CREDIT OPINION

30 January 2025

Update

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RATINGS

FONPLATA

	Rating	Outlook
Long-term Issuer	A2	STA
Short-term Issuer	--	--

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FONPLATA – A2 stable

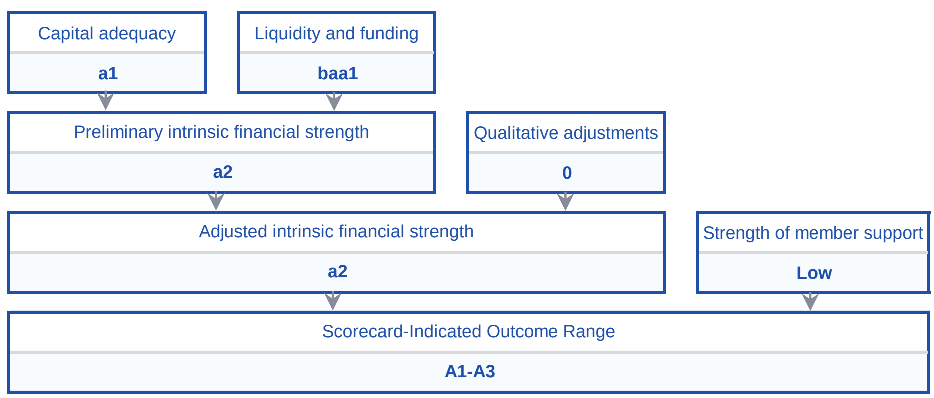
Regular update

Summary

The credit profile of FONPLATA reflects the development bank's strong capital adequacy and liquidity, despite a gradual rise in leverage and difficult operating environment. FONPLATA's credit profile also reflects its high portfolio and shareholder concentration, low weighted average borrower and shareholder ratings, limited use of market-based funding, and large buffer of callable capital.

Exhibit 1

FONPLATA's credit profile is determined by three factors



Source: Moody's Ratings

Credit strengths

- High capital adequacy, supported by a strong capital position and very strong asset performance
- Strong liquidity position, supported by its treasury portfolio and liquidity management
- Large buffer of contractual callable capital

Credit challenges

- Rising leverage in a difficult operating environment
- High concentration in loan portfolio and shareholder base, comprising sovereigns with low weighted average credit ratings
- Limited, although improving, track record of market-based debt issuance

Rating outlook

The stable outlook reflects a balance of risks to the rating. As FONPLATA continues to grow, we expect its capital adequacy and liquidity to remain strong and provide sufficient shock absorption capacity for the bank to preserve its intrinsic financial strength. We expect a gradual rise in leverage and a moderate weakening in asset performance, as credit growth is expected to remain elevated. A high regional concentration of lending and low weighted average borrower rating will continue to be mitigated by the bank's preferred creditor status and focus on the public sector. In addition, we expect shareholders to continue to support the bank, as evidenced by the recent increase in authorized capital contributions.

Factors that could lead to an upgrade

Upward pressure on the rating would arise if the bank builds a strong track record of accessing more diversified funding sources, including through the broadening of market-based debt issuance into a variety of different international markets and currencies, along with the successful refinancing of maturing market-based debt. Expansion of the bank's shareholder base to include investment-grade rated members that would bolster the quality of shareholder support would also provide support to the rating.

Factors that could lead to a downgrade

Downward pressure on the rating would arise if key capital and liquidity indicators were to deteriorate more significantly than expected, below the metrics of its peers with a similar rating, as a result of FONPLATA's growth strategy.

Key indicators

Exhibit 2

FONPLATA	2018	2019	2020	2021	2022	2023
Total Assets (USD million)	1,043	1,308	1,695	2,157	2,337	2,640
Leverage Ratio (%) [1]	85.5	97.2	116.0	126.9	132.8	125.9
Weighted-Average Borrower Rating (WABR)	Ba3	B1	Caa1	Caa1	Caa1	Caa1
Sovereign Exposures / Loans & Guarantees (%)	100.0	100.0	100.0	100.0	100.0	100.0
Equity Investments / DRA (%)	0.0	0.0	0.0	0.0	0.0	0.0
Non-Performing Assets / DRA (%)	0.0	0.0	0.0	0.0	0.0	0.0
Return on Equity (%)	3.0	2.9	3.4	2.1	3.8	6.4
Availability of Liquid Resources Ratio (ALR, %) [2]	290.2	191.3	93.7	162.2	150.1	103.1
Weighted-Average Shareholder Rating (WASR)	Ba3	B1	B2	B2	B2	B3
Callable Capital / Gross Debt (%)	2,114.3	629.0	293.0	179.7	170.7	158.6

[1] Development-related assets (DRA) + Treasury assets rated A2 or lower / Usable equity
[2] Discounted liquid assets / Projected net cash outflows during upcoming 18 months

Source: Moody's Ratings

Profile

FONPLATA's main objective has been to promote integration and inclusive development in the River Plate Basin and its areas of economic influence. The River Plate Basin is a geographic region that covers nearly a quarter of South American landmass and extends to all five member countries: Argentina (Caa3 positive), Bolivia (Caa3 stable), Brazil (Ba1 positive), Paraguay (Baa3 stable) and Uruguay (Baa1 stable). FONPLATA was established in 1974 and is headquartered in Bolivia. FONPLATA's loans have historically been centered around infrastructure projects, with a special focus on vulnerable zones and border regions that face inequalities in economic and social development. In addition to lending, FONPLATA provides technical assistance grants for capacity building among member states.

In 2009 and 2010, FONPLATA sought to redefine its mandate and did not approve any new lending during this period. In 2010, the board of governors decided to revamp FONPLATA's management model and take a far more active approach to lending. Among other things, the board created the role of an executive president. Since the first executive president took office in 2012, the bank has established a clear timeline of short-term and long-term strategic goals to pursue a more aggressive lending strategy, and has updated its governance and risk management procedures.

In 2018, the board of governors approved several modifications to FONPLATA's Charter, which included its transformation from a "fund" into a "development bank." Overall, these modifications focused on modernizing and enhancing the bank's capacity and relevance to perform its development objectives to integrate member countries into both regional and global economies.

Detailed credit considerations

Our determination of a supranational's rating is based on three rating factors: capital adequacy, liquidity and funding, and strength of member support. For multilateral development banks, the first two factors combine to form the assessment of intrinsic financial strength, as shown on the cover page graphic (see Exhibit 1). Additional factors can affect the intrinsic financial strength, such as risks stemming from the operating environment or the quality of management. The strength of member support is then incorporated to yield a rating range. For more information, please see our Supranational Rating Methodology.

FACTOR 1: Capital adequacy score: a1

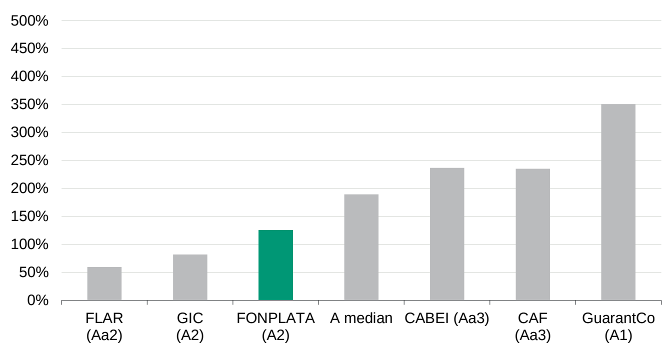
We assess FONPLATA's capital adequacy at "a1," which reflects the bank's strong capital position, tempered by an increase in leverage as the bank continues to expand its balance sheet. The factor score also captures the bank's relatively low Development Asset Credit Quality (DACQ) score, constrained by a low weighted average borrower rating and a high degree of regional portfolio concentration.

High capital adequacy despite rising leverage and difficult operating environment

We assess FONPLATA's capital position at "aa3," one notch below the initial score of "aa2," to account for its continued recent and expected future increase in leverage. Nonetheless, the bank's capital position is supported by a fundamentally strong leverage ratio (development-related assets [DRA] and liquid assets rated A3 and lower/usable equity) and sound risk management framework.

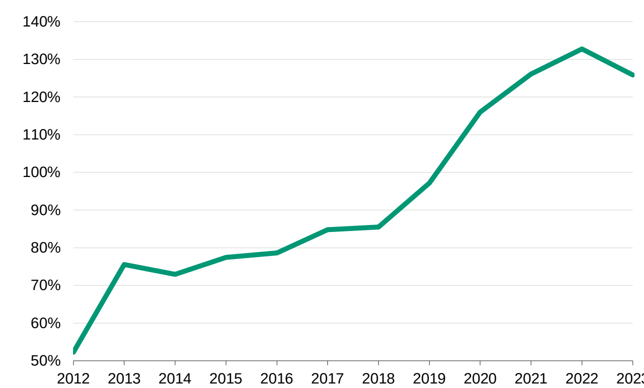
FONPLATA's leverage ratio increased to about 126% in 2023 from around 52% in 2012, as the bank steadily expanded its lending activities consistent with its redefined mandate (see Exhibits 3 and 4). However, leverage remains in line with the A-rated MDB median and lower than that of its regional peers, Corporacion Andina de Fomento (CAF, Aa3 stable) and Central American Bank for Economic Integration (CABEI, Aa3 stable). As of year-end 2023, the bank's debt had increased to $1.1 billion, up modestly from $975 million in 2022 but nearly double the $568 million as of year-end 2020 and about four times the $265 million as of year-end 2019. Gross loans increased at a faster pace, reaching $1.9 billion in 2023 from $1.8 billion in 2022.

Exhibit 3
FONPLATA's leverage ratio is below the A-rated MDB peer median and that of regional peers
(DRA and liquid assets rated A3 or lower)/usable equity, 2023



DRA = Development-related assets.
Source: Moody's Ratings

Exhibit 4
FONPLATA's leverage ratio continues to increase as its development loan portfolio grows
(DRA and liquid assets rated A3 or lower)/usable equity, 2023

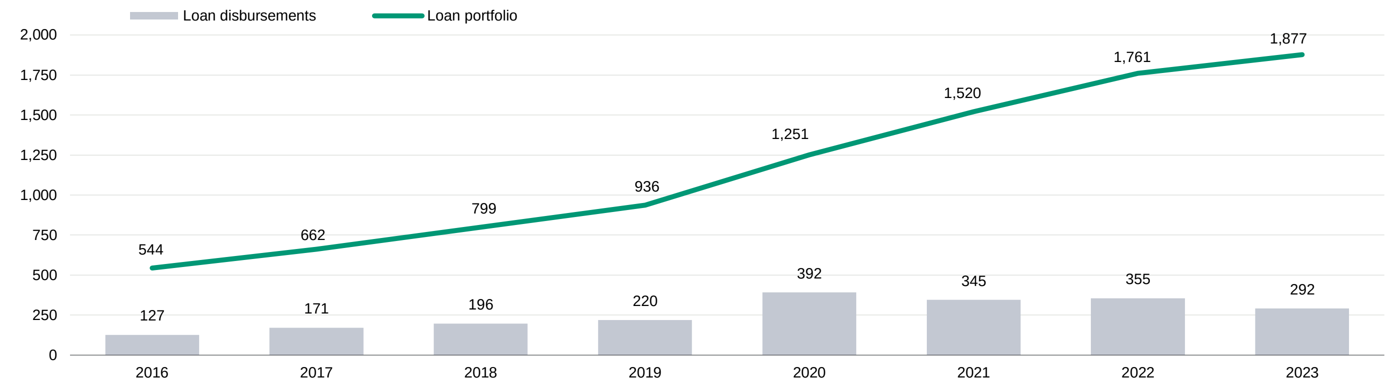


DRA = Development-related assets.
Source: Moody's Ratings

We expect the rise in the leverage ratio to continue at a gradual pace. When including liquid assets, we expect the leverage ratio to move closer to the median of A-rated peers over the next two to three years, while remaining supportive of the bank's strong capital position.

In 2023, FONPLATA's loan portfolio grew by about 7%, well below the average growth of around 21% annually from 2014-22 (see Exhibit 5).

Exhibit 5
Loan disbursements decreased slightly in 2023
Annual loan disbursements and total loan portfolio, $ millions



Sources: FONPLATA and Moody's Ratings

Low weighted average borrower rating and high regional concentration contribute to capital adequacy risks…
FONPLATA's DACQ score of “ba” reflects a relatively low weighted average borrower rating of Caa1 and a highly concentrated portfolio with 96% of the loans split among its five South American member sovereign borrowers. Despite these challenges, the bank benefits from a strong track record of preferred creditor status with a history of zero nonperforming assets (NPA).

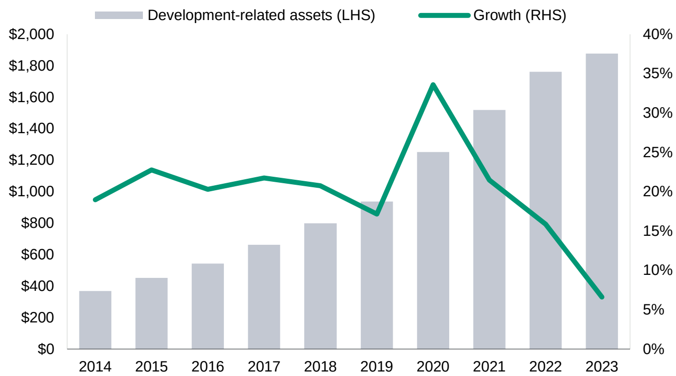
Bolivia and Argentina, which represented a cumulative 48% of the loan portfolio in 2023, have undergone severe credit stress. To reflect these increased credit challenges, we downgraded Bolivia’s sovereign rating to “Caa1” from “B2” in March 2023 then to “Caa3” from “Caa1” in April 2024, driven by credit risks related to the country's deteriorating fiscal and external positions. Meanwhile, Argentina’s sovereign rating was recently upgrade on 24 January 2025 to “Caa3 positive” from “Ca stable” to reflect a gradual improvement in credit quality. Nonetheless, it remains one of the lowest rated sovereigns that we rate. Moving forward, sustained improvements in borrower credit quality could help strengthen FONPLATA's overall DACQ.

As of December 2023, about 50% of FONPLATA’s loans were in the remaining three member countries, of which Brazil has a positive outlook, while Paraguay and Uruguay have stable outlooks. Nonetheless, the current credit conditions in the region remain difficult as central banks have only just started to lower interest rates this past year from pandemic peaks. Loans to Paraguay and Uruguay, the investment-grade member sovereigns, account for 38% of the bank’s total portfolio.

We expect slower growth in three of the five member countries (Brazil, Paraguay and Uruguay) in 2025. While FONPLATA's regional portfolio concentration will remain a credit challenge for the foreseeable future, it is taking initial steps to try to broaden its shareholder base with the intent of diversifying its membership with more highly rated countries.

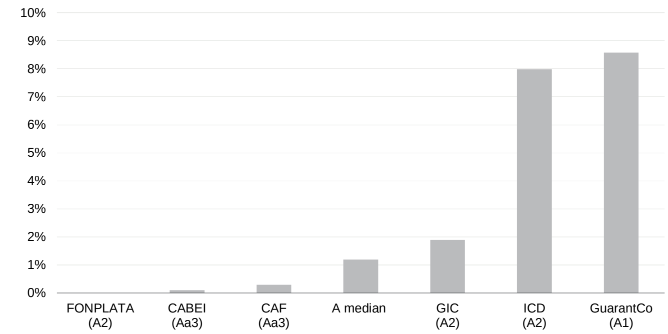
…however, asset performance remains exceptionally strong
Despite these challenges, FONPLATA's asset performance has been exceptionally strong, demonstrated by NPA that have remained at zero over the past decade. Overall, we set FONPLATA’s asset performance score at “aa1,” one notch below the initial score of “aaa,” to account for significant recent and expected growth in development assets. DRA have recorded 20% average annual growth since 2014, and although we expect growth to moderate over the coming years, it will likely remain strong. This is one of the strongest ratios among the MDBs that we rate (see Exhibits 6 and 7).

Exhibit 6
DRA growth continued to moderate in 2023
DRA ($ thousands) and annual growth (%, year on year)



Sources: FONPLATA and Moody's Ratings

Exhibit 7
FONPLATA's asset performance is stronger than that of most peers
NPA as a percentage of the total, 2023



Sources: FONPLATA and Moody's Ratings

The bank's strong asset performance benefits from the preferred creditor status of its loans, which have historically been directed almost exclusively to the public sector and supported by sovereign guarantees when the borrower has been at the sub-sovereign level. In 2020, FONPLATA introduced a new line of business and expanded its lending operations to include nongovernment public-sector banks and enterprises that are majority state-owned and controlled within member countries without sovereign guarantees. Through loans that include on-lending to public-sector banks, FONPLATA expects to be able to better reach small and medium-sized enterprises — particularly in each country's export sector — that have close financial relationships with the public banks in each country. Although nonsovereign-guaranteed loans to nongovernment public-sector entities accounted for only around 5% of the total projected portfolio in 2022, management expects to increase this exposure over the coming years, but to permanently limit the overall concentration of nonsovereign loans within the portfolio to less than 6% of lending capacity (or 18% of equity).

FACTOR 2: Liquidity and funding score: baa1

FONPLATA's "baa1" liquidity score reflects the liquid nature of its assets and its conservative risk management policies, balanced against a quality of funding assessment that accounts for its more limited, although improving, track record of market-based debt issuance.

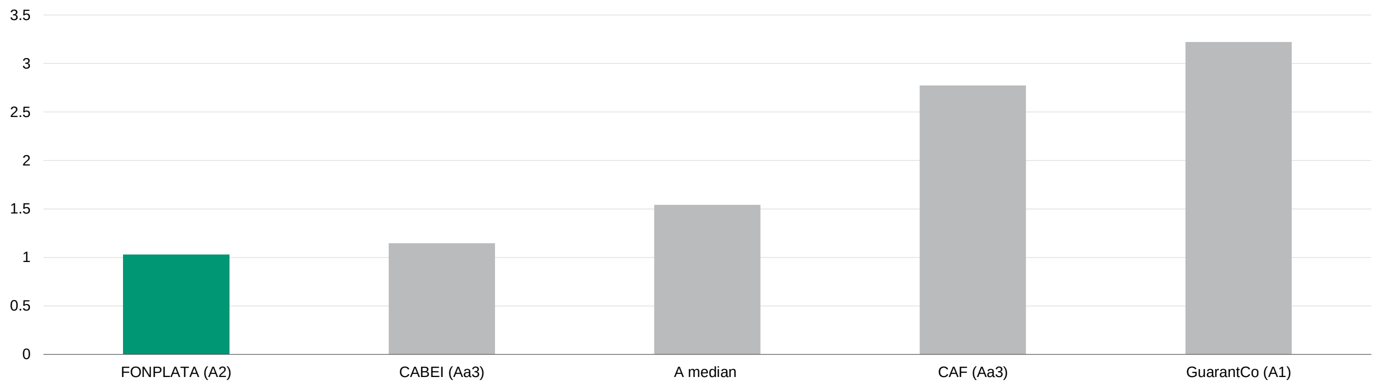
Strong liquidity position is supported by highly liquid treasury portfolio and credit lines from development and financial institutions
We assess FONPLATA's availability of liquid resources to be very strong at "a2." We measure the availability of liquid resources as liquid assets as a percentage of estimated net cash outflows over the next 18 months. With a ratio of about 103% as of year-end 2023, FONPLATA's liquid resources are ample, and we expect them to improve gradually despite a gradual increase in leverage.

FONPLATA's liquid resources ratio of 103% reflects a decrease from 150% in 2022, but still above the pandemic low of around 94% in 2020. Net outflows increased sharply to $760 million in 2023 from $471 million in 2022, while discounted liquid assets increased more gradually to $784 million during 2023 from $706 million in 2022. As a result, FONPLATA's availability of liquid resources decreased in 2023 and is just below that of A-rated MDB peers (see Exhibit 8). We expect liquidity to remain relatively stable as the bank's future loan disbursements adjust toward pre-pandemic trends.

Exhibit 8

FONPLATA's availability of liquid resources is strong but slightly below that of peers

Liquid resources/net outflows



Liquid resources can include cash and cash equivalents, deposits with a term of less than one year held by financial institutions rated Baa3 or higher, treasury assets rated A2 or higher, and committed, unrestricted and undrawn credit lines with prime lenders with a maturity greater than 18 months. Net outflows = outflows from mandate activities - inflows from mandate activities + debt repayments (both principal and interest) + net derivative flows + repurchase agreement (repo) flows.

Source: Moody's Ratings

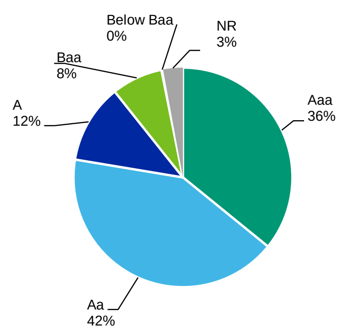
FONPLATA's liquidity is supported by a highly rated and liquid treasury portfolio, along with undrawn credit lines that it has with other development and financial institutions. In 2023, $731 million in liquid assets provided about 11x coverage of interest expenses ($65 million), reflecting a significant degree of liquidity coverage of upcoming interest payments, driven in part by relatively low debt-service requirements. Meanwhile, liquid assets accounted for about 28% of FONPLATA's total assets in 2023, up slightly from 24% in 2022.

Most of FONPLATA's treasury assets are in highly liquid and highly rated instruments, with about 89% rated A and above, 8% in the Baa range, less than 1% non-investment grade and about 3% not rated (NR) in 2023. FONPLATA uses the lowest rating among credit ratings used by two main international credit rating agencies when assessing the risk of its treasury investments. Additionally, a vast majority of treasury assets are sovereign (44%) or MDB bonds (38%), with the remainder consisting of financial sector bonds (see Exhibits 9 and 10).

Exhibit 9

The vast majority of treasury assets are very highly rated

Investment portfolio by rating category, 2023

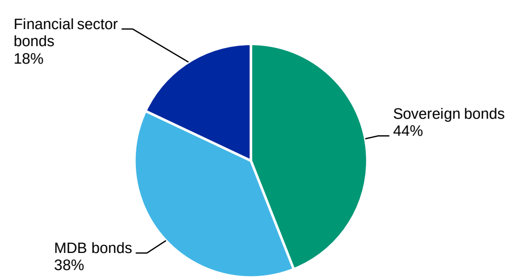


Sources: FONPLATA and Moody's Ratings

Exhibit 10

FONPLATA's treasury portfolio is primarily invested in sovereign and supranational bonds

Investment portfolio by asset class, 2023



Sources: FONPLATA and Moody's Ratings

From a liquidity management perspective, the bank's internal policy requires that a single instrument cannot represent more than 10% of the total securities portfolio, and no more than 5% in case of financial sector bonds, and most instruments are available for sale. Meanwhile, the duration of financial assets must also be less than two years (currently, nearly 100% of treasury assets mature in less than one year). Overall, the bank's liquidity policy requires it to hold the equivalent of 12 months of liquid assets to cover all financial obligations and disbursement commitments in a year. This calculation only takes into account 66% of total upcoming amortization payments and two-thirds of paid-in capital receivables.

Continued expansion and diversification of funding sources will support quality of funding as leverage increases

In recent years, FONPLATA started to expand and diversify its funding sources, including through debt issuance in the international capital markets. As a result of this steady diversification and gradual establishment of a track record of market-based debt issuance, we have set the bank's quality of funding assessment at "baa."

Since the beginning of its new business strategy in 2016, FONPLATA has relied largely on nonmarket-based sources of funding from other multilateral development institutions and member central banks. Its first credit line for $75 million was obtained from CAF in November 2016. Since then, it has grown its MDB credit lines to over $800 million and expanded its funding base to include financing from the Agence Française de Développement (AFD), Banco Bilbao Vizcaya Argentaria (BBVA, A2 developing, baa2), European Investment Bank (EIB, Aaa stable), Inter-American Development Bank (IADB, Aaa stable), Instituto de Crédito Oficial (ICO, Baa1 positive), Kreditanstalt fuer Wiederaufbau (KfW, Aaa stable, a3) and Cassa Depositi e Prestiti (Baa3 stable). It has also expanded its funding sources to include member central banks, which have provided an additional $210 million in credit lines — $130 million from the Central Bank of Uruguay and $80 million from the Central Bank of Bolivia. FONPLATA expects to sign additional credit line agreements with other bilateral and multilateral entities in the future (see Exhibit 11).

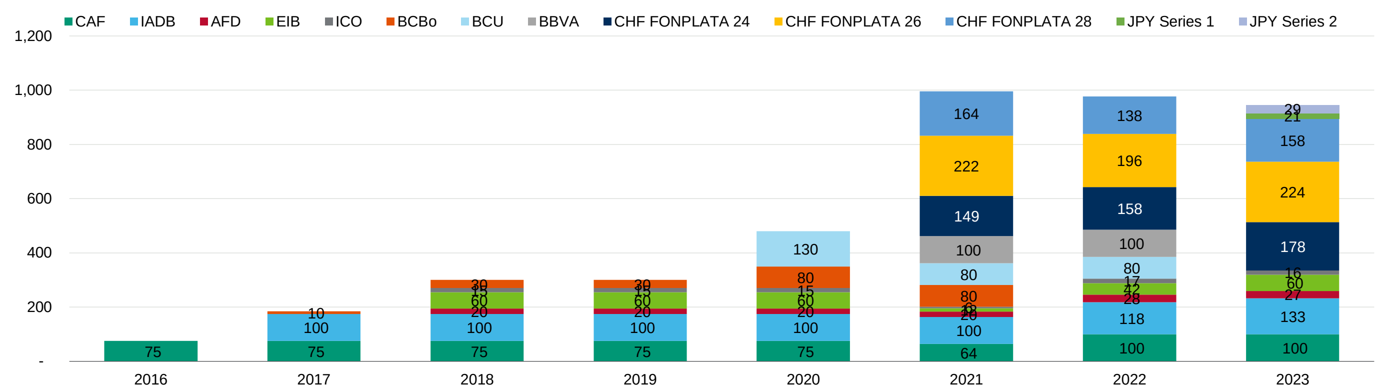
FONPLATA took its first significant step toward expanding its market-based funding base by issuing its first international bond in March 2019 for CHF150 million (about $149 million) with a tenure of five years. In March and December 2021, FONPLATA continued to expand its funding base by issuing a second and third international bond for a total of CHF350 million (about $380 million), with tenures of five and a half and seven years, respectively. In March 2023, FONPLATA conducted an inaugural issuance in the Japanese market with the private placement of two sustainable bonds for a combined value of ¥7.2 billion (about $54 million) maturing in 2028 and 2029. In 2024, the bank issued sustainable bonds in the Swiss and Japanese markets, amounting to $312 million and $47 million, respectively. Most recently, in October 2024 FONPLATA registered $1 billion in a public offering on the Institutional Stock Exchange of Mexico (BIVA) and in November 2024 established a medium term note (MTN) program of $2 billion.

FONPLATA's tapping of the international capital markets follows a steady trend toward expanding and diversifying its sources of funding through lines of credit. Over time, more regular future bond issuances, in different markets and in different currencies, could support an overall higher assessment of its quality of funding.

Exhibit 11

FONPLATA has significantly expanded and diversified its funding sources over the last five years

FONPLATA's signed borrowings, $ millions, 2023



Sources: FONPLATA and Moody's Ratings

Qualitative adjustments to intrinsic financial strength

Operating environment

In our credit assessment of MDBs, we also take into account an MDB's operating environment and the quality of its management, including risk management. Despite the difficult operating environment that FONPLATA faces, we do not include a downward adjustment, given that the bank's relatively low DACQ score already captures the credit challenges in the region. However, if the regional operating environment were to weaken further, a negative adjustment could be applied.

Quality of management

We make no adjustment for the quality of management. The bank has been able to pursue its expanded mandate without jeopardizing its asset performance or overall credit quality, which demonstrates the bank's effective implementation of its risk management framework. The bank's financial management policies are in line with those of its similarly rated peers.

FACTOR 3: Strength of member support score: Low

The third key factor in FONPLATA's credit profile is our “Low” assessment of the strength of member support. This assessment considers a weighted average shareholder rating of “b3,” which implies an ability to support a subfactor score of “b3,” counterbalanced by the high willingness of its members to provide support through callable capital. The presence of contractual support from members through callable capital is a key support to our assessment.

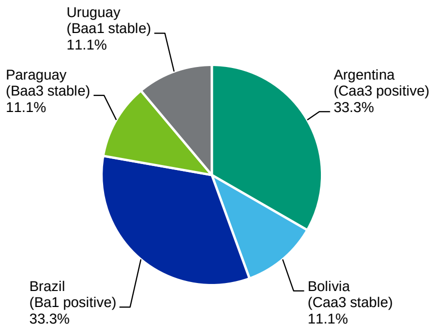
The main constraint to the strength of member support is the significant links among shareholders and the correlation between members and assets. This is demonstrated by the decline in the sovereign credit ratings of Bolivia and Argentina in recent years, which have weighed on both the weighted average shareholder and borrower ratings of the bank. As a result of the recent decline in Bolivia's sovereign rating in 2023, FONPLATA's weighted average shareholder rating fell from “b2” in 2022 to “b3” in 2023. This in turn pushed the overall strength of member support assessment lower to “Low” from “Medium.” Moving forward, we expect Argentina's recent upgrade to Caa3 from Ca to provide incremental positive support to our assessment of FONPLATA's strength of member support.

Over the medium term, the inclusion of more investment-grade shareholders would be an important development for FONPLATA's credit profile, given that it could enhance our assessment of members' ability to support through a higher weighted average shareholder rating and further support callable capital metrics. (See the Recent developments section for more information on the share of members' paid-in capital holdings.)

Our methodology determines the willingness to support as a combination of contractual support, measured by callable capital as a share of total debt, and non-contractual support as ascertained by the demonstrated commitment of shareholders to the bank's mission, operations and objectives.

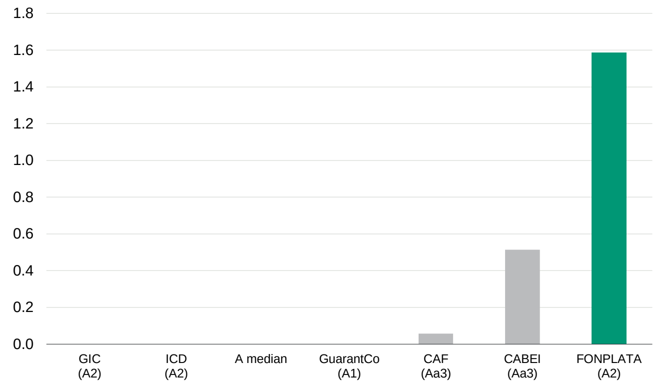
FONPLATA's high level of callable capital relative to debt demonstrates a strong contractual obligation to support from the bank's shareholders. FONPLATA's callable capital-to-debt ratio is one of the highest among rated MDBs, at 159% in 2023, and is significantly higher than the MDB median of 52% and the median for A-rated MDBs of 0% (see Exhibit 13).

Exhibit 12
FONPLATA's callable capital is dominated by non-investment-grade shareholders
Callable capital by shareholder as a percentage of total, 2023



Credit ratings are as of January 2025.
Sources: FONPLATA and Moody's Ratings

Exhibit 13
FONPLATA's callable capital provides strong debt coverage
Callable capital as a percentage of total debt, 2023



Sources: FONPLATA and Moody's Ratings

Non-contractual support is assessed at "Medium," supported by the fact that FONPLATA has a close working relationship with its member countries and is an important participant in improving regional integration.

Historically, FONPLATA has had a large amount of subscribed and paid-in capital relative to its lending. In 2008, the bank had $410 million in paid-in capital and $40 million in callable capital against a loan portfolio of $237 million. As of December 2023, FONPLATA's subscribed paid-in capital stood at just above $1.3 billion (of which $1.2 billion is already integrated) and its committed callable capital stood at nearly $1.7 billion (see Exhibit 14) against a loan portfolio of about $1.9 billion.

Exhibit 14
FONPLATA's capital structure, 2023 ($ thousands)

Member name	Subscribed capital	Callable capital	Paid-in capital
Argentina (Caa3 positive)	1,004,758	555,014	449,744
Bolivia (Caa3 stable)	334,895	184,991	149,904
Brazil (Ba1 positive)	1,004,758	555,014	449,744
Paraguay (Baa3 stable)	334,895	184,991	149,904
Uruguay (Baa1 stable)	334,894	184,990	149,904
Total	3,014,200	1,665,000	1,349,200

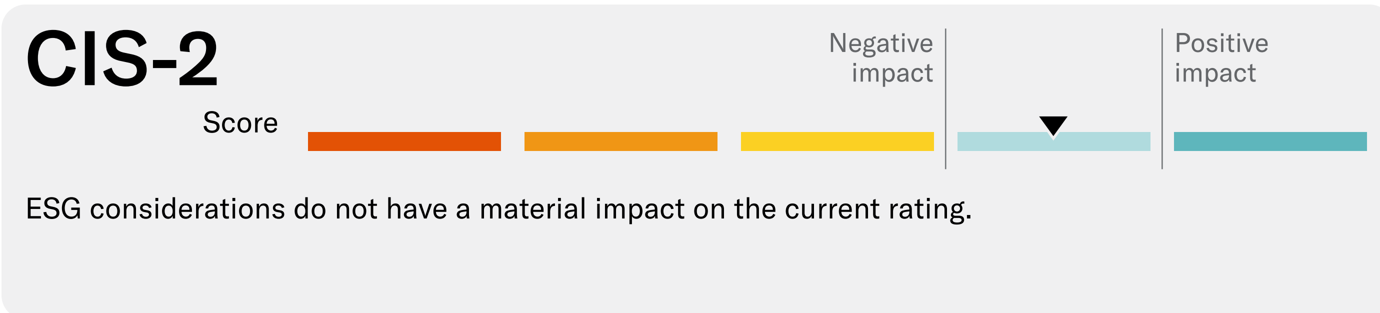
The chart above refers to already-committed callable capital and already-subscribed paid-in capital.
Source: FONPLATA

ESG considerations

FONPLATA's ESG credit impact score is CIS-2

Exhibit 15

ESG credit impact score

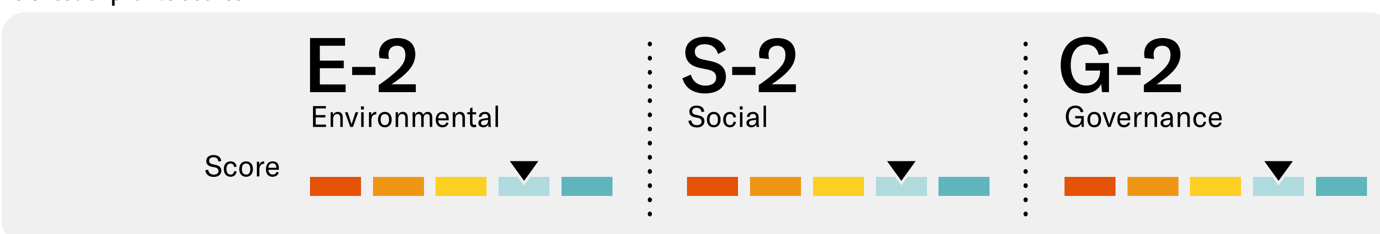


Source: Moody's Ratings

FONPLATA's **CIS-2** indicates that ESG considerations are not material to the rating. For FONPLATA, this reflects neutral-to-low exposure to environmental and social risk, as well as sound governance.

Exhibit 16

ESG issuer profile scores



Source: Moody's Ratings

Environmental

FONPLATA's exposure to environmental risks reflects regional concentration among its five sovereign South American borrowers with moderately negative environmental exposure, balanced by a diversified lending portfolio in non-carbon intensive sectors and environmental project safeguards in line with global MDB standards.

Social

FONPLATA's exposure to social risks reflects its strong customer relations with borrowers, along with a strong focus on responsible production that aligns with global MDB peers.

Governance

FONPLATA's governance profile reflects its prudent financial strategy and risk management practices, which is conducive to building its credibility and track record as the institution grows.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

All of these considerations are further discussed in the "Detailed credit considerations" section above. Our approach to ESG is explained in our cross-sector methodology General Principles for Assessing Environmental, Social and Governance Risks. Additional information about our rating approach is provided in our Supranational Rating Methodology.

Recent developments

Lending activity registers all-time high in 2024

In 2024, FONPLATA reached an all-time high of loan approvals totaling around $765 million and disbursements of around $737 million. The majority of these agreements were signed with key partners in regional and global development, including CAF and the IADB, which will enhance collaboration and resource sharing. As of December 2024, FONPLATA had outstanding loans of around $2.4 billion and undisbursed but approved loans of around $1.65 billion. Based on its maximum internal lending capacity rule of up to three times equity, this leaves the institution with a remaining lending capacity of around $1.2 billion for the coming years.

As a percentage of loans outstanding, Argentina is FONPLATA's largest borrower with around 27% of the total, followed by Uruguay (22%), Bolivia (18%), Paraguay (17%), and Brazil (16%). The bank strengthened its presence in member countries in 2024 by establishing offices in each county's capital city, ensuring closer collaboration and support for local projects. The bank's shareholders also agreed to increase authorized capital by close to $3.5 billion to a total of $6.5 billion.

The "Declaration of Sucre," promoted in partnership with other multilateral banks, was a notable achievement in 2024, demonstrating FONPLATA's leadership in regional development initiatives. On June 12, 2024, while meeting in the City of Sucre, Plurinational State of Bolivia, the Assembly of Governors, as part of the commemoration of the 50th anniversary of FONPLATA's founding, instructed the Administration in coordination with the Executive Board to prepare a proposal for a new capital increase. In that opportunity the Assembly of Governors also approved the guidelines to be followed for the increase, as well as the criteria for the admission of new members. This decision preceded the increase in the amount of authorized capital from a little over $3 billion to $6.5 billion, which was approved by the Assembly of Governors on February 5, 2024. Guidelines for the subscription of capital are expected to be approved in 2025. The Board of Governors also agreed on the guidelines for the incorporation of new members and the bank's management is in the process of discussing membership with prospective new shareholder countries.

FONPLATA continues to diversify its funding sources

FONPLATA reached a record-high in new annual borrowings in 2024 with over $665 million raised through capital market debt issuance and loans from development partners.

In November, FONPLATA successfully registered its inaugural Medium-Term Note (MTN) Program on the London Stock Exchange, with a total size of up to $2 billion. This program is designed to offer FONPLATA a versatile and efficient framework for issuing debt instruments across various international markets. It allows for issuance in multiple currencies and with different maturities, providing flexibility to meet diverse investor needs.

This followed the approval by the Mexican National Banking and Securities Commission (CNBV) for the preliminary registration of FONPLATA's Long-Term Bond Program in the National Securities Registry in October 2024 that will give FONPLATA access to institutional investors in Mexico.

The bonds issued under this program can have varying terms, ranging from 1 to 30 years. The specific details such as the amount, interest rate, and maturity of each issuance will be determined based on FONPLATA's market access at the time of issuance. These two initiatives are a significant step in FONPLATA's strategy to diversify its funding sources through the capital markets, thereby enhancing its ability to support member countries with more flexible and varied financing options.

In December 2024, the Executive Board of CAF approved an extension to the uncommitted revolving line of credit previously granted to FONPLATA. This extension effectively doubled the available credit from $75 million to $150 million. The primary objective of this increase is to enhance FONPLATA's capacity to finance critical projects within its member countries, with a particular emphasis on infrastructure, socio-environmental development, and economic-productive development.

The additional funds will be allocated to support a variety of essential projects. These include initiatives in housing and urban development, energy infrastructure, regional integration efforts, water and sanitation systems, health and education services, and climate change mitigation strategies. This move underscores CAF's dedication to promoting sustainable development across the region and solidifies its strategic partnership with FONPLATA, ensuring that both institutions can continue to work together effectively to achieve their shared goals.

Rating methodology and scorecard factors: FONPLATA - A2 Stable

Factor / Subfactor	Metric	Initial score	Adjusted score	Assigned score
Factor 1: Capital adequacy (50%)			a1	a1
Capital position (20%)			aa3	
	Leverage ratio	aa2		
	Trend	-1		
	Impact of profit and loss on leverage	0		
Development asset credit quality (10%)			ba	
	DACQ assessment	ba		
	Trend	0		
Asset performance (20%)			aa1	
	Non-performing assets	aaa		
	Trend	0		
	Excessive development asset growth	-1		
Factor 2: Liquidity and funding (50%)			baa1	baa1
Liquid resources (20%)			a2	
	Availability of liquid resources	a2		
	Trend in coverage outflow	0		
	Access to extraordinary liquidity	0		
Quality of funding (30%)			baa	
Preliminary intrinsic financial strength				a2
Other adjustments				0
Operating environment		0		
Quality of management		0		
Adjusted intrinsic financial strength				a2
Factor 3: Strength of member support (+3,+2,+1,0)			Low	Low
Ability to support (50%)			B3	
	Weighted average shareholder rating	B3		
Willingness to support (50%)				
	Contractual support (25%)	aaa	aaa	
	Strong enforcement mechanism	0		
	Payment enhancements	0		
	Non-contractual support (25%)		Medium	
Scorecard-Indicated Outcome Range				A1-A3
Rating Assigned				A2

Note: Our ratings are forward-looking and reflect our expectations for future financial and operating performance. However, historical results are helpful in understanding patterns and trends of an issuer's performance as well as for peer comparisons. Additional considerations that may not be captured when historical metrics are used in the scorecard may be reflected in differences between the adjusted and assigned factor scores. Furthermore, in our ratings we often incorporate directional views of risks and mitigants in a qualitative way. For more information please see our Multilateral Development Banks and Other Supranational Entities rating methodology.

Source: Moody's Ratings

Related websites and information sources

» Moody's Supranational web page

» Moody's Sovereign and supranational rating list

» FONPLATA web page

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