximum exposure to losses associated to one notch downgrade in the credit risk rating of investments classified as held-to-maturity and valued at amortized cost as of December 31, 2024, 2023, and 2022, respectively:

| | Sensitivity analysis of investments | | | | | | | | |
|---|-------------------------------------|------------|-------------|--------------------|------------|-------------|--------------------|------------|-------------|
| | December 31, 2024 | | | December 31, 2023 | | | December 31, 2022 | | |
| | Book | Maximum | Variation | Book | Maximum | Variation | Book | Maximum | Variation |
| | value ¹ | loss | | value ¹ | loss | | value ¹ | loss | |
| | \$ | \$ | % | \$ | \$ | % | \$ | \$ | % |
| Available for sale investments up to 12-months – OCI ² | 119.2 | 2.2 | 1.86 | 199.6 | 3.8 | 1.89 | 293.8 | 1.1 | 0.39 |
| Available for sale investments greater than 12-months – OCI | 290.4 | 1.0 | 0.35 | 176.8 | 0.7 | 0.42 | 45.0 | 1.0 | 2.10 |
| Total | 409.6 | 3.2 | 0.79 | 376.4 | 4.5 | 1.20 | 338.8 | 2.1 | 0.61 |

¹ Book value amounts for investments are based on the fair value for investments classified as available for sale and on the amortized cost for investments classified as held-to-maturity. All investment instruments designated valued at their fair value with changes in other comprehensive income, and most of those included in the held-to-maturity investment portfolio quote on the market, for which their fair value can be established objectively as of the date of the financial statements (Level 1). For those investment instruments classified at amortized cost that do not register at least one market transaction a month, there are recent market transactions that provide reasonable basis for estimating their fair value as of the date of the financial statements for purposes of comparing it to their amortized cost (Level 2). The Bank does not hold any investment for which their fair value could not be established and hence requires use of a valuation model (Level 3).

² As of December 31, 2024, the held-to maturity investment portfolio includes fixed –term certificates of deposits and commercial paper for an amount of \$288.7 (December 2023 and 2022 - \$264.9 and \$169.8, respectively in held-to-maturity investments corresponding to certificates of deposit and December 2023, \$24.4 in available-for-sale bonds) and investment in sweep accounts of \$21.5 (December 2023 and 2022 - \$12.3 and \$0.0, respectively). These investments are included in cash and equivalent balance, since the time spanned from their date of purchase to their contractual maturity is up to 90 days or less. The Bank periodically assesses its portfolio of held-to-maturity investments valued at their amortized cost for potential impairment due to changes in the credit rating of issuers that might be indicative of a permanent impairment in their value (see Note 4.8).



6.4 Credit risk

Credit risk is the risk resulting from non-compliance with contract terms by the borrower. Financial policies establish individual limits of credit by member countries, with the objective of reducing excessive risk exposures and complying with an equitable distribution of the lending capacity. The capital adequacy coefficient which relates the risk-weighted financial assets with the amount of equity ensures a reasonable coverage against potential exposure to credit risk, both for the lending portfolio and at the level of each borrowing member country.

As of December 31, 2024, 95% of loans outstanding consist of sovereign guaranteed loans granted to member countries (December 2023 and 2022 – 95% and 96%, respectively). In 2020, following the approval of a new line of financing without the sovereign guarantee, the Bank began lending to government majority owned financial institutions and enterprises. Since then and through December 31, 2024, the Bank has approved NSG financings for an amount of \$239.0 in eight loans, and disbursed \$201.0 (December 2023 and 2022 - \$141.5 and \$82.0, respectively), and received principal amortizations for \$79.0 (December 2023 and 2022 - \$43.2 and \$6.0, respectively), for a total outstanding of \$129.0 (December 2023 and 2022 - \$98.3 and \$76.0, respectively). For further detail see Notes 2, and 8.4 (i).

The Bank's financial policies and lending guidelines provide for the actions to be taken in connection with overdue loan balances and non-compliance. These policies and regulations form an integral part of loan agreements included in all loan contracts and use a methodology for determining the adequacy of the provision for potential impairment in loans that provide for varied factors for its sovereign guaranteed and non-sovereign guaranteed loan portfolios, as explained in Note 4.8.

The credit risk associated with the investment of liquid assets is based on internal guidelines governing the investment of liquid assets, which establish the prudential investment limits by each asset class, sector, and issuers, to guarantee an adequate diversification and mix of investment sources and maturities. As of December 31, 2024, and December 31, 2023, respectively, the average credit risk rating of the investment portfolio was AA, above the AA- minimum required limit by the investment policy, and AA+ as of December 2022.

6.5 Liquidity risk

Liquidity risk is the risk related to the inability of the institution to meet its obligations without incurring unacceptable losses. The Bank has a minimum required level of liquidity which is defined by its liquidity policy as the level required to meet all its commitments, including liabilities with special funds (see Note 8.6), loan disbursements, debt service, and the payment of obligations stemming from its administrative and capital expenditure requirements for a 12-month period. For the year ended as of December 31, 2024, 2023, and 2022, respectively, the Bank did not acquire commitments and obligations that would carry liquidity risk either in the short or medium term.



The following table shows financial assets as well as liabilities, as December 31, 2024, 2023, and 2022, respectively,

| | As of December 31, | | |
|--|--------------------|---------|---------|
| | 2024 | 2023 | 2022 |
| Financial Assets | \$ | \$ | \$ |
| Cash and cash equivalents – Note 8.1 and 8.3 | 339.4 | 324.2 | 217.6 |
| Investments – Notes 8.2 | 409.6 | 376.4 | 338.8 |
| Gross liquidity | 749.0 | 700.6 | 556.4 |
| Financial Liabilities | | | |
| Borrowings – Note 8.5 | 1,380.1 | 1,050.0 | 975.4 |
| Other liabilities – Note 9.3 | 18.0 | 16.0 | 10.3 |
| Special funds – Note 8.6 | 27.3 | 24.5 | 22.6 |
| Total Liabilities | 1,425.4 | 1,090.5 | 1,008.3 |

Liquid assets coverage of the amount of net estimated disbursements was equivalent to 1.21, 1.23, and 1.65 years, as of December 31, 2024, 2023 and 2022, respectively.

NOTE 7 – MANAGEMENT OF OTHER NON-FINANCIAL RISKS

7.1 Operational risk

Operational risk is defined as the risk of an economic or financial loss resulting from a failure in internal processes or systems, due to either commission, omission, or adverse external events. The Bank has in place an organized and updated set of policies, procedures, and practices for the administration of its operations that prevent and prepare it for inherent risks associated with its day-to-day operations. The Bank has an effective governance and system of internal controls, as well as ethical and reputational standards, with clear norms to ensure compliance with applicable fiduciary, environmental, and legal matters required by both of its policies and those of its member countries.

7.1.1 Change from the 6-month USD LIBOR interest rate to the SOFR interest rate

As explained in 6.2, the Bank's loan interest rate until December 31, 2021, is based on the 6-month USD LIBOR plus a fixed margin. The 6-month LIBOR is calculated and published daily by ICE Benchmark Administration (IBA); an organization regulated by the United Kingdom's Financial Conduct Authority (FCA). IBA has announced that following consultation to and authorization from FCA, starting on January 1st, 2022, it will discontinue the publication of 7-days and 60-day LIBOR. Additionally, IBA announced that the rest of the term-LIBORs, which includes the 6-month USD LIBOR in use by the Bank, will be discontinued on July 1, 2023, also following consultation to and authorization from FCA. Such change has implications for all transactions that have a 6-month USD LIBOR variable component; namely, the totality of the Bank's loan portfolio, borrowings from other multilaterals and agencies, and the variable leg of existing derivatives designated as fair value hedges.



The ARRC is the organization that oversaw the alternative rate to replace the USD LIBOR. In 2017 the ARRC identified the Secured Overnight Financing Rate (SOFR) as the replacement rate for the USD LIBOR. The New York Federal Reserve Bank is the administrator of SOFR and produces and publishes the rate daily, including averages for various maturities and the SOFR index. The ARRC has issued recommendations on fallback language, the use of a USD LIBOR/SOFR margin and other topics.

As of the end of the first quarter of 2024, the Bank has completed the transition from the 6-month Libor rate to the SOFR in arrears rate in all loan agreements that were signed prior to January 1, 2022.

7.2 Management of strategic risks

Strategic risk – Is the risk derived from the adverse or incorrect application of decisions or the absence of responses to changes affecting development financial institutions. The Bank has a Strategic Institutional Plan (“ISP”) approved by its Board of Governors, which establishes the strategic objectives to be attained, as well as the indicators required to measure progress over time. Annually, the Board of Governors approves the Budget for the upcoming year, which contains a summary of all achievements attained in the previous fiscal year, as well as the objectives and results to be attained in the next fiscal year. The Bank’s budget summarizes the medium-term work plan and contains results-based indicators and their related costs, which are all based on the ISP results matrix. This ensures an adequate alignment between the long-term strategic objectives and results to be attained in the short run to move towards the attainment of those strategic objectives.

The financial statements show the compatibility and consistency between results and the strategic objectives established in the institutional mission and vision in terms of the attainment of annual goals for the approval of operations and their related costs.

Non-compliance risk – Is the risk derived from violations of laws, norms, regulations, prescribed practices, and ethics policies or norms. Non-compliance risk could negatively affect the institution’s reputation. The Bank is a self-regulated supra-national international institution that is governed by its Charter, policies, and regulations. The Bank has an Administrative Tribunal, an Audit Committee of the Board of Executive Directors, a Legal Counsel, a Compliance Officer, and an Internal Auditor, all of whom oversee compliance with those matters that could otherwise trigger non-compliance risks.

Reputational risk – Is the risk derived from a negative public opinion. This risk affects the capacity of an organization to establish new relationships or to maintain existing ones, directly affecting current and future revenues. This risk could expose the entity to litigation or to a financial loss or jeopardize its competitiveness. The Bank periodically monitors this risk through its Office of Communications. Additionally, the Operations Department specifically follows up on each financed project under implementation. As of the date of these financial statements, there is no evidence that this risk has materialized and affected the Bank.



NOTE 8 – FINANCIAL ASSETS AND LIABILITIES

This note provides information about FONPLATA's financial instruments, including:

- A general overview of all financial instruments held by the Bank.
- Specific information about each type of financial instrument.
- Accounting policies.
- Information on the determination of fair values of financial instruments, including the professional judgement used, and the uncertainties affecting those estimates.

The Bank maintains the following financial assets and liabilities:

| | <u>Note</u> | <u>Financial assets and liabilities carried at fair value ¹</u> ₡ | <u>Financial assets and liabilities carried at amortized cost</u> ₡ | <u>Total</u> ₡ |
|--|-------------|---|--|-------------------|
| <u>December 31, 2024</u> | | | | |
| Financial assets: | | | | |
| Cash at banks | 8.1 | 28.0 | -- | 28.0 |
| Cash equivalents (investments at amortized cost and sweep account) | 8.1 and 8.3 | -- | 311.4 | 311.4 |
| Investments at fair value with changes in OCI ¹ | 8.2 | 412.5 | -- | 412.5 |
| Investments at amortized cost ² | 8.3 | -- | 19.4 | 19.4 |
| Loan portfolio ³ | 8.4 | -- | 2,397.6 | 2,397.6 |
| Total financial assets | | <u>440.5</u> | <u>2,728.4</u> | <u>3,168.9</u> |
| Financial liabilities: | | | | |
| Borrowings | 8.5 | (925.3) | (454.8) | (1,380.1) |
| Other liabilities | 9.3 | -- | (18.0) | (18.0) |
| Special funds | 8.6 | -- | (27.3) | (27.3) |
| Subtotal | | <u>(925.3)</u> | <u>(500.1)</u> | <u>(1,425.4)</u> |
| Fair value hedge derivatives | 8.5 | (1.7) | -- | (1.7) |
| Total financial liabilities | | <u>(927.0)</u> | <u>(500.1)</u> | <u>(1,427.1)</u> |
| Net financial assets | | <u>(486.5)</u> | <u>2,228.3</u> | <u>1,741.8</u> |
| | | | | |
| | <u>Note</u> | <u>Financial assets and liabilities carried at fair value ¹</u> ₡ | <u>Financial assets and liabilities carried at amortized cost</u> ₡ | <u>Total</u> ₡ |
| <u>December 31, 2023</u> | | | | |
| Financial assets: | | | | |
| Cash at banks | 8.1 | 45.3 | -- | 45.3 |
| Cash equivalents (investments at amortized cost) | 8.1 y 8.3 | -- | 278.9 | 278.9 |
| Investments at fair value with changes in OCI | 8.2 | 379.4 | -- | 379.4 |
| Investments at amortized cost ² | 8.3 | -- | 30.3 | 30.3 |
| Loan portfolio ² | 8.4 | -- | 1,892.8 | 1,892.8 |
| Subtotal | | <u>424.7</u> | <u>2,202.0</u> | <u>2,626.7</u> |
| Fair value hedge derivatives | 8.5 | 6.8 | -- | 6.8 |
| Total financial assets | | <u>431.5</u> | <u>2,202.0</u> | <u>2,633.5</u> |



| | | <u>Financial assets and liabilities carried at fair value ¹</u> | <u>Financial assets and liabilities carried at amortized cost</u> | <u>Total</u> |
|------------------------------------|-------------|--|---|------------------|
| | <u>Note</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> |
| Financial liabilities: | | | | |
| Borrowings | 8.5 | (743.7) | (306.3) | (1,050.0) |
| Other liabilities | 9.3 | -.- | (16.0) | (16.0) |
| Special funds | 8.6 | -.- | (24.5) | (24.5) |
| Total financial liabilities | | <u>(743.7)</u> | <u>(346.8)</u> | <u>(1,090.5)</u> |
| Net financial assets | | <u>(312.2)</u> | <u>1,855.2</u> | <u>1,543.0</u> |

| | | <u>Financial assets and liabilities carried at fair value ¹</u> | <u>Financial assets and liabilities carried at amortized cost</u> | <u>Total</u> |
|---|-------------|--|---|----------------|
| | <u>Note</u> | | | |
| December 31, 2022 | | | | |
| Financial assets: | | | | |
| Cash at Banks | 8.1 | 33.3 | -.- | 33.3 |
| Investments at fair value with changes in OCI | 8.2 | 13.9 | 170.4 | 184.3 |
| Investments at amortized cost | 8.3 | 340.2 | -.- | 340.2 |
| Loan portfolio ³ | 8.4 | -.- | 1,772.6 | 1,772.6 |
| Subtotal | | <u>387.4</u> | <u>1,943.0</u> | <u>2,330.4</u> |
| Derivatives | | -.- | -.- | -.- |
| Total financial assets | | <u>387.4</u> | <u>1,943.0</u> | <u>2,330.4</u> |

| | | | | |
|------------------------------------|-----|----------------|----------------|------------------|
| Financial liabilities: | | | | |
| Borrowings | 8.5 | (501.2) | (474.2) | (975.4) |
| Other liabilities | 9.3 | -.- | (10.3) | (10.3) |
| Special funds | 8.6 | -.- | (22.6) | (22.6) |
| Total financial liabilities | | <u>(501.2)</u> | <u>(507.1)</u> | <u>(1,008.3)</u> |
| Net financial assets | | <u>(113.8)</u> | <u>1,435.9</u> | <u>1,322.1</u> |

¹ Changes in fair value of investments are shown in OCI and changes in fair value of borrowings related to fair value hedges are shown in other income in the Statement of profit or loss and other comprehensive income.

² Include interest and other investment income.

³ Include interest and other loan income.

The exposure of the institution to the various risks related to financial instruments is disclosed in Note 8.5(ii). The maximum exposure to credit risk as of December 31, 2024, 2023, and 2022, respectively, corresponds to the balances shown for each of the above-mentioned financial assets.



8.1 Cash and cash equivalents

Cash at banks and deposits with original contractual maturities of up to three months from their date of purchase consist of:

| | <u>As of December 31,</u> | | |
|--|---------------------------|--------------|--------------|
| | <u>2024</u> | <u>2023</u> | <u>2022</u> |
| | \$ | \$ | \$ |
| Cash at banks | 28.0 | 45.3 | 33.3 |
| Time deposits and short-term bonds and sweep accounts ¹ | 311.4 | 278.9 | 184.3 |
| Total | 339.4 | 324.2 | 217.6 |

¹The total shown under this line item as of December 31, 2024, consists of investments and accrued interest with an original maturity of up to 90 days from the date of their purchase and until its maturity for \$288.7 and \$1.2, respectively (December 2023 and 2022 - \$264.9 and \$1.8, \$170.4, and \$13.9, respectively). In addition, it includes investments held in an interest-bearing sweep account opened with the Bank for International Settlements (BIS) for \$21.5, and \$0.003 of accrued interest (December 2023 and 2022 - \$12.3 and \$0.001; and \$0 and \$0, respectively) (see Note 8.3).

(i) Classification of cash equivalents

Time deposits and short-term bonds are considered as cash equivalents provided their contractual maturity is up to three months from their date of purchase. Note 4.6 includes a disclosure of the cash and cash equivalents policy.

8.2. Investments carried at fair value through other comprehensive income (OCI).

Investments classified under this category correspond to bonds issued by high-quality issuers, and consist of:

| | <u>As of December 31,</u> | | |
|---|---------------------------|--------------|--------------|
| | <u>2024</u> | <u>2023</u> | <u>2022</u> |
| | \$ | \$ | \$ |
| Sovereign bonds | 275.1 | 260.5 | 245.9 |
| Multilateral development institutions – Bonds | 131.5 | 114.2 | 89.5 |
| Other financial institutions | -.- | -.- | 1.9 |
| Argentine treasury bonds | 3.0 | 1.7 | 1.5 |
| Subtotal | 409.6 | 376.4 | 338.8 |
| Accrued interest receivable | 2.9 | 3.0 | 1.4 |
| Total | 412.5 | 379.4 | 340.2 |

At the date of disposal of these investments, the balance recognized in the “reserves for investments at fair value with changes in other comprehensive income” is part of the determination of the results of the year.

(i) Investments with related parties

As of December 31, 2024, 2023, and 2022, respectively, the Bank did not maintain investments with related parties.



(ii) Classification of investments carried at fair value with changes in other comprehensive income

Investments are designated as financial assets and carried at their respective fair value with changes in other comprehensive income when contractual cash flows are solely from principal and interest and the objective of the Bank's business model for these assets is achieved both by collecting contractual cash flows and selling the underlying assets.

(iii) Impairment

See Note 4.8, for further detail regarding applicable policies for the measurement and presentation of impairment of financial assets.

(iv) Amounts recognized in the statement of other comprehensive income

For the year ended as of December 31, 2024, 2023, and 2022, the Bank has accumulated unrealized losses in the amount of \$2.7 in its statement of comprehensive income (December 2023 and 2022 - \$4.2 and \$4.7, of unrealized gains, respectively, in other comprehensive income). These unrealized gains and losses consist of a loss in market value adjustments of investments of \$2.6 (December 2023 and 2022 - \$4.2 of unrealized gains and \$1.2 of unrealized gains, respectively); and \$0.1 for depreciation of the property revaluation reserve in 2024 (December 2023 and 2022 - \$0.024 and \$0.9, resulting from the reduction on the revaluation reserve due to the sale of the offices located in the 3rd floor of the headquarters building in January 2022). Additionally, as of December 31, 2022, comprehensive income included net changes in the fair value of cross-currency and interest rate swaps in the amount of \$3.9.

In accordance with the Bank's decision to classify its hedging operations and the original debt as operations at fair value in 2022, the balance maintained in other comprehensive income as of December 31, 2021 of \$5.7 due to adjustments in the value of currency exchange transactions and interest rates, was reclassified to the result of the year on January 1, 2022 (see Notes 4.10 and 8.5).

(v) Fair value, impairment, and exposure to risk

Information regarding the methods and assumptions used in the determination of fair value is disclosed in Note 8.7.

All investments carried at fair value have been and are denominated in U.S. dollars, which is the functional currency in which the financial statements are expressed.

8.3 Investments carried at amortized cost *(included in cash and cash equivalents)*

Investments classified under this category correspond to certificates of deposit. As of December 31, 2024, these investments amount to \$308.0, consisting of investments with an original maturity that does not exceed of 90 days for \$288.7 for which these deposits were reclassified as cash and cash equivalents, and sweep account deposits \$19.2 with an original maturity in excess of 90 days, respectively, (December 2023 and 2022 - \$264.9 and \$30.0; and \$169.8 and - \$0.0, respectively). The following table shows the composition of investments prior reclassifications.



| | <u>As of December 31,</u> | | |
|--|---------------------------|--------------|--------------|
| | <u>2024</u> | <u>2023</u> | <u>2022</u> |
| | <u>\$</u> | <u>\$</u> | <u>\$</u> |
| <u>Investments and certificates of deposit</u> | | | |
| Sovereign | 63.9 | 40.6 | 35.6 |
| Multilateral development institutions | 144.6 | 132.7 | 54.9 |
| Financial entities | 99.5 | 121.5 | 79.3 |
| Subtotal | 308.0 | 294.8 | 169.8 |
| Principal invested | 308.0 | 294.8 | 169.8 |
| Accrued interest receivable | 1.3 | 2.1 | 0.6 |
| Total | 309.3 | 296.9 | 170.4 |

(i) Investments held-to-maturity

The Bank measures its hold-to-maturity investments at amortized cost when financial assets are held as part of a business model whose objective can be achieved by collecting contractual cash flows, and the applicable contractual covenants of those financial assets give rise, at the specified maturities, to cash flows corresponding to repayments of principal and interest.

As of December 31, 2024, 2023, and 2022, based on the results of the Bank's assessment of ECL on investments carried at amortized cost, no allowance was deemed necessary, since the carrying amount of investments was lower than the respective fair values based on bid market prices.

8.4 Loan portfolio

Composition of the balance of loan portfolio outstanding by member country, is as follows:

| | <u>As of December 31,</u> | | |
|--|---------------------------|----------------|----------------|
| <u>Country</u> | <u>2024</u> | <u>2023</u> | <u>2022</u> |
| | <u>\$</u> | <u>\$</u> | <u>\$</u> |
| Argentina | 643.2 | 460.8 | 490.5 |
| Bolivia | 434.0 | 440.6 | 395.0 |
| Brazil | 268.5 | 206.3 | 178.9 |
| Paraguay | 379.9 | 342.3 | 342.0 |
| Uruguay | 527.4 | 328.9 | 278.4 |
| Gross loan portfolio with sovereign guarantee (SG) | 2,253.0 | 1,778.9 | 1,684.8 |
| Gross loan portfolio with non-sovereign guarantee (NSG) | 129.0 | 98.3 | 76.0 |
| Total gross loan portfolio | 2,382.0 | 1,877.2 | 1,760.8 |
| Less: Unaccrued administrative fee | (7.9) | (4.5) | (2.9) |
| Subtotal loan portfolio | 2,374.1 | 1,872.7 | 1,757.9 |
| Less: Provision for potential impairment on SG loans | (18.6) | (17.8) | (12.4) |
| Less: Provision for potential impairment on NSG loans | (3.2) | (1.6) | (1.1) |
| Net loan portfolio | 2,352.3 | 1,853.3 | 1,744.4 |

As of December 31, 2024, 2023, and 2022, accrued loan interest and commissions receivable amounts to \$47.3 \$39.5, y \$28.2, respectively.



As of December 31, 2024, 2023, and 2022, all loans were classified in stage 1. The amount of provision for potential impairment of loans was as follows:

| | As of December 31, | | |
|--|--------------------|-------------|-------------|
| | 2024 | 2023 | 2022 |
| | \$ | \$ | \$ |
| Provision as of the beginning of the period or year SG | 17.8 | 12.4 | 11.1 |
| Increase/decrease on provision of SG loans | 0.8 | 5.4 | 1.3 |
| Subtotal Provision GS | 18.6 | 17.8 | 12.4 |
| Opening NSG provision | 1.6 | 1.1 | 1.2 |
| Increase/decrease on NSG provision | 1.6 | 0.5 | (0.1) |
| Subtotal NSG Provision | 3.2 | 1.6 | 1.1 |
| Total provision for potential impairment on loans | 21.8 | 19.4 | 13.5 |

Based on their scheduled maturities, the gross loan portfolio is classified as follows:

| | As of December 31, | | |
|---|--------------------|----------------|----------------|
| | 2024 | 2023 | 2022 |
| | \$ | \$ | \$ |
| Up to one year | 221.4 | 217.0 | 171.6 |
| Greater than one and up to two years | 208.9 | 195.6 | 206.4 |
| Greater than two and up to three years | 224.9 | 184.4 | 199.6 |
| Greater than three and up to four years | 255.4 | 189.1 | 176.3 |
| Greater than four and up to five years | 248.3 | 195.9 | 172.6 |
| Greater than five years | 1,223.1 | 895.2 | 834.3 |
| Total gross loan portfolio | 2,382.0 | 1,877.2 | 1,760.8 |

(i) Loan portfolio classification

Approximately, 95% of the loan portfolio consists of loans granted with the sovereign guarantee of the member country. Beginning 2020, the Bank begun to grant non-sovereign guaranteed financing to government majority owned banks and enterprises at the central and local levels. The outstanding balance from those loans represents approximately 5% of gross loans outstanding as of December 31, 2024 (December 2023 and 2022 – 5% and 4%, respectively).

Sovereign guaranteed loans are loans for which the member countries recognize the Bank's preferred creditor status.

The financings included in the loan portfolio, based on their nature and relevant terms, do not constitute derivative instruments. Collections or principal repayments are based on fixed or determinable amounts, and they do not quote on an active market. As explained in Note 13, the balance of principal repayments to be received within 12 months following year end, is classified as current, with the remaining balance classified as non-current. Notes 4.7 and 4.8 (v), describe accounting policies used in connection with the accounting of the loan portfolio and the recognition of its impairment, respectively.



The Bank's 2022 – 2026 ISP, approved by the Board of Governors on September 17, 2021, provides for extending financing for activities such as pre-investment, investment, technical cooperation, and knowledge generation. To this end, the 2022 – 2026 ISP builds upon the approval by the Board of Governors in 2019, of an amendment to the "Policy for the Appropriation of Lending Resources," to allow the financing of majority-owned government enterprises of member countries, at the national and subnational levels, with non-sovereign guarantee (NSG). This amendment was preceded by the approval by the Board of Executive Directors of a new line for the financing of NSG operations in November 2019.

Under the NSG financing, the Bank is authorized to grant loans and guarantees to government majority-owned institutions and public enterprises at either the national or subnational levels. To be eligible for financing, those institutions must have a minimum credit risk rating and comply with the Bank's financial capacity and solvency requirements.

As indicated in Note 6.4, as of December 31, 2024, the balance of non-sovereign guaranteed loans pending collection amounts to \$129.0 (December 2023 and 2022 - \$98.3 and \$76.0, respectively), which represents an increase of approximately 31.2% compared to the balance as of December 31, 2023 (December 2023 – 29.4%, when compared to December 2022).

These financings consist of revolving credit lines with up to 8-year validity and a maximum 2-year grace period and up to 8-year amortization period.

As well as sovereign loans, these loans accrue interest based on the SOFR in arrears rate plus a margin established based on the credit risk rating at the time the financing is approved. Like the sovereign guaranteed loans, these financings accrue a commitment commission on the undisbursed balance of each approved stage within the credit line, plus an administration commission based on the validity of each stage.

Loans approved under the Flexible Financing Facility (FFF), allow borrowers to modify the frequency of principal amortizations, the type of interest rate and the currency of disbursement. On November 23, 2023, the Bank approved the first financing under this new framework to Badesul, a state-owned financial institution located at Rio Grande do Sul, Brazil in the amount of \$10.0. These financings were disbursed in full on January 29, 2024, and the borrower opted to denominate the currency of disbursement in BRL at CDI interest rate ("Certificado de Depósito Interbancário do Banco Central de Brasil"). In compliance of its asset/liability management the Bank entered into a cross-currency agreement with HSBC to hedge this transaction.

Furthermore, NSG operations require the borrower to pay an initial non-refundable fee intended to cover legal and credit risk costs inherent to the loan origination process.

(ii) Fair value of the loan portfolio

The book value of the loan portfolio approximates its fair value, because the future cash flows from loans granted approximate the accounted book value.



(iii) Impairment and exposure to risk

The provisions for potential impairment on sovereign guaranteed and non-sovereign guaranteed loans are maintained at a level considered adequate by the Bank to absorb potential losses related to the loan portfolio as of the date of the financial statements.

As stated in Note 4.7, the accrual of interest on loans is discontinued for loans balances that have been overdue for more than 180 days. Accrued interest receivable on loans placed in non-accrual status is recognized in income upon collection until the loans are reclassified to full accrual status. Reclassification to full accrual status requires the borrower to repay in full all principal, interest, and commissions in arrears, as well as providing assurance that it has overcome its financial difficulties that had prevented it repaying its obligations when they became due.

The Bank did not have, nor currently has loans balances in non-accrual status. However, and consistent with its enterprise-wide risk management policy, the Bank accounts for a provision to reflect the potential impairment on its loan portfolio. Loan loss provisioning is an integral part of the Bank's financial policies. Under the current policy, the provision for future losses on sovereign guaranteed and non-sovereign guaranteed loans are computed differently.

Provision for loan losses is based on the receivable balance from each member country. The outstanding balance is then multiplied by the probability of default for each member country and by the probability of maximum expected loss. Determination of the probability of default for each member country is based on the credit rating assigned by three internationally recognized credit rating agencies. This probability is then adjusted to consider the Bank's preferred creditor status.

For non-sovereign guaranteed loans, the probability of default is based on the Bank's own credit rating process of the prospective borrower. The initial following approval of the loan, credit rating is periodically reassessed. The maximum loss probability for non-sovereign guaranteed loans is based on the risk guidance issued by the Basle Committee.

In addition, the Bank maintains policies on risk exposure to avoid concentrating its lending on one country only, which could be affected by market conditions or other circumstances. In this regard, the Bank uses certain measurements or indicators, such as: equity and total assets. The Bank reviews the status of its loan portfolio, on a quarterly basis, to identify potential impairments affecting its collectability, in full or in part. Information about the overall credit quality of the loan portfolio, its exposure to credit risk, currency exchange and interest risk is disclosed Notes 4.7 and 6.

8.5 Borrowings

Borrowings include outstanding loans with multilateral development banks and other bilateral organizations; financial institutions; bonds and certificates of deposit from Central Banks of the member countries that were repaid on May 5, 2023. As stated in (ii) below, the Bank contracts cross-currency swaps to reduce its exposure to exchange and interest rate risk in those instances where it contracts debt in currencies other than the U.S. dollar or with a reference rate different from that of its loan portfolio. The net balance of the swaps' receivable and payable together with the amount of collateral received from JP Morgan (JPM), Credit-Suisse (CS), HSBC, BBVA, Deutsche Bank (DB), and SMBC consists of a net receivable of \$0.4 as of December 31, 2024 (December 2023 and 2022 - \$6.8³ and \$0.005, net receivable, respectively), and is shown under "Fair value hedged derivatives", in the statement of financial position.



Total borrowings as of December 31, 2024, 2023, and 2022 are as follows:

| | As of December 31, | | |
|---|--------------------|----------------|--------------|
| | <u>2024</u> | <u>2023</u> | <u>2022</u> |
| | <u>\$</u> | <u>\$</u> | <u>\$</u> |
| Borrowings | | | |
| Borrowings and time deposits at amortized cost ¹ | 537.6 | 309.1 | 476.1 |
| Borrowings at fair value | 66.9 | 133.7 | 9.2 |
| Bonds at fair value ² | 783.4 | 610.0 | 492.1 |
| Gross portfolio | 1,387.9 | 1,052.8 | 977.4 |
| Less: unamortized borrowing costs | (7.8) | (2.8) | (2.0) |
| Total | 1,380.1 | 1,050.0 | 975.4 |

¹Include borrowings denominated in Euros at the Euribor rate contracted with the AFD and KfW, which has been swapped into US Dollar at the compounded SOFR in arrears rate. These borrowings as well as their corresponding hedges are valued at their fair value as of December 31, 2024, of \$33.3 and \$33.5, respectively (December 2023 and 2022 - \$9.6 and \$24.1, respectively, and \$9.2 corresponding to the borrowing contracted with the AFD) (see Note 8.5 (i)).

²Effective January 1, 2022, the Bank classified its hedging transactions designed to protect debt flows contracted in currencies other than the US dollars and at interest rates other than Bank's interest reference rate for its loan portfolio, as fair value hedges in accordance with IFRS 9. This change was made prospectively within the framework of IAS 8, due to the net effect being immaterial in prior years.

³This balance consists primarily of the amount of collateral owed by CS of \$7.0, and it was settled on January 3, 2024.

(i) Loans from MBDs and other institutions and time deposits from central banks

The outstanding balance of loans contracted by the Bank to finance disbursements on its approved loans to its member countries is as follows:

| | As of December 31, | | |
|--|--------------------|--------------|--------------|
| | <u>2024</u> | <u>2023</u> | <u>2022</u> |
| | <u>\$</u> | <u>\$</u> | <u>\$</u> |
| Corporación Andina de Fomento – See (1) below | 75.0 | 100.0 | 100.0 |
| Time deposits with Central Banks – See (2) below | -.- | -.- | 80.0 |
| Inter-American Development Bank (IDB) – See (3) below | 167.8 | 133.0 | 118.4 |
| French Development Agency (AFD) – See (4) below | 48.8 | 26.9 | 28.3 |
| European Investment Bank (EIB) - See (5) below | 60.0 | 60.0 | 42.0 |
| Official Credit Institute E.P.E. (ICO) – See (6) below | 14.4 | 15.5 | 16.6 |
| Banco Bilbao Vizcaya Argentaria (BBVA) – See (7) below | 175.0 | 83.3 | 100.0 |
| KfW – See (8) below | 33.5 | 24.1 | -.- |
| CDP – Cassa Depositi e Prestiti S.P.A. – See (9) below | 30.0 | -.- | -.- |
| Total | 604.5 | 442.8 | 485.3 |

Outstanding borrowings contracted with MDBs, and other institutions include lines of credit contracted with the AFD, KfW, and CAF, which are hedged with cross-currency swaps and hence are valued at their fair value as of December 31, 2024 (see Note 8.5 (ii)).

Among the contractual clauses of the debts contracted with the AFD and the KfW, is the requirement to issue compliance certificates, certified by the independent auditors.



In March 2018, the Board of Executive Directors updated its financial policies through RDE 1409. Among the changes introduced, the Bank revised its methodology to determine its lending capacity basing it on a multiple of three times the value of the Bank's equity; and also updated the methodology to determine its borrowing capacity, basing it on a multiplier of two times the value of the Bank's equity, plus the sum of liquid assets

The Bank has designed its borrowing and financial programming strategies with the objective of diversifying its funding sources and obtaining the best possible financial terms based on its credit risk rating and its preferred creditor status.

- (1) On June 9, 2022, the Bank canceled the amount pending payment under the line of credit maintained with the "Banco de Desarrollo de América Latina" (CAF), since November 2016. On December 1 and December 6, 2022, respectively, the Bank disbursed \$50.0 under the line of credit agreed with CAF on September 17, 2021. The first disbursement was amortized in two equal payments of \$25.0, with matured on June 1 and December 2, 2024, respectively, and the second disbursement was also repaid in two equal installments on June 6 and December 6, 2024, respectively. Both loans accrued interest in SOFR term plus a fixed margin. On January 27, 2023, the Bank contracted with DB two interest rate swaps to hedge the two disbursements received from CAF, which bear interest at the Term SOFR interest rate, into the compounded SOFR in arrears interest rate which is the Bank's loan interest reference rate. These swaps are retroactive to December 1 and 6, 2022, which are the original dates of each disbursement (see Note 8.5 (ii)). On December 6, 2023, the Bank and CAF agreed on a new non-committal revolving line of credit in the amount of \$75.0, based on the SOFR Term rate. On January 26, 2024, the Bank disbursed the whole amount undisbursed under this non-committal revolving line of credit. This line would be repaid in three equal semiannual installments of \$25.0, each, maturing on January 26, 2026; July 27, 2026; and January 27, 2027. On December 26, 2024, the Bank signed an addendum increasing the amount under the non-committal revolving line of credit with CAF to \$150.0.
- (2) The Bank maintained agreements with the Central Banks of its member countries that allow it to accept medium-term funds denominated in US dollars, instrumented under the modality of promissory notes. As of December 31, 2022, the Bank borrowed \$80,0 on a fixed rate certificate of deposit maturing on May 5, 2023, with the Central Bank of Uruguay. The accrued interest in this certificate is included in the financial costs for the period.
- (3) On March 7, 2022, the Bank subscribed a second financing agreement in the amount of \$100.0 with the Inter-American Development Bank (IADB), raising the total amount to be financed with the IADB to \$200.0, of which \$100.0 were approved in 2017. The new loan is based on SOFR in arrears and provides for a 4-year disbursement period, and a 25-year amortization period, with an average duration of 14.95 years. The first amortization of principal is scheduled to take place on May 15, 2027, with the last amortization of principal occurring on November 15, 2046. The terms of financing agreement, which entered into force upon signature of the loan contract, provide for recognition of prior eligible project expenditures incurred on and after December 8, 2021, and through the effective date for the last disbursement under this line of credit. Furthermore, with the purpose of optimizing cash flows under this line of credit, both parties agreed that the Bank could make disbursements on eligible loans and that the IADB would reimburse the Bank those amounts under the modality of reimbursement of expenditures.



The first line of credit expired in November 2022, date for the last disbursement. Hence, monies drawn down from the IADB under this line of credit can be used by the Bank as it sees fit. During the year ended as of December 31, 2024, the Bank drew-down \$39.8 against this new line of credit (December 31, 2023 - \$19.6 disbursed). During the year ended as of December 31, 2024, the Bank amortized \$5.0 against the first tranche.

The following chart provides a detailed account of the eligible loans under the line of credit approved with the IDB, the total amount to be financed for each eligible loan, the amount disbursed to date and their respective undisbursed balance:

| <u>Loans</u> | As of December 31, 2024 | | | |
|---|-------------------------|------------------|------------------------------------|---|
| | BID | | | |
| | <u>Eligible</u> | <u>Disbursed</u> | <u>To be disbursed²</u> | <u>To be financed by FONPLATA²</u> |
| <u>Active line of credit 2022 \$100.0:</u> | | | | |
| ARG-28/2016 Compl. Fronterizos ¹ | 18.0 | 11.6 | -.- | -.- |
| ARG-40/2018 Acceso Pto. Las Palmas | 10.0 | -.- | -.- | -.- |
| BOL-32/2018 Infra Urbana- Stage II | 5.0 | -.- | -.- | -.- |
| BOL-33/2019-Acheral Choere | 9.9 | -.- | -.- | -.- |
| BOL-34/2021-Employment generation | 40.7 | 34.1 | -.- | -.- |
| BRA-21/2018 Itajaí 2040 ¹ | 40.3 | 24.2 | -.- | -.- |
| BRA-23/2019 Ponta Pora | 25.0 | 7.9 | -.- | -.- |
| Subtotal | 148.9 | 77.8 | 22.2 | 48.9 |
| Not financed by IADB | (48.9) | -.- | -.- | -.- |
| Total credit line | 100.0 | 77.8 | 22.2 | -.- |

¹ Adjustment in the eligible amounts of loans ARG-28/2016 for \$2.0 and BRA-21/2018 for \$4.7 compared to the balances reported as of December 31, 2023.

²To be decided based upon disbursement requests from executing agencies on a project-by-project basis.

| | As of December 31, 2023 | | |
|---|-------------------------|------------------|------------------------|
| | IDB | | |
| | <u>Eligible</u> | <u>Disbursed</u> | <u>To be disbursed</u> |
| <u>Active line of credit 2022:</u> | | | |
| ARG-28/2016 Compl. Fronterizos | 20.0 | 10.4 | 9.6 |
| ARG-40/2018 Acceso Pto. Las Palmas | 10.0 | -.- | 10.0 |
| BRA-21/2018 Itajaí 2040 | 45.0 | 19.6 | 25.4 |
| BRA-23/2019 Ponta Pora | 25.0 | 7.9 | 17.1 |
| Total credit line | 100.0 | 37.9 | 62.1 |



| <u>Loans</u> | As of December 31, 2022 | | | |
|------------------------------------|-------------------------|------------------|----------------------------|---------------------------------------|
| | <u>IDB</u> | | | <u>To be financed by FONPLATA</u> |
| | <u>Eligible</u> | <u>Disbursed</u> | <u>To be disbursed</u> | |
| <u>Active line of credit 2022:</u> | | | | |
| ARG-28/2016 Compl. Fronterizos | 16.7 | 8.3 | 8.4 | 3.3 |
| BRA-21/2018 Itajaí 2040 | 6.2 | 6.2 | -.- | 56.3 |
| BRA-23/2019 Ponta Pora | 22.1 | 3.9 | 18.2 | 2.9 |
| <i>Subtotal</i> | 45.0 | 18.4 | 26.6 | 62.5 |
| Projects to be identified | 55.0 | -.- | 55.0 | -.- |
| <i>Total credit line</i> | 100.0 | 18.4 | 81.6 | 62.5 |

- (4) As of June 29, 2022, the Bank signed a second line of credit with the French Development Agency (AFD) to borrow up to EUR 30.0 with a 12-year maturity at the 6-month Euribor rate plus a margin. This credit line is added to the credit line denominated in U.S. dollars that was approved in October 2018, for \$20.0, and that was fully executed in 2021, therefore it is in repayment process. As of December 31, 2022, eligible loans were financed under this new line of credit for a total of EUR 8.0, equivalent to \$8.5. On September 23, 2024, the Bank disbursed EUR 22.0, equivalent to \$24.6, using the available balance under this line.

The total amount owed to AFD under these two lines as of December 31, 2024, amounts to \$48.8, consisting of \$15.5 and EUR 30.0 (2023- \$20.0 and EUR 8.0). To hedge the currency and interest rate potential exposures related to the Euro denominated disbursement and to the Euribor, the Bank contracted a cross-currency swap with JPM in 2022, and with SMBC in 2024 (see Note 8.5 (ii)). During the year ending as of December 31, 2024, the bank amortized \$1.8 against the dollar denominated line.

| <u>Loans</u> | AFD as of December 31, 2024 | | | | |
|------------------------------|-----------------------------------|-----------------|------------------|------------------|---|
| | <u>Total project cost</u> | <u>Eligible</u> | <u>Disbursed</u> | <u>Available</u> | <u>To be financed by FONPLATA</u> |
| | | | | | |
| ARG-51/2021-PROSAF | 12.8 | 3.8 | 3.8 | -.- | 9.0 |
| BRA-33/2022-DOURADOS | 38.5 | 12.0 | 12.0 | -.- | 26.5 |
| BRA-29/2021-INDAIATUBA | 28.9 | 14.2 | 14.2 | -.- | 14.7 |
| Total Euros | 80.2 | 30.0 | 30.0 | -.- | 50.2 |
| USD equivalent | 83.4 | 31.2 | 31.2 | -.- | 52.2 |
| Line denominated in USD 2018 | 20.0 | 20.0 | 20.0 | -.- | -.- |
| Total | 103.4 | 51.2 | 51.2 | -.- | 52.2 |



| AFD Funding in Euros and USD as of December 31, 2023, and 2022 | | | | | |
|--|-----------------|------------------|------------------|-----------------|---------------|
| <u>Loans</u> | <u>Eligible</u> | <u>Disbursed</u> | <u>Available</u> | <u>FONPLATA</u> | <u>To pay</u> |
| ARG-51/2021-PROSAF | 3.8 | 3.8 | -.- | 9.5 | -.- |
| BRA-33/2022-DOURADOS | 11.4 | 4.2 | 7.2 | 28.6 | -.- |
| Projects to be identified | 14.8 | -.- | 14.8 | -.- | -.- |
| Total Euros | 30.0 | 8.0 | 22.0 | 38.1 | 8.0 |
| USD equivalent | 33.1 | 8.8 | 24.3 | 42.1 | 8.8 |
| Credit line denominated in USD 2018 | 20.0 | 20.0 | -.- | -.- | 17.3 |
| Total | 53.1 | 28.8 | 24.3 | 42.1 | 26.1 |

- (5) On April 29 and December 6, 2022, the Bank received from the European Investment Bank (EIB), an amount of \$10.0 and \$20.0, respectively, within the framework of the financing line that was signed in August 2020, for \$60.0. This disbursement is added to the one that was executed in December 2021, for \$12.0. On July 6, 2023, the Bank drew down \$18.0, completing the total amount approved under this line of credit. There were no principal repayments under this line of credit in 2024.
- (6) During the year ended as of December 31, 2022, the Bank received \$12.2, under the second line of credit subscribed on June 9, 2022, with the “Instituto de Crédito Oficial E.P.E. – (ICO),” in the amount of \$15.0, which eligibility for disbursements expired in June 2023. This line was added to the one signed in 2018, for \$15.0, of which the undisbursed balance of \$9.5 was cancelled on December 17, 2020, leaving an outstanding balance of \$5.5, of which the Bank amortized \$1.1 in 2023, leaving the outstanding balance as of year-end in \$15.5 (2022 - \$1.1 amortized leaving an outstanding balance of \$16.6). On May 16, 2024, the Bank signed a third line of credit in the amount of \$25.0. No disbursements were drawn down under this line of credit during the year ended as of December 31, 2024. The bank amortized \$1.1 leaving an outstanding balance of \$14.4.

The following chart provides a detailed account of the eligible loans financed under the line of credit approved with the ICO, the total amount to be financed for each eligible loan, the amount disbursed to date and their respective undisbursed balance:

| ICO as of December 31, 2024 | | | |
|---|-----------------|---------------------|------------------|
| <u>Loans</u> | <u>Eligible</u> | <u>Disbursed in</u> | |
| | | <u>2024</u> | <u>Available</u> |
| BRA-31/2021 CRICIUMA II | 3.7 | -.- | 3.7 |
| URU-25/2024 Universalización Saneamiento I | 8.3 | -.- | 8.3 |
| URU-25/2024 Universalización Saneamiento II | 1.7 | -.- | 1.7 |
| URU-27/2024 Univ. Saneamiento Maldonado | 11.3 | -.- | 11.3 |
| Total | 25.0 | -.- | 25.0 |

| ICO as of December 2023 and 2022 | | | |
|--------------------------------------|-----------------|------------------|-------------|
| <u>Loans</u> | <u>Eligible</u> | <u>Disbursed</u> | |
| | | <u>2023</u> | <u>2022</u> |
| ARG 23/2015 Ferrocarril Belgrano SUR | 12.6 | 12.2 | 0.4 |
| Total | 12.6 | 12.2 | 0.4 |



- (7) In June 2021, the Bank signed and drew-down in full a 5-year term credit facility in the amount of \$100.0 with BBVA. During the year ended as of December 31, 2024, the Bank amortized \$33.3 (December 2023- \$16.7). Furthermore, on November 19, 2024, the Bank contracted a new line of credit in the amount of \$125.0, which was fully disbursed leaving an outstanding balance of \$175.0, under this credit facility (December 2023- \$83.3).
- (8) On December 16, 2022, the Bank signed a loan contract with KfW intended to finance green line projects that contribute to mitigating negative impacts on the environment and climate change. This line of credit is denominated in Euros at the Euribor interest rate plus a fixed margin. This line of credit amounts to EUR 37.0. This line had an original eligibility for disbursements through December 31, 2024. In November 2024, the Bank obtained a postponement of the last disbursement date through December 31, 2025. Amortization of this loan will commence on May 15, 2027, and end on May 15, 2030, based on 7 semi-annual equal installments. On August 24, 2023, the Bank disbursed EUR 21.0 equivalent to \$22.8 under this line of credit. This disbursement was hedged through a cross-currency swap to align the cashflows with the US dollar and the interest rate with the SOFR in arrears which are the currency and reference rate of the Bank's lending operations. This disbursement was exchanged into a U.S. dollar denominated obligation with semiannual interest payments based on the SOFR in arrears through a cross-currency swap contracted with BBVA. On November 16, 2024, the Bank drew-down EUR 10.5 equivalent to \$11.1 under this line of credit. During the year ended as of December 31, 2024, no disbursements or amortizations took place under this line.

The following chart shows the list of loans considered eligible for financing under this facility contracted with KfW, the total amount to be financed, the amount disbursed as of December 31, 2024, and the amount pending disbursement:

| <u>Loans</u> | KfW as of December 31, 2024 | | |
|-----------------------------|-----------------------------|------------------|------------------|
| | <u>Eligible</u> | <u>Disbursed</u> | <u>Available</u> |
| ARG23/2015 Belgrano Sur | 10.5 | 10.5 | -.- |
| PAR26/2018 Ande Valenzuela | 21.0 | 21.0 | -.- |
| PAR29/2022 Ande Chaco | 5.5 | -.- | 5.5 |
| Total Euros | 37.0 | 31.5 | 5.5 |
| US dollar equivalent | 38.4 | 32.7 | 5.7 |

| <u>Loans</u> | KfW as of December 31, 2023 | | |
|-----------------------------|-----------------------------|------------------|------------------|
| | <u>Eligible</u> | <u>Disbursed</u> | <u>Available</u> |
| ARG23/2015 Belgrano Sur | 10.5 | -.- | 10.5 |
| PAR26/2018 Ande Valenzuela | 21.0 | 21.0 | -.- |
| PAR29/2022 Ande Chaco | 5.5 | -.- | 5.5 |
| Total Euros | 37.0 | 21.0 | 16.0 |
| US dollar equivalent | 40.8 | 23.2 | 17.6 |

- (9) On May 23, 2024, the Bank signed a \$30.0 under its first credit line with CDP - Cassa Depositi e Prestiti S.P.A., with the purpose of financing projects eligible within the Bank's Sustainable Debt Framework. This line has a maturity of 6 years and is amortizable at the SOFR in arrears rate composed of 12 semi-annual installments and was fully disbursed on June 18, 2024.



(ii) Bonds and derivative financial instruments designated as fair value hedge

As stated in Notes 2 and 4.10, between 2019 and 2021, the Bank launched three bond issuances, a.k.a., FONPLATA 24, FONPLATA26, and FONPLATA28, according to their respective year of maturity. These bond issuances are denominated in Swiss Francs with an annual fixed rate coupon and principal payment at maturity. FONPLATA 24, consisted of CHF 150.0 and was redeemed at its maturity on March 11, 2024; FONPLATA26, consisted of CHF 200.0 with a 5 ½ - years of maturity on September 3, 2026; and FONPLATA28, CHF 150.0, with a 7-year maturity on December 1, 2028, and a fixed rate coupon. As indicated in Note 2, “Significant Changes During the Current Year”, on May 15, 2024, the Bank issued a new bond in the Swiss capital market, called FONPLATA 27, for CHF 145.0 maturing on November 15, 2027. This bond was the first Bank’s issuance in the Swiss market under its Sustainable Debt Framework. This bond was issued at a fixed rate with an annual interest coupon and exchanged for an obligation in US dollars for \$158.6 at the SOFR rate with semiannual interest payment through a rate and currency hedging operation contracted with Banco Bilbao Viscaya Argentaria (BBVA). On October 24, 2024, the Bank issued a new bond in the Swiss capital markets. This new issuance consisted of a 5-year bond for a total of CHF 130.0 equivalent to \$152.9, with a fixed rate coupon, which was hedged through a cross-currency swap contracted with DB.

As of the end of March 2023, the Bank entered for the first time the Japanese capital markets and launched the issuance of its first sustainable bonds. This issuance consisted of two series, the first one with maturity in March 2028 in the amount of JPY 3,000.0, equivalent to \$22.5 at fix rate with a semiannual coupon, and the second one maturing in October 2029 in the amount of JPY 4,200.0, equivalent to \$31.5.

On June 20, 2024, the Bank conducted another sustainable bond issuance in the Japanese market through a private placement that consisted of two more series (i.e., third and fourth series). The third series for JPY 6,300.0 consists of two tranches of JPY 6,200.0 and JPY 100.0, respectively, both with a 3-year maturity, on June 18 from 2027; and the fourth series for ¥1,100.0, maturing in 5 years on June 20, 2029. As indicated in Note 2, these issuances were the subject of two cross-currency swaps contracted with Sumitomo Banking Corporation (SMBC), for \$40.2, covering the third series maturing in 2027, and \$7.0 for the fourth series maturing in 2029, respectively.

In 2022, the Bank contracted a second line of credit with the AFD and another one with KfW, both denominated in EUR at the Euribor rate. As of December 31, 2024, the Bank had disbursed in full the EUR 30.0, equivalent to \$31.2, and the EUR 31.5, equivalent to \$32.7, with AFD and with KfW, respectively, before changes in fair value (2023 – EUR 8.0 equivalent to \$8.8, and EUR 21.0, equivalent to \$23.2, before changes in fair value, were disbursed under these lines, respectively).

In compliance with its financial and risk management policies, the Bank contracts derivatives to exchange obligations denominated in currencies other than the U.S. dollar, and at interest rates other than the 6-month Libor, into U.S. dollars denominated obligations bearing interest based on the 6-month Libor rate. Based on the nature of these transactions, the Bank considered cross-currency and interest rate swaps effective to offset both the interest rate and currency exchange risks. Accordingly, the Bank designated the derivatives assumed as a fair value hedge in accordance with IFRS 9.

The following are the cross-currency swaps outstanding as of December 31, 2024, 2023, and 2022, respectively:



December 31, 2024

1. SMBC – Cross-currency swaps in connection with the issuance of: (i) sustainable bonds FONPLATA JPY 2027, series 3, JPY 6,300.0, (A and B tranches), maturing in 3 years at a fixed annual rate of 1.60% with semiannual coupon exchanged for \$40.2, maturing in 3 years with interest payment based on SOFR in arrears plus a margin; (ii) sustainable bonds FONPLATA JPY 2024, JPY 1,100.0, maturing in 5 years at a fixed annual rate of 1.79% with semiannual coupon, exchanged for \$7.0, maturing in 5 years with interest payment based on the SOFR in arrears plus a margin; and (iii) disbursement received from AFD on September 26, 2024, maturing in 9 ½ yrs., EUR 22.0 at the Euribor rate equivalent to \$24.6 at the SOFR in arrears plus a fixed margin to be exchanged on February 1, 2034.
2. JPM – This derivative expired on March 11, 2024, the original maturity date of the bonds, giving rise to the exchange of the contracted flows with which the JPM paid CHF 150.0, plus 1 basis point of paying agent commission, and the Bank paid JPM \$148.8, plus interest corresponding to the last semester.
3. DB – Cross-currency swap to hedge FONPLATA 29 5yr bond issuance effective on October 24, 2024, in the amount of CHF 130.0, maturing on October 24, 2029, with fixed rate coupon, exchanged for \$152.9 with semiannual interest based on the SOFR in arrears. DB assumed under the same conditions the cross-currency swap originally contracted with CS (see 9, below).
4. BBVA – Cross-currency swap in connection with the EUR 10.5 draw-down on November 16, 2024, from the line of credit contracted with KfW, with interest payments based on the Euribor rate, exchanged for \$10.9, and with semiannual interest payments based on the SOFR in arrears. Cross-currency swap to cover the issuance of the sustainable bond FONPLATA 27, effective May 15, 2024, CHF 145.0 maturing at 3.5 years on November 15, 2027, fixed-rate coupon, exchanged for \$158.6, with semi-annual interest payments at the SOFR rate plus a fixed margin.
5. HSBC – Cross-currency swap contracted on January 29, 2024, associated to the \$10.0, non-sovereign loan granted to Badesul, which exercised the option granted under the Flexible Financing Facility on Bank loans, to denominate the loan in local currency at the CDI rate (“Certificado de Deposito Interbancario” published by the Brazilian Central Bank). Under this swap the Bank will receive the original amount disbursed \$10.0, and semiannual interest payments based on the SOFR in arrears and pay the counterpart the principal amortization and interest payments based in the CDI, in Brazilian Reais.



December 31, 2023

6. HSBC – Cross-currency swap to exchange the proceeds from the issuance of sustainable bonds issued in the Japanese capital market series 1 JPY 3,000.0, with a 5-year maturity at a fix annual rate of 1.21% with semiannual coupons, for a U.S. dollar denominated debt of \$22.5, with a 5-year maturity at the SOFR in arrears plus a margin; and sustainable bonds series 2 JPY 4,200.0, maturing in 6 ½ years at a fix annual rate of 1.30% with semiannual coupon for a U.S. dollar denominated debt of \$31.5, with a 6 ½ year maturity at the SOFR in arrears plus a margin.
7. BBVA – Cross-currency swap to exchange EUR 21.0 drew-down on August 28, 2023, from KfW at the Euribor rate for \$22.8 at the SOFR in arrears maturing in 5 years on November 15, 2028. This hedge transaction provides for the semiannual exchange of interest by the counterpart at the 6-month Euribor rate plus a margin for semiannual interest payments based on the SOFR in arrears plus a margin to be made by the Bank.
8. JPM – Cross-currency swapping CHF 150.0, maturing in 5-years at fix rate with 0.578% annual coupon, plus 1 bps paying agent's commission, exchanged for USD 148.8, maturing in 5-years with semiannual interest payments based on the 6-month Libor rate.
9. CS – Cross-currency swap to exchange CHF 200.0, 5 ½ year maturity at fix rate, with 0.556% annual coupon for USD 222.7, plus 1 bps paying agent fee, maturing in 5 ½ years, with semiannual payments based on the 6-month Libor rate.
10. JPM – Cross currency swap to exchange CHF 150.0, 7-year maturity at fix rate, with 0.7950% annual coupon for USD 164.5, plus 1 bps paying agent fee, maturing in 7 years, with semiannual payments based on the 6-month Libor rate.

December 31, 2022

11. JPM – Cross-currency and rate swap to exchange EUR 8.0, the first disbursement taken from the second loan contracted with AFD (see Note 8.5 (i) (4)) at the Euribor rate plus a fixed margin. This swap operation covers the period of the indebtedness contracted from December 23, 2022 until its maturity on January 31, 2034, and bears interest on a total equivalent of USD 8.5 on a SOFR basis due which is the reference rate for all loans granted by the Bank as of January 1, 2022 (see Note 6.2).
12. DB – Cross-rate swap on the two disbursements taken in December 2023 of the credit line contracted with CAF in 2021 (see Note 8.5 (i) (1), to go from the Term SOFR rate to the compounded SOFR rate due, which is the reference rate for the Bank's lending operations. These interest rate hedges became effective on January 27, 2023, with retroactive coverage to December 1 and 6, 2022, the date on which the disbursements were taken. The fair value of the debt contracted with CAF for these disbursements and the fair value of the interest rate hedges receivable and payable as of December 31, 2022, is equal to the amortized cost value of the debt as of that date, which amounts to \$100.0. This hedging operation resulted in an interest difference in favor of the Bank as of December 31, 2022, of \$0.08, which has been reflected as a lower cost of financial charges.



The Bank has signed ISDA master netting agreements with its counterparts. Under these agreements, each party must compensate the other with collateral for any differences in credit risk resulting from daily changes in valuation of the swaps due to changes in interest and foreign exchange rates. Collateral is to be made effective, either in cash or U.S. Treasury bills by the party that is deficient when the net daily difference in valuation exceeds a given threshold. Collateral is determined based on a proprietary valuation model.

The Bank closely monitors the fairness and reasonableness of those valuation models used by its counterparts through its own valuation model based on market information provided by Bloomberg financial services regarding interest and exchange rates.

In the event the collateral is satisfied in cash, the party receiving collateral from the counterpart is obliged to pay interest based on the U.S. Federal Reserve interest rate.

Interest received or paid by the Bank on the amount of collateral held by the counterparts is recognized as part of other incomes in the statement of profit or loss and other comprehensive income. As of December 31, 2024, the Bank has a net receivable position with its derivative counterparts in the amount of \$28.9 (December 2023 and 2022 - \$20.6 payable and \$36.9 receivable).

Interest paid/received in collateral deposits with derivative counterparts is based on the interest rate published by the Federal Reserve Bank of the United States of America for overnight deposits. During the period from January 1 to December 31, 2024, the Bank received interest on collateral deposited with its counterparties for \$1.1 (December 2023 and 2022 - \$1.3 and \$0.8, respectively) and paid interest on collateral received from its counterparties for \$0.6 (December 2023 and 2022 - \$0.2 and \$0.0, respectively).

Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position where the Bank currently has a legally enforceable right to offset the recognized amounts, and there is the intention to settle on a net basis or realize the asset and settle the liability simultaneously.

The following table presents the recognized financial instruments as if all set-off rights were exercised (i.e., cross-currency and interest rate swaps and collateral), based on the set-off and netting right arising from the contract. As of December 31, 2024, neither of the parties exercised their rights to set off and netting. The column "net amount" shows the impact on the Bank's statement of financial position if all set-off rights were exercised.



| | Gross amounts \$ | Gross amounts offset in the Statement of Financial Position \$ | Net amounts presented in the Statement of Financial Position \$ |
|---|---------------------|--|---|
| As of December 31, 2024 | | | |
| J.P. Morgan (JPM): | | | |
| Financial assets: | | | |
| Cross-currency and interest rate swaps receivable | 180.4 | (182.0) | (1.6) |
| Collateral receivable | 1.6 | -.- | 1.6 |
| Subtotal Derivatives Receivable | 182.0 | (182.0) | -.- |
| Financial Liabilities: | | | |
| Cross-currency and interest rate swaps payable | (182.0) | 182.0 | -.- |
| Subtotal Derivatives Payable | (182.0) | 182.0 | -.- |
| Derivatives net JPM | -.- | -.- | -.- |
| Deutsche Bank (DB): | | | |
| Financial assets: | | | |
| Interest rate swaps receivable | 51.6 | (51.6) | -.- |
| Cross-currency and interest rate swaps receivable | 367.5 | (377.0) | (9.5) |
| Collateral receivable | 18.6 | -.- | 18.6 |
| Subtotal Derivatives Receivable | 437.7 | (428.6) | 9.1 |
| Financial Liabilities: | | | |
| Interest rate swaps payable | (51.6) | 51.6 | -.- |
| Cross-currency and interest rate swaps payable | (386.0) | 377.0 | (9.0) |
| Subtotal Derivatives Payable | (437.6) | 428.6 | (9.0) |
| Derivatives net DB | 0.1 | -.- | 0.1 |
| HSBC²: | | | |
| Financial assets: | | | |
| Cross-currency and interest rate swaps receivable | 58.5 | (67.9) | (9.4) |
| Collateral receivable | 9.6 | -.- | 9.6 |
| Subtotal Derivatives Receivable | 68.1 | (67.9) | 0.2 |
| Financial Liabilities: | | | |
| Cross-currency and interest rate swaps payable | (67.9) | 67.9 | -.- |
| Subtotal Derivatives Payable | (67.9) | 67.9 | -.- |
| Derivatives net HSBC | 0.2 | -.- | 0.2 |
| BBVA: | | | |
| Financial assets: | | | |
| Cross-currency and interest rate swaps receivable | 190.2 | (190.2) | -.- |
| Subtotal Derivatives Receivable | 190.2 | (190.2) | -.- |
| Financial Liabilities: | | | |
| Cross-currency and interest rate swaps payable | (186.5) | 190.2 | 3.7 |
| Collateral payable | (3.7) | -.- | (3.7) |
| Subtotal Derivatives Payable | (190.2) | 190.2 | -.- |
| Derivatives net BBVA | -.- | -.- | -.- |



| | Gross amounts \$ | Gross amounts offset in the Statement of Financial Position \$ | Net amounts presented in the Statement of Financial Position \$ |
|--|---------------------|--|---|
| SMBC: | | | |
| <u>Financial assets:</u> | | | |
| Cross-currency and interest rate swaps receivable | 73.4 | (76.0) | (2.6) |
| Collateral receivable | 2.7 | -.- | 2.7 |
| <i>Subtotal Derivatives Receivable</i> | 76.1 | (76.0) | 0.1 |
| <u>Financial Liabilities:</u> | | | |
| Cross-currency and interest rate swaps payable | (76.0) | 76.0 | -.- |
| <i>Subtotal Derivatives Payable</i> | (76.0) | 76.0 | -.- |
| <i>Derivatives net SMBC</i> | 0.1 | -.- | 0.1 |
| <i>Net derivative receivable position</i> | 0.4 | -.- | 0.4 |

| | Gross amounts \$ | Gross amounts offset in the Statement of Financial Position \$ | Net amounts presented in the Statement of Financial Position \$ |
|--|---------------------|--|---|
| <u>As of December 31, 2023</u> | | | |
| Credit Suisse (CS): | | | |
| <u>Financial assets:</u> | | | |
| Cross-currency and interest rate swaps receivable ¹ | 238.5 | (237.0) | 1.5 |
| Collateral receivable | 5.5 | -.- | 5.5 |
| <i>Subtotal Derivatives Receivable</i> | 244.0 | (237.0) | 7.0 |
| <u>Financial liabilities:</u> | | | |
| Cross-currency and interest rate swaps payable ¹ | (237.0) | 237.0 | -.- |
| <i>Subtotal Derivatives Payable</i> | (237.0) | 237.0 | -.- |
| <i>Derivatives net receivable CS</i> | 7.0 | -.- | 7.0 |

| | | | |
|--|----------------|----------------|--------------|
| J.P. Morgan (JPM): | | | |
| <u>Financial assets:</u> | | | |
| Cross-currency and interest rate swaps receivable ³ | 366.4 | (366.4) | -.- |
| <i>Subtotal Derivatives Receivable</i> | 366.4 | (366.4) | -.- |
| <u>Financial Liabilities:</u> | | | |
| Cross-currency and interest rate swaps receivable ³ | (336.2) | 366.4 | 30.2 |
| Collateral payable | (30.4) | -.- | (30.4) |
| <i>Subtotal Derivatives Payable</i> | (366.6) | 366.4 | (0.2) |
| <i>Derivatives net payable JPM</i> | (0.2) | -.- | (0.2) |



| | Gross amounts \$ | Gross amounts offset in the Statement of Financial Position \$ | Net amounts presented in the Statement of Financial Position \$ |
|--|---------------------|--|---|
| Deutsche Bank (DB): | | | |
| <u>Financial assets:</u> | | | |
| Interest rate swaps receivable | 50.5 | (50.5) | -.- |
| <i>Subtotal Derivatives Receivable</i> | 50.5 | (50.5) | -.- |
| <u>Financial liabilities:</u> | | | |
| Interest rate swaps payable | (50.5) | 50.5 | -.- |
| <i>Subtotal Derivatives Payable</i> | (50.5) | 50.5 | -.- |
| <i>Derivatives net receivable DB</i> | -.- | -.- | -.- |
| HSBC: | | | |
| <u>Financial assets:</u> | | | |
| Cross-currency and interest rate swaps receivable | 55.2 | (55.2) | -.- |
| Collateral receivable | 4.8 | (4.8) | -.- |
| <i>Subtotal Derivatives Receivables</i> | 60.0 | (60.0) | -.- |
| <u>Financial liabilities:</u> | | | |
| Cross-currency and interest rate swaps payable | (60.0) | 60.0 | -.- |
| <i>Subtotal Derivatives Payable</i> | (60.0) | 60.0 | -.- |
| <i>Derivatives net payable HSBC</i> | -.- | -.- | -.- |
| BBVA: | | | |
| <u>Financial assets:</u> | | | |
| Cross-currency and interest rate swaps payable | 24.1 | (24.1) | -.- |
| <i>Subtotal Derivatives Receivable</i> | 24.1 | (24.1) | -.- |
| <u>Financial liabilities:</u> | | | |
| Cross-currency and interest rate swaps payable | (23.7) | 24.1 | 0.4 |
| Collateral payable | (0.4) | -.- | (0.4) |
| <i>Subtotal Derivatives Payable</i> | (24.1) | 24.1 | -.- |
| <i>Derivatives net payable BBVA</i> | -.- | -.- | -.- |
| <i>Net receivable as of December 31, 2023</i> | 6.8 | -.- | 6.8 |



| | Gross amounts \$ | Gross amounts offset in the Statement of Financial Position \$ | Net amounts presented in the Statement of Financial Position \$ |
|--|---------------------|--|---|
| <u>As of December 31, 2022,</u> | | | |
| Credit Suisse (CS): | | | |
| <u>Financial assets:</u> | | | |
| Cross-currency and interest rate swaps receivable ¹ | 210.8 | (238.1) | (27.3) |
| Collateral receivable | 27.3 | -.- | 27.3 |
| Subtotal Derivatives Receivable | 238.1 | (238.1) | -.- |
| <u>Financial liabilities:</u> | | | |
| Cross-currency and interest rate swaps payable ¹ | (238.1) | 238.1 | -.- |
| Subtotal Derivatives Payable | (238.1) | 238.1 | -.- |
| Derivatives net receivable CS | -.- | -.- | -.- |
| J.P. Morgan (JPM): | | | |
| <u>Financial assets:</u> | | | |
| Cross-currency and interest rate swaps receivable ³ | 329.1 | (338.7) | (9.6) |
| Collateral receivable | 9.6 | -.- | 9.6 |
| Subtotal Derivatives Receivable | 338.7 | (338.7) | -.- |
| <u>Financial liabilities:</u> | | | |
| Cross-currency and interest rate swaps payable ³ | (338.7) | 338.7 | -.- |
| Subtotal Derivatives Payable | (338.7) | 338.7 | -.- |
| Derivatives net receivable JPM | -.- | -.- | -.- |
| Deutsche Bank (DB): | | | |
| <u>Financial assets:</u> | | | |
| Interest rate swaps receivable | 100.0 | (100.0) | -.- |
| Subtotal Derivatives Receivable | 100.0 | (100.0) | -.- |
| <u>Financial liabilities:</u> | | | |
| Interest rate swaps payable | (100.0) | 100.0 | -.- |
| Net derivative exposure with DB | -.- | -.- | -.- |
| Net derivative receivable position | -.- | -.- | -.- |

¹Based on the contractual clauses of the contract signed in connection with the cross-currency swap with CS, which was subsequently merged with the UBS Group AG (UBS) in March 2023, during the third quarter of 2023, the interest rate was automatically modified to 6-month Libor at SOFR. This modification is consistent with the rates applicable to the Bank's lending operations.

²For presentation purposes, the outstanding balance of non-sovereign loans granted with the FFF (see Note 8.4 (ii)), the net derivative receivable excludes \$2.0 of exchange differences on cross-currency swaps contracted with HSBC. This amount is shown as part of the amount of loans outstanding.

³As stated in Note 2-B, in December 2022, the Bank replaced the 6-month Libor for the SOFR compounded in arrears in the cross-currency swaps with JPM, which is the interest reference rate for 60% of the loan portfolio as of December 31, 2022. This replacement is for maturities as of January 1, 2023.



Derivatives are valued at fair value using valuation techniques using reliable and observable market information whenever possible, and as such, are classified as Level 2 (see Note 8.7).

Borrowings outstanding classified based on their scheduled maturities before deferred charges of \$7.8, (December 2023 and 2022 - \$2.8 and \$2.0, respectively), are as follows:

| | As of December 31, | | |
|--------------------------------------|--------------------|----------------|--------------|
| | 2024 | 2023 | 2022 |
| | \$ | \$ | \$ |
| Up to one year ¹ | 46.8 | 318.9 | 104.6 |
| More than one and up to two years | 306.9 | 42.0 | 298.9 |
| More than two and up to three years | 300.8 | 251.7 | 42.0 |
| More than three and up to four years | 261.7 | 17.2 | 224.4 |
| More than four and up to five years | 254.6 | 201.1 | 12.9 |
| More than five years | 217.1 | 221.9 | 294.6 |
| Total | 1,387.9 | 1,052.8 | 977.4 |

¹The "up to one year" tranche includes exchange differences and market adjustments of the debt for a total of \$2.3 for December 2024, and \$34.4 for December 2023, and \$17.3 for December 2022.

(iii) Fair value of borrowings

Time deposits from central banks and loans contracted with MDBs and other institutions are held at amortized cost. It is estimated that their book value approximates their fair value since future cash flows to be paid are like the recorded amount for the borrowing.

Borrowings and bonds issued in currencies other than the US dollar and at rates other than the reference rate for lending operations are subject to currency and rate hedging transactions to mitigate exposure to changes in exchange rates and interest rates and are valued at fair value. The net effect of these changes is included in the statement of profit or loss and other comprehensive income under "Other income."

(iv) Risk exposure

Notes 6 and 7, respectively, provide information regarding the risk exposure associated with borrowings.

8.6 Special funds

The balance maintained with special funds by the Bank as of December 31, 2024, 2023, and 2022, respectively, includes the following:

| | As of December 31, | | |
|--------------|--------------------|-------------|-------------|
| | 2024 | 2023 | 2022 |
| | \$ | \$ | \$ |
| FOCOM | 16.3 | 15.8 | 14.2 |
| PAC | 6.5 | 4.9 | 4.2 |
| PCT | 4.5 | 3.8 | 4.2 |
| Total | 27.3 | 24.5 | 22.6 |



The Board of Governors can create special funds for specific purposes. Special funds have their own specific rules and administrative procedures and are considered as separate and independent entities from the Bank. Special funds are directly controlled by the member countries through the Board of Governors, and their balances do not require to be consolidated by the Bank.

Special funds were incepted by the Board of Governors in 2014 and are funded through distribution of retained earnings maintained in the general reserve. On December 1, 2023, the Board of Governors approved a distribution of retained earnings as of December 31, 2022 (ASG-RES-200/2023), and on August 23, 2024, it approved a distribution of retained earnings as of December 31, 2023 (ASG-RES-207/2024).

- a. **“Fund for the Compensation of the Operational Rate (referred as FOCOM)”**: The scope of this fund, was expanded in 2020, from helping to reduce the financial cost incurred by Bolivia, Paraguay and Uruguay on their loans with the Bank, to also encompass projects under the “Green Financing Line” and projects financed under the “Economic Recovery Line”, through the payment of a portion of the interest to be paid semiannually for all five member countries. The payment of part of the interest accrued on loans by FOCOM on behalf of the borrowers is contingent and determined annually. On December 1, 2023, (RAG – 200), the Board of Governors approved a contribution of \$4.3 from retained earnings as of December 31, 2022. Since the inception of this fund, in May 2014, and until December 31, 2024, the Board of Governors allocated \$31.0 from retained earnings to this special fund (December 31, 2023 - \$25.9). On June 11, 2024, the Board of Executive Directors approved a new line of subsidies to the fixed lending margin, for projects fostering regional integration and MERCOSUR. On August 23, 2024, the Board of Governors allocated \$5.1 from FONPLATA’s retained earnings as of December 31, 2023.
- b. **“Technical Cooperation Program (PCT)”**: This fund was created through the restructuring and transfer of resources from the “Fondo para Desarrollo de Proyecto de Integración Regional” (FONDEPRO), to the PCT. The PCT pursues the purpose of fostering regional development and integration, through financing studies, technical knowledge exchange programs, and other initiatives that form an integral part of the Bank’s strategic focus. On December 16, 2022, the Board of Governors approved a contribution of \$0.5 from retained earnings as of December 31, 2021. No funds were allocated to the PCT in 2023. On August 23, 2024, the Board of Governors allocated \$1.0 from FONPLATA’s retained earnings as of December 31, 2023, to PCT. Since its inception and until December 31, 2024, the PCT has received \$6.0 in contributions approved by the Board of Governors from retained earnings (December 31, 2023 - \$5.0).
- c. **“Joint Savings Program (PAC)”**: As stated in Note 4.13, “Other benefits to employees” on August 14, 2018, the Board of Executive Directors approved the PAC, which became effective, on November 1, 2018, and has a validity of eight years counted from the first day of employment of a participant. The PAC preserves the exit payment benefit, upon termination of employment, and improves it by adding a supplemental contribution based on one-to-one matching of the voluntary amount of savings to be contributed by participating employees.

Participants’ contributions are optional and those employees who opt-out would only receive the severance payment benefit, upon termination of employment. Participant’s voluntary savings contributions are limited to either a maximum of one month of salary for year of service (8.33%) or to a minimum of one-half months of salary for year of service (4.17%).



Participants' election of the percentage of voluntary savings contributions is performed annually prior to the beginning of each fiscal year. The PAC has a validity of eight years, counted from the date of employment of each participant. Furthermore, and as an incentive to foster personnel retention, the PAC provides a vesting period of four years. Upon termination of employment, participants are entitled to withdraw from the PAC the totality of their exit payment benefit; their voluntary savings contributions plus accumulated investment earnings, and the accumulated matching contributions made by the Bank on participant's voluntary savings contributions plus accumulated investment earnings.

During the vesting period, the Bank applies a withholding percentage reducing the amount available for withdrawal upon termination, for participants with less than four years of service. The withholding only applies to the amount of matching contributions to be made by the Bank and to the investment income accrued on them. Applicable withholding percentages are: 75% during the first year; 50% during the second year; 25% during the third year; and 0% at the end of the fourth year, when the participant employee reaches full eligibility to withdraw the totality of funds accumulated in his/her PAC account upon termination of employment.

The following table provides a breakdown of funds accumulated and total available PAC funds for the year ended as of December 31, 2024, 2023 and 2022, respectively:

| | Severance payment contributions | Participants' voluntary savings contributions | Bank's matching contributions on voluntary savings | Accumulated total | Total amount available for termination | Deferred amount |
|---|---------------------------------------|--|---|----------------------|--|--------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| December 31, 2024 | | | | | | |
| Balance as of December 31, 2023 ¹ : | 2.1 | 1.6 | 1.1 | 4.8 | 4.8 | -.- |
| Severance payment contributions | 0.6 | -.- | -.- | 0.6 | 0.6 | -.- |
| Participants' voluntary savings contribution | -.- | 0.4 | 0.4 | 0.8 | 0.8 | -.- |
| Additional participants' savings contributions | -.- | 0.3 | -.- | 0.3 | 0.3 | -.- |
| Investment income accrued | -.- | 0.1 | 0.1 | 0.2 | 0.2 | -.- |
| Withdrawals | (0.1) | (0.1) | -.- | (0.2) | (0.2) | -.- |
| Balance due to the PAC December 31, 2024 | 2.6 | 2.3 | 1.6 | 6.5 | 6.5 | -.- |
| December 31, 2023 | | | | | | |
| Balance as of December 31, 2022: | 1.8 | 1.4 | 1.0 | 4.2 | 4.1 | 0.1 |
| Severance payment contributions | 0.5 | -.- | -.- | 0.5 | 0.5 | -.- |
| Participants' voluntary savings contribution | -.- | 0.4 | 0.3 | 0.7 | 0.7 | -.- |
| Investment income accrued | -.- | 0.1 | -.- | 0.1 | 0.1 | -.- |
| Withdrawals | (0.2) | (0.2) | (0.2) | (0.6) | (0.6) | -.- |
| Balance due to the PAC December 31, 2023¹ | 2.1 | 1.7 | 1.1 | 4.9 | 4.8 | 0.1 |
| December 31, 2022 | | | | | | |
| Balance as of December 31, 2021: ¹ | 1,9 | 1,3 | 0,9 | 4,0 | 4,0 | -.- |
| Severance payment contributions | 0,5 | -.- | -.- | 0,5 | 0,5 | -.- |
| Participants' voluntary savings contribution | -.- | 0,4 | 0,3 | 0,7 | 0,7 | -.- |
| Withdrawals | (0,6) | (0,3) | (0,2) | (1,1) | (1,1) | -.- |
| Balance due to the PAC December, 2022 | 1,8 | 1,4 | 1,0 | 4,1 | 4,1 | -.- |

¹The initial balance available for the payment of benefits has been adjusted to the nearest million.



Special funds' assets and liabilities are managed by the Bank independently of the management of its own affairs and their liquid funds are invested in accordance with the Bank's investment policies and all applicable guidelines. Accrued investment income attributable to each fund is calculated pro-rata based on the proportion that the amount of liquid assets of each fund bears relative to the total portfolio of liquid assets invested by the Bank, multiplied by the aggregate investment return accrued during the period or year. Investments managed by the Bank on behalf of special funds, as well as the related returns, are accounted for through accounts maintained with each special fund.

8.7 Recognition and measurement of fair value

This note includes information about judgments and estimates used in the determination of fair values of financial instruments in the financial statements.

Determination of fair values attributable to financial assets and liabilities is made by obtaining values in accordance with the three levels of the fair value hierarchy. An explanation for each of these three levels is as follows:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
|---|----------------|----------------|----------------|
| | <u>\$</u> | <u>\$</u> | <u>\$</u> |
| <u>December 31, 2024</u> | | | |
| Investments at fair value with changes in OCI – Note 8.2 | 409.6 | -.- | -.- |
| Borrowings at fair value with changes in income – Note 8.5 (i) | (850.3) | -.- | -.- |
| Receivable swaps at fair value with changes in income – Note 8.5 (ii) | -.- | 921.6 | -.- |
| Payable swaps at fair value with changes in income – Note 8.5 (ii) | -.- | (950.1) | -.- |
| <u>December 31, 2023</u> | | | |
| Investments at fair value with changes in OCI – Note 8.2 | 376.4 | -.- | -.- |
| Borrowings at fair value with changes in income – Note 8.5 (i) | (743.6) | -.- | -.- |
| Receivable swaps at fair value with changes in income – Note 8.5 (ii) | -.- | 734.7 | -.- |
| Payable swaps at fair value with changes in income – Note 8.5 (ii) | -.- | (707.4) | -.- |
| <u>December 31, 2022</u> | | | |
| Investments at fair value with changes in OCI – Note 8.2 | 338.8 | -.- | -.- |
| Borrowings at fair value with changes in income – Note 8.5 (i) | (501.3) | -.- | -.- |
| Receivable swaps at fair value with changes in income – Note 8.5 (ii) | -.- | 540.0 | -.- |
| Payable swaps at fair value with changes in income – Note 8.5 (ii) | -.- | (576.8) | -.- |

The two series of sustainable bonds issued in Japan were issued through a private placement transaction. The fair value assigned to these bonds has been derived from the Bloomberg financial information platform based on the market value of similar bonds quoted in the Japanese stock exchange. Except for the valuation of these sustainable bonds, during year ended as of December 31, 2024, 2023 and 2022, respectively, the Bank did not have other holdings of financial instruments that requires valuation at fair value in accordance with the fair value measurement methodologies prescribed under either level 2 and 3. Should changes in the methodology of obtaining applicable fair values for financial investment instruments exist, it is the Bank's policy to recognize the effect from such changes.



- **Level 1:** Fair value of financial instruments transacted in an active market (such as investments carried at fair value), are based on prevailing quoted market prices at year end. The market price used for financial assets held by the institutions is the quoted market price. These instruments are included under level 1.
- **Level 2:** Fair value of financial instruments not quoting in an active market is determined through valuation techniques, using as much as possible reliable and observable market information. If all information required to determine the applicable fair value for a financial instrument is observable information, then such an instrument is classified under level 2. The institution does not have financial instruments classified under this category.
- **Level 3:** If the information considered either significant or relevant for the determination of fair values cannot be obtained by reference to market sources, then the financial instrument is classified under level 3. The institution does not have financial instruments classified under this category.

NOTE 9 – NON-FINANCIAL ASSETS AND LIABILITIES

This note provides information about non-financial assets and liabilities of the institution, including:

- Specific information on each type of non-financial asset and liability.
- Accounting policies used.
- Information about the determination of fair values attributable to those assets and liabilities, including professional judgements used and the uncertainties of the estimates applied.

9.1 Property and equipment, net

The composition of property and equipment includes the following:

| | <u>Property</u> ₡ | <u>Equipment and Furniture</u> ₡ | <u>Art</u> ₡ | <u>Vehicles</u> ₡ | <u>Total</u> ¹ ₡ |
|---|----------------------|---|-----------------|----------------------|--------------------------------|
| <u>Book value</u> | | | | | |
| Balance as of December 31, 2021 | 4.9 | 2.6 | 0.1 | -.- | 7.6 |
| Additions | -.- | 0.7 | -.- | -.- | 0.7 |
| Fixed Assets in transit | -.- | -.- | -.- | -.- | -.- |
| Disposals | (0.4) | | -.- | -.- | (0.4) |
| Balance as of December 31, 2022 | 4.5 | 3.3 | 0.1 | -.- | 7.9 |
| Additions | -.- | 0.1 | -.- | -.- | 0.1 |
| Fixed Assets in transit | -.- | -.- | -.- | -.- | -.- |
| Disposals | -.- | -.- | -.- | -.- | -.- |
| Balance as of December, 2023 | 4.5 | 3.4 | 0.1 | -.- | 8.0 |
| Additions | -.- | 0.3 | -.- | -.- | 0.3 |
| Fixed Assets in transit | -.- | 0.1 | -.- | -.- | 0.1 |
| Disposals | -.- | (0.1) | -.- | -.- | (0.1) |
| Book value as of December 31, 2024 | 4.5 | 3.7 | 0.1 | -.- | 8.3 |



| | <u>Property</u> | <u>Equipment</u> | <u>Art</u> | <u>Vehicles</u> | <u>Total¹</u> |
|---|-----------------|----------------------|------------|-----------------|--------------------------|
| | <u>\$</u> | <u>and Furniture</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> |
| | | <u>\$</u> | | | |
| <u>Accumulated depreciation</u> | | | | | |
| Balance as of December 31, 2021 | 0.7 | 1.2 | -.- | -.- | 1.9 |
| Disposals | -.- | -.- | -.- | -.- | -.- |
| Depreciation | 0.1 | 0.2 | -.- | -.- | 0.3 |
| Balance as of December, 2022 | 0.8 | 1.4 | -.- | -.- | 2.2 |
| Disposals | -.- | -.- | -.- | -.- | -.- |
| Depreciation | 0.1 | 0.5 | -.- | -.- | 0.6 |
| Balance as of December 31, 2023 | 0.9 | 1.9 | -.- | -.- | 2.8 |
| Disposals | -.- | (0.1) | -.- | -.- | (0.1) |
| Depreciation | 0.1 | 0.5 | -.- | -.- | 0.6 |
| Balance as of December 31, 2024 | 1.0 | 2.3 | -.- | -.- | 3.4 |
| <u>Net balance as of December 31, 2024</u> | 3.5 | 1.4 | 0.1 | -.- | 4.9 |
| <u>Net balance as of December 31, 2023</u> | 3.6 | 1.5 | -.- | -.- | 5.2 |
| <u>Net balance as of December 31, 2022</u> | 3.7 | 1.9 | 0.1 | -.- | 5.7 |

¹ Opening balances and partial sums include differences due to rounding.

The net balance of offices, parking and storage spaces that form the Bank's headquarters includes a technical revaluation in the amount of \$0.8, recognized on December 31, 2018, based on the estimated fair value resulting from an independent appraisal as of that date. This revaluation resulted in the recognition of a revaluation reserve in other comprehensive income. As of December 31, 2024, 2023 and 2022, the amount of the revaluation reserve was reduced by \$0.03, \$0.02 and \$0.09, respectively, because of the depreciation of the period, and in 2022, for the sale of the office space occupied by the Bank on the 3rd floor of its headquarters as explained below. The amount of the revaluation reserve is reduced by the depreciation and might be adjusted based on subsequent technical revaluations.

In January 2022, the Bank completed the opening of liaison offices in all its member countries, and reallocated part of its operational staff to those new offices. This, coupled with the adoption of a hybrid work model, allowed the Bank to optimize its physical space at its headquarters. As a result, the Bank considered it appropriate to sell the two offices occupied on the 3rd floor. The sale price amounted to \$0.5, based on the market value, and left a net profit of \$0.1, after deducting the netbook value of \$0.3 plus taxes.

(i) Depreciation methods, revaluation, and useful lives

Property is recognized at its fair value based on periodic independent appraisals net of depreciation. Other assets included under this caption are carried at their historical cost net of cumulative depreciation.

Depreciation is calculated using the straight-line method either on the historical cost or on the revalued amount and based on the estimated useful live the asset. Applicable useful lives for the assets, are as follows.



| Asset | Useful life |
|---------------------------------|--|
| Property: | |
| Land | Not depreciated |
| Buildings | The lesser of 40 years or the value of the assessment, the least |
| Furniture and equipment: | |
| Improvements on leased property | Over lease contract |
| Furniture and equipment | 8 to 10 years |
| Computer equipment and software | 4 to 7 years |
| Vehicles | 5 years |
| Art | Not depreciated |

Note 4.9 contains additional information on accounting policies applicable to property and equipment.

(ii) Carrying amounts that would have been recognized if the properties had been stated at cost

Had the value of property been determined at historical cost, the carrying amount of property would have been as follows:

| | <u>As of December 31,</u> | | |
|--------------------------|---------------------------|-------------|-------------|
| | <u>2024</u> | <u>2023</u> | <u>2022</u> |
| | \$ | \$ | \$ |
| Cost | 4.0 | 4.0 | 4.0 |
| Accumulated depreciation | (0.8) | (0.7) | (0.6) |
| Total | 3.2 | 3.3 | 3.4 |

9.2 Miscellaneous

This caption includes small balances owed to the Bank, resulting from loans to staff members, advances to suppliers, expenses paid in advance; deferred expenses; and guarantee deposit for the liaisons offices located in Asunción, Paraguay.

The Bank has entered medium-term leases to secure space for its liaison offices in Montevideo, Uruguay, Brasilia, Brazil, Buenos Aires, Argentina, and La Paz, Bolivia. Leases for periods longer than one year are recognized and accounted for in compliance with IFRS 16. During the years ended December 31, 2024, 2023, and 2022, the Bank paid implicit interest on these leases in the amount of \$0.2, respectively. The following table shows the relevant information on those leases as of December 31, 2024, 2023, and 2022, respectively:

| | <u>Lease Obligation</u> | | |
|--|---------------------------|-------------|-------------|
| | <u>As of December 31,</u> | | |
| | <u>2024</u> | <u>2023</u> | <u>2022</u> |
| | \$ | \$ | \$ |
| Asuncion – Paraguay, a 3-year lease contract signed don January 1, 2023, and expiring on December 31, 2026. The contract provides for minimum lease payments of \$0.0025 and includes two parking spaces plus a third parking space at an additional monthly cost of \$0.075, and annual escalation of 4% starting on January 1, 2024. | 0.04 | 0.07 | -- |



| | <u>Lease Obligation</u> <u>As of December 31,</u> | | |
|--|--|-------------|-------------|
| | <u>2024</u> | <u>2023</u> | <u>2022</u> |
| | \$ | \$ | \$ |
| Montevideo – Uruguay, 3-year lease contract signed on November 20, 2020, including extension for the lease of an additional 75 m2 in June 2022. Minimum monthly payments in U.S. dollars of \$0.0025, starting on February 1, 2021, and ending on January 1, 2024. In February 2024, the contract was renewed for 3 more years until January 31, 2027. Starting in 2024, the minimum payment is \$0.0042 monthly. Minimum rental payments are subject to a 4% annual increase. | 0.11 | 0.01 | 0.08 |
| Brasilia - Brazil, 3-year lease contract signed on March 15, 2021, and expire don 14 March 2024. This contract was extended through June 2024. In August 2024, the Bank signed a new 3-year lease agreement with another landowner which provides for a minimum monthly lease payment of BRL 0.018, and escalation costs based on the Brazilian IPCA. | 0.18 | 0.01 | 0.03 |
| Buenos Aires – Argentina, 3-year lease signed for 36 months, from February 1, 2022, to January 31, 2025, with a minimum monthly payment of \$0.004, including value added tax and amortization of improvements. This contract was paid in full in advance. | -- | 0.08 | 0.15 |
| La Paz – Bolivia, 3-year lease contract starting on April 2024 and through March 2027, providing for a minimum monthly lease payment of \$0.0021, including two parking spaces. | 0.05 | -- | -- |
| Total | 0.38 | 0.17 | 0.26 |

As of December 31, 2024, 2023, and 2022, the total amount of miscellaneous receivables amounts to \$1.5, \$1.4 and \$1.1, respectively.

9.3 – Other Liabilities

This caption includes interest and commissions payable accrued on borrowings, as well as small balances owed to suppliers and staff reimbursements. In addition, and as indicated in Note 9.2, it includes the recognition of the unamortized portion of the liability contracted by the lease contract in relation to the liaison offices in Montevideo, Uruguay.

The composition of other liabilities as of December 31, 2024, 2023 and 2022, is as follows:

| | <u>As of December 31,</u> | | |
|--|---------------------------|-------------|-------------|
| | <u>2024</u> | <u>2023</u> | <u>2022</u> |
| | \$ | \$ | \$ |
| Interest and commissions accrued on borrowings | 17.3 | 15.1 | 9.6 |
| Trade payables and accruals | 0.3 | 0.7 | 0.4 |
| Unamortized financial lease obligations | 0.4 | 0.2 | 0.3 |
| Total | 18.0 | 16.0 | 10.3 |



NOTE 10 – EQUITY

10.1 Capital

Capital consists of paid-in and callable capital. As of December 31, 2024, subscribed paid-in capital amounts to \$1,349.2, of which \$1,321.1 have been paid and \$28.1 are expected to be paid between 2025 and 2026. Callable capital subscribed and fully committed amounts to \$1,665.0.

Payment of subscribed and committed callable capital will proceed when required and based on the Governors' approval, should the Bank be unable to comply with its financial obligations and commitments using its own resources.

As indicated in Note 1 – “Background”, the Bank's new Charter, which was approved by the Assembly of Governors in November 2018 and was ratified by the Bank's five member countries on June 27, 2023, and entered into force on January 27, 2024. As of December 31, 2024, capital is expressed in terms of shares of \$10 thousand each.

Furthermore, on 5 February 2024, the Assembly of Governors, based on a recommendation from the Board of Executive Directors, approved an increase in the amount of authorized capital from \$3,014.2 to \$6,500.0. This increase provides for the addition of new members.

On June 12, 2024, the Assembly of Governors approved the guidelines for the increase in subscribed capital as well as the criteria for the addition of new members. Additionally, the Assembly of Governors instructed the Administration, working in coordination with the Board of Executive Directors, to work on the preparation of the capital increase proposal for consideration in the first part of the second quarter of 2025.

The following chart depicts the number of shares authorized, issued, outstanding and pending issuance as of December 31, 2024.

| Shares of Authorized Capital Issued as of December 31, 2024, (number of shares) | | | | | |
|--|----------------------------------|------------------------------------|-----------------|---|----------------|
| Member | Paid-in Capital | | | Shares of callable capital subscribed and committed | Total shares |
| | Shares subscribed and paid | Shares subscribed to be paid | Total shares | | |
| Argentina | 44,974 | -.- | 44,974 | 55,501 | 100,475 |
| Bolivia | 13,951 | 1,039 | 14,990 | 18,499 | 33,490 |
| Brazil | 43,205 | 1,769 | 44,974 | 55,501 | 100,475 |
| Paraguay | 14,990 | -.- | 14,990 | 18,499 | 33,490 |
| Uruguay | 14,990 | -.- | 14,990 | 18,499 | 33,490 |
| Unissued shares | -.- | -.- | -.- | -.- | 348,580 |
| | 132,110 | 2,810¹ | 134,920 | 166,500 | 650,000 |

¹Due to rounding, the total of paid-in capital shares shows a difference of 2 shares, which will be included in the total shares to be issued in connection with future capital increases.



Composition of the Bank's capital by member country as of December 31, 2024, 2023, and 2022, is as follows:

| <u>Member countryⁱ</u> | <u>Subscribed capital</u> | | <u>Authorized capital</u> | | <u>Total</u> | <u>%</u> |
|-----------------------------------|---------------------------|-----------------|---------------------------|-----------------|----------------|---------------|
| | <u>Paid-in</u> | <u>Callable</u> | <u>Paid-in</u> | <u>Callable</u> | | |
| | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | |
| • Argentina | 449.7 | 555.0 | 449.7 | 555.0 | 1,004.7 | 33.3% |
| • Bolivia | 149.9 | 185.0 | 149.9 | 185.0 | 334.9 | 11.1% |
| • Brazil | 449.7 | 555.0 | 449.7 | 555.0 | 1,004.7 | 33.3% |
| • Paraguay | 149.9 | 185.0 | 149.9 | 185.0 | 334.9 | 11.1% |
| • Uruguay | 149.9 | 185.0 | 149.9 | 185.0 | 334.9 | 11.1% |
| | 1,349.2 | 1,665.0 | 1,349.2 | 1,665.0 | 3,014.2 | 100.0% |

ⁱDue to rounding the sum of the individual amounts may not add to the total amount stated for a given country or for the overall total amount of paid-in capital.

For the year ended as of December 31, 2024, 2023, and 2022, the Bank received paid-in contributions in the amount of \$110.7, \$128.7, and \$75.2, respectively. The amount of paid-in capital subscribed and pending integration, as well as the amount of callable capital and committed as of December 31, 2024, 2023 and 2022, respectively, is as follows:

| | <u>As of December 31, 2024</u> | | | <u>As of December 31, 2023</u> | | | <u>As of December 31, 2022</u> | | |
|-----------|-----------------------------------|-------------|----------------|-----------------------------------|--------------|----------------|-----------------------------------|--------------|----------------|
| | <u>Paid-in capital subscribed</u> | | | <u>Paid-in capital subscribed</u> | | | <u>Paid-in capital subscribed</u> | | |
| | <u>Receivable</u> | | | <u>Receivable</u> | | | <u>Receivable</u> | | |
| | <u>Paid-inⁱ</u> | <u>i</u> | <u>Total</u> | <u>Paid-inⁱ</u> | <u>i</u> | <u>Total</u> | <u>Paid-inⁱ</u> | <u>i</u> | <u>Total</u> |
| | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> |
| Argentina | 449.7 | -.- | 449.7 | 387.4 | 62.3 | 449.7 | 387.4 | 62.3 | 449.7 |
| Bolivia | 139.5 | 10.4 | 149.9 | 139.5 | 10.4 | 149.9 | 129.1 | 20.8 | 149.9 |
| Brazil | 432.0 | 17.7 | 449.7 | 404.4 | 45.3 | 449.7 | 307.0 | 142.8 | 449.8 |
| Paraguay | 149.9 | -.- | 149.9 | 139.5 | 10.4 | 149.9 | 129.1 | 20.8 | 149.9 |
| Uruguay | 149.9 | -.- | 149.9 | 139.5 | 10.4 | 149.9 | 129.1 | 20.8 | 149.9 |
| Total | 1,321.1 | 28.1 | 1,349.2 | 1,210.4 | 138.8 | 1,349.2 | 1,081.7 | 267.5 | 1,349.2 |

ⁱDue to rounding the sum of the individual amounts may not add to the total amount stated for a given country or for the overall total amount of paid-in capital.

As indicated in Note 2, on January 3, 2023, and April 27, 2023, the Bank received from Brazil the amount of \$69.8 and \$27.7, corresponding to paid-in capital installments agreed for the period 2020 to 2022, and paid-in contributions subscribed for 2023. In October 2023, the countries of Bolivia, Paraguay and Uruguay paid their respective paid-in quotas for \$10.4 each. On June 28, 2024, the Bank received \$31.2, from Argentina, in payment of its 2023 paid-capital installment, and on October 31, 2024, received in full the last paid-in installment in the amount of \$31.2. Furthermore, on September 10, 2024, the Bank received \$27.6 from Brazil; on October 18, 2024, \$10.4 from Paraguay; and on October 31, 2024, \$10.4 from Uruguay in payment of their last paid-in installment.



As of December 31, 2024, 2023 and 2022:

| <u>Subscribed Callable Capital</u> ⁱ | |
|---|--------------------------------|
| <u>Member country</u> | <u>Committed</u> ⁱⁱ |
| | \$ |
| • Argentina | 555.0 |
| • Bolivia | 185.0 |
| • Brazil | 555.0 |
| • Paraguay | 185.0 |
| • Uruguay | 185.0 |
| Total | 1,665.0 |

ⁱ As of December 31, 2018, all member countries had subscribed and committed their share of callable capital.

ⁱⁱ Subtotals may differ from totals due to rounding into millions.

10.2. Other reserves

As explained in Note 8.2 (iv), other comprehensive income as of December 31, 2024, 2023, and 2022, includes the following:

- (i) Reserve for changes in the fair value of investments – OCI: For the year ended December 31, 2024, this reserve was reduced by an unrealized loss of \$2.6, for a cumulative unrealized loss of \$3.0 (December 2023 – \$4.2 of unrealized gains for a cumulative total of unrealized losses of \$0.4; and December 2022 - \$1.2 of unrealized gains for a cumulative loss of \$4,6).
- (ii) Reserve for revaluation of property: For the year ended as of December 31, 2024, this reserve was reduced by \$0.03 for depreciation of the period, for a balance of \$0.6 (December 2023 - \$0.02 for a balance of \$0.6, and December 2022 - \$0.1, for a balance of \$0.6, as a result of the sale of the offices occupied on the third floor of the Bank's
- (iii) headquarters for \$0.07 and \$0.03 for depreciation for the year).

10.3. Retained earnings and reserves

Retained earnings for the year ended December 31, 2024, amount to \$98.7 correspond in full to the sum of net income earned between January 1 and December 31, 2024 (December 2023 - \$92.1 and December 2022 - \$47.6). These earnings are after deducting \$19.2 of unrealized losses associated with the recognition of debt contracted in currencies other than the U.S. dollar and at rates other than the benchmark lending rate and hedging transactions contracted to mitigate the risks of exposure to movements in exchange rates and interest rates (December 2023 - \$1.4 of unrealized losses and December 2022 - \$6.4 of unrealized gains). Until December 31, 2021, unrealized derivative valuation gains and losses were part of the derivative valuation allowance for hedging transactions reported in Other Comprehensive Income. As explained in Note 8.5, as of January 1, 2022, the Bank classified its derivatives for rate and currency hedging transactions as fair value hedges, in accordance with IFRS 9. For this reason, the \$3.6 reserve for unrealized losses that was held in other comprehensive income as of December 31, 2021, became part of profit or loss within Other non-operating income.



The Bank does not anticipate incurring any gains or losses because of the valuation adjustment of assets and liabilities related to hedging transactions. These unrealized results result from the net valuation difference between the original debt and the hedges receivable and payable at year-end will converge to zero as the original debt and the hedge expires, at which time the Bank will exchange the contracted and agreed cash flows with its counterparties.

The Bank policies provide that unappropriated retained earnings are to be used to finance the preservation of the value of its equity over time and to also finance the Special Fund for the Compensation of the operational Rate (FOCOM), and the Technical Cooperation Program (PCT).

The amount of the general reserve as of December 31, 2024, 2023 and 2022, respectively is as follows:

| | General Reserve |
|---|-----------------|
| | \$ |
| Balance as of December 31, 2021 | 183.2 |
| Allocated by the Board of Governors in 2022 | 20.4 |
| Balance as of December 31, 2022 | 203.6 |
| Allocated by the Board of Governors in 2023 | 43.3 |
| Balance as of December 31, 2023 | 246.9 |
| Allocated by the Board of Governors in 2024 | 86.0 |
| Balance as of December 31, 2024 | 332.9 |

NOTE 11 – REVENUES

The composition of net income is as follows:

| | January 1 through December 31, | | |
|--|--------------------------------|--------------|-------------|
| | <u>2024</u> | <u>2023</u> | <u>2022</u> |
| | \$ | \$ | \$ |
| Loan income: | | | |
| Interest | 169.6 | 139.4 | 69.6 |
| Commitment fee and commissions | 4.7 | 5.4 | 3.4 |
| Administrative fee | 2.4 | 1.9 | 2.5 |
| Subtotal | 176.7 | 146.7 | 75.5 |
| Investment income: | | | |
| Interest | 34.9 | 29.7 | 2.3 |
| Other | 0.5 | 0.9 | -.- |
| Gross investment income | 35.4 | 30.6 | 2.3 |
| Special fund's share of investment income – Note 8.6 | (1.1) | (0.9) | (0.2) |
| Investment income - Net | 34.3 | 29.7 | 2.1 |
| Income for financial assets | 211.0 | 176.4 | 77.6 |



| | January 1 through December 31, | | |
|--|--------------------------------|--------------|-------------|
| | <u>2024</u> | <u>2023</u> | <u>2022</u> |
| | \$ | \$ | \$ |
| Other income | | | |
| Unrealized gains due to the fair value adjustment of debt flows hedged with cross-currency and interest rate swaps – Note 4.10 | 36.8 | 64.3 | 48.8 |
| Unrealized losses resulting from receivable and payable swaps – Note 4.10 | (56.0) | (65.7) | (42.4) |
| Net unrealized gains | (19.2) | (1.4) | 6.4 |
| <i>Other income</i> | 0.6 | 0.6 | 1.0 |
| Total other Income | (18.6) | (0.8) | 7.4 |

NOTE 12 – ADMINISTRATIVE EXPENSES

Since 2013, the Bank has adopted a result-based budgeting system, including performance indicators allowing the measurement of results attained and their related cost. The system matches governance, operating and financial goals with the activities required to reach them and the resources required. During the year ended as of December 31, 2024, 2023, and 2022, the Bank reached a percentage of execution of its administrative budget equivalent to 87%, 84%, and 81%, respectively. The breakdown of administrative expenses by functional activity is as follows.

| | January 1 through December 31, | | |
|--|--------------------------------|-------------|-------------|
| | <u>2024</u> | <u>2023</u> | <u>2022</u> |
| | \$ | \$ | \$ |
| <u>Classification of expenses</u> | | | |
| Personnel expenses | 8.8 | 8.0 | 7.6 |
| Service expenses | 0.9 | 0.8 | 0.6 |
| Professional services | 1.1 | 0.9 | 0.8 |
| Credit risk rating | 0.1 | 0.1 | 0.1 |
| External auditors | 0.1 | 0.1 | 0.1 |
| Information Technology | 0.7 | 0.6 | 0.2 |
| Administrative expenses | 1.4 | 1.2 | 0.9 |
| Bank charges | 0.1 | 0.1 | 0.1 |
| Financial services | 0.3 | 0.2 | 0.2 |
| Total administrative budget | 13.5 | 12.1 | 10.6 |
| <u>Classification of other expenses</u> | | | |
| Depreciation | 0.6 | 0.6 | 0.4 |
| (Gain)/loss on foreign exchange | (0.2) | (0.3) | -.- |
| Total administrative expenses | 13.9 | 12.4 | 11.0 |

NOTE 13 – MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The following tables provide an analysis of the expected time elapsed to maturity of assets and liabilities for the year ended as of December 31, 2024, 2023, and 2022, respectively, based on their respective recovery or settlement date.



| | <u>Current</u> <u>(Up to 1 year)</u> \$ | <u>Non-Current</u> <u>(More than 1 year)</u> \$ | <u>Total</u> \$ |
|---|---|---|--------------------|
| <u>December 31, 2024,</u> | | | |
| <u>ASSETS</u> | | | |
| Cash and cash equivalents | 339.4 | -.- | 339.4 |
| Investments | | | |
| At fair value ¹ | 409.6 | -.- | 409.6 |
| At amortized cost | 19.2 | -.- | 19.2 |
| Loan portfolio | | | |
| Outstanding loans | 217.6 | 2,134.7 | 2,352.3 |
| Interest and other accrued charges | | | |
| On investments | 3.1 | -.- | 3.1 |
| Interest and commissions on loans | 47.3 | -.- | 47.3 |
| Other assets | | | |
| Property and equipment, net | -.- | 4.9 | 4.9 |
| Miscellaneous | 1.1 | 0.4 | 1.5 |
| Total assets | 1,037.3 | 2,140.0 | 3,177.3 |
| | | | |
| <u>LIABILITIES</u> | | | |
| | | | |
| Borrowings | 45.3 | 1,334.8 | 1,380.1 |
| Fair value hedge derivatives | 1.7 | -.- | 1.7 |
| Other liabilities | 18.0 | -.- | 18.0 |
| Special funds | 10.1 | 17.2 | 27.3 |
| Total liabilities | 75.1 | 1,352.0 | 1,427.1 |
| | | | |
| <u>December 31, 2023</u> | | | |
| <u>ASSETS</u> | | | |
| Cash and cash equivalents | 324.2 | -.- | 324.2 |
| At fair value ¹ | 376.4 | -.- | 376.4 |
| At amortized cost | 30.0 | -.- | 30.0 |
| Loan portfolio | | | |
| Outstanding loans | 214.6 | 1,638.7 | 1,853.3 |
| Interest and other accrued charges | | | |
| On investments | 3.3 | -.- | 3.3 |
| Interest and commissions on loans | 39.5 | -.- | 39.5 |
| Other assets | | | |
| Fair value hedge derivatives | 6.8 | -.- | 6.8 |
| Property and equipment, net | -.- | 5.2 | 5.2 |
| Miscellaneous | 1.1 | 0.3 | 1.4 |
| Total assets | 995.9 | 1,644.2 | 2,640.1 |



| | <u>Current</u> <u>(Up to 1 year)</u> \$ | <u>Non-Current</u> <u>(More than 1 year)</u> \$ | <u>Total</u> \$ |
|--------------------------|---|---|--------------------|
| LIABILITIES | | | |
| Borrowings | 318.5 | 731.5 | 1,050.0 |
| Other liabilities | 16.0 | -- | 16.0 |
| Special funds | 5.2 | 19.3 | 24.5 |
| Total liabilities | 339.7 | 750.8 | 1,090.5 |

As of December 31, 2022**ASSETS**

| | | | |
|---|--------------|----------------|----------------|
| Cash and cash equivalents | 217.6 | -- | 217.6 |
| Investments | | | |
| At fair value ¹ | 338.8 | -- | 338.8 |
| At amortized cost | -- | -- | -- |
| Loan portfolio | | | |
| Outstanding loans | 170.0 | 1,574.4 | 1,744.4 |
| Interest and other accrued charges | | | |
| On investments | 1.4 | -- | 1.4 |
| Interest and commissions on loans | 28.2 | -- | 28.2 |
| Other assets | | | |
| Fair value hedge derivatives | -- | -- | -- |
| Property and equipment, net | -- | 5.7 | 5.7 |
| Miscellaneous | 0.5 | 0.6 | 1.1 |
| Total Assets | 756.5 | 1,580.7 | 2,337.2 |

LIABILITIES

| | | | |
|--------------------------|--------------|--------------|----------------|
| Borrowings | 104.6 | 870.8 | 975.4 |
| Other liabilities | 10.0 | 0.3 | 10.3 |
| Special funds | 4.5 | 18.1 | 22.6 |
| Total Liabilities | 119.1 | 889.2 | 1,008.3 |

¹As of December 31, 2024, 2023, and 2022, all investments classified as available for sale and valued at OCI, are held for the purpose of financing expected loan disbursements within the next 12 months.

NOTE 14 – IMMUNITIES, EXEMPTIONS AND PRIVILEGES

As stated in the Bank's "Agreement of Immunities, Exemptions and Privileges of the Fund for the development of the River Plate Basin Territory," an international legal instrument duly ratified by its five Member Countries, the Bank can hold resources on any currency, paper, shares, equities and bonds, and can freely transfer them from one country to the other and from one place to the other within the territory of any country and convert them into other currencies.

Furthermore, the Agreement establishes that the Bank and its assets are exempt, within the territory of its Member Countries, of any direct taxes and custom duties with respect either imported or exported goods for official use.



The Agreement also indicates that in principle, the Bank would not claim the exemption of consumption, sales taxes, and other indirect taxes. However, Member Countries commit, to the extent possible, to apply all administrative provisions that might be available to exempt or reimburse the Bank for such taxes, in connection with official purchases involving large amounts when such taxes are included in the price paid.

Complementary, both the Agreement on Immunities, Exemptions and Privileges as well as the Base Agreements signed by the Bank with Argentina, Bolivia, Paraguay, and Uruguay, establish that the Bank's properties, goods, and assets are exempt from all taxes, contributions, and charges, at the national, departmental, municipal or of any other type.

NOTE 15 – RELEVANT OPERATIONAL INFORMATION

(i) Segment description

Based on an analysis of its operations, the Bank determined that it only has a single reportable operational segment. This determination recognizes the fact that the Bank does not manage its operations, allocating resources among operations measuring the contribution of those individual operations to the Bank's net income. The Bank does not distinguish between the nature of loans or products, or the services rendered, their preparation process or the method followed in the preparation of loans and services rendered to its member countries. All operations are performed at the Bank's headquarters with the support of its liaison offices. The Bank's core business consists of operations consist of granting financing to its five member countries, which are considered as segments for geographical areas purposes of this disclosure: Argentina, Bolivia, Brazil, Paraguay, and Uruguay.

(ii) Assets by geographical area

Composition of the loan portfolio by country is as follows:

| | <u>Gross portfolio</u> | <u>Unaccrued commissions</u> | <u>Impairment</u> | <u>Loan portfolio</u> | <u>Interest and commissions receivable</u> | <u>Total</u> |
|--------------------------------|------------------------|------------------------------|-------------------|-----------------------|--|----------------|
| As of December 31, 2024 | \$ | \$ | \$ | \$ | \$ | \$ |
| Argentina | 643.2 | (0.9) | (9.4) | 632.9 | 13.9 | 646.8 |
| Bolivia | 434.0 | (0.7) | (6.4) | 426.9 | 9.4 | 436.3 |
| Brazil ¹ | 373.5 | (2.6) | (3.4) | 367.5 | 6.2 | 373.7 |
| Paraguay ¹ | 403.9 | (1.6) | (0.7) | 401.6 | 7.8 | 409.4 |
| Uruguay | 527.4 | (2.1) | (1.9) | 523.4 | 10.0 | 533.4 |
| Total | 2,382.0 | (7.9) | (21.8) | 2,352.3 | 47.3 | 2,399.6 |

| | <u>Gross portfolio</u> | <u>Unaccrued commissions</u> | <u>Impairment</u> | <u>Loan portfolio</u> | <u>Interest and commissions receivable</u> | <u>Total</u> |
|---------------------------------|------------------------|------------------------------|-------------------|-----------------------|--|----------------|
| As of December 31, 2023: | \$ | \$ | \$ | \$ | \$ | \$ |
| Argentina | 460.8 | (0.4) | (9.9) | 450.5 | 10.7 | 461.2 |
| Bolivia | 440.6 | (0.6) | (6.1) | 433.9 | 8.9 | 442.8 |
| Brazil ¹ | 258.3 | (1.5) | (1.5) | 255.3 | 4.0 | 259.3 |
| Paraguay ¹ | 372.3 | (1.0) | (0.8) | 370.5 | 9.4 | 379.9 |
| Uruguay ¹ | 345.2 | (1.0) | (1.1) | 343.1 | 6.5 | 349.6 |
| Total | 1,877.2 | (4.5) | (19.4) | 1,853.3 | 39.5 | 1,892.8 |



| | <u>Gross portfolio</u> | <u>Unaccrued</u> | <u>Impairment</u> | <u>Loan portfolio</u> | <u>Interest and</u> <u>commissions</u> | <u>Total</u> |
|----------------------------------|------------------------|------------------|-------------------|-----------------------|---|----------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| <u>As of December 31,</u> | | | | | | |
| <u>2022:</u> | | | | | | |
| Argentina | 490.5 | (1.2) | (8.6) | 480.7 | 8.3 | 489.0 |
| Bolivia | 395.0 | (0.9) | (2.2) | 391.9 | 6.3 | 398.2 |
| Brazil ¹ | 209.0 | (0.5) | (1.1) | 207.4 | 2.7 | 210.1 |
| Paraguay ¹ | 378.0 | (0.3) | (0.7) | 377.0 | 6.3 | 383.3 |
| Uruguay | 288.3 | -.- | (0.9) | 287.4 | 4.6 | 292.0 |
| Total | 1,760.8 | (2.9) | (13.5) | 1,744.4 | 28.2 | 1,772.6 |

¹ Include \$129.0 in five NSG loans outstanding (2023 - \$98.7; 2022 - \$76.0). As of December 31, 2024, unaccrued loan commissions on NSG loans and accrued interest receivable amount to \$0.03 (2023 - \$0.8 and 2022 - \$0.5). The provision for potential impairment on NSG loans amounts to \$3.2 (2023 - \$1.6 and 2022 - \$1.1). For further information, see Note 8.4.

Composition of the gross loan portfolio by country and its distribution by industry segment is as follows:

| <u>As of December 31,</u> | <u>Communication,</u> <u>transportation,</u> <u>energy, and</u> <u>logistics</u> | <u>Infrastructure</u> <u>for productive</u> <u>development</u> | <u>Infrastructure for</u> <u>socio-economic</u> <u>development</u> | <u>NSG Loans</u> | <u>Total</u> |
|----------------------------------|---|--|--|------------------|----------------|
| <u>2024</u> | \$ | \$ | \$ | \$ | \$ |
| Argentina | 229.9 | 43.7 | 369.6 | -.- | 643.2 |
| Bolivia | 383.5 | 40.0 | 10.5 | -.- | 434.0 |
| Brazil ¹ | 236.7 | -.- | 31.8 | 105.0 | 373.5 |
| Paraguay ¹ | 372.9 | 7.0 | -.- | 24.0 | 403.9 |
| Uruguay | 373.2 | 50.5 | 103.7 | -.- | 527.4 |
| Total | 1,596.2 | 141.2 | 515.6 | 129.0 | 2,382.0 |

| | | | | | |
|----------------------------------|----------------|--------------|--------------|-------------|----------------|
| <u>As of December 31,</u> | | | | | |
| <u>2023:</u> | | | | | |
| Argentina | 234.6 | 61.1 | 165.1 | -.- | 460.8 |
| Bolivia | 392.7 | 35.3 | 12.6 | -.- | 440.6 |
| Brazil ¹ | 192.3 | -.- | 14.0 | 52.0 | 258.3 |
| Paraguay ¹ | 333.5 | 8.8 | -.- | 30.0 | 372.3 |
| Uruguay ¹ | 238.0 | 28.8 | 62.1 | 16.3 | 345.2 |
| Total | 1,391.1 | 134.0 | 253.8 | 98.3 | 1,877.2 |

| | | | | | |
|----------------------------------|----------------|--------------|--------------|-------------|----------------|
| <u>As of December 31,</u> | | | | | |
| <u>2022:</u> | | | | | |
| Argentina | 244.8 | 72.1 | 173.6 | -.- | 490.5 |
| Bolivia | 370.7 | 9.6 | 14.7 | -.- | 395.0 |
| Brazil | 170.4 | -.- | 8.6 | 30.0 | 209.0 |
| Paraguay | 331.5 | 10.5 | -.- | 36.0 | 378.0 |
| Uruguay | 227.2 | 28.8 | 22.3 | 10.0 | 288.3 |
| Total | 1,344.6 | 121.0 | 219.2 | 76.0 | 1,760.8 |

¹ Loans without sovereign guarantees do not fall into any of the categories used to classify financing granted to member countries with sovereign guarantees (see Note 8.4 for more information).



The outstanding balance of loans corresponds exclusively to loans in the execution stage of the sovereign-guaranteed loan portfolio. Its distribution by country is as follows:

| | <u>As of December 31,</u> | | |
|--------------|---------------------------|----------------|--------------|
| | <u>2024</u> | <u>2023</u> | <u>2022</u> |
| | \$ | \$ | \$ |
| Argentina | 282.5 | 374.7 | 341.5 |
| Bolivia | 147.7 | 67.3 | 140.4 |
| Brazil | 534.4 | 412.5 | 285.7 |
| Paraguay | 270.0 | 340.7 | 194.0 |
| Uruguay | 159.8 | 152.3 | 22.4 |
| Total | 1,394.4 | 1,347.5 | 984.0 |

As December 31, 2024, 2023, and 2022, respectively, the loans approved by the Bank and pending disbursement because the loan contract had not been signed or was pending ratification by the Legislative Branch of the member country, are as follows:

| | <u>As of December 31,</u> | | |
|--------------|---------------------------|--------------|--------------|
| | <u>2024</u> | <u>2023</u> | <u>2022</u> |
| | \$ | \$ | \$ |
| Argentina | -.- | 43.4 | 87.0 |
| Bolivia | 75.0 | 113.3 | -.- |
| Brazil | 157.0 | 201.0 | 165.1 |
| Paraguay | -.- | -.- | 175.0 |
| Uruguay | -.- | -.- | -.- |
| Total | 232.0 | 357.7 | 427.1 |

The average return on the loan portfolio is as follows:

| | <u>2024</u> | | <u>2023</u> | | <u>2022</u> | |
|----------------|------------------------|-----------------------|------------------------|-----------------------|------------------------|-----------------------|
| | <u>Average balance</u> | <u>Average return</u> | <u>Average balance</u> | <u>Average return</u> | <u>Average balance</u> | <u>Average Return</u> |
| | \$ | % | \$ | % | \$ | % |
| Loan portfolio | 2,129.6 | 8.30% | 1,819.1 | 8.06% | 1,640.2 | 4.60% |

(iii) Revenue by geographical area

Interest income and other by segment are as follows:

| | <u>Loan interest</u> | <u>Other loan operating revenues</u> | <u>Total</u> |
|--|----------------------|--------------------------------------|--------------|
| | \$ | \$ | \$ |
| <u>January 1 through December 31, 2024:</u> | | | |
| Argentina | 42.9 | 2.0 | 44.9 |
| Bolivia | 35.3 | 0.7 | 36.0 |
| Brazil ¹ | 23.6 | 2.1 | 25.7 |
| Paraguay ¹ | 31.4 | 1.6 | 33.0 |
| Uruguay ¹ | 36.4 | 0.7 | 37.1 |
| Total | 169.6 | 7.1 | 176.7 |



| | <u>Loan interest</u> | <u>Other loan operating revenues</u> | <u>Total</u> |
|--|----------------------|--|--------------|
| | \$ | \$ | \$ |
| <u>January 1 through December 31, 2023:</u> | | | |
| Argentina | 38.2 | 2.2 | 40.4 |
| Bolivia | 29.9 | 0.8 | 30.7 |
| Brazil ¹ | 17.0 | 1.5 | 18.5 |
| Paraguay ¹ | 30.4 | 2.7 | 33.1 |
| Uruguay | 23.9 | 0.1 | 24.0 |
| Total | 139.4 | 7.3 | 146.7 |
| <u>January 1 through December 31, 2022:</u> | | | |
| Argentina | 19.8 | 2.3 | 22.1 |
| Bolivia | 14.9 | 0.8 | 15.7 |
| Brazil | 8.3 | 1.0 | 9.3 |
| Paraguay | 15.1 | 1.5 | 16.6 |
| Uruguay | 11.5 | 0.3 | 11.8 |
| Total | 69.6 | 5.9 | 75.5 |

¹ Includes accrued interest for \$8.0, and other charges for administrative commissions in the amount of \$0.1 corresponding to NSG loans granted to state-owned development banks in Brazil, Paraguay, and Corporación Vial from Uruguay (December 2023 - \$6.6 and \$0.08, and December 2022- \$3.3 and \$0.08).

NOTE 16 – RELATED PARTIES

As indicated in Notes 1 and 6.4, the Bank only grants financings to its five borrowing member countries with sovereign guarantee, who are also the owners and shareholders of the Bank, and to government owned development financial institutions and government owned enterprises, both at the national and subnational level, without sovereign guarantee. All lending operations are entered in full compliance with the policies and guidelines approved by the Board of Governors, the Board of Executive Directors, or the Executive President, as required. Consequently, the Bank does not have transactions with its member countries on other terms than those established in its policies and guidelines.

The balances and transactions maintained with related entities as of December 31, 2024, 2023 and 2022, respectively, correspond to the balances maintained with the FOCOM; PCT; and the PAC, as explained in further detail in notes 4.12, 4.13 and 8.6, respectively.

NOTE 17 – CONTINGENCIES

No contingencies have been identified that could materially affect the Bank's financial statements for the year ended as of December 31, 2024, 2023, and 2022, respectively.



NOTE 18 – SUBSEQUENT EVENTS

Within the framework of its Medium-Term Notes (MTN) Program registered in November 2024 on the London Stock Exchange, on February 10, 2025, the Bank completed the first issuance of a new sustainable bond. This placement, was settled on February 19, 2025, and consists of a private issuance for \$40.0 in U.S. dollars with a maturity of three years on February 19, 2028, and referenced to the "Secured Overnight Financing Rate" (SOFR).

On February 20, 2025, Fonplata agreed on a private issuance for \$40.0 in U.S. dollars that will be settled on March 24, 2025, with a maturity of five years on March 14, 2030 and referend to the "Overnight Guaranteed Financing Rate" (SOFR).

Since these bonds are denominated in U.S. dollars and referenced to the overdue SOFR rate, it is not necessary to contract a hedging transaction to align it with the currency and reference rate of the Bank's loan operations.

The Bank has evaluated subsequent events from the date of the closing of these financial statements and through February 21, 2025, the date on which the financial statements are ready to be issued by Luciana Botafogo Brito, Executive President. No matters were identified that might have a material impact on the financial statements for the year ended as of December 31, 2024, 2023, and 2022, respectively.

DocuSigned by:

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Luciana Botafogo Brito
EXECUTIVE PRESIDENT

Signed by:

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Fabio Marvulle Bueno
CHAIRPERSON BOARD OF EXECUTIVE DIRECTORS

DocuSigned by:

A9D8CDD2DABD4A5...

Fernando A. Fernandez Mantovani
CHIEF BUDGET AND ACCOUNTING

DocuSigned by:

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Rafael Robies
VICEPRESIDENT OF FINANCE ad Int.