(Free translation from the original issued in Spanish)

FONPLATA – BANCO MULTILATERAL DE DESARROLLO

Interim financial statements as of June 30, 2022
together with the independent auditor's report on
review of interim financial information

Content

Abbreviation

$ = Thousands of U.S. dollars

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Assembly of Governors
FONPLATA – Banco Multilateral de Desarrollo

Introduction

1. We have reviewed the accompanying interim financial statements of FONPLATA – Banco Multilateral de Desarrollo (the Bank) as of June 30, 2022, which comprise the interim statement of financial position, as at June 30, 2022 and the related interim statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation of this interim financial information in accordance with International Accounting Standard N° 34. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

2. We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Other matters

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

Conclusion

4. Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not present fairly, in all material respects, the financial position of the bank as at June 30, 2022, and of its financial performance and its cash flows for the six-month period then ended in accordance with International Accounting Standard N° 34 "Interim Financial Information".

ERNST & YOUNG LTDA.
Firma Miembro de Ernst & Young Global

Lic. Aud. Claudia V. Molina de García
Partner

Santa Cruz de la Sierra, August 19, 2022

(Free translation from the original issued in Spanish)
FONPLATA – Multilateral Development Bank[1]
INTERIM STATEMENT OF FINANCIAL POSITION
(All amounts expressed in thousands of U.S. dollars)

	As of June 30, 2022		As of December 31, 2021	
ASSETS				
Cash and cash equivalents – Note 8.1		128,585		128,261
Investments				
At fair value with changes in other comprehensive income – Note 8.2	336,384		352,788	
At amortized cost – Note 8.3	61,718	398,102	151,850	504,638
Loan portfolio – Note 8.4		1,562,820		1,503,666
Accrued interest				
On investments – Note 8.2 and 8.3	1,669		2,366	
On loans – Note 8.4	14,735	16,404	10,673	13,039
Other assets				
Cash flow hedge derivatives – Note 8.5 (ii)	14		694	
Property and equipment, net – Note 9.1	5,216		5,742	
Miscellaneous – Note 9.2	1,264	6,494	748	7,184
Total assets		2,112,405		2,156,788
LIABILITIES AND EQUITY				
Liabilities				
Borrowings – Note 8.5	854,612		926,741	
Other liabilities – Note 9.3	4,567		3,149	
Special funds – Note 8.6	20,531		21,891	
Total liabilities		879,710		951,781
Equity				
Capital – Note 10.1				
Authorized	3,014,200		3,014,200	
Less callable portion	(1,665,000)		(1,665,000)	
Paid-in capital	1,349,200		1,349,200	
Paid-in capital pending integration	(298,706)	1,050,494	(342,733)	1,006,467
General reserve – Note 10.3		183,165		183,165
Other reserves – Note 10.2		(40,477)		(8,655)
Retained earnings – Note 10.3		39,513		24,030
Total equity		1,232,695		1,205,007
Total liabilities and equity		2,112,405		2,156,788

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

[1]All financial information as of June 30, 2022, and 2021, has been the subject of a limited review by the independent auditors and accordingly it implies a scope less than an audit of financial statements.

Juan E. Notaro Fraga
EXECUTIVE PRESIDENT

Fernando Scelza
CHAIRMAN BOARD OF EXECUTIVE DIRECTORS

Fernando A. Fernandez Mantovani
CHIEF BUDGET AND ACCOUNTING

Rafael Robles
MANAGER FINANCE

(Free translation from the original issued in Spanish)
FONPLATA – Multilateral Development Bank
INTERIM INCOME STATEMENT[1]
(All amounts expressed in thousands of U.S. dollars)

	January 1 through June 30, 2022	2021
INCOME – Note 11		
Loan portfolio		
Interest	24,031	17,071
Other loan income	2,742	3,661
	26,773	20,732
Investments		
Interest	1,383	2,374
Other	106	6
	1,489	2,380
Other income	138	47
Income from financial assets	28,400	23,159
EXPENSES		
Interest expense	(7,946)	(4,877)
Income from financial assets, net	20,454	18,282
Provision for loan impairment	601	(1,481)
Income after provision for loan impairment	21,055	16,801
Administrative expenses – Note 12	(5,572)	(4,665)
Net income	15,483	12,136
STATEMENT OF COMPREHENSIVE INCOME		
Net income	15,483	12,136
Items that may be reclassified to profit or loss:		
Changes in fair value of investments	(3,469)	(1,577)
Losses/Gains on cash flow hedges net	(28,273)	(4,897)
Items that will be not reclassified to profit or loss:		
Technical appraisal of property	(80)	(14)
Comprehensive income	(16,339)	5,648

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FONPLATA – Multilateral Development Bank

INTERIM STATEMENT OF CASH FLOWS[1]

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

	January 1 through June 30, 2022	2021
Cash Flows from Operating Activities		
Lending		
Cash received from loan principal amortizations	50,429	37,523
Cash received from interest and other loan charges	22,162	20,202
Loan disbursements	(108,432)	(104,995)
Net flows from lending activities	(35,841)	(47,270)
Other operating flows:		
Payment of salaries, benefits, and other personnel expenses	(3,913)	(3,142)
Payment of administrative expenses	(1,462)	(680)
Increase in trade accounts payable and with special funds	(1,814)	(1,631)
Net flows from other operating activities	(7,189)	(5,453)
Net flows used in operating activities	(43,030)	(52,723)
Cash Flows from Financing Activities		
Proceeds from borrowings	16,700	333,730
Derivatives- Collateral	(52,240)	(17,343)
Repayment of borrowings and debt service	(70,563)	(36,745)
Net flows from of on-lent activities	(106,103)	279,642
Collection of paid-in capital subscriptions	44,027	58,418
Net flows from financing activities	(62,076)	338,060
Cash flows from investing activities		
Collection of investment income	2,190	2,705
Purchase of investments	103,067	(85,197)
Proceeds from sale of buildings	225	-.-
Capital expenditures	(52)	(19)
Net flows used in investment activities	105,430	(82,511)
Increase in cash and equivalents during the interim period	324	202,826
Cash and equivalents at the beginning of the interim period	128,261	32,037
Cash and equivalentes at the end of the interim period	128,585	234,863

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

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MANAGER FINANCE

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FONPLATA – Multilateral Development Bank
INTERIM STATEMENT OF CHANGES IN EQUITY[1]
(All amounts expressed in thousands of U.S. dollars)

	Paid-in Capital	General Reserve	Reserve for changes in the value of investments at fair value	Reserve for changes in value of cash flow hedges	Reserve for revaluation of property	Retained Earnings	Total
Balance as of January 1, 2021	916,882	155,751	(1,879)	2,166	757	35,914	1,109,591
Capital increase – Paid-in portion	58,418	-.-	-.-	-.-	-.-	-.-	58,418
Net income during the period	-.-	-.-	-.-	-.-	-.-	12,136	12,136
Other comprehensive income during the period	-.-	-.-	(1,577)	(4,897)	(14)	-.-	(6,488)
Saldos al 30 de junio de 2021	975,300	155,751	(3,456)	(2,731)	743	48,050	1,173,657
Balance as of January 1, 2022	1,006,467	183,165	(5,806)	(3,578)	729	24,030	1,205,007
Capital increase – Paid-in portion	44,027						44,027
Net income during the period						15,483	15,483
Other comprehensive income during the period			(3,469)	(28,273)	(80)	-.-	(31,822)
Balance as of June 30, 2022	1,050,494	183,165	(9,275)	(31,851)	649	39,513	1,232,695

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

[1]All financial information as of June 30, 2022, and 2021, has been the subject of a limited review by the independent auditors and accordingly it implies a scope less than an audit of financial statements.

Juan E. Notaro Fraga
EXECUTIVE PRESIDENT

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Rafael Robles
MANAGER FINANCE

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FONPLATA – Multilateral Development Bank
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED JUNE 30, 2022, AND FOR THE YEAR ENDED DECEMBER 31, 2021, RESPECTIVELY
(All amounts expressed in thousands 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 liaison offices in Asuncion, Republic of Paraguay, since 1989, in Buenos Aires, Republic of Argentina since June 2018, in Montevideo, Uruguay, since December 2019, and on March 15, 2021, opened an office in Brasilia, Brazil, consolidating its presence in all five member countries. Liaison 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 created 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 very 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 for the region; 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. These modifications pursue 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 located in the River Plate, 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 $3,014,200, consisting of 301,420 class "A" shares, to be allocated to founding members only, with a par value of $10 each, and with a voting right of one vote per share. Furthermore, the modifications approved estipulate that the authorized capital shall also include shares class

"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 $1,349,200, and 166,500 shares of callable capital for an amount of $1,665,000. 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.

Both series shall be issued when the Charter's modifications are formally ratified by the founding member countries, which is deemed to materialize thirty days after receiving communication from the founding member countries' confirming their formal ratification.

As of the date of issuance of these financial statements the above mentioned modifications to the Bank's Charter are yet pending ratification by the parliamentary of one of the five member countries.

As a corollary of several uninterrupted actions undertaken towards the expansion of the Bank's membership since 2019, on June 13, 2022, the Bank and the Republic of Colombia signed the Agreement of Immunities and Privileges. This agreement recognizes the Banks jurisdiction, immunities and privileges and sets the applicable legal framework that would govern the relationship between Colombia and the Bank once it has formalized its membership.

As of December 31, 2021, and as the date of issuance of these financial statements, the modifications to the Charter approved by the Board of Governors are still pending ratification by the corresponding authorities of one of the five member countries.

The Bank is characterized by a keen focus on strategic planning and management by results. The Strategic Institutional Plan 2013 – 2022 (a.k.a. PEI for its Spanish acronym), constitutes the main instrument designed to manage, supervise and ensure accountability for the attainment of expected results. The PEI and its updates of 2017, covering the period 2018 – 2022, and its most recent update covering the period 2022 – 2026, were approved by the Board of Governors in August 2017, and in September 2021. Complementing the PEI, the Bank prepares the Programs and Budget Document (a.k.a. DPP for its Spanish acronym). The DPP integrates the business plan with the expected results to be attained for the next three years, as well as the activities required and their related costs, that make the basis for the administrative and capital budgets. On December 3, 2021, the Board of Governors, acting upon a recommendation from the Board of Executive Directors, approved the Bank's DPP for the period 2022 – 2024.

The financial statements for the fiscal year 2021 were approved by the Board of Governors on march 29, 2022, following a recommendation of the Board of Executive Directors.

The financial statements for the interim period January 1 through June 30, 2022, have been approved by the Executive Presidente of the Bank on 19, August 2022, in accordance with the current delegation of authority and sent for information to both the Board of Executive Directors and to the Board of Governors.

NOTE 2 – SIGNIFICANT CHANGES IN THE CURRENT REPORTING PERIOD

A – COVID-19 STRATEGY TO ENSURE BUSINESS CONTINUITY

The following paragraphs depict the strategy and actions undertaken by the Bank since the beginning of the COVID-19 pandemic, as well as the current status after its five member countries have overcome the health crisis that forced them to close their borders towards the middle of March 2020, following the advise of the World Health Organization (WHO).

Since the beginning of the pandemic the Bank swiftly and successfully implemented its strategy designed to ensure the continuity of its operations both it is hybrid and telecommuting working modalities, in response to the cease of on-site activities.

During the approximately 18 months that the cease of on-site activities lasted, the Bank implemented several actions allowing it to ensure its business continuity while preserving the health of its staff. Among the most relevant measures are the following:

- Adoption of a hybrid working modality. Under this modality, staff is allowed to telecommute one day a week and to work four days on-site.
- Redeployment of professionals, mostly of the Operations and Country Department, to the liaison offices in Asuncion, Paraguay; Buenos Aires, Argentina; Brasilia, Brazil; and in Montevideo, Uruguay, priorizing a fluid dialogue with the member countries increasing the potential for adding value through more timely and focused interventions.
- Migration of all information systems to the cloud improving access security and reducing the possibility of unauthorized access, ensuring business continuity throughout the pandemic and other events that preclude on-site work.
- The Bank continues working in close dialogue with its government counterparts to adapt its focus on their respective fiscal, health and social prevailing environment, optimizing its ability to offer financial and technical cooperation assistance in the best possible terms.

B – SPECIFIC ACTIONS

The following paragraphs provide a more specific analysis on 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 interim period January 1, through June 30, 2022:

- Loan revenues are mainly determined by the increase in the balance of outstanding loans, resulting from a greater volume of disbursements over the amount of collections of loan principal received from member countries, and due to changes in the applicable loan reference rate applied to all loans. During the pandemic, the 6-month Libor rate was constantly decreasing to reach its lowest point in the first semester of 2021, with 17 bases points. Since the fourth quarter of 2021, interest rates have experienced a swift rebound, as a result of the efforts made by the leading economies to contain the rapidly increasing inflation associated to the pandemic and to the geopolitical conflict confronting Russia, the European Union and the United States of America. In summary the 6-month Libor rate has reached 293.5 bases points at the end of June 2022. Meanwhile, the SOFR ("Secured Overnight Financing Rate") that replaces the 6-month Libor rate in all loan contracts signed since January 1, 2022, as well as in legacy loans where the member countries have agreed to adopting this new reference rate, increased from 5 basis points in December 2021 to 150 basis points at the end of June 2022. It is anticipated that interest rates will continue to increase until such time that all major economies have managed to keep annual inflation at the level of 2%. The 6-month Libor rate is applied by the Bank six-months in arrears. Consequently, the increase in interest rates during the interim period January 1, through June 30, 2022, on those loans that still have the Libor as their reference rate, is not proportional to the increase experienced by interest rated during the period.
- As part of the Bank's strategy to manage the exposure of its net financial assets to changes in exchange and interest rates and in compliance with its policies, the Bank grants and denominates its loans in United States dollars and adopted the 6-month Libor as its reference rate in all loans granted through December

31, 2021. On legacy loans, approved on or before December 31, 2021, the Bank agreed with its borrowing member countries an option allowing them to adopt the SOFR in arrears, plus a margin, as the reference rate prior to June 30, 2023, date in which the Libor will be discontinued.

- As of June 30, 2022, and as mutually agreed with its member countries, the Bank has replaced the 6-month Libor rate as the reference rate in 32 of 82 loan contracts. Loan contracts that now accrue interest based on the SOFR rate amount to $540,108, and represent 34% of the portfolio of gross loans outstanding. From the effective date of adoption of the daily compounded SOFR in arrears, these loans accrue interest at a rate lower than those that would have been accrued under the 6-month Libor rate. This is due to the fact that the SOFR is based on an interest risk free rate, hence it smooth variations resulting from increases in the key interest rate approved by the Federal Reserve of the United States.

- As stated in greater detail in the following subsection and in Note 3 – Revenue Generation, during the semester ended as of June 30, 2022, 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 those before the pandemic when measured in terms of actual return. This has contributed to the Bank reaching an adequate level of net income during its interim period strengthening its already robust financial profile.

- The rapid increase in interest rates has caused the Bank's financial costs to increase on average by 28 basis points between December 31, 2021, and June 30, 2022. This average increase in financing costs has exceeded the average increase in loan revenues (i.e. interest and commissions) by 5 basis points. This apparent gap between the speed in the increase of financing costs and that of the increase of loan revenues is expected to converge by the end of the second semester of 2022, since it is mostly caused by the portion of loan portfolio that accrues interest based on the 6-month Libor rate, that as previously stated resets the rate 6 month in arrears. Except for the borrowings contracted with the IADB and the ICO, which have been converted to the SOFR rate in March and June, 2022, respectively, all other borrowings remain based on the 6-month Libor rate and would be gradually converted to the SOFR between July 2022 and June 2023.

- In compliance with its policies and procedures for the maintenance of liquid assets and borrowings, during the interim period January 1, through June 30, 2022, the Bank signed borrowing contracts, consisting of loans and lines of credit with (i) the Interamerican Development Bank (IADB) for $100,000; and with the French Development Agency (AFD) for EUR 30,000, and mantains a certificate of deposit contracted with the Central Bank of Uruguay (CBU), for $80,000, since the CBU did not exercised the option to call upon this certificate.

- With regards to administrative expenses measured as a percentage of net financial assets, during the period January 1, through June 30, 2022, on average they represent 86 basis points. When compared to 2021, administrative costs have increased by 10 basis points. This increase had been anticipated since from February 2020 through September 2021, in response to the expected decrease in loan revenues associated to the decrease in interest rates due to the pandemic, the Bank put in place strict cost containment measures that included the freeze of vacancies and the suspension of mission travel. Starting in 2022, and due to the increase in the level of activity the Bank resume its staff hiring process to ensure the level of agility and effectiveness that characterizes its work and to consolidate its business growth.

- During the interim period January 1, through June 30, 2022, the Bank approved new sovereign guaranteed loans for $150,000 (2021 - $153,100); disbursed $108,432 (2021 - $104,995); and collected amortizations of loan principal for $50,429 (2021 - $37,523). Moreover, the net loan flow during the period was positive for most member countries.

The following chart depicts outstanding borrowing amounts as of June 30, 2022, and at December 31, 2021, respectively, under the various lines of credit, loans and the amount owed to the Bank's bondholders for the three bond issuances in the Swiss capital market in 2019 and in 2021.

Creditor	Outstanding as of December 31, 2021	Principal amortizations and reasonable value adjustments	Funds received in 2022	Oustanding as of June 30, 2022
	$	$	$	$
Banco de Desarrollo de América Latina (CAF)	64,000	(64,000)	-.-	-.-
Interamerican Development Bank (IADB)	100,000	-.-	-.-	100,000
French Development Agency (FDA)	20,000	-.-	-.-	20,000
European Investment Bank (EIB)	12,000	-.-	10,000	22,000
Instituto de Crédito Oficial E.P.E. (ICO)	5,536	(554)	6,700	11,682
Banco Bilbao Vizcaya Argentaria (BBVA)	100,000	-.-	-.-	100,000
Banco Central del Uruguay (CBU) – Tasa fija	80,000	-.-	-.-	80,000
Deferred charges	(598)	55	-.-	(543)
Subtotal multilaterals and others	**380,938**	**(64,499)**	**16,700**	**333,139**
Bond issuance CHF FONPLATA 24	148,809	-.-	-.-	148,809
Bond issuance CHF FONPLATA 26	221,828	-.-	-.-	221,828
Bond issuance CHF FONPLATA 28	163,898	-.-	-.-	163,898
Deferred charges	(2,022)	318	-.-	(1,704)
Currency translation adjustments	13,290	(24,648)	-.-	(11,358)
Subtotal bonds	**545,803**	**(24,330)**	**-.-**	**521,473**
Total borrowings outstanding	**926,741**	**(88,829)**	**16,700**	**854,612**

- Most of the Bank's borrowings are denominated in United States dollars and based on the 6-month Libor rate as its reference rate. This way the Bank minimizes its exposure to exchange and interest rate risks. However, in those borrowings denominated in currencies other than the United States dollar or at interest rates different from the 6-month Libor rate, the Bank enters into derivative contracts to effectively mitigate its exposure. In anticipation of the replacement of the Libor reference rate by the SOFR in the second semester of 2023, the Bank is gradually realigning the reference interest rate in its financial assets and liabilities providing adequate coverage against the risk of changes in interest rates.

- Derivatives related to its three bond issuances were designated as cashflow hedging transactions 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 Credit Suisse (CS); and, JP Morgan (JPM).

- The Bank use of derivatives for the sole purpose of reducing its risk exposure to changes in exchange rates of currencies different than the United States dollar, and in interest rates different from its lending reference interest rate and not for speculative purposes.

- The Bank is the fiduciary agent for the management of the investment portfolio of the "Fondo de Convergencia Estructural de MERCOSUR (FOCEM)".

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, a small part 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 on legacy loan contracts note yet converted to the SOFR rate, and the SOFR rate in arrears for loan contracts approved on or after January 1, 2022, as well as on legacy loan contracts where the borrower has agreed to take the option to replace the 6-month Libor rate with the SOFR rate; and 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. The Bank holds liquidity for the purpose of meeting expected loan disbursements; meeting its financial obligations, and to defray its operational expenses for a period of 12-month (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:

	June 30, 2021			June 30, 2022			December 31, 2021		
	Average balance	Income	Return[2] %	Average balance	Income	Return[2] %	Average balance	Income	Return[2] %
Loans outstanding	1,285,231	20,732	3.23	1,548,603	26,773	3.46	1,385,548	42,221	3.05
Investments	448,417	2,402	1.07	535,980	1,327	0.50	455,711	4,807	1.05
Cash at banks	133,450	-.-	-.-	43,618	-.-	-.-	80,149	-.-	-.-
Financial assets	**1,867,098**	**23,134**	**2.48**	**2,128,201**	**28,100**	**2.64**	**1,921,408**	**47,028**	**2.45**
Borrowings	(711,842)	(4,877)	(1.37)	(890,677)	(7,946)	1.78	(747,533)	(10,949)	1.46
Net financial assets	**1,155,256**	**18,257**	**3.16**	**1,237,524**	**20,154**	**3.26**	**1,173,875**	**36,079**	**3.07**
Provisions and other charges[1]	-.-	(1,691)	(0.29)		637	0.10		(2,957)	(0.25)
Administrative expenses	-.-	(4,430)	(0.77)		(5,308)	0.86		(9,092)	(0.77)
Net assets	**1,155,256**	**12,136**	**2.10**	**1,237,524**	**15,483**	**2.50**	**1,173,875**	**24,030**	**2.05**
Equity	**1,141,624**	**12,136**	**2.13**	**1,218,851**	**15,483**	**2.54**	**1,157,299**	**24,030**	**2.08**

[1]Provisions and other charges	January 1, through June 30, 2021 $	2022 $	As of December 31, 2021 2023 $
Provision for loan imparements – Note 8.4	(1,481)	601	(2,599)
Depreciation	(192)	(174)	(379)
Exchange differences - Gain/(loss)	(44)	(90)	(41)
Special funds' participation in investment income	(21)	64	(23)
Interest received on colateral deposits with derivative counterparts	-.-	98	-.-
Other income	47	138	85
Total provisions and other charges	(1,691)	637	(2,957)

[2] Returns 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.

NOTE 4 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

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 year 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 (a.k.a. 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 (a.k.a. non-current), as per Note 13.

(ii) Historical cost

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

- Financial assets at fair value with changes recognized in other comprehensive income.
- Investments classified at amortized cost and adjusted to their reasonable value through a provision for potential impairments in those instances where the latter is lower than the amortized cost.
- Property valued at fair value.

(iii) New standards and modifications adopted by the Bank

The following chart summarizes new international financial reporting standards (IFRS), as well as certain applicable modifications of existing ones that were applied by the Bank starting January 1, 2021. The standards listed below exclude the following standards and interpretations or modifications that are not yet mandatory for fiscal years beginning on January 1, 2021: IFRS 17, Insurance Contracts; IAS 16, Property, Plant and Equipment: proceeds before intended use; IFRS 3, Business Combinations; IAS 37, Onerous Contracts – Cost of fulfilling a contract; Annual Improvements to IFRS 9, Financial Instruments; IFRS 16, Leases; IFRS 1, First time adoption of IFRS; IAS 1, Classification of Liabilities as Current and non-Current; IAS 1 and IFRS Practice Statement 2, Disclosure of Accounting Policies; IAS 8, Definition of Accounting Estimates; IAS 12, Deferred Tax related to Assets and Liabilities arising from a single transaction.

The majority of the amendments listed below, which started to be formally applied by the Bank on January 1, 2021, did not have a significant impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods:

Standard	Key Requirements	Effective Date
Amendments to IAS 1, Presentation of financial statements on classification of liabilities	These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.	1 January 2021
Covid-19-related Rent Concessions – Amendments to IFRS 16	This amendment to IFRS 16, deals with the recognition and accounting for rent concessions granted to lessees as a result of the COVID-19 pandemic. The amendment provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted. Entities applying the practical expedients must disclose this fact, whether the expedient has been applied to all qualifying rent concessions or, if not, information about the nature of the contracts to which it has been applied, as well as the amount recognized in profit or loss arising from the rent concessions.	1 January 2021
Interest Rate Benchmark Reform Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	These amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 are intended to address the issues that arise during the reform of an interest rate benchmark rate, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide the following reliefs: • When changing the basis for determining contractual cash flows for financial assets and liabilities (including lease liabilities), the reliefs have the effect that the changes, that are necessary as a direct consequence of LIBOR reform and which are considered economically equivalent, will not result in an immediate gain or loss in the income statement. The hedge accounting reliefs will allow most IAS 39 or IFRS 9 hedge relationships that are directly affected by LIBOR reform to continue. However, additional ineffectiveness might need to be recorded. Affected entities need to disclose information about the nature and extent of risks arising from LIBOR reform to which the entity is exposed, how the entity manages those risks, and the entity's progress in completing the transition to alternative benchmark rates and how it is managing that transition. Given the pervasive nature of LIBOR-based contracts, the reliefs could affect companies in all industries. • Note 7.1.1 contains the status of current plans for the Bank to accomplish its transition from the 6-month Libor rate to the SOFR in arrears by January 1, 2022, which is the reference rate for all of its loans and for the majority of its borrowings. In those instances, in which the borrowings are denominated in other currencies than the US dollar, the Bank has entered into cross-currency swap transactions to effectively offset the exchange and interest rate risks. Migration from the 6-month Libor rate to the SOFR for borrowings and swaps would be dictated by each lender. In the case of swap transactions, the migration from the Libor to the SOFR is due to occur on July 1, 2023.	January 1, 2021

4.2 Segments' disclosure

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

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

Foreign currency transactions are converted to the functional currency using the exchange rate prevailing at the date of each transaction. Exchange gains or losses on foreign currency transactions result from payments effected in currencies other than the United States dollar, related to administrative expenses incurred either at the Bank's headquarters or at its liaison offices in Asuncion, Paraguay, Buenos Aires Argentina, Montevideo, Uruguay, and Brasilia, Brazil. Exchange gains and losses associated to administrative expenses are presented on a net basis as part of administrative expenses, in the income statement.

Financial assets, such as investments and loans are denominated in U.S. dollars, and except for the Swiss Francs denominated bonds, which were swapped to U.S. dollars, the Bank does not have other financial liabilities in other currency. Consequently, there is no exchange rate risk exposures related to the Bank's financial assets and liabilities.

Almost all operational expenditures are incurred in the functional currency. Only a small amount of local currency is kept at hand at the Bank's headquarters, and at each liaison office, to pay for the cost of goods and services incurred at those locations. Local currency holdings are translated into the functional currency at the rates of exchange prevailing on the date on which their fair value is determined. Exchange differences on assets and liabilities measured at fair value are reported together with gains and losses on fair value.

4.4 Revenue recognition

Interest revenues on loans and interest income on investments valued at their amortized cost are calculated based on the effective interest rate method. Other loan revenues consisting of administrative commissions and commitment fees, are calculated in accordance with IFRS 15.

The Bank recognizes revenues when their amount can be reliably measured and when it is likely that the resulting economic benefits would 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.

4.5 Leases

Lease contracts for terms of up to 12 months 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 asset using a cost model.

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

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 international financial institutions. The Bank's capital consists of paid-in and callable capital. Callable capital is subscribed 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 require to continuously grow their capital base, to increase their lending capacity over time. To this end, approximately every 5 to 7 years, MDBs may go through a 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 are its loans to member countries. All financial assets and liabilities are contracted and denominated in U.S. dollars and bear interest based on reference interest rate plus a margin. As part of 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.

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 months following the end of the Bank's fiscal year. Liquidity is invested with the sole purpose of reducing the cost of carry 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 to be 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 reasonable value. Investments available for sale are valued at their reasonable 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 clasifies its financial assets aspec 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 the Income Statement.

- 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 cash flow hedge, and are considered completely effective. 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 are shown under Borrowings in the statement of financial position. Changes in fair value of the cross-currency swap are accounted for in other comprehensive income (see Notes 2; 4.10 and 8.5-(ii)).

(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 and sales of financial assets are recognized on the date in which they are transacted, which is the date in which the Bank generates them or commits to their purchase or sale. Financial assets are disposed-off upon expiration of the rights to receive a flow of funds or upon transferring their risk of ownership.

When investments carried at fair value with changes in other comprehensive income are sold, the cumulative fair value adjustments accounted for under "other comprehensive income" is reclassified in the income statement as part of gains or losses on investments.

(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 market value. Gains and losses resulting from changes in fair value are recognized in other comprehensive income. Interest resulting from financial assets carried either at market 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 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 applying a standard methodology also adopted by the leading MDBs, considered as a best 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 issued by one of the internationally recognized credit risk-rating agencies, adjusted by its internally developed own credit risk rating.

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 could 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 for the most part already embedded in the market value.

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 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.

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 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-month.

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, overdue or not, which are considered to be credit impaired. Likewise, loan commitments or financial guarantees whose payment is probable and their recovery doubtful are considered to be in Stage 3.

Classification into stages: Following immediate recognition of the 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 past due for more than 180 days;
- Significant decrease of 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 non-accrual status, they are considered impaired loans. A loan is impaired when the analysis of available information and current events are indicative, to a certain degree of probability, that the Bank could not recover the full amount of principal and interest accrued, based on the agreed upon loan covenants. When a loan is impaired, the Bank reduces the carrying amount of such loan to is 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 book 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 directly 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. Repairs 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 case of 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, and the changes in the hedging reserve shown in the Statement of Changes in Equity are explained in note 10.2-(ii).

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 cash flows of the hedging instruments are expected to offset changes in the cash flows 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: 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.

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, namely FONPLATA24; FONPLATA26; and FONPLAT28; and, the interest rate swap associated to a $80,000 certificate of deposit at fixed interest rate received from the Central Bank of Uruguay (see also 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 forecasted 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 or cash flows of hedged items, or to specific firm commitments or forecasted transactions, as applicable.

Changes in fair value of a derivate instrument that is highly effective, and which has been designated and qualifies as a cash flow hedge are recorded in other comprehensive income (loss) to the extent that the derivative is effective as a hedge.

The ineffective portion of the change in the fair value of a derivative instrument that qualifies as a cash flow 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 cash flows 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 to 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.

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, 2021, and 2020, 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-in 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 Executive President 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 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:

- 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 expected cash flows – Note 8.5 (ii).

NOTE 6 – FINANCIAL RISK MANAGEMENT

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

Risk	Source of Exposure	Measurement	Risk Management
Market risk – foreign exchange	With the exception of the Swiss Franc issuances which were effectively hedged through cross-currency swaps as discussed in Notes 2; 4.10; and 8.5 – (ii), 99.9% of financial assets are denominated in U.S. dollars (functional currency). 59% of financial liabilities before cross-currency swaps, are denominated in U.S. dollars.	Cash flow budget.	All loan and investment transactions, as well as the most relevant liabilities shown in the financial statements have been transacted in U.S. dollars. The Bank signed enforceable ISDA master netting agreements with the right to offset with JPM and with CS, respectively. Based on these agreements, the Bank contracted cross-currency swaps to offset both the interest rate and foreign currency exchange risks associated to its bond issuances in the Swiss market. These derivatives are an integral part of the Bank's risk-management process designed to minimize exposure to financial risks and as such were designated as a cash flow hedge.
Market risk – Interest rate risk	Risk of experiencing fluctuations in lending and borrowing rates applicable to the Bank's loans, and debt. As explained in Notes 2; 4.10; and 8.5 – (ii), on March 13, 2019, on March 3, 2021, and on November 1, 2021, the	Sensitivity analysis.	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 associate to potential mismatches in the duration of the loan portfolio and the debt incurred to

Risk	Source of Exposure	Measurement	Risk Management
	Bank issued a 5-year, a 5 ½ -year and a 7-year Swiss Franc denominated bonds at fixed rate. To hedge both, the interest and exchange risk, the Bank contracted a cross-currency swap with JPM, and with Credit Suisse (CS). On May 5, 2020, the Bank also entered into an interest rate swap with JPM, to exchange the fixed-interest rate to be paid to CBU on the $80,000 certificate of deposit received into the 6-month Libor rate. The ISDA master netting agreements signed with JPM and CS provide for the right of offsetting.		finance such loans. Potential exposures from the issuance of the three Swiss Franc denominated bonds at fixed-rate are effectively managed through the cross-currency swaps. These swaps were designed to replace both, the debt in Swiss Francs by a debt denominated in U.S. dollars and the fixed rate by a floating rate based on the 6-month Libor rate plus a fixed margin, matching the rate structure applicable to all loans to member countries. Hence, effectively eliminating currency and interest rate risks. Additionally, potential exposures to interest rate changes associated to the certificate of deposit is effectively hedged through the interest rate swap contracted with JPM.
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 reasonable 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 reasonable 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 used for cash flow hedging of	- Arreas analysis based on 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.

Risk	Source of Exposure	Measurement	Risk Management
	borrowings.		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 II.

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

The Banks's lending interest rate consists of a fixed margin and a floating interest rate (6-month Libor rate). In accordance with its income management and financial charges policy, the Bank's fixed margin is reassessed annually for all new loans with the objective of reaching a balance between the accumulation of long-term capital to guarantee the Bank's sustainability as well as to provide favorable financial conditions to its member countries. The Bank applies a net income management model as a tool to manage income in accordance with its medium and long-term planning objectives. Through various parameters and variables, the forecasting model helps ensure a reasonable level of predictability and stability of lending charges, enough to satisfy all expected goals established in the Bank's financial policies. The model adopted helps to anticipate required adjustments to the fixed margin allowing the Bank to proactively respond to significant changes in the assumptions and estimates used. This exposure is periodically measured and evaluated, to ensure the management of the 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 loans approved after March 15, 2022, the Board of Executive Directors approved the new lending conditions for both sovereign and non-sovereign guaranteed loans (Resolution 1490/2022).

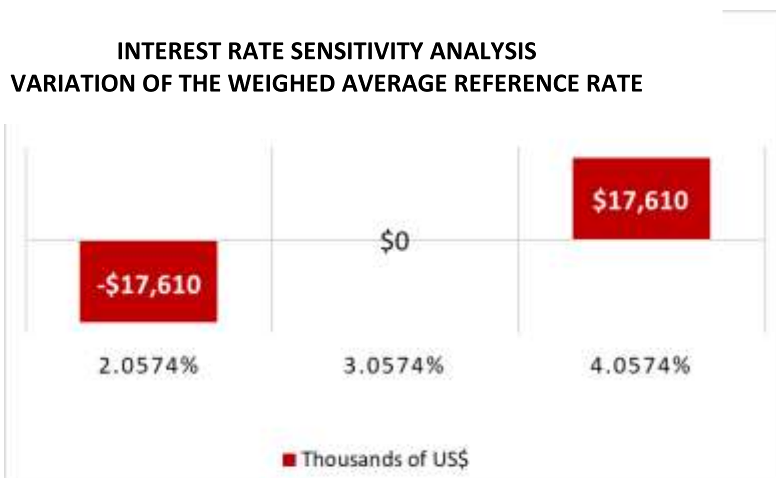
Para los préstamos aprobados con posterioridad al 15 de marzo de 2022, el Directorio Ejecutivo aprobó las nuevas condiciones financieros para préstamos de riesgo soberano y no soberano (Resolución 1490/2022 del Directorio Ejecutivo).

The Executive President was 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 to the variable component of its lending rate, which is based on the 6-month Libor. The Bank performs sensitivity analysis to determine the variance in income or in net equity associated to changes in the 6-month Libor rate.

The sensitivity analysis was performed using the weighted average of the two reference interest rates currently applicable to all loan contracts in the Bank's portfolio, which equals to 306 basis points.

Accordingly, the analysis yields a maximum and a minimum for the weighted average reference rate of 406 - 206 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 $17,610, 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 mainly its investment and loan portfolios through various measures to ensure risk exposures would remain within established policy limits (see Notes 4.8, 8.2; and 8.3, for further details).

The Bank's investments pursue the objective of ensuring an adequate level of liquidity to finance loan disbursements, service its debt obligations and the payment of administrative expenditures. Accordingly, the Bank classifies its investments within in two distinct portfolios:

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

- ***Investments held to maturity***: consisting in time-deposits, and 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, 2021, and 2020, respectively:

	Sensitivity analysis of investments					
	January 1, through June 30, 2022			Year ended as of December 31, 2021		
Portfolio	Book value $	Maximum loss $	Variance %	Book value $	Maximum loss $	Variance %
Available for sale investments up to 12-month – FVOCI	298,810	854	0.29	192,965	444	0.23
Held-to-maturity investments up to 12-month – At amortized cost	-.-	-.-	-.-	-.-	-.-	-.-
Certificates of deposit fixed-term deposits	61,718	-.-	-.-	151,850	-.-	-.-
Total up to 12 months	360,528	854	0.24	344,815	444	0.13
Available for sale investments greater than 12-month – FVOCI	37,574	946	2.52	159,823	1,046	0.65
Held-to-maturity investments greater than 12-month – At amortized cost	-.-	-.-	-.-	-.-	-.-	-.-
Total greater than 12 months	37,574	946	2.52	159,823	1,046	0.65
Total	398,102	1,800	0.45	504,638	1,490	0.30

i Book value amounts for investments are based on the reasonable value for investments classified as available for sale and valued at their fair value with changes in other comprehensive income, and on the amortized cost for investments classified as held-to-maturity. All investment instruments valued at their fair value with changes in other comprehensive income, and the majority of those included in the held-to-maturity investment portfolio quote on the market, for which there their reasonable 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 reasonable 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 instruments for which their fair value could not be reasonably established and hence requiring use of a valuation model (Level 3).

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 country, with the objective of reducing excessive risk exposures and to comply 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 June 30, 2022, 95% of the balance of loans outstanding correspond to loan contracts with the sovereign guarantee of the member government. The Bank started lending without the sovereign guarantee of the member country in 2020, with the approval of its Board of Executive Directors. This new line targets development banks and enterprises where the central o local government is the majority owner. Since the creation of this line and through June 30, 2022, the Bank has approved $120,000 in three operations for an aggregate amount of $114,000, and the increase of a line of credit for $6,000. From this total, as of June 30, 2022, $72,000 have been disbursed, and as such are an integral part of the outstanding loan balance as of that date (31 December 2021 - $72,000). See Notes 2, and 8.4 (i), for greater detail.

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 covenants included in all loan contracts and uses a methodology for determining the adequacy of the provision for potential impairment in loans that provide for different factors for its sovereign guaranteed and non-sovereign guaranteed loan portfolios, as explained in Note 4.8.

The credit risk associated to 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 June 30, 2022, and as of December 31, 2021, respectively, the average credit risk rating of the investment portfolio was AA, above the AA- required limit by the investment policy.

6.5 Liquidity risk

Liquidity risk is the risk related the inability of the institution to meet its obligations without incurring in 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, loan disbursements, debt service, and the payment of obligations stemming from its administrative and capital expenditure requirements for a 12-month period. For the interm period January 1, through June 30, 2022, and for the year ended December 31, 2021, respectively, the Bank did not have commitments and obligations that would carry liquidity risk either in the short or medium term.

The following table shows liquid assets as well as liabilities, as June 30, 2022, and as of December 31, 2021, respectively.

	As of June 30, 2022 $	As of December 31, 2021 $
Financial Assets		
Cash and cash equivalents – Note 8.1	128,585	128,261
Investments – Notes 8.2 and 8.3	398,102	504,638
Gross liquidity	526,687	632,899
Financial Liabilities		
Borrowings – Note 8.5	854,612	926,741
Other liabilities – Note 9.3	4,567	3,149
Special funds – Note 8.6	20,531	21,891
Total Liabilities	879,710	951,781

Liquid assets coverage of the amount of net estimated disbursements was equivalent to 1.52 and 1.49 years, as of June 30, 2022, and as of December 31, 2021, 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 to 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 Expected 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 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-days 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 1st, 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.

The Alternative Reference Rates Committee (ARRC) is the organization in charge of 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 several other topics.

The Bank has adopted fallback language on new loans' contracts signed over the second half of 2021. The Bank has opted for using the SOFR "in-arrears" for all its loans, starting January 1, 2022. Accordingly, the Bank is currently in the process of starting development and implementation to accommodate required changes to its loan, investment and debt, electronic transaction processing systems, aiming at having them in production by the end of the first quarter of 2022. Additionally, legacy loan documentation started to be amended in coordination with each member country to reflect the above-mentioned changes.

The Bank is closely monitoring and will continue to closely follow the guidance issued regarding the replacement of the LIBOR by the SOFR to ensure proper mitigation of the underlying operational risk associated to this change.

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' sector. 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 approve 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 institution.
- Specific information about each type of financial instrument.
- Accounting policies.
- Information on the determination of fair values of financial instruments, including the professional judgment used, and the uncertainties affecting those estimates.

The Bank maintains the following financial assets and liabilities:

	Note	Financial assets carried at fair value w/changes in OCI $	Financial assets carried at amortized cost $	Total $
As of June 30, 2022				
Financial assets:				
Cash and cash equivalents	8.1	6,977	121,608	128,585
Investments at fair value with changes in OCI[1]	8.2	337,896	-.-	337,896
Investments at amortized cost[1]	8.3	-.-	61,875	61,875
Loan portfolio[2]	8.4	-.-	1,577,555	1,577,555
Subtotal		344,873	1,761,038	2,105,911
Cash flow hedge derivatives	8.5	14	-.-	14
Total financial assets		344,887	1,761,038	2,105,925
Financial liabilities:				
Borrowings	8.5	-.-	(854,612)	(854,612)
Other liabilities	8.5	-.-	(4,567)	(4,567)
Special funds	8.5	-.-	(20,531)	(20,531)
Total financial liabilities		-.-	(879,710)	(879,710)
Net financial assets		344,887	881,328	1,226,215

	Note	Financial assets carried at fair value w/changes in OCI $	Financial assets carried at amortized cost $	Total $
As of December 31, 2021				
Financial assets:				
Cash and cash equivalents	8.1	24,652	103,609	128,261
Investments at fair value with changes in OCI[1]	8.2	355,043	-.-	355,043
Investments at amortized cost[1]	8.3	-.-	151,961	151,961
Loan portfolio[2]	8.4	-.-	1,514,339	1,514,339
Subtotal		379,695	1,769,909	2,149,604
Cash flow hedge derivatives	8.5	694	-.-	694
Total financial assets		380,389	1,769,909	2,150,298
Financial liabilities:				
Borrowings	8.5	-.-	(926,741)	(926,741)
Other liabilities	8.5	-.-	(3,149)	(3,149)
Special funds	8.5	-.-	(21,891)	(21,891)
Total financial liabilities		-.-	(951,781)	(951,781)
Net financial assets		380,389	818,128	1,198,517

[1]Includes interest and other investment income.
[2]Includes 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 June 30, 2022, and as of December 31, 2021, 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 maturities of up to three months, consist of:

	As of June 30, 2022 $	As of December 31, 2021 $
Cash at Banks	24,622	62,615
Time deposits and short-term bonds	103,963	65,646
Total	128,585	128,261

(i) Classification of cash equivalents

Time deposits and short-term bonds are considered as cash equivalents provided their original maturity is of up to three months from the time of their acquisition. 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:

	As of June 30, 2022	As of December 31, 2022
	$	$
Sovereign bonds	235,490	225,943
Multilateral development institutions – Bonds	97,323	111,201
Other financial institutions	1,987	13,587
Argentine treasury bonds	1,584	2,057
Subtotal	336,384	352,788
Accrued interest receivable	1,512	2,255
Total	337,896	355,043

The amount recognized in "reserve for changes in the value of investments at fair value through OCI" forms part of the determination of the operating income upon disposition of the underlying investment.

(i) Investments with related parties

As of June 30, 2022, and December 31,2021, 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 asset.

(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 June 30, 2022, the Bank has accumulated net unrealized losses in the amount of $31,742 in its statement of comprehensive income (June 2021 - $6,425 unrealized net losses). These unrealized losses consist of a loss in market value adjustments of investments for $3,469, and a loss of $28,273, in valuation of cross-currency and interest rate swaps (June 30, 2021, $1,577, in net losses arising from market value adjustments on investments kept at fair value; and $4,897, related to the valuation of currency exchange and interest rate swaps). For the year ended December 31, 2021, unrealized losses of $9,700 consisting of: $3,928, on net losses arising from market value adjustments on investments kept at fair value, and unrealized losses of $5,744 related to market value adjustments on the effective portion of derivatives designated as cash flow hedge of bonds outstanding. Additionally, during the 6 months ended as of June 30, 2022, comprehensive income was reduced by $80, corresponding to the depreciation of the amount of technical appraisal of property recognized in 2018, $812 (June 30, 2022- $14, and December 31, 2021 - $28).

(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

Investments classified under this category correspond to certificate of deposits and investments in bonds and commercial paper, as follows:

	As of June 30, 2022 $	As of December 31, 2021 $
Time and Certificates of Deposit [1]		
Sovereign	48,757	141,860
Multilateral Development Banks	-.-	9,990
Other financial institutions	12,961	
Subtotal	61,718	151,850
Total invested	61,718	151,850
Accrued interest and commissions receivable	157	111
Total	61,875	151,961

[1]Investments correspond to time deposits with original maturities greater than three months.

(i) Investments carried at amortized cost

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.

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 as of June 30, 2022 (December 31, 2021 – Nil).

(ii) Impairment and exposure to risk

In September 2020, the Bank exchanges its holdings of "PAR" and "DISCOUNT" bonds for the new holdings of USD 2038 L.A. and USD 2041 L.A., which had the same value as the bond previously held. Hence, no gain or loss was recognized at settlement other than the gain resulting from the reclassification to OCI of the amount of the provision for impairment of the holdings in "PAR" and "DISCOUNT" bonds, which as of the settlement date of September 8, 2020, amounted to $3,852, consisting of $2,960 that had been recognized through December 31, 2019, and $892, recognized from January 1 and through August 31, 2020.

During the interim period ended June 30, 2022, the Bank sold bonds for an amount of $343, realizing a loss of $149.

The new bonds were classified as available for sale following the Bank's decision to sell them at the appropriate time and valued at FVOCI.

8.4 Loan portfolio

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

Country	As of June 30, 2022 $	As of December 31, 2021 $
Argentina	433,268	403,808
Bolivia	349,410	355,393
Brazil	148,942	143,243
Paraguay	295,199	275,547
Uruguay	278,785	269,610
Gross loan portfolio with sovereign guarantee (SG)	1,505,604	1,447,601
Gross loan portfolio with non-sovereign guarantee(NSG)	72,000	72,000
Total gross loan portfolio	1,577,604	1,519,601
Less: Unaccrued administrative fee	(3,046)	(3,595)
Subtotal loan portfolio	1,574,558	1,516,006
Less: Provision for potential impairment on SG loans	(10,569)	(11,123)
Less: Provision for potential impairment on NSG loans	(1,169)	(1,217)
Net loan portfolio	1,562,820	1,503,666

Accrued loan interest and commissions receivable amounts to $14,735 and to $10,673, as of June 30, 2022, and as of December 31 2021, respectively.

During the interim period ended as of June 30, 2022, and for the year ended as of December 31, 2021, respectively, all loans were classified in Stage 1. The amount of provision for potential impairment of loans as of June 30, 2022, and December 31, 2021, is as follows:

	As of June 30, 2022 $	As of December 31, 2021 $
Provision as of the beginning of the period or year SG[1]	11,122	8,491
Increase/(decrease) on provision of SG loans	(553)	2,632
Subtotal Provision SG	10,569	11,123
Opening NSG provision	1,217	1,250
Increase/(decrease) on NSG provision	(48)	(33)
Subtotal NSG provision	1,169	1,217
Total provision for potential impairment on loans	11,738	12,340

[1]The beginning balance has been adjusted by rounding to thousands.

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

Maturity	As of June 30, 2022 $	As of December 31, 2021 $
Up to one year	137,020	108,752
Greater than one and up to two years	170,399	147,786
Greater than two and up to three years	192,913	176,558
Greater than three and up to four years	163,682	169,383
Greater than four and up to five years	155,031	145,965
Greater than five years	758,559	771,156
Total gross loan portfolio[1]	1,577,604	1,519,601

[1.]Totals may differ due to rounding into thousands

(i) Loan portfolio classification

Approximately, 95% of the loan portfolio consists of loans granted with the sovereign guarantee of the member country. Starting in 2020, the Bank has begun extending financing to government majority owned banks and enterprises at the central and local levels, without the sovereign guarantee of the member country. The outstanding balance from those loans represents approximately 4.6% of gross loans outstanding as of June 30, 2022 (December 31, 2021 – 4.7%).

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

The financings conforming 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-month 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 June 30, 2022, the balance of non-sovereign guaranteed loans pending collection amounts to $72,000, not registering any variation with respecting to the balance held as of December 31, 2021.

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 explained in greater detail in Note 6.4, the 6-month Libor rate is being replaced by the SOFR rate, and this change is expected to take place in the coming months or by June 1, 2023. Like the sovereign guarantee 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.

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 is believed to approximate its fair value. This assessment considers that future cash flows from loans approximate their stated 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, “Loan Portfolio,” 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 to repay its obligations when they became due.

The Bank did not have, nor it currently has loans balances in non-accrual status. Nonetheless, and consistent with its enterprise-wide risk management policy, the Bank accounts for a provision to reflect the potential impairment on its loan portfolio.

Moreover, the Bank maintains policies on risk exposures 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 includes outstanding loans with multilateral development banks and other bilateral organizations; financial institutions; certificates of deposit from Central Banks of the member countries; and, bonds. As stated in (ii) below, the Bank enters into 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) and Credit-Suisse (CS), consists of a net receivable of $14, as of June 30, 2022 (December 31, 2021, net receivable of $694), and is shown under “Cash flow hedged derivatives”, in the statement of financial position.

Total borrowings as of June 30, 2022, and December 31, 2021, are as follows:

	As of June 30, 2022 $	As of December 31, 2021 $
Borrowings		
Loans and time deposits at amortized cost	333,683	381,536
Bonds	523,177	547,825
Gross Loan Portfolio	856,860	929,361
Less: unamortized borrowing costs	(2,248)	(2,620)
Total	854,612	926,741

(i) Loans from MDBs 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 June 30, 2022	As of December 31, 2021
	$	$
Banco de Desarrollo de América Latina – (CAF) - See (1), below	-.-	64,000
Time deposits with Central Banks - See (2) below	80,000	80,000
Inter-American Development Bank (IADB) - See (3) below	100,000	100,000
French Development Agency (AFD) - See (4) below	20,000	20,000
European Investment Bank (EIB) - See (5) below	22,000	12,000
Oficial Credit Institute E.P.E. (ICO) - See (6) below	11,683	5,536
Banco Bilbao Vizcaya Argentaria (BBVA) - See (7) below	100,000	100,000
Total	333,683	381,536

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 Net Equity; and, also updated the methodology to determine its borrowing capacity, basing it on a multiplier of 2 times the value of 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 average cost possible 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.

(2) The Bank maintains 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 June 30, 2022, the Bank maintains a debt by certificate of deposit taken from the Central Bank of Uruguay, maturing on May 5, 2023, at a fixed rate of $80,000. The interest accrued by this certificate is included in financial costs for the period.

(3) On March 7, 2022, the Bank subscribed a second financing agreement in the amount of $100,000 with the Inter American Development Bank (IADB). This borrowing is based on SOFR in arrears and provides for a 4-year disbursement period, an amortization period of 25 years, with an average duration of 14.95 years, starting the first amortization of the principal on May 15, 2027, and the last amortization on November 15, 2046. The terms of financing agreement, which entered into force upon it’s signature, provide for recognition of prior eligible project expenditures incurred on and after December 8, 2021, and through the effective date stipulated for the last disbursement to be approved under this line. 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. Hence, monies drawn down from the IADB under this line of credit can be used by the Bank as it sees fit. As of June 30, 2022, parties have not yet designated the eligible loans for financing under this new line. No disbursements were received under this line. With this new line, the aggregate financing received from the IADB amounts to $200,000, of which $100,000, approved in

December 2017, have been fully disbursed and are outstanding as of June 30, 2022 (December 31, 2021 - $100,000).

The following chart provides a detail 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:

Loan	June 30,2022 and December 31,2021 BID Eligible amount	Disbursed	Non-financeable amount	To be financed by FONPLATA
Current line of credit:				
	-.-	-.-	-.-	-.-
Subtotal	100,000	-.-	-.-	-.-
Executed credit line:				
ARG-26/2016 Modernization	750	750	-.-	6,750
ARG-28/2016 Compl. Frontier	10,000	2,000	8,000	10,000
ARG-31/2016 BICE 1ª Stage	14,328	14,328	-.-	5,672
ARG-31/2016 BICE 2ª Stage	13,881	13,881	-.-	6,119
ARG-31/2017 Infraestr. For integration	11,500	2,220	9,280	10,700
ARG – 32/2016 Aristóbulo del Valle	20,000	9,709	10,291	17,214
ARG – 39/2018 Route 13 Chaco	20,000	20,000	-.-	45,000
BRA-16/2014 Corumba	10,000	10,000	-.-	30,000
PAR-20/2015 Integration	23,250	22,922	328	46,750
PAR-25/2018 Routes Jesuiticas	12,000	-.-	12,000	-.-
Advances to projects ARG-35/ARG-39[2]	-.-	4,190	(4,190)	(4,190)
Eligible and undisbursed projects	(35,709)	-.-	-.-	-.-
Subtotal	100,000	100,000	35,709	174,015
Total	200,000	100,000	35,709	174,015

(4) As of June 29, 2022, the Bank signed a new contract with the French Development Agency to borrow up to EUR 30,000 with a 15-year maturity at the 6-month Libor rate plus a margin. This credit line is added to the credit line that was approved in October 2018, for $20,000, and that was fully executed on 2021, therefore it is in repayment process.

(5) On April 29, 2022, the Bank received from the European Investment Bank (EIB), an amount of $10,00, within the framework of the financing line that was signed in August 2020, for $60,000 This disbursement is added to the one that was executed in August 2021, for $6,000.

(6) On June 9, 2022 , the Bank subscribed a new credit line in June 2021, with the "Instituto de Crédito Oficial E.P.E. – (ICO)," in the amount of $15,000. This line was added to the one that was signed in 2018, originally for $15,000 and in which $9,464 were cancelled, which had not been disbursed by the expiration date on December 17, 2020, leaving a pending payment for disbursements composed by $5,536, of which $554 were amortized in June 2022, for an outstanding balance of $4,982.

The following chart provides a detail account of the eligible loans 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:

	June 30, 2022/ December 31, 2021			
Loan	ICO			
	Eligible amount	Disbursed 2021	Disbursed 2022	Undisbursed
BOL – 25 sewerages	1,674	1,674	-.-	-.-
URU – 14 residual liquids	3,629	2,129	-.-	1,500
ARG – 38/2018 railway	1,733	1,733	-.-	-.-
Projects to be identified	7,964	-.-	-.-	7,964
ICO PHASE II	15,000	-.-	6,700	8,300
Cancelled project	-.-	-.-	-.-	(9,464)
Total	30,000	5,536	-.-	8,300

(7) The pending amount under this credit facility corresponds to the amount of $100,000 taken under the credit facility agreed with Banco Bilbao Vizcaya Argentaria S.A. (BBVA) in June 2021, with a 5-year term.

(ii) Bonds and derivative financial instruments designated as cash flow hedges

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 150,000 with a maturity on March 11, 2024; FONPLATA26, consisted of CHF 200,000 with a 5 ½ - years of maturity on September 3, 2026; and FONPLATA28, CHF 150,000, with a 7-year maturity on December 1, 2028, and a fixed rate coupon.

In compliance with its risk management policy, 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 the 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 cash flow hedge in accordance with IFRS 9.

The following are the cross-currency and currency swaps outstanding as of June 30, 2022, and December 31, 2021, respectively:

June 30,2022

1. JPM – Cross-currency swapping CHF 150,000, maturing in 5-years at fix rate with 0.578% annual coupon, plus 1 bps paying agent's commission, exchanged for USD 148,809, maturing in 5-years with semiannual interest payments based on the 6-month Libor rate.

2. Credit-Suisse – Cross-currency swap to exchange CHF 200,000, 5 ½ year maturity at fix rate, with 0.556% annual coupon for USD 222,668, plus 1 bps paying agent fee, maturing in 5 ½ years, with semiannual payments based on the 6-month Libor rate.

3. JPM – Cross currency swap to exchange CHF 150,000, 7-year maturity at fix rate, with 0.7950% annual coupon for USD 164,474, plus 1 bps paying agent fee, maturing in 7 years, with semiannual payments based on the 6-month Libor rate.

December 31, 2021

1. JPM – Cross-currency swapping CHF 150,000, maturing in 5-years at fix rate with 0.578% annual coupon, plus 1 bps paying agent's commission, exchanged for USD 148,809, maturing in 5-years with semiannual interest payments based on the 6-month Libor rate.

2. JPM – Interest rate swaps to exchange fixed rate semiannual payments related to time deposits taken from the Central Bank of Uruguay,for variable interest rate semiannual payments based on the 6-month Libor rate.

3. CS- Cross-currency swapping to exchange CHF 200,000, 5 ½ -year maturity at fix rate, with 0.556% annual coupon for USD 222,668, plus 1 bps paying agent fee, maturing in 5 ½ years, with semiannual payments based on the 6-month Libor rate.

4. JPM – Cross currency swap to exchange CHF 150,000, 7-year maturity at fix rate, with 0.7950% annual coupon for USD 164,474, plus 1 bps paying agent fee, maturing in 7 years, with semiannual payments based on the 6-month Libor rate.

The Bank has signed ISDA master netting agreements with its counterparts. Under these agreements, each party has to 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 $500. 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 by the Bank on the amount of collateral held by the counterparts is recognized as part of investment income. Interest paid to the counterparts on the amount of collateral held by the Bank, is part of borrowing costs.

As of June 30, 2022, the Bank has a collateral receivable position with its derivative counterparts, in the amount of $44,638 (December 31, 2021 - $7,602 collateral payable).

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. The total amount of interest received and paid on collateral sent and received from counterparts, amounted to $98 and $2, respectively for the interim period January 1, through June 30, 2022 (January 1, through June 30, 2021, $ 1 and $7, respectively, and $13 and $5 for the year ended as of December 31, 2021).

Financial assets and liabilities are offset, and the net amount is reported in the balance sheet 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 June 30, 2022, and of December, 2021, neither of the parties exercised its 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 set-off in the Statement of Financial Position $	Net amounts presented in the Statement of Financial Position $
As of June 30, 2022			
Credit Suisse (CS):			
Financial assets:			
Cross-currency and interest rate swaps receivable at FVOCI	208,886	(237,688)	(28,802)
Collateral receivable	28,810	-.-	28,810
Subtotal Derivatives Receivable	237,696	(237,688)	8
Financial liabilities:			
Cross-currency and interest rate swaps payable at FVOCI	(237,688)	237,688	-.-
Subtotal Derivatives Payable	(237,688)	237,688	-.-
Cash-flow hedge derivatives net receivable	8	-.-	8
J.P. Morgan (JPM):			
Financial assets:			
Cross-currency and interest rate swaps receivable at FVOCI	313,754	(329,576)	(15,822)
Collateral receivable	15,828	-.-	15,828
	329,582	(329,576)	6
Financial liabilities:			
Cross-currency and interest rate swaps payable at FVOCI	(329,576)	329,576	-.-
Subtotal Derivatives Payable	(329,576)	329,576	-.-
Cash-flow hedge derivatives net receivable	6	-.-	6
Net receivable as of June 30, 2022	14	-.-	14
As of December, 2021			
Credit Suisse (CS):			
Financial assets:			
Cross-currency and interest rate swap receivable at FVOCI	230,790	(239,500)	(8,710)
Collateral receivable	8,720	-.-	8,720
Subtotal Derivatives Receivable	239,510	(239,500)	10
Financial liabilities:			
Cross-currency and interest rate swaps payable at FVOCI – CS	(239,500)	239,500	-.-
Subtotal Derivatives Payable	(239,500)	239,500	-.-
Cash-flow hedge derivatives net receivable	10	-.-	10
J.P. Morgan (JPM):			
Financial assets:			
Cross-currency swap receivable at FVOCI	333,249	(316,326)	16,923
Interest rate swaps receivable at FVOCI	80,562	(80,479)	83
Subtotal Derivatives Receivable	413,811	(396,805)	17,006
Financial liabilities:			
Cross-currency swaps payable at FVOCI	(316,326)	316,326	-.-
Interest rate swap payable at FVOCI	(80,479)	80,479	-.-
Collateral payable	(16,322)	-.-	(16,322)
Subtotal Derivatives Payable	(413,127)	396,805	(16,322)
Cash-flow hedge derivatives net receivable [1]	684	-.-	684
Net receivable as of December 31, 2021	694	-.-	694

[1]Due to the early closing of capital markets on December 31, 2021, JPM transferred the corresponding margin call to the Bank for $690, on January 3, 2022, changing the Bank's exposure to credit risk from $684 to a net liability of $6.

Derivatives are valued at their reasonable 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 are as follows:

Maturities	As of June 30, 2022	As of December 31, 2021
Up to one year	85,426	66,016
More than one and up to two years	198,212	104,592
More than two and up to three years	41,473	205,606
More than three and up to four years	42,511	41,688
More than four and up to five years	218,823	244,579
More than five years	270,415	266,880
Total	856,860	929,361

(i) Fair value of borrowings

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

Bonds outstanding and cross-currency and interest rate swaps designated as a cash flow hedge are valued at fair value with the effective portion of the hedge recognized in a hedge reserve in other comprehensive income, and the ineffective portion of the hedge in the Income Statement as part of borrowing costs.

(ii) Risk exposure

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

8.6 Special funds

The balance maintained with special funds by the Bank as of June 30, 2022 and December 31, 2021 , respectively, includes the following:

	As of June 30, 2022	As of December 31, 2021
	$	$
FOCOM	12,389	13,769
PAC	4,408	4,056
PCT	3,734	4,066
Total	20,531	21,891

The Board of Governors can create special funds for specific purposes. Special funds are considered as separate and independent legal entities from the Bank. Special funds are directly controlled by the member countries through the Board of Governors. Hence, the balances held under those funds do not need to be consolidated by the Bank.

Special funds are funded through distribution of retained earning maintained in the general reserve. In 2014, the Board of Governors created and funded the following special funds:

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 y 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 the part of the interest accrued on loans by FOCOM on behalf of the borrowers is contingent and determined annually. On September 19, 2021, (RAG – 182), the Board of Governors approved a contribution of $7,000 from retained earnings as of December 31, 2020. Since the inception of this fund, in May 2014, and through the interim period as of June 30, 2022, it has received $18,510 in contributions approved by the Board of Governors from retained earnings (December 31, 2022 - $18,510).

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 September 19, 2021, the Board of Governors approved a contribution of $1,500 from retained earnings as of December 31, 2020. Since its inception and through June 30, 2022, the PCT has received $4,500 in contributions approved by the Board of Governors from retained earnings (December 31, 2022 - $4,500).

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.

   Participant’s 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 months of salary for year of service (8.33%) or to a minimum of one-half months of salary for year of service (4.17%).

   Participant’s 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 since the date of employment of each participant. Furthermore, and as an incentive to foster personnel retention, the PAC provides for 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 break-down of funds accumulated and total available PAC funds for the interim period as of June 30, 2022 and the ended year as of December 31, 2021, respectively:

	Severance payment contributions $	Participants' voluntary savings contributions $	Bank's matching contributions on voluntary savings $	Accumulated total $	Total amount available for termination $	Deferred amount $
June 30, 2022						
Balance as of December 31, 2021[1]:	1,889	1,260	906	4,056	3,975	80
Changes in vesting					56	(56)
Severance payment contributions	283	-.-	-.-	283	283	-.-
Participants' voluntary savings contribution	-.-	184	184	369	350	18
Additional participants' savings contributions	-.-	31	-.-	31	31	-.-
Investment income accrued	-.-	(4)	(3)	(7)	(7)	-.-
Withdrawals	(120)	(139)	(64)	(323)	(323)	-.-
Balance due to the PAC June 30, 2022	2,052	1,332	1,023	4,408	4,366	42
December 31, 2021						
Balance as of December 31, 2020:	1,598	803	585	2,986	2,896	90
Changes in vesting	-.-	-.-	-.-	-.-	60	(60)
Severance payment contributions	465	-.-	-.-	465	465	-.-
Participants' voluntary savings contribution	-.-	367	367	734	684	50
Additional participants' savings contributions	-.-	153	-.-	153	153	-.-
Investment income accrued	-.-	1	1	2	2	-.-
Withdrawals	(174)	(64)	(46)	(284)	(284)	-.-
Balance due to the PAC December 31, 2022	1,889	1,260	906	4,056	3,976	80

[1]The initial balance available for the payment of benefits has been adjusted by rounding off miles.

Special funds' assets and liabilities are managed by the Bank independently from 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, is 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 investment assets is made by obtaining values in accordance with the three levels described in the accounting standards. An explanation for each of these three levels follows:

	Note	Level 1 $	Level 2 $	Level 3 $
June 30,2022				
Investments carried at fair value with effect in OCI	8.2	336,384	-.-	-.-
December 31, 2021				
Investments carried at fair value with effect in OCI	8.2	352,788	-.-	-.-

During the interim period ended as of June 30, 2022, and for the year ended December 31, 2021, respectively, the Bank did not have holdings of financial instruments requiring valuation at fair value in accordance with the fair value measurement methodologies prescribed under either level 2 or 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 institution 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 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 of 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 judgments used and the uncertainties of the estimates applied.

9.1 Property and equipment, net

The composition of property and equipment includes the following:

	Property $	Equipment and Furniture $	Art $	Vehícles $	Total[1] $
Book value					
Balance as of December 31, 2020	4,857	2,427	87	49	7,420
Additions		214			214
Balance as of December 31, 2021	4,857	2,641	87	49	7,634
Write-offs	(392)	(77)	-.-	-.-	(469)
Additions	-.-	53	-.-	-.-	53
Balance as of June 30, 2022	4,465	2,617	87	49	7,218
Cumulative depreciation					
Balance as of December 31, 2020	513	928	-.-	46	1,487
Depreciation	166	237	-.-	3	406
Balance as of December 31, 2021	679	1,165	-.-	49	1,893
Write-offs	(67)	(30)	-.-	-.-	(97)
Depreciation	73	133		-.-	206
Balance as of June 30, 2022	685	1,268	-.-	49	2,002
Net book value as of June 30, 2022	3,780	1,349	87	-.-	5,216
Net book value as of December 31, 2021	4,178	1,476	87	-.-	5,741

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

The net book value of offices, parking, and storage spaces conforming the Bank's headquarters includes a technical revaluation in the amount of $812, recognized on December 31, 2018, based on the estimated fair value resulting from an independent appraisal as of that date. This revaluation resulted into the recognition of a revaluation reserve in other comprehensive income. During the interim period January 1, through June 30, 2022, the amount of the revaluation reserve was reduced by $66 as a result of the sale of the office space occupied by the Bank in 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 of its member countries, and reallocated part of its operational staff to those new offices. This, coupled with the adoption of a hybrid work model, allowe 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 $450, based on the prevailing market value, and left a net profit of $116, after deducting the net book value of $320, and $14 of transfer tax.

(ii) 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 Live
Property:	Not amortized
Land	The lesser of 40 years or the value of the
Buildings	assessment
Furniture and equipment:	Over lease contract
Improvements on leased property	
Furniture and equipment	8 to 10 years
Computer equipment and software	4 to 7 years
Vehicles	5 years
Art	Not amortized

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

(iii) Net book value that would have been recognized had property been valued at cost

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

		As of June 30, 2022 $	As of December 31, 2021 $
Cost		3,726	4,044
Cumulative depreciation		(678)	(596)
	Total	3,048	3,448

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 into medium-term leases to secure space for its liaison offices in Montevideo, Uruguay, Brasilia, Brazil and Buenos Aires, Argentina. Leases for periods longer than one year are recognized and accounted in compliance with IFRS 16. The following table shows the relevant information on those leases as of June 30, 2022 and December 31, 2021, respectively:

As of June 30, 2022	Lease Obligation $
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 $2.5, starting on February 1, 2021, and ending on January 1, 2024. Minimum rental payments are subject to 4% annual escalation adjustment. As of the June 2022 extension, the minimum payment is $3.9 per month. Minimum rental payments are subject to a 4% annual increase.	120
Brazil – Brazilia, 3-year lease contract signed on March 15, 2021, with minimum lease payments denominated in Brazilian Reais, $9.5, and subject to annual escalation adjustments based on the local inflation price index. Lease expires on March 14, 2024.	48
Buenos Aires – Argentina, 3-year lease signed for 36 months, from February 1, 2022, to January 31, 2025, with a minimum monthly payment of $5.4, including value added tax.	135
Total	303

As of December 31, 2021	
Montevideo – Uruguay, 3-year lease contract signed on November 20, 2020. Minimum monthly payments in U.S. dollars of $2.5, starting on February 1, 2021, and ending on January 1, 2024. Minimum rental payments are subject to 4% annual escalation adjustment.	95
Brazil – Brasilia, 3-year lease contract signed on March 15, 2021, with minimum lease payments denominated in Brazilian Reais, $9.5, and subject to annual escalation adjustments based on the local inflation price index. Lease expires on March 14, 2024.	49
Total	144

As of June 30, 2022 and December 31, 2021, the total amount of miscellaneous receivables amounts to $1,264, and to $748, 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 June 30, 2022 and December 31, 2021, is as follows:

	As of June 30, 2022 $	As of December 31, 2021 $
Interest and commissions accrued on borrowings	4,041	2,534
Trade payables and accruals	223	471
Unamortized financial lease obligations	303	144
Total	4,567	3,149

NOTE 10 – EQUITY

10.1 Capital

On January 28, 2016, the 14th Extraordinary Board of Governors approved a capital increase in the amount of $1,375,000, raising the authorized from $1,639,200 to $3,014,200. The capital increase became effective in 2017 with the subscription by all member countries of their respective installments of paid-in capital in the amount of $550,000 and their commitment of the totality of their respective portion of callable capital in the amount of $825,000. Paid-in capital subscriptions for Argentina, Bolivia, Paraguay, and Uruguay are based in eight annual equal installments commencing in 2018 and ending in 2024, and from 2018 – 2026, for Brazil.

Upon completion of the integration process paid-in capital would amount to $1,349,200. Callable capital in the amount of $1,665,000, was subscribed and committed in its totality as of December 31, 2018. 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.

Composition of the Bank's capital by member country as of June 30, 2022, and December 31, 201, is as follows:

Member country [i]	Subscribed capital		Authorized capital			
	Paid-in	Callable	Paid-in	Callable	Total	%
	$	$	$	$	$	
• Argentina	449,744	555,014	449,744	555,014	1,004,758	33.3%
• Bolivia	149,904	184,991	149,904	184,991	334,895	11.1%
• Brasil	449,744	555,014	449,744	555,014	1,004,758	33.3%
• Paraguay	149,904	184,991	149,904	184,991	334,895	11.1%
• Uruguay	149,904	184,990	149,904	184,990	334,894	11.1%
	1,349,200	1,665,000	1,349,200	1,665,000	3,014,200	100.0%

During the interim period between January 1, 2022, and June 30, 2022, and for the period ended December 31, 2021, the Bank received paid-in contributions in the amount of $44,027 and $89,585, respectively. The amount of paid-in capital subscribed and pending integration, as well as the amount of callable capital and committed as of June 30, 2022, and December 31, 2021, respectively, is as follows:

Member country	June 30, 2022			December 31, 2021		
	Paid-in Capital Subscribed			Paid-in Capital Subscribed		
	Paid-in [i]	Receivable [i]	Total	Paid-in [i]	Receivable [i]	Total
	$	$	$	$	$	$
• Argentina	387,412	62,332	449,744	356,244	93,500	449,744
• Bolivia	118,737	31,167	149,904	118,737	31,167	149,904
• Brasil	306,871	142,873	449,744	294,012	155,732	449,744
• Paraguay	118,737	31,167	149,904	118,737	31,167	149,904
• Uruguay	118,737	31,167	149,904	118,737	31,167	149,904
Total	1,050,494	298,706	1,349,200	1,006,467	342,733	1,349,200

As of June 30, 2022, and December 31, 2021:

Member Country	Subscribed Callable Capital [i] Committed [ii] $
• Argentina	555,014
• Bolivia	184,991
• Brazil	555,014
• Paraguay	184,991
• Uruguay	184,990
Total	1,665,000

[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 thousands.

10.2 Other reserves

As explained in Note 8.2 (iv), other comprehensive income as of June 30, 2022, and December 31, 2021 includes the following:

(i) **Reserve for changes in the fair value of investments – FVOCI**: During the interim period ended June 30, 2022 and for the year ended December 31, 2021, this reserve was decreased by unrealized losses of $3,469, for a cumulative unrealized loss of $9,276 (June 30, 2021 –$1,577 of unrealized loss for a cumulative total of unrealized losses of $3,456 and $3,927 of unrealized losses for a cumulative total of unrealized losses of $5,806, as of December 31, 2021).

(ii) **Reserve for changes in fair value of derivatives held for hedging**: During the interim period ended June 30, 2022 and for the year ended December 31, 2021, this reserve was decreased by unrealized losses of $28,273, resulting from the fair value of derivatives contracted for the protection of cashflows, for a cumulative unrealized loss of $31,850 (June 30, 2021 - $4,897 unrealized loss on the value of derivatives contracted for the protection of cashflows , for a cumulative unrealized loss of $3,578 and; $5,744 unrealized losses for a cumulative total of $3,578 in unrealized losses as of December 31, 2021).

(iii) **Reserve for revaluation of property**: During the interim period as of June 30, 2022, this reserve was reduced by $80, for a balance of $743, as a result of the sale of the offices occupied on the third floor of the Bank's headquarters $66 and for depreciation of the period $14. (June 30, 2021 – Reduced by $14 for the depreciation of the period for a balance of $743; and reduced by $28 for the depreciation for a remaining balance of $729 as of December 31, 2021).

10.3 Retained earnings and reserves

Retained earnings as of June 30, 2022, amount to $39,513 and correspond solely to the net income earned between January 1, 2022, and June 30, 2022, $15,483 and the income obtained for the year ended December 31, 2021, of $24,030.

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). Note 8.6, provides additional information on the allocation approved from retained earnings as of December 31, 2020, to these two funds, by the Board of Governors.

The amount of the General Reserve as of June 30, 2022, and December 31, 2021, respectively is as follows:

	General Reserve $
Balance as of December 31, 2020	155,751
Allocated by the Board of Governors in 2021	27,414
Balance as of December 31, 2021	183,165
Allocated by the Board of Governors in 2022	-.-
Balance as of June 30, 2022	183,165

FONPLATA

NOTE 11 – REVENUES

The composition of net income is as follows:

	January 1 through June 30,	
	2022	2021
	$	$
Loan income:		
Interest	24,031	17,071
Commitment fee and commissions	1,551	1,909
Administrative fee	1,191	1,752
Subtotal	26,773	20,732
Investment income:		
Interest	1,319	2,396
Other	106	6
Gross investment income	1,425	2,402
Special Fund's share of investment income	64	(22)
Investment income – Net	1,489	2,380
Other income	138	47
Total Income	28,400	23,159

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 interim period ended June 30, 2022, and 2021, the Bank reached a percentage of execution of its administrative budget equivalent to 40.5% and 38%. respectively The break-down of administrative expenditures by functional activity is as follows:

	January 1 through June 30,	
	2022	2021
	$	$
Classification of expenses		
Personnel expenses	3,913	3,494
Business travel expenses	304	45
Professional services	384	247
Credit risk rating	25	51
External auditors	43	43
Administrative expenses	557	480
Financial services	82	69
Total administrative budget	5,308	4,429
Classification of other expenses		
Depreciation	174	192
Loss on foreign exchange	90	44
Total administrative expenses	5,572	4,665

FONPLATA

NOTE 13 – SCHEDULED MATURITY OF ASSETS AND LIABILITIES

The following tables provide an analysis of the expected time elapsed to maturity of assets and liabilities for the interim period as of June 30, 2022 and the year ended as of December 31, 2021, respectively, based on their respective recovery or settlement date:

	Current (Up to 1 year) $	Non-Current (More than 1 year) $	Total $
June 30, 2022			
ASSETS			
Cash and cash equivalents	128,585	-.-	128,585
Investments			
At fair value[1]	336,384	-.-	336,384
At amortized cost	61,718	-.-	61,718
Loan portfolio			
Outstanding loans	137,021	1,425,799	1,562,820
Interest and other accrued charges			
On investments	1,669	-.-	1,669
Interest and commissions on loans	14,735	-.-	14,735
Other assets			
Cash flow hedge derivatives	14	-.-	14
Property and equipment, net		5,216	5,216
Miscellaneous	869	395	1,264
Total assets	680,995	1,431,410	2,112,405
LIABILITIES			
Borrowings	85,426	769,186	854,612
Other liabilities	4,414	153	4,567
Special funds	4,759	15,772	20,531
Total liabilities	94,599	785,111	879,710
December 31, 2021			
ASSETS			
Cash and cash equivalents	128,261	-.-	128,261
Investments			
At fair value[1]	352,788	-.-	352,788
At amortized cost	151,850	-.-	151,850
Loan portfolio			
Outstanding loans	106,702	1,396,964	1,503,666
Interest and other accrued charges			
On investments	2,366	-.-	2,366
Interest and commissions on loans	10,673	-.-	10,673
Other assets			
Cash flow hedge derivatives	694	-.-	694
Property and equipment, net	-.-	5,742	5,742
Miscellaneous	321	427	748
Total assets	753,655	1,403,133	2,156,788
LIABILITIES			
Borrowings	65,446	861,295	926,741
Other liabilities	3,005	144	3,149
Special funds	4,054	17,837	21,891
Total liabilities	72,505	879,276	951,781

[1]As of June 30, 2022, all investments classified as available for sale and valued at FVCOI, are held for purpose of financing expected loan disbursements within the next 12-month.

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 Treaties 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 – SEGMENT INFORMATION

(a) Segment description

Based on an analysis of its operations, the Bank determined that it only has an operational segment. This determination recognizes 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 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 operations consist of granting financing to its five member countries, which are considered as segments for purposes of this disclosure: Argentina, Bolivia, Brazil, Paraguay, and Uruguay.

(b) Assets by segment

Composition of the loan portfolio by country is as follows:

	Gross portfolio $	Unaccrued commissions $	Impairment $	Loan portfolio $	Interest and commissions receivable $	Total $
June 30, 2022:						
Argentina	433,269	(1,570)	(7,080)	424,619	4,400	429,019
Bolivia	349,410	(144)	(1,892)	347,375	3,267	350,642
Brazil[1]	184,941	(580)	(1,177)	183,184	1,504	184,688
Paraguay[1]	331,199	(615)	(682)	329,902	3,009	332,911
Uruguay	278,785	(137)	(907)	277,740	2,555	280,295
Total	1,577,604	(3,046)	(11,738)	1,562,820	14,735	1,577,555

	Gross portfolio $	Unaccrued commissions $	Impairment $	Loan portfolio $	Interest and commissions receivable $	Total $
December 31, 2021:						
Argentina	403,808	(1,335)	(7,373)	395,100	3,030	398,130
Bolivia	355,393	(283)	(2,060)	353,050	2,566	355,616
Brazil[1]	179,243	(792)	(1,222)	177,228	1,192	178,420
Paraguay[1]	311,546	(916)	(721)	309,910	2,066	311,976
Uruguay	269,610	(269)	(963)	268,378	1,819	270,197
Total[2]	1,519,601	(3,595)	(12,339)	1,503,666	10,673	1,514,339

[1]Includes $72,000 of NSG loans approved and fully disbursed in 2020 (December 31, 2021- $72,000). As of June 30, 2022, unaccrued commissions on NSG loans amount to $252, (December 31, 2021 - $191); and interest and commissions receivable amount to $304 (December 31, 2021, $185). The amount of provision for potential NSG loan losses amounts to -$1,169 (December 31, 2021 – $1,217), see Note 8.4, for more details.
[2]Totals may differ due to rounding into thousands.

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

	Communication, transportation, energy, and logistics infrastructure $	Infrastructure for productive development $	Infrastructure for socio-economic development $	NSG Loans $	Total $
June 30, 2022:					
Argentina	216,183	67,223	149,862	-.-	433,268
Bolivia	335,017	-.-	14,394	-.-	349,411
Brazil[1]	136,335	-.-	12,607	36,000	184,942
Paraguay[1]	283,823	11,376	-.-	36,000	331,199
Uruguay	232,389	28,848	17,547	-.-	278,784
Total	1,203,747	107,447	194,410	72,000	1,577,604
December 31, 2021:					
Argentina	199,851	65,529	138,428	-.-	403,808
Bolivia	340,051	-.-	15,342	-.-	355,393
Brazil	128,880	-.-	14,362	36,000	179,243
Paraguay	263,295	12,251	-.-	36,000	311,546
Uruguay	224,028	28,848	16,734	-.-	269,610
Total[2]	1,156,105	106,628	184,866	72,000	1,519,601

[1]The amount under “Total”, includes $72,000 of NSG loans outstanding with government owned banks, which does not follow into any of the three industry segments used for loans extended to member countries with sovereign guarantee (see Note 8.4, for more details).
[2]Totals may differ due to rounding into thousands.

Undisbursed loan balances on loans under execution and its break-down by country correspond mostly to sovereign guaranteed loans, and are as follows:

	As of June 30, 2022 $	As of December 31, 2021 $
Argentina	403,201	313,214
Bolivia	164,190	71,390
Brazil[1]	162,077	142,564
Paraguay	251,396	146,136
Uruguay	11,265	27,711
Total	992,129	701,015

[1]Includes $6,000 of NSG loans.

As June 30, 2022, and December 31, 2021, respectively, the balance of loans approved by the Bank but not yet disbursing due to either their respective contracts no having been signed or ratified by the member country's Legislative Branch, corresponds solely to sovereign guaranteed loans, and is as follows:

	As of June 30, 2022 $	As of December 31, 2021 $
Argentina	-.-	65,300
Bolivia	40,000	100,000
Brazil	216,510	206,510
Paraguay	130,000	276,246
Uruguay	42,000	42,000
Total	428,510	690,056

The average return on loans is as follows:

	January 1, through June 30,			
	2022		2021	
	Average balance $	Average return %	Average balance $	Average return %
Loan portfolio	1,548,603	3.46	1,285,231	3.23%

(c) Segment revenues

Interest and other loan revenues by segment are as follows:

	Loan interest $	Other loan operating revenues $	Total $
January 1 through June 30, 2022:			
Argentina	6,481	1,056	7,537
Bolivia	5,441	302	5,743
Brazil[1]	3,025	509	3,534
Paraguay[1]	4,920	703	5,623
Uruguay	4,164	172	4,336
Total	24,031	2,742	26,773

	Loan interest $	Other loan operating revenues $	Total $
January 1 through June 30, 2021:			
Argentina	4,719	1,066	5,785
Bolivia	4,380	435	4,815
Brazil	2,123	631	2,754
Paraguay	2,827	1,266	4,093
Uruguay	3,022	263	3,285
Total	17,071	3,661	20,732

[1]Includes accrued interest in the amount of $1,232, and other loan charges in the amount of $39, corresponding to QSG loans granted to state-owned development banks in Brazil, and Paraguay, respectively (June 30, 2021- $1,110 in interest, and $40, in other loan charges related to NSG loans).

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 in other terms than those established in its policies and guidelines.

The balances and transactions maintained with related entities as of June 30, 2022, and December 31, 2021, 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 as of June 30, 2022, and December 31, 2021, respectively.

NOTE 18 – SUBSEQUENT EVENTS

The Bank has evaluated subsequent events as of the date of these financial statements up to August 19, 2022, date on which the financial statements were ready for their issuance. No matters were identified that might have a material impact in the financial statements for the interim period ended June 30, 2022, and for the year ended December 31, 2021.

Juan E. Notaro Fraga
EXECUTIVE PRESIDENT

Fernando Scelza
CHAIRMAN BOARD OF EXECUTIVE DIRECTORS

Fernando A. Fernandez Mantovani
CHIEF BUDGET AND ACCOUNTING

Rafael Robles
MANAGER FINANCE