FONPLATA
Development Bank

2021

Annual Report

Content

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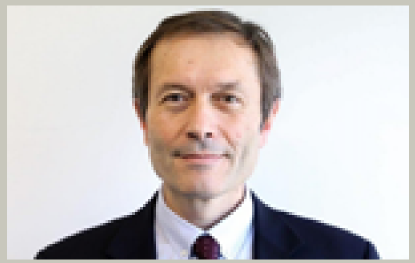

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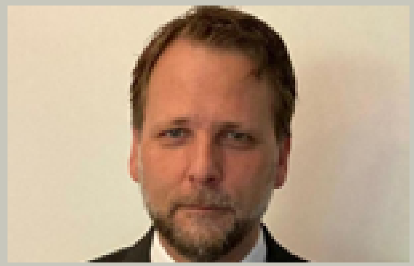

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Message From The President

Juan E. Notaro Fraga
EXECUTIVE PRESIDENT

The year 2022 will mark the 10th anniversary of FONPLATA's re-launching process, which I had the privilege of leading as Executive President of the Bank.

The Governors of our five member countries held several years of discussions before making decisive changes in the institution's governance and strategic assessment. The aim was to reposition a Fund that had not yet achieved the expected relevance to support the development and investment needs of the countries of the River Plate Basin.

The Governors expected to strengthen the new regional financial architecture promoted by member countries; to deepen physical, economic, and social integration, particularly in the areas traditionally less favored by international financing; and to have an agile and flexible financial tool closer to the countries' development agendas, in addition to the traditional sources of funding.

During these years, FONPLATA lived up to and exceeded the expectations set by the member countries. Among other things, the transition from Financial Fund to Development Bank was successfully implemented, and credit ratings of "A" with positive outlook and "A2" with stable outlook were assigned by two of the most well-known international risk rating agencies, Standard & Poor's and Moody's, respectively. Besides, the average annual lending capacity increased eleven times, whereas the loan portfolio increased by 20% on a yearly basis, becoming four times bigger than in 2012. Likewise, authorized capital grew more than six times, expanding from USD 489 million to USD 3.014 billion, and the return on funding to countries averaged USD 5 for every U.S. dollar lent.

Additionally, our portfolio not only grew exponentially, but also incorporated the best practices regarding climate change, environment, and citizens inclusion in all its dimensions. It further diversified its areas of action, including sustainable logistics and communications infrastructure; border development; integrated development of small and medium-sized cities; social infrastructure for health, education, water and sanitation in rural areas; and renewable energy, sustaining an average project size of USD 35 million. This is very important since the small projects sector has traditionally not been sufficiently served by international funding.

As for 2021, the Governors approved a new Institutional Strategic Plan (PEI), which proposes a revitalization of the strategic objectives and lines of action that should guide the Bank's organizational structure over the next five-year term. In addition, we have doubled our disbursement capacity to support our member countries in their health and economic recovery from the COVID-19 pandemic. This has resulted in a positive net cash flow for all countries, averaging 3.9 times the amount of principal repayments and loan interests and fees.

Furthermore, in cooperation with Crédit Agricole CIB as advisor, and based on the independent evaluation conducted by Sustainalytics, FONPLATA has just published its "Sustainable Debt Framework". The approval of this document is crucial for the funding of environmental and social impact projects and consolidates FONPLATA as one of the first multilateral banks in Latin America to incorporate the guidelines established by the International Capital Market Association.

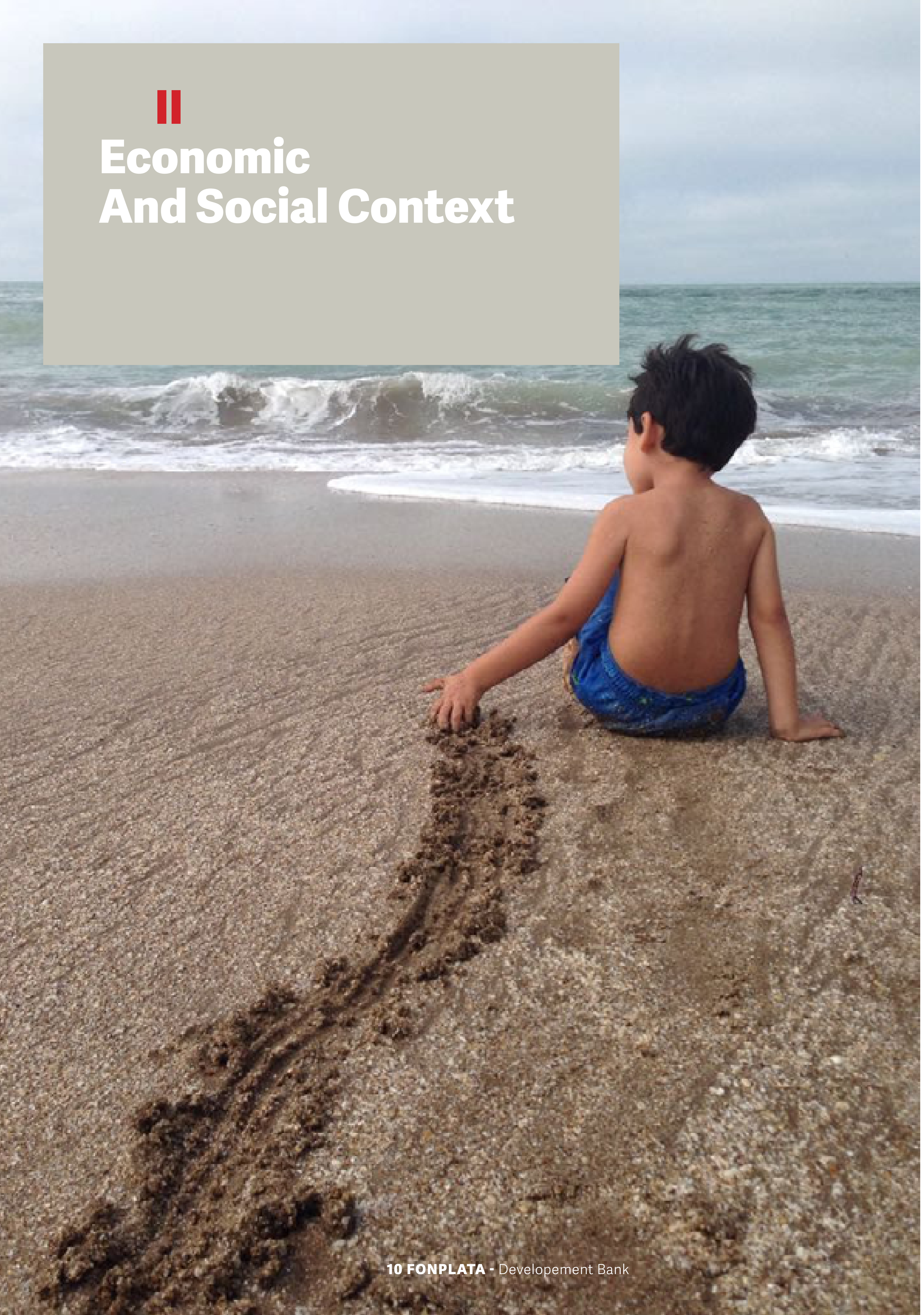
Thus, the Bank has reached 2022 with a strong institutional image and financially solid, capable of offering rapid responses to the needs of its member countries, with a consolidated and efficient operating culture, flexibility to adapt to changes and capitalize on the opportunities that arise, and a professional team committed to supporting our countries.

In the short term, in addition to the challenges posed by the post-pandemic recovery of economic activity – i.e., employment and income for the most vulnerable sectors –, the scenario of conflict and geopolitical instability severely impacts the region. The lower availability of raw materials and commodities and their higher prices threaten to further accelerate the inflationary trend of our economies, as well as to alter trade and capital flow to the region.

Therefore, our current challenge is to enhance FONPLATA's ability to support its member countries with more resources and on better terms in order to achieve their development and poverty reduction goals, since the pandemic has raised poverty rates to their highest level.

Besides, Bolivia's imminent entry as a full member of MERCOSUR positions FONPLATA strategically as the development bank of this regional bloc. In a global context of uncertainty, there is little doubt of the need to strengthen and revitalize MERCOSUR, for which the availability of a solid and reliable financial institution of its own can become a critical and strategic tool for the promotion of integration and regional development policies.

Grateful for the support of our Governors and Executive Directors, and the efforts of the team that accompanies me, I can affirm that the decision to re-launch FONPLATA ten years ago was, and still is, a total success. We must continue our work to guarantee the necessary conditions to strengthen the institution and, as our motto indicates, to bring development closer to the people.



II
Economic And Social Context

GLOBAL ECONOMY

Although the pandemic was the central issue, 2021 started with no vaccines and the fears about the effects of the pandemic on real economy. Nevertheless, evidence has shown that the global economy's growth performance exceeded expectations during the past year. This is explained by two major factors. On the one hand, the rapid deployment of vaccination campaigns, especially in the most developed countries, enabled a rapid reopening of their economies. On the other hand, expansionary tax policies and loose monetary policies pursued by central banks induced strong stimulus to domestic demand.

The outlook started to change in the third quarter and bottlenecks appeared at different points of the global production chains boosting inflation. By the end of 2021, inflation had returned, and everything suggests that it will persist in the coming quarters. This is a very important change of scenery, since the upsurge of inflation has given rise to a global readjustment process in monetary and financial policies, which has been stronger and faster in emerging economies, especially in our region.

According to the most recent data (WEO – World Economic Outlook, January 2022), after a 3.1% fall in 2020, global growth was of 5.9% in 2021. A breakdown of this growth by zone and economic development level shows that the magnitude of the fall in activity in 2020 and the speed of recovery in the following year were very heterogeneous. On average, developed countries experienced a fall of 4.5% in 2020 and a recovery of 5% in 2021. For emerging Asian economies, the fall was much smaller in the first year of the pandemic (0.9%), and the recovery in the following year was larger (7.2%). In Latin America and the Caribbean (LAC), the average decline during 2020 was larger (6.9%) and growth in 2021 reached 6.8%.

PROSPECTS FOR DIVERGENT RECOVERIES OF REGIONAL ECONOMIES AND COUNTRIES (GDP CHANGES IN % – PERIOD 2019-2022)

REGION/SUBREGION	2019	2020	2021*	2022*
World Economy	2.8	-3.1	5.9	4.4
Advanced Economies	1.7	-4.5	5	3.9
USA	2.3	-3.4	5.6	4
Euro Zone	1.5	-6.3	5.2	3.9
EMEDE	3.7	-2.1	6.4	4.8
China	6	2.3	8.1	4.8
Emerging Asia	5.4	-0.9	7.2	5.9
Emerging Europe	2.5	-2	6.5	3.5
LAC	0.1	-7	6.8	2.4
FONPLATA-5	0.5	-5.3	5.8	1

Source: WEO and member countries' information, and FONPLATA's own estimates.

The U.S. economy grew 5.6%, driven by the increase in private consumption (+7.9%), and secondly by the increase in private investment (+9.5%). Government consumption and investment remained almost unchanged (+0.5%), and the contribution of the external sector was negative. In contrast, in China, where the gross domestic product (GDP) increased by 8.1%, net exports made the highest contribution to growth in the last 25 years. The European Union (EU) reported a 5.2% growth, recovering the GDP pre-pandemic level in the last quarter of the year. As in the United States, growth was driven by consumption and private investment but, unlike the latter, the contribution of net exports to growth was positive. In Latin America and the Caribbean (LAC), the recovery pattern was marked by the dynamism of consumption and private investment. Although the value of the region's exports grew by about 25% (8% in volume terms), the increase in imports (32%) was even greater, resulting in a negative contribution of net exports.

Unusual price increases in commodities and energy last year generated inflationary pressures across the globe. During 2021, inflation reached historical records both in the United States and in the Euro Zone – 7%, the highest in 39 years, and 5%, the highest since the index began to be registered in 1997, respectively. In both cases, the highest increases in the basket of goods and services were in energy (+29.3% in the United States and +26% in the Euro Zone) and transportation services (21.1% in the United States and 11% in the Euro Zone). Excluding energy and food, the price increase during 2021 is reduced to 5.5% in the United States and 2.7% in the Euro Zone. Meanwhile, in China prices behaved much more moderately, with year-on-year inflation as of December 2021 at 1.5%.

To counteract the effects of the pandemic, as of March 2020, the U.S. Federal Reserve (FED) reduced its reference rate to a range between 0–0.25%. This policy remained unchanged until October 2021, when the FED decided to start responding to inflationary pressures by progressively reducing its asset purchase program. According to the announcements of the Federal Open Market Committee (FOMC), the monetary authority plans to end this program by the end of March 2022 and begin a process of increasing the monetary policy reference rate. This implies a progressive increase in the cost of funding in U.S. dollars for emerging markets and, specially, for our region.

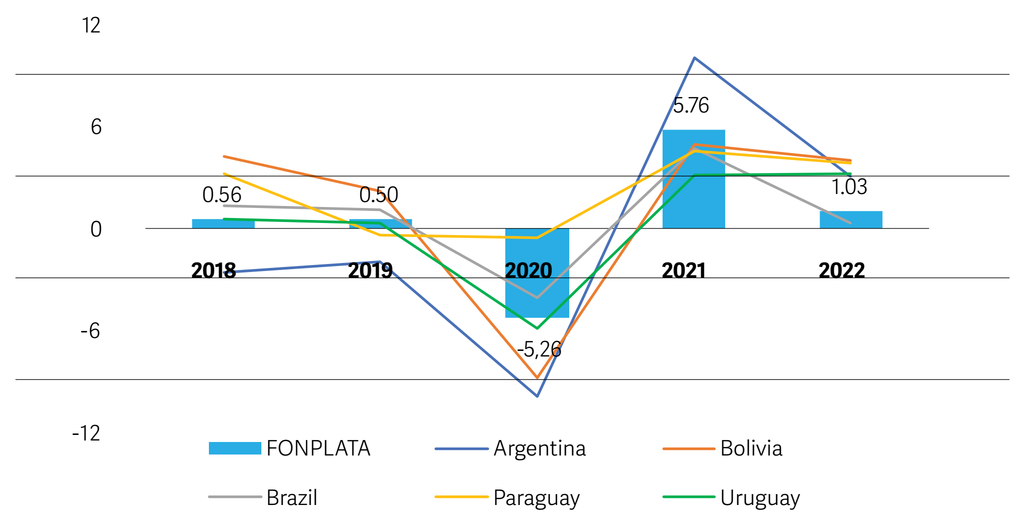
The service sector was more severely hit by the pandemic than the goods sector. Global trade indicators recently published by the United Nations Conference on Trade and Development (UNCTAD) show very different behaviors in these two macro sectors. While in 2020 the value of global trade in goods fell by an average of 7.4%, that of services fell by 20%. The recovery during 2021 was also heterogeneous with an increase of 25.3% in global trade in goods compared to only 14.4% in services. The unexpected magnitude of the recovery in global trade in goods during 2021 created bottlenecks in global value chains that led to significant price increases in commodities.

Indeed, after the generalized fall in commodity prices in 2020, the increase during 2021 was significant, in many cases reaching all-time highs. According to the commodity price indexes published by the International Monetary Fund (IMF),

commodity prices rose by an average of 53.3% in 2021. This increase is broken down into a 26.8% increase for non-energy commodities and a 101.8% increase for energy commodities, which, in turn, is broken down into an increase of 262.6% in the price of gas, 110.8% in the price of coal, and 63.8% in the price of oil.

Within non-energy commodities, foodstuffs rose 28%. During 2021, the international price of soybean ranged between USD 550-650/Ton and accumulated an average increase of 43.4%. Meat, whose prices were already high before the pandemic, had a minimal price reduction in 2020 (-2%) and a significant recovery throughout 2021, accumulating a price increase of 15.4%, and maintaining record price levels in the last 3 months. The price of corn rose 56.9% during 2021 and that of wheat, 13.6%.

GROWTH ANNUAL VARIATION IN THE SUBREGION OF FONOPLATA'S MEMBER COUNTRIES



Source: Member countries' central banks and WEO

Price increases in base metals were also extraordinary during 2021. Zinc rose 32.5%, silver 22.5%, lead 20.6%, and tin, which has been at record levels for two quarters, accumulated a rise of 89.1%. Finally, the price of urea rose 110.9%, also at record levels. The generalized rise in the prices of commodities triggered a positive shock in trade for the economies of all the River Plate Basin countries during 2021.

SUBREGIONAL OUTLOOK

In the course of 2021, the economies of the River Plate Basin countries overcame the acute recession that affected activity levels in 2020. Progress in vaccination programs helped reduce the impact of the most recent wave of COVID-19 infections, associated with the Omicron variant. Although infections increased significantly in all countries of the subregion, the proportion of cases requiring hospitalization in intensive care units and the fatality rate of the virus have been drastically reduced, allowing the gradual opening of productive activities and greater mobility of the citizens of the countries of the subregion. However, the possible emergence of new strains of COVID-19 means that the health situation is still uncertain at both the global and regional levels.

In general, the economies of the subregion have recorded expansions in many of the productive activities most severely affected by the health emergency. Current projections of GDP growth in 2021 agree that the economic recovery underway is making it possible to overcome the severe recessionary situation and that, in most of the economies of the subregion, the expansion of activity levels has made it possible to surpass the pre-pandemic GDP levels.

Among the River Plate Basin countries, the economic recovery of Paraguay stands out, as it was the country that recorded the least pronounced falls in GDP in 2020 and managed to recover its pre-pandemic activity levels as early as the first quarter of 2021. The Brazilian economy also managed to regain its pre-pandemic size in the first half of 2021, but lost momentum during the second half of the year and at year-end is technically in recession. This could potentially affect the rest of the economies in the sub-region this year. National accounts' results of Argentina and Uruguay were surprising, showing that, as of the third quarter, both were operating above pre-health crisis levels. The context of Argentina's recovery is peculiar since, in the year prior to the pandemic, the economy was already in a contractionary process. In the case of Bolivia, economic growth has reached 6.1% in 2021, higher than pre-pandemic levels.

Regarding inflation in the region, Brazil had the highest in 18 years (10.1%) and Paraguay, the highest in 11 years (6.8%). In both cases, inflation reached levels higher than the target set by their respective monetary authorities (3.75% in Brazil and 6% in Paraguay). In Uruguay, inflation hit 8%, being also outside the target range (3–7%). In Argentina, it reached 50.9%, but remains at very high levels since before the pandemic. Finally, Bolivia showed a lower price increase: 0.9%.

The expansionary phase of monetary policies that began in 2020 and lasted for most of 2021 has ended. Within strong inflationary pressures, the central banks of the countries in the subregion have begun to increase reference interest rates, although in some countries real interest rates remain at negative values. The only country that has not been affected by increases in inflation rates is Bolivia, which maintains inflation rates similar to the period prior to the pandemic outbreak.

In the course of 2021, the process of recovery of foreign trade flows has been consolidating, in a context in which most of the countries of the River Plate Basin have maintained positive balances on goods and services. The increase in imports has accompanied the economic recovery, while agricultural and mineral exports have shown significant growth, boosted by the improvement in international prices. The continuity of the recovery process of world trade would maintain a favorable scenario for the expansion of exports. Nonetheless, it is important to bear in mind that the distortions caused by the pandemic in international trade logistics have translated into considerable price increases of traded goods.

PROSPECTS FOR 2022

The outlook for the future is conditioned by the following four issues: (i) The health situation will continue to be a dominant factor due to the possibility of new variants of COVID-19; (ii) Hand in hand with production bottlenecks and changes in labor supply, inflation has gained significant traction, thus, the FED and other central banks are concerned about inflationary pressures that could generate a resurgence of the pressures observed in the second half of 2021; (iii) Changes in international financial flows derived from the normalization of monetary policy in developed economies could affect the stability of emerging markets, while interest rate hikes in the United States will make emerging countries' indebtedness more expensive and will generate pressure to depreciate their currencies; and (iv) Geopolitical risks are potentially highly disruptive to the global economy, particularly in relation to energy markets.

In this scenario, global growth projections for 2022 point to 4.9%. For the Euro Zone, growth is forecast at 3.9%, and long-lasting supply constraints and disruptions caused by COVID-19 seem to lead to more moderate growth than initially expected. For the economies of Latin America and the Caribbean (LAC), growth is expected to be of 2.4%.

As for the FONPLATA sub-region, in a macroeconomic context characterized by the emergence of inflationary pressures that have begun to worry monetary policymakers in its member countries, analysts agree on more modest growth projections for 2022, especially for Brazil. Meanwhile, the favorable external context is expected to persist in 2022, particularly with high prices for exportable goods, thus generating significant dynamism on the external demand. The case of Bolivia is different. Domestic demand is expected to play a preponderant role due to the ambitious public investment plan announced by the government for the coming years.

In the remaining economies of the subregion, the fall in households' labor income, the withdrawal of the support measures implemented to address the health emergency, and the need of fiscal consolidation moderate expectations regarding the expansionary role that domestic demand may play.

Although health experts warn that the pandemic has not ended and governments still maintain some components of public spending as precautionary measures, progress towards normalization of the fiscal position appears to be the scenario as of 2022. The expenses corresponding to the acquisition of the vaccine doses necessary to sustain the vaccination plans cannot be removed immediately, but this component of public spending does not seem to be a determining factor affecting the adjustment of public accounts. Thus, the fiscal consolidation process to which the governments of the River Plate Basin countries have committed themselves is marking the end of the use of fiscal policy to address the economic crisis caused by the pandemic.

Given the existing inflationary pressures, central banks of the region are expected to continue raising interest rates in order to control inflation. In the case of Brazil, it is expected that the interest rate hike cycle will be moderated in upcoming meetings. A tightening of monetary policy is also expected for the other countries of the region by 2022, particularly for Uruguay and Paraguay. These countries prioritize the anchoring of inflation expectations in the policy horizon, which have surpassed targets in 2021.

III

Operations By Country

After the onslaught of COVID-19 in the region, our countries are taking a breather. Although vaccination progressed in 2021, they still had to face several waves that prevented the expected economic and social development in the region.

To adapt to this new reality (the so-called "new normal"), the Bank continued the decentralization of operational staff in the member countries, being now present in each of the five countries.

The post-pandemic period was marked by progress in the execution of fast-disbursing projects approved during the previous year, which helped drive economic recovery in our countries.

Always aiming at the Bank's institutional efficiency, regulations were updated, consolidating the fiduciary aspects and the quality control tools of the approved documents, developing a self-assessment and update system of critical activities and their risks, as well as refining the Project and Operations Information System and Dashboard. Besides, a project tracking system was developed based on milestones and risks, which will serve as the basis for the future complete computerization of an integrated project management system.

In line with the Sustainable Development Goals (SDG 2030), the focus was on identifying the contribution of each of the Bank's operations, concluding that the portfolio contributes to 16 of the 17 SDGs (it does not contribute to SDG 14 – Oceans). Within the first three, 39 operations are aligned to contribute to SDG 9 (Industry, Innovation and Infrastructure), 33 operations to SDG 11 (Sustainable Cities and Communities), and 24 operations contribute to SDG 10 (Reduced Inequalities). Likewise, in collaboration with the Management of Finance and Administration, FONPLATA's Sustainable Debt Framework was prepared and submitted to a Second Party Opinion (SPO), obtaining a favorable opinion that highlights its credibility, impact, and alignment with international best practices.

In the 2021 management, the Operational strategic orientation was reviewed, updating the Bank's business, vision, mission, and values, and defining the attributes leading towards:

Reliability: getting closer to customers, decentralization, empathy, accessibility, efficiency, responsiveness, and permanent dialogue.

Efficiency in operating and transactional costs: low operating and transactional costs to offer customers better financial conditions.

Proactivity: diligence, speed, rapid response, adaptability.

Simplified Business Processes: integrated, simple, straightforward, automated, and risk-based processes.

Differentiated Financial Products: offering a range of financial products that differentiate from other entities and best serve the countries.

Expertise in Areas of Specialization: high value team, with industry knowledge in the areas of specialization determined in the Bank's PEI.

Operational Autonomy: use of processes and policies internally and externally validated and recognized that guarantee FONPLATA's operations.

Under this framework, the funding portfolio at the end of 2021 is comprised of 96 operations, for an aggregate amount of USD 2.833 billion, broken down as follows: 48 operations in execution, for USD 1.55 billion; 15 operations pending to become effective, for an amount of USD 648 million; 9 operations in the process of closing, for USD 206 million, and 24 operations in the principal repayment stage, for an overall amount of USD 429 million.

During 2021, 14 new operations were approved, for an aggregate amount of USD 353.4 million.

1. ARGENTINA

In 2021, operations were more focused on the productive economic sector and infrastructure in the areas of governance, production, non-financial services, sports, and telecommunications, in addition to ongoing support to address the COVID-19 pandemic, poverty reduction, and protection of the most vulnerable sectors.

The funding portfolio amounts to USD 797 million, comprising 41 operations, 8 of which were approved in 2021, totaling USD 121 million. Of the total active portfolio, 9 operations are in the principal repayment stage (USD 93 million), 4 are pending the signing of the respective loan agreement (USD 65 million), 20 are in execution (USD 438 million), and 8 have disbursed all the resources and are in the process of signing the closing record (USD 201 million).

Among the funding approved during 2021, it is worth mentioning the support for the expansion of fiber optics in the country, for an amount of USD 18 million, an operation that seeks to improve digital connectivity in urban centers with low population density in the Province of Buenos Aires.

Also noteworthy is the promotion of governance through the approval of two operations that support the harmonious development and operation of the Economic and Social Council, for an aggregate amount of USD 33 million.

On the other hand, operations were approved to support tourism and sports, for USD 37 million, which will allow to improve the emblematic tourist units of Chapadmalal, in Mar del Plata, Province of Buenos Aires, and Embalse de Río Tercero, in the Province of Córdoba, as well as to enhance the quality of the country's sports infrastructure and promote physical activity and the practice of sports.

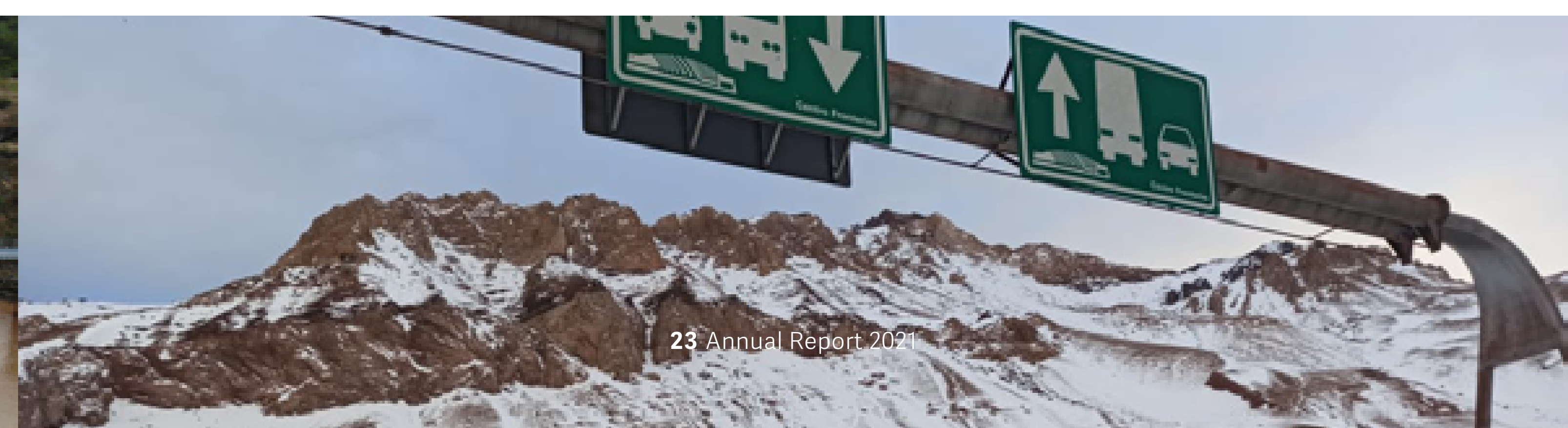
Continuing with the support to counteract the effects of the COVID-19 pandemic, an operation was approved to strengthen infrastructure for the development of social, family, and health care strategies for the extremely vulnerable population; and an operation for the cultural sector to support centers for cultural and social inclusion, for an aggregate amount of USD 20 million.

Finally, it is important to note that an operation to promote resilient and sustainable agrifood systems for family farming was approved, for USD 13 million, with cofinancing from the International Fund for Agricultural Development (IFAD) for the same amount.

1.1 TECHNICAL COOPERATION

OCT/NR-ARG-50/21 Infrastructure for the sustainable territorial development of the Buenos Aires metropolitan area – USD 75 thousand.
The general objective of the project is to contribute to the development of public policy guidelines for the sustainable territorial consolidation of the second and third rings based on road connectivity and the expansion of public services in the metropolitan area of Buenos Aires. It includes three main components, which derive from this objective: a) Territorial diagnosis based on the legal and real uses of the area of influence of the new layout of Presidente Perón Avenue (including the social, economic, environmental, service infrastructure, road connectivity, and land use dimensions); b) Proposal for the draft and implementation of public policies for the road connectivity axis and its articulation with the demands of other complementary services; and c) Investment Project Profile according to the guidelines of the Secretariat of Strategic Affairs (SAE). Additionally, in relation to the impact of public policies, a validation and communication component of the proposals was incorporated to engage other public actors.

OCT/NR-ARG-54/21 Improved financial supervision of audited financial statements in the framework of SSRFID's stewardship role in projects/programs funded by FONPLATA – USD 75 thousand.
The Undersecretariat of International Financial Relations for Development (SSRFID) is responsible for "supervising the administration of national public sector programs and projects financed with external funds and carrying out their evaluation and control". Within this framework and to improve the fulfillment of this responsibility, FONPLATA granted the Argentine Secretariat of Strategic Affairs (SAE) a technical cooperation to strengthen the SSRFID's stewardship role in the control and follow-up of the audits of financial statements of all the credit operations in force between FONPLATA and the Undersecretariat, as well as to strengthen and provide technological tools for monitoring and decision making concerning the operations in which SAE acts as implementing agency.



2. BOLIVIA

In 2021, we continued to support the generation of employment and the economic reactivation of the country, focusing on the inclusion of women heads of household and unemployed youth in the construction of different infrastructure works and micro-, small-, and medium-sized enterprises throughout the country.

In this context, aiming at the inclusion of vulnerable sectors in the development of the different projects, the work focused on: (i) Integrality, involving the development of the multiple capacities of local labor, the generation of a decent family income for the service provided, and the improvement of streets and roads in the intervened areas; and (ii) Community Approach, based on the identity and forms of organization and self-management of local communities. Interventions were conducted in 9 departments and more than 24 municipalities, with close to 350 interventions nationwide. This benefited 220 thousand families throughout the country and generated more than 50 thousand direct and indirect jobs.

Road construction and maintenance of the bioceanic corridor in the tropical zone of the country continued, despite the difficulties of the pandemic, contributing to the project of a dual carriageway, and seeking to reduce costs and travel times, improve safety, and increase the country's competitiveness.

In the Department of Potosí, in the municipalities of Tacobamba, Ravelo, and Ocurí, 1,263 residential water harvesting solutions and 20 social water harvesting solutions (health centers and schools) were delivered. The same number of photovoltaic systems have also been received and will be installed in those municipalities. By 2022, approximately 3,000 photovoltaic panels are expected to be installed in the departments of Beni and Chuquisaca.

During 2021, the last of the 24 bridges built in rural areas of the department of Cochabamba was delivered. These works will benefit 24 thousand families in 15 rural municipalities, reducing travel times between towns, to schools, health centers, and marketplaces to sell their products. Thus, products will be offered at better prices in the central markets and educational and health standards will improve.

By the end of 2021, the portfolio under implementation amounted to USD 552 million, covering 16 projects, 4 of which are in principal repayment stage (USD 90 million), 1 has been fully disbursed and is in the process of signing the closing record (USD 5 million), 10 are under implementation (USD 357 million), and 1 is pending signature so that the respective loan enters into force (USD 100 million).

3. BRAZIL

FONPLATA's strategy, as in previous years, continues to be to attract new operations by creating clusters of projects concentrated by state. This allows to promote a greater presence and a stronger impact in each region. Therefore, work is being conducted in the states of Santa Catarina, Mato Grosso do Sul, São Paulo, Paraná, Espírito Santo, and Rio Grande do Norte. All projects seek to improve the quality of life of their inhabitants and lead infrastructure to address the impacts of climate change.

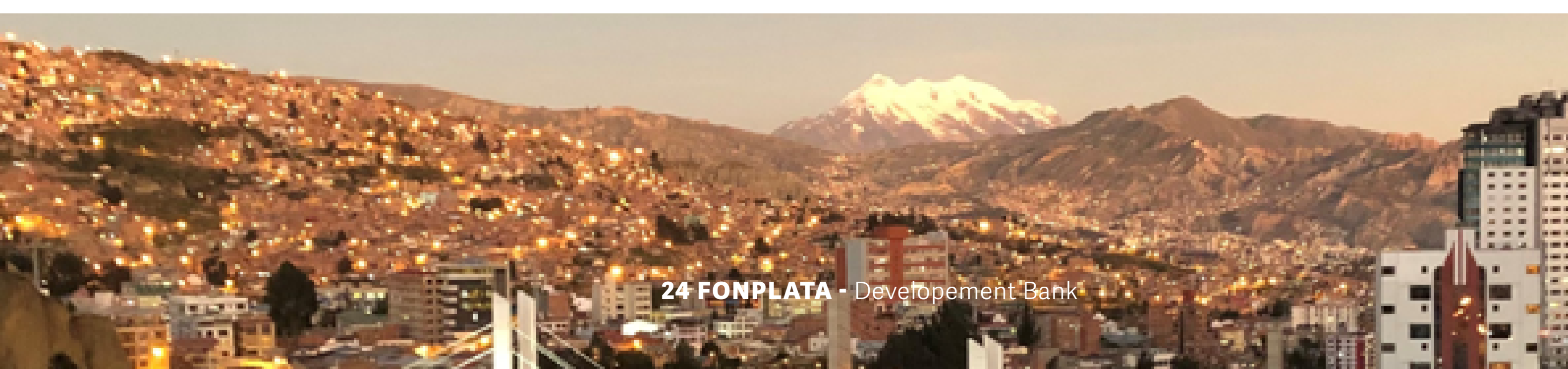
Brazil's portfolio consists of 20 operations, totaling USD 486 million. In 2021, 5 projects were approved, amounting to USD 132 million. These 20 projects comprise 6 operations in principal repayment stage, representing USD 3 million, 7 operations approved but pending contract signature, for a total of USD 207 million, and 7 operations under full implementation and disbursement, amounting to USD 246 million.

Brief description of the 5 operations approved in 2021:

a) The project in Indaiatuba (São Paulo) totals USD 30 million and is aimed at supporting short-, medium-, and long-term sectoral actions to reduce water deficit, and to recover and preserve waterways environmental quality by expanding the coverage of drinking water and sanitation services, the sustainable use of water resources, and the reduction of the population's vulnerability to the risk of water stress.

b) The USD-16-million "Sorocaba Mobility and Urban Development Program" will develop a series of actions and investments to restructure the road network through the implementation and/or improvement of urban roads, including, among other services, bikeways, paving, drainage, signaling, artwork, and feeder roads.

c) "Acelera Palhoça" in the State of Santa Catarina totals USD 11 million and aims to solve urban infrastructure problems related to: drinking water supply, mobility, and urban planning. The interventions will improve the quality of life in areas occupied by low-income population.



d) Two parallel operations are being conducted in Criciúma totaling, USD 42 million. The interventions will be based on city's Urban Mobility Plan (PMU), which will define the construction of new roads, duplication and widening of lanes, implementation of bikeways and sidewalks, exclusive lanes for public transportation, micro-drainage, lighting, and signaling. Besides, to adapt to climate change, improvements to storm drainage system in the Criciúma River Basin will also be fund, as well as the refurbishment of the Cechinel Hill Ecological Park.

e) The USD-50-million Blumenau project seeks to improve the quality of life of the population through investments in sustainable urban infrastructure and drinking water supply works.

3.1 NON-SOVEREIGN RISK LOANS

At the beginning of 2020, a USD-36-million funding was granted to the Banco de Desenvolvimento de Minas Gerais (BDMG) to meet the Bank's demand for financial resources to assist local governments in the state of Minas Gerais. In 2021, this funding was increased by USD 6 million.

4. PARAGUAY

During 2021, regional and international integration works continued to be executed in Paraguay, advancing in the construction, improvement, and maintenance of highways, and the construction of bridges throughout the eastern and western regions of the country.

Likewise, the execution of the project "Construction of the Transformer Substation and Power Transmission Lines in Valenzuela", in the Department of Cordillera, has made progress with the contracting of the company in charge of supplying and installing the 500kV transformer plant.

It is important to highlight that with funding from KfW (*Kreditanstalt für Wiederaufbau*), FONPLATA contracted and is supervising the Environmental Impact Study for the Construction Project of the 220 kV Transmission Line covering Villa Hayes–Villa Real de la Concepción–Pozo Colorado–Loma Plata, and the 220 kV Pozo Colorado Substation, in the western region, which will allow the preparation of a funding project for more than USD 100 million during the fiscal year 2022.

At the end of 2021, Paraguay's active portfolio amounted to USD 698 million, funding 11 operations: 3 awaiting ratification by Congress, totaling USD 276 million; 6 under implementation, amounting to USD 339 million; and 2 projects that are in the principal repayment stage, for USD 83 million.

5. URUGUAY

In 2021, the active loan portfolio amounts to USD 300 million, comprising 8 operations distributed as follows: 5 under implementation, for USD 171 million, and 3 in the principal repayment stage, totaling USD 129 million. Within the framework of the execution of current loans, we contribute to the achievement of the United Nations 2030 Sustainable Development Goals (SDGs), in particular SDGs 1, 6, 8, 9, 10, and 11.

During the 2021 management and in a post-COVID context, to support the efforts lead by the Government since 2020, work continued to alleviate the impacts on micro- and small-sized enterprises and provide financial assistance through the execution of two operations, for a total amount of USD 30 million. Of this total, USD 29 million were disbursed, enabling the provision of financial resources to the micro- and small-sized enterprises most vulnerable to the effects of the pandemic and reduce the closure of those enterprises.

In addition, during the fiscal year 2021 and within the framework of one of the most important projects of the portfolio, a milestone was reached in the installation of the access bridge to the port area of Montevideo, which is expected to increase the capacity and functionality of the existing feeder roads, besides contributing to the improvement of traffic in an important area close to the city center.

On the other hand, some of the works planned for road rehabilitation, and adaptation and maintenance of bridges that contribute to improve forest corridors located in various parts of the country were also completed at a good pace.

Finally, regarding the improvement of environmental quality, the completion of the treatment plants and sewage systems in the Santa Lucía River Basin (San Ramón, Fray Marcos, Casupá, and Florida) contributed to the reduction of marine pollution, considering that the treatment includes a significant removal of nutrients and therefore an improvement in the quality of the surface water of this basin.

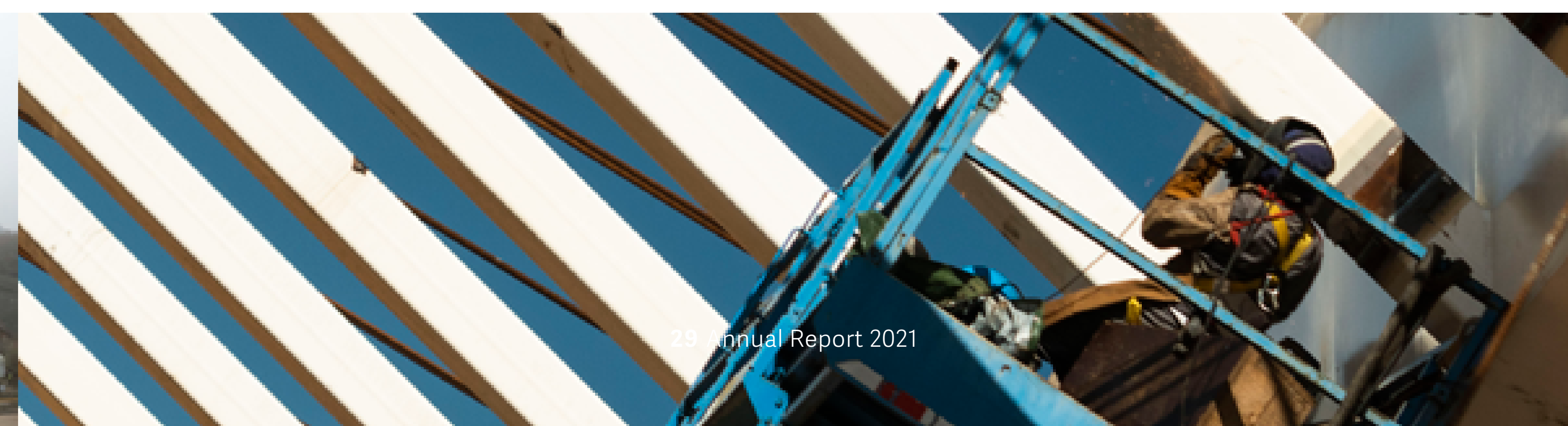
5.1 NON-SOVEREIGN RISK LOANS

In 2021, a USD-42-million funding was approved for *Corporación Vial del Uruguay* (CVU), which shall be used for investments in works, goods, and services, generating social and economic development.

5.2 TECHNICAL COOPERATION

OCT/NR-URU-51/21 COVID-19 Humanitarian Aid: Uruguay – communication campaign of the National Vaccination Plan – USD 100 thousand.
This technical cooperation stems from the OCT/NR-COVID-35/20 "Emergency Fund for COVID-19 Humanitarian Aid" which was approved by the Executive Board of Directors for the allocation of non-reimbursable resources to assist member countries in the funding of eligible activities that provide immediate responses to the emergency resulting from the COVID-19 pandemic. The main objective of this operation is to support the detailed dissemination of the different stages of the vaccination campaign in Uruguay and, on the other hand, to raise awareness of the importance of this process to overcome the pandemic without generating a setback that would make it necessary to resort to more restrictive measures of social mobility.

OCT/NR-URU-53/21 Institutional strengthening of the National Development Agency (ANDE) for the implementation of Project URU-22 "Financial Assistance Program for Micro- and Small-Sized Enterprises" – USD 70 thousand.
FONPLATA approved funding for the project "Financial assistance program for micro- and small-sized enterprises". Financial assistance poses a significant challenge for ANDE (*Agencia Nacional de Desarrollo*). It is, thus, imperative to strengthen its institutional capacities to ensure the successful implementation and dissemination of the instruments and actions included in the Program. In this sense, the objective of the technical cooperation is to contribute to the technical strengthening of ANDE by funding technical activities through consultancies and the contracting of specialized technical services for the improvement and development of ANDE's credit management system functionalities.



6. REGIONAL TECHNICAL COOPERATION

OCT/NR-ISM-52/21 Training in innovation and social technologies – USD 10 thousand.

FONPLATA has joined forces with the Mercosur Social Institute (ISM), within the scope of its mission, to support the integration of member countries to achieve a harmonious and inclusive development and favoring the complementarity and synergy of efforts of national development organizations and other development agencies. This technical cooperation with the ISM School of Government, through technical and financial resources, promotes the transfer of knowledge and qualified experiences to member countries, as well as the transfer and adaptation of technologies and applied knowledge that help to complement and strengthen the ability to prepare and implement projects to advance their own development.

OCT/NR-ILAT-55/21 ILAT Alliance – 2021 Work Plan – USD 200 thousand.

In May 2020, IDB, CAF, and FONPLATA signed a Memorandum of Understanding through which they agreed to continue working together and form the Alliance for the Integration and Development of Latin America and the Caribbean (ILAT). The Alliance is intended to support the countries' efforts to identify, plan, and prioritize integration projects and initiatives, generate knowledge and technology applied to projects, develop binational and/or multinational integration spheres, and implement high technical quality and transparent regional infrastructure works. In this sense, FONPLATA co-finances the Alliance's 2022 Work Plan, which aims at consolidating and positioning ILAT as a working space for the development of quality and innovative integration infrastructure, within a transparent and collaborative framework.

IV
2021 Financial Results

(All figures are in million USD dollars)

The following is a comparative analysis of the Bank's achievements during the fiscal years ended December 31, 2021, and 2020, respectively.

In the 2020 – 2021 period, under the effects of the COVID-19 pandemic, the Bank consolidated its role as a multilateral financial institution for regional development, achieving and surpassing the strategic objectives of its Institutional Strategic Plan (PEI) 2018 – 2022.

For instance, taking as a basis the 2012 financial results, which constitute the initial parameter for the first PEI that covered the 2013 – 2022 cycle, the average annual lending capacity expanded based on a multiplier of 11 times, and the loan portfolio grew 5 times, at a rate higher than 20% average annual growth. Authorized capital grew a little more than 6 times, from USD 489 million to USD 3.014 billion, and risk ratings of A- were obtained at the end of 2016 from Standard & Poor's, upgraded to A with a positive outlook in 2021, and A2 with a stable outlook from Moody's, both very well-known international credit risk rating agencies.

In recognition of these achievements and in order to reaffirm the Bank's commitment to growth and future projection, in September 2021, the Board of Governors approved the second update of the PEI for the 2022 – 2026 period.

This update highlighted the need to reaffirm the Bank's role as a dependable, initiative-taking, and adaptable partner to respond with diligence and effectiveness to the funding demands of its member countries, in order to narrow the existing gaps in inclusive social development, health, education, and infrastructure.

In this sense, the PEI includes three strategic objectives and 10 lines of action that will mark the focus of the 2022 – 2026 management, reaffirming the commitment of member countries to continuous capital growth as a means to increase lending capacity and the ability to raise funds under the best possible conditions.

Since 2013, the Bank has maintained a prudent management of financial assets and liabilities that meets the expectations of the capital markets. Thus, the Bank has direct access to these markets, raising funds on better terms and conditions, and at lower financial cost for the benefit of its member countries.

Through a strong focus on planning and results-based management, and thanks to the investments made in technology as of 2017, the Bank has a solid information systems infrastructure that allowed it to move to a remote working model without disruption during the pandemic, protecting the health of its staff without affecting the performance and the expected results.

In 2021, the loan portfolio, which is the Bank's main financial asset, increased from USD 1.251 billion to USD 1.520 billion, equivalent to an increase of 21.5%. This net increase of USD 269 million is the result of disbursements of USD 346 million, net of principal collections of USD 77 million (2020 – USD 315 million net increase). The 15% reduction in portfolio net increase in 2021, compared to

2020, is a consequence of a time lag in disbursements caused by delays in the bidding and contracting processes by the implementing agencies.

In addition, USD 504 million were raised through two bond issues in the Swiss market and a private financial institution, and a line of credit was signed with another multilateral development bank. These resources will be used to fund loan disbursements for the next 12 months, in addition to servicing borrowings and paying the Bank's operating expenses, in compliance with the liquidity policies.

The access to the Swiss capital market and the interest aroused in the Bank's issuances in other capital markets, together with the improvement in the credit risk rating obtained in September 2021 by Standard & Poor's (from A- to A), show the prestige and credibility gained through the growth and relevance achieved from 2013 to date.

Finally, it should be noted that FONPLATA continues to serve as trustee of the Structural Convergence Fund of MERCOSUR (FOCEM), a function assigned to the Institution in 2020 thanks to its reliability and prestige.

1. BUSINESS MODEL

The architecture of the business model is designed with the purpose of helping the member countries improve the quality of life of their people by funding projects focused on improving integration and socioeconomic development. The Bank finances its lending program by leveraging its equity, which is comprised of paid-in cash and callable capital subscriptions, as well as reserves from the accumulation of retained earnings.

The Bank's lending capacity currently amounts to USD 3.615 billion and is determined based on a multiplier of three times total equity, which, as of December 31, 2021, amounts to 1.205 billion. (2020 – USD 1.11 billion). The Bank's borrowing capacity is determined based on a multiplier of two times total equity plus net assets, which is equivalent to USD 3.043 billion.

The Bank's main financial assets are loans granted to the member countries. All financial assets and part of financial liabilities are traded and denominated in USD dollars and bear interests based on the Libor rate plus spread. Liabilities contracted in other currencies and at rates other than Libor, which is the reference rate for funding operations, are swapped into U.S. dollar denominated obligations based on the Libor rate, thereby reducing exposure to risk in the movement of exchange rates and interest rates.

The Bank maintains liquidity to ensure its ability to meet its estimated commitments for loan disbursements, debt service, and to cover operating expenses and planned capital investments to be incurred in the 12 months following the closing of each month. Liquidity is invested for the sole purpose of reducing the cost and optimizing the use of resources necessary to maintain the liquidity level required by the Bank's policies.

The following sections and subsections present a detailed explanation of the financial performance during the fiscal years from January 1, 2019, to December 31, 2021.

Thus, as the increase in equity is a direct function of the increase in assets over liabilities, a detailed explanation of the evolution of financial assets and liabilities is included to help illustrate the growth and financial strength achieved to date.

2. PERFORMANCE

2.1. FUNDING SOURCES

2.1.1. Capital structure and Lending capacity

The process of subscription and commitment of the total callable capital corresponding to the first and second capital increase approved in 2013 and 2016, respectively, was completed in 2018. In that year, the cash contributions corresponding to the first increase were received and the payment schedule for the second increase began. Total paid-in capital in 2021 amounted to USD 90 million (2020 – USD 51 million), totaling the paid-in capital on December 31, 2021, USD 1.006 billion (2020 – USD 917 million).

Table 1 shows the evolution of the capital structure for each of the last three years.

TABLE 1 – CAPITAL STRUCTURE
In million USD dollars

CAPITAL	FISCAL YEARS ENDED DECEMBER 31		
	2019	2020	2021
AUTHORIZED	**3,014.2**	**3,014.2**	**3,014.2**
Paid in	1,349.2	1,349.2	1,349.2
Callable	1,665	1,665	1.665
SUBSCRIBED	**3,014.2**	**3,014.2**	**3,014.2**
Paid in	1,349.2	1,349.2	1,349.2
Callable	1,665	1,665.0	1.665
AVAILABLE	**2,530.5**	**2,581.8**	**2,671.4**
Paid in	865.5	916.8	1,006.4
Callable	1,665	1,665	1,665

2.1.2. Composition of Equity

The Bank's equity increases in two ways: (i) installments of paid-in capital made by member countries; and (ii) surplus income over finance and administrative expenses. Income is the result of the accrual of interests on loans and return on investments of liquid assets, which comprise financial assets (net of projections for losses on loans and investments). Expenses relate to the cost of funding and interest and commissions on borrowings incurred, which comprise financial liabilities, as well as expenses necessary for the normal operation of the Bank. Subsections 2.2 and 2.6 present a closer analysis of the evolution of financial assets and liabilities during the year 2021.

As shown in Table 2, as of December 31, 2021, equity amounted to USD 1.205 billion, representing an 8.6% increase over the amount registered in 2020, of USD 1.110 billion. This increase is composed of USD 90 million of paid-in capital in cash plus USD 24 million of net income for the fiscal year, net of the allocation to the Special Fund for Interest Rate Equalization (FOCOM), worth USD 7 million, and to the Special Fund for the Technical Cooperation Program (PCT), worth USD 1.5 million.

TABLE 2. ASSETS
In million USD dollars

COMPONENT	FISCAL YEARS ENDED DECEMBER 31,		
	2019	2020	2021
Paid-in capital	865.5	916.9	1,006.5
Reserves	134.3	156.8	174.5
Retained earnings	28.3	35.9	24
TOTAL ASSETS	**1,028.1**	**1,109.6**	**1,205**

2.2 COVID-19 AND ITS IMPACT ON EARNINGS AND PROFITABILITY

The immediate impact of the COVID-19 pandemic on the Bank is the reduction in total net income as a result of the reduction in the amount of interest earned on loans, related to the fall since the beginning of 2020 of the 6-month Libor rate, which is the reference rate used for loans. Such reduction was of 11 bps during 2021, compared to the end of 2020, for a cumulative reduction of 174 bps, with respect to the value of the 6-month Libor rate as of December 31, 2019.

This reduction has been offset by growth in the outstanding loan portfolio, which, in 2021, experienced an increase of 21% as a result of loan disbursements net of principal repayments.

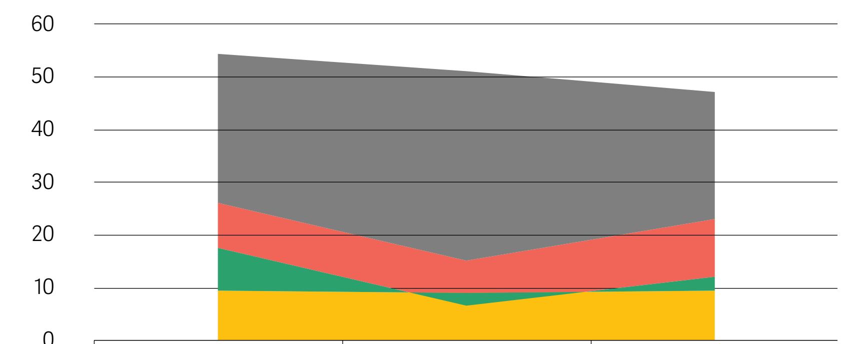
Likewise, the cost of borrowings, in relative terms, has undergone a 61-bps reduction, from an average of 2.07% in 2020 to 1.46% as of December 31, 2021, thus contributing to reduce the cost of borrowings and to increase total net income.

Chart 1 shows the evolution of income on financial assets, showing a reduction in the growth trend shown until 2019, because of the decrease in the 6-month Libor interest rate.

Income on financial assets amounted to USD 47 million, compared to USD 51 million in 2019, representing an 8% reduction. This reduction is more than favorable when compared with the 164-bps reduction in the 6-month Libor interest rate over the same period, which is equivalent to 87%. This demonstrates the support from the member countries and their increasing demand for funding resources, strengthening the Bank's business profile.

Financial income earned in fiscal year 2021 consists of interest and charges on loans amounting to USD 42 million, and USD 5 million of investment and other income (2020 – USD 43 million and USD 8 million, respectively).

CHART 1 – INCOME AND EXPENSES
In million USD dollars



	2019	2020	2021
Financial revenues	28.3	35.9	24
Interest and other charges	8.4	8.6	10.9
Allowances	8.2	(2.5)	2.6
Administrative expenses	9.5	9.1	9.5

Revenues generated in 2021 amount to USD 47 million (2020 – USD 51 million) and provide a coverage ratio of 4.3 times the amount of borrowing costs, of USD 10.9 million (2020 – 5.9 times). Furthermore, the amount of revenue generated in 2021 is 4.9 times the amount of administrative expenses, of USD 9.5 million (2020 – 5.6 times for a total of USD 9.1 million).

Although the results for the year are lower than those obtained in 2020, it should be noted that the fall in the Libor rate caused a reduction in loan interest income equivalent to USD 11 million. On the other hand, the fiscal year 2020 benefited from a USD 2.5 million recovery in the amount of the loan loss provision, while in 2021 this provision grew by USD 2.6 million. Based on the above and had there been no reduction in the reference rate of the loans and no increase in the loan loss provision balances, the result for the year would have amounted to approximately USD 40 million.

Finally, administrative expenses, consisting of all expenses to ensure the Bank's operation, amounted to USD 9.5 million. This figure includes USD 421 thousand corresponding to items that do not represent expenditures of funds, but merely accounting adjustments, such as depreciation for the fiscal year and currency exchange differences, bringing the amount spent on administrative expenses to USD 9 million. This is virtually the same as the amount spent in 2020 and represents a savings of approximately USD 3 million over the budget approved by the Board of Governors at the end of 2020.

As shown in Table 3, in 2021, consistent with its commitment to ensure a low transactional cost, it reduced administrative expense to net financial assets by 5 bps, for a total of 77 bps (2020 – 82 bps).

Table 3 below details the figures that present the evolution of financial assets and liabilities, net assets and equity, their respective rates of return during fiscal years 2019 to 2021, as well as the growth and strength achieved by the Bank.

TABLE 3. RETURN ON FINANCIAL ASSETS AND LIABILITIES
In million USD dollars

	Year ended December 31,								
	2019			2020			2021		
COMPONENT	AVERAGE BALANCE	REVENUE	RETURN[1] %	AVERAGE BALANCE	REVENUE	RETURN[1] %	AVERAGE BALANCE	REVENUE	RETURN[1] %
Loans receivable	867.9	46.7	5.38	1,093.9	43.1	3.94	1,385.5	42.2	3.05
Investments and other	302	7.8	2.59	403.9	8.1	2	535.9	4.8	0.90
Financial assets	1,169.9	54.5	4.66	1,497.8	51.3	3.42	1,921.4	47	2.45
Borrowings	(171.7)	(8.4)	(4.92)	(416.5)	(8.6)	(2.07)	(747.5)	(10.9)	(1.46)
Net financial assets	998.2	46.1	4.62	1,081.3	42.3	3.93	1,173.9	36.1	3.07
Provisions & other charges	-.-	(8.4)	(0.84)	-.-	2.2	0.21	-.-	(3)	(0.25)
Administrative expenses	-.-	(9.3)	(0.94)	-.-	(8.9)	(0.82)	-.-	(9.1)	(0.77)
Net assets	1,000.2	28.3	2.84	1,081.3	35.9	3.32	1,173.9	24	2.05
Equity	990.5	28.3	2.86	1,068.9	35.9	3.36	1,157.3	24	2.08

1 Returns are calculated based on the actual income/expense items at the end of the year, divided by the average balance of each category of financial assets and liabilities. These averages are calculated by adding the previous year's ending balance plus the current year's ending balance, divided by 2, therefore they may differ from the actual average.

The main financial indicators are consistent with those of a growing institution, which has registered a double-digit increase in the growth of the loan portfolio receivable for 10 consecutive years, reaching 21% in 2021.

As shown in Table 3, average financial assets in 2021 totaled USD 1.921 billion, which represents a growth of USD 423 million compared to the total reached in 2020 of 1.498 billion, equivalent to a 28% increase, as in 2020.

This increase in average financial assets results from: (i) a net increase of USD 268 million in the loans receivable balance as a result of excess disbursements of USD 345 million over principal repayments of USD 77 million (2020 – USD 315 million), and (b) increase in liquid investment assets of USD 194 million from funds raised during the fiscal year and cash capital installment paid in by member countries.

As mentioned above, administrative expense had a 5% reduction in its incidence on average net financial assets, compared to fiscal year 2020. Return on equity[1] shows a decrease of 128 bps compared to fiscal year 2020, as a result of the reduction in the loan reference rate, which reached its lowest point in 2021.

2.2.1 Use of capital and Lending capacity

As explained in Section 1. "Business Model", the Bank determines its borrowing and lending capacity based on a multiplier of total equity. Thus, the maximum lending capacity is equivalent to three times total equity. At the same time, the maximum exposure of the loan portfolio per country cannot exceed 25% of the lending capacity, and the outstanding portfolio per country cannot exceed 30% of total assets.

The used lending capacity is expressed as the sum of the balance of undisbursed loans and loans receivable, and the balance of loans approved, but not yet in force. The remaining lending capacity is the difference between the maximum lending capacity and the used capacity (see Table 4).

Therefore, equity increase is vital to the borrowing and lending capacity. As explained in greater detail in subsections 2.1.1. "Capital structure and Lending capacity", and 2.1.2. "Composition of Equity", the lending capacity grows as a result of the paid-in capital in cash received from the member countries and by the accumulation of net income. In brief, equity results from the excess of total assets over liabilities.

Table 4, below, shows in detail the maximum used and remaining lending capacity as of December 31, 2021, and its evolution during the 2019 – 2021 period. As can be noted, the remaining lending capacity is of USD 704 million, which will allow to sustain approvals in the coming years, after registering the expected net revenue and principal repayments, as well as the integration of the remaining installments of paid-in capital.

1 Return on equity is calculated by dividing the year's net income by the average equity.

TABLE 4. LENDING CAPACITY AND CAPITAL ADEQUACY
In million USD dollars & percentages

COMPONENT	Fiscal Years ended December 31,		
	2019	2020	2021
Net assets	1,028.1	1,109.6	1,205
Maximum lending capacity	3,084.4	3,328.8	3,615
Loan receivables annual change	17.2%	33.6%	21.4%
Undisbursed loans	974.7	892.5	701
Loans outstanding	936.5	1,251.5	1,519.6
Loan agreements not yet in force	290.2	477.1	690.0
Used lending capacity	2,201.4	2,621.1	2,910.6
Remaining lending capacity	883.1	707.7	704.4
Used lending capacity (%)	71.4%	78.7%	80.5%
Assets coverage on Gross loan portfolio	109.8%	88.7%	79.2%
Equity exposure (%)[1]	79.3%	65.6%	56.3%
Risk-adjusted loan portfolio exposure (%)[2]	99.3%	80.2%	57.7%
Minimum Capital Adequacy Threshold (%)[3]	35%	35%	35%

1 (Equity + Loan loss provision - Fixed assets)/Financial assets
2 (Equity + Loan loss provision - Fixed assets)/Risk adjusted financial assets
3 Minimum percentage of capital required to cover loans receivable

Consistent with the Bank's capital structure, the growth of the loan portfolio is achieved through the excess of disbursements over principal repayment collections. This growth requires financing part of the disbursements through the raising of third-party indebtedness.

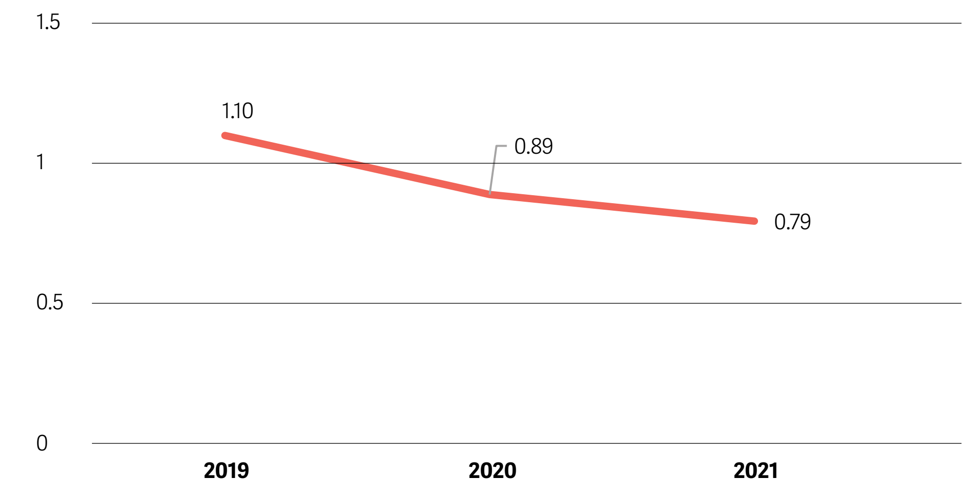
Thus, resources are being raised since 2016 to fund loan disbursements, what naturally results in a gradual decrease of the asset coverage ratio. Such decrease is considered in the financial planning and is consistent with prudent management practices based on results, as well as on a solid control and integrated risk management approach.

The loan coverage ratio indicates how many times net assets are bigger than the balance of outstanding loans or of the loan portfolio. As shown in Chart 2, this ratio has a gradually decreasing trend, as part of the loan portfolio growth must be funded with third-party resources. This ratio has decreased from 1.10 in 2019 and 1.89 in 2020, to 0.79 in the end of 2021.

Chart 2 shows the available leverage space as a result of the solid financial position held by the Bank.

The financial indicators achieved and presented in this Annual Report reaffirm the Bank's equity and financial soundness, the quality and maturity of its governance and careful management, and the adequacy of its financial and operating policies.

CHART 2 – LOAN COVERAGE RATIO



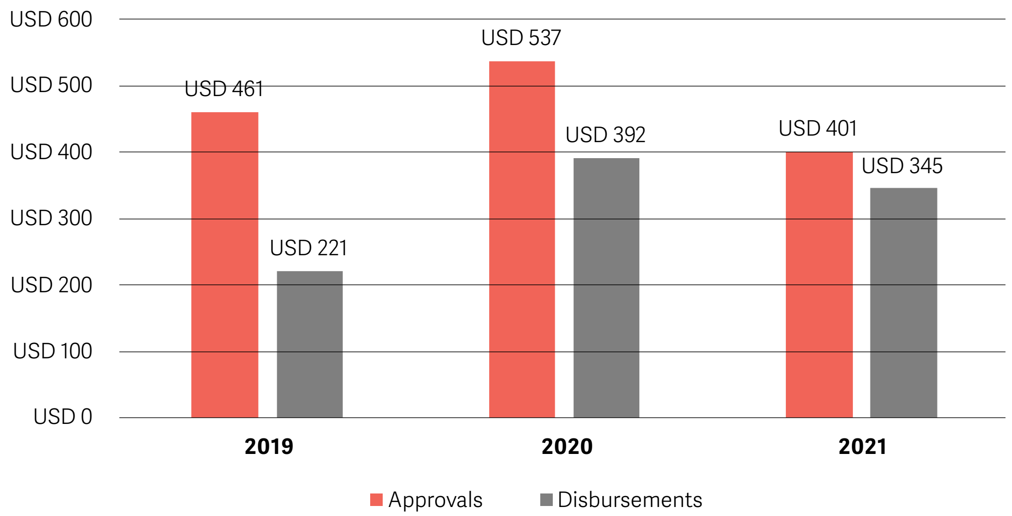
2.2.2 Loan development

Chart 3 – "Loan approvals and disbursements amounts" shows new funding approvals of USD 401 million, including USD 42 million in a new non-sovereign guaranteed loan for Corporación Vial del Uruguay (CVU) and the expansion of the line of credit that was approved for Banco de Desenvolvimento de Minas Gerais, in 2020, from USD 36 million to USD 42 million. Loan disbursements amounted to USD 345 million. These figures are lower than those recorded in 2020, mainly as a result of difficulties experienced as a consequence of the COVID-19 pandemic in the processing of bids with the consequent impact on delays in the works awarding and contracting processes, which has resulted in a reduction in the disbursement amount required by the projects. This is a temporary situation and will gradually be corrected as the effects of the pandemic dissipate.

It is noteworthy that despite the temporary effects caused by the COVID-19 pandemic on the amount of loans approved and disbursements, the loan portfolio has grown by 21% in 2021, which is marginally higher than the average growth of 20% per year observed in recent years.

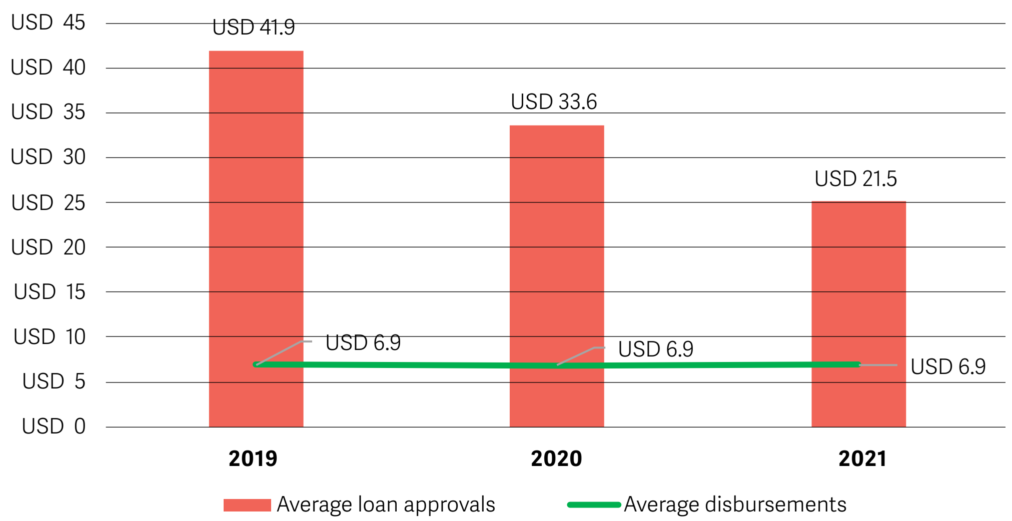
The sustained growth in the loan portfolio is directly in line with the mandate received from the Board of Governors for the second capital increase to gradually increase the lending capacity and to enhance the dialog with member countries to anticipate their funding requirements regarding integration and development.

CHART 3 – LOAN APPROVALS AND DISBURSEMENTS AMOUNTS[1]
En million USD dollars



1 Disbursements before repayments of USD 6.7 million in 2019.

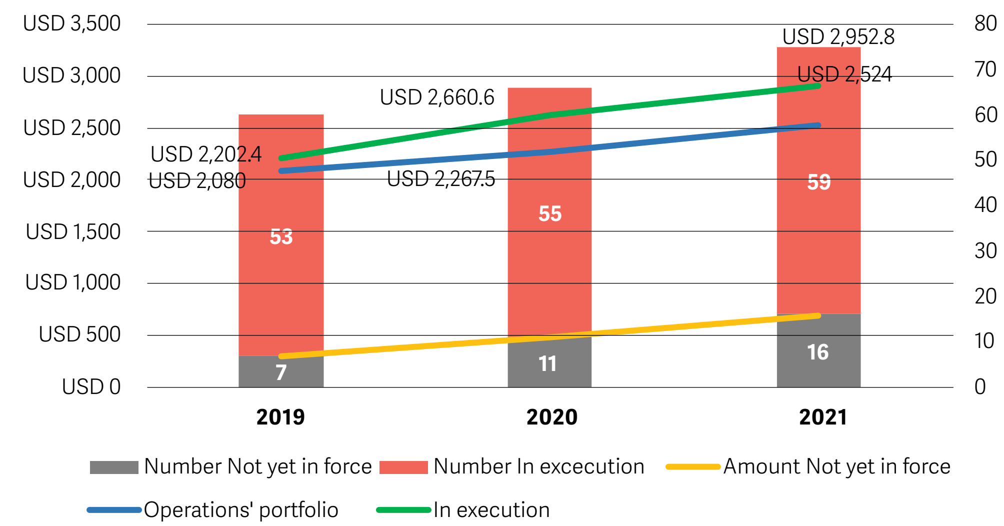
CHART 4 – AVERAGE AMOUNT OF LOANS APPROVED AND DISBURSED
In million USD dollars



The average individual loan size stands at USD 25 million, representing a reduction of USD 8.5 million compared to 2020.

The total number of projects in the portfolio –funding in the repayment stage, funding in the process of disbursement, and funding approved but not yet disbursed– rose from 60 in 2019 to 66 in 2020, and to 75 in 2021, including 16 operations not yet in force, and before considering 21 operations in repayment stage (2020 – 18 operations), there is an increase of 9 operations, or 14% (see Chart 5).

CHART 5 – EVOLUTION OF LOANS IN PORTFOLIO
Number of projects



2.2.3 Loan portfolio by country

The Bank seeks to achieve a balanced distribution over time among member countries in the number of approvals and the cumulative amount of loan receivables.

Table 5 shows each country's relative share in the loan receivables balance at the end of each fiscal year from 2019 to 2021. As of December 31, 2021, the exposure by country was within the reasonable limits established in the policy.

TABLE 5 – LOANS RECEIVABLE BALANCES BY COUNTRY

COUNTRY	2019	2020	2021
Argentina	25%	26%	27%
Bolivia	30%	27%	22%
Brazil	8%	11%	12%
Paraguay	16%	17%	21%
Uruguay	21%	19%	18%
Total	**100%**	**100%**	**100%**

Note: Calculated based on receivable balances at year-end.

2.2.4 Performance of loans receivable and approved loans balances

As of December 31, 2020, the portfolio of loans approved and under implementation, including operations approved in 2021 and still pending signature or ratification by parliament, amounted to USD 2.953 billion, an increase of USD 292 million, or 11%, compared to the USD 2.661 billion reached in 2020 (see Table 4).

Such sustained growth in the portfolio of approved loans since 2013 reflects the Bank's hard work and commitment to support the member countries to bring development closer to the people, thus increasing its impact and relevance as a dependable partner in supporting, promoting, and enhancing regional integration and development.

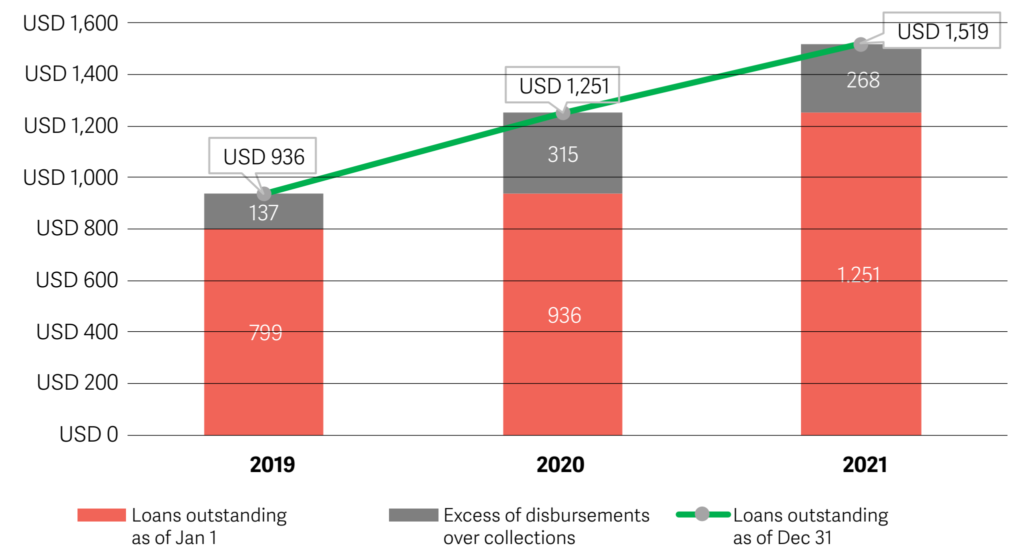
The loan receivable portfolio experienced a net growth of USD 268 million, or of 21%, resulting from disbursements of USD 345 million, net of principal repayments of USD 77 million. The loan receivable portfolio, before deducting the amount of administrative fees to be accrued and the loan loss provision, amounted to USD 1.520 billion (See Chart 6).

This net growth is 15% lower than that achieved in 2020. This reduction compared to the growth curve of the last two fiscal years is temporary, as it is the result of delays in the bidding processes and justification of disbursements due to the COVID-19 pandemic.

The balance of loans to be disbursed in 2021 amounts to USD 701 million, which represents a reduction of 22% compared to USD 893 million in 2020. Such reduction reflects positively on the effort made by the Bank, together with the implementing agencies of the financed projects, to accelerate the disbursement process, despite the difficulties faced due to the COVID-19 pandemic.

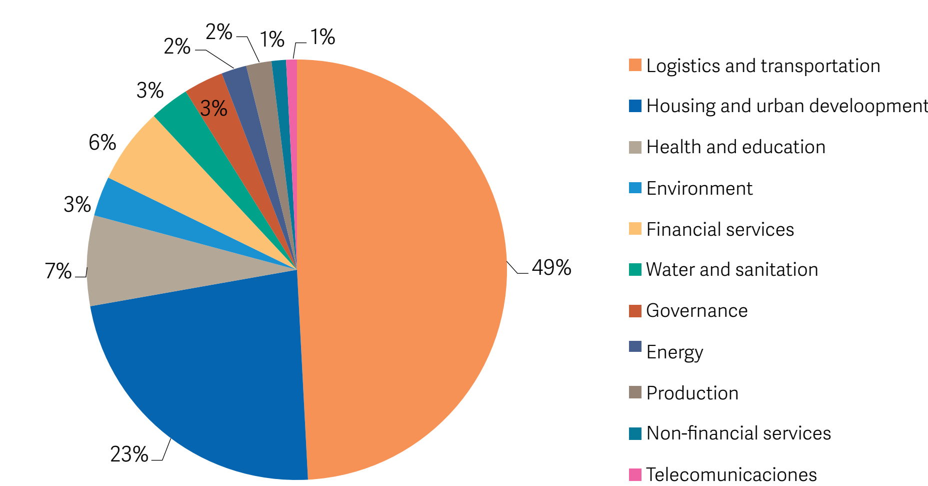
The balance of approved loans pending signature or parliamentary ratification was of USD 690 million, which represents an increase of USD 213 million, or 45%, of the balance of USD 477 million pending signature or ratification as of December 31, 2020.

NUMBER OF PROJECTS
In million USD dollars



In terms of the sectoral classification of loans (see Chart 7), the infrastructure sector is the major destination of funding granted to date, especially transport and logistics, representing 49% of total funding. As in 2020, this percentage shows a slight reduction of 9% in favor of the funding of other sub-sectors, because of the focus on achieving greater diversification in the type of projects to be financed.

CHART 7 – LOAN PORTFOLIO ALLOCATION BY SUB-SECTOR – 2021
(%)



On the other hand, funding of projects with impact in more than one member country and those focused on development in border areas account for about one-third of all approvals.

The joint programming of operations, conducted in close coordination with the member countries, determines the focus of the funding granted (see Table 6).

TABLE 6 – LOAN PORTFOLIO ALLOCATION BY SECTOR
(%)

SECTOR	2019	2020	2021
Infrastructure	82%	74%	75%
Social & environmental development	11%	16%	13%
Economic & productive development	7%	10%	12%

2.3 CONSISTENCY WITH STRATEGIC OBJECTIVES

2.3.1 Fulfillment of the strategic goals of the Vision

The following table contains an overview of the goals fulfilled in 2021. These goals are consistent with the objectives and guidelines contained in the PEI 2018 – 2022, aimed at consolidating FONPLATA as a regional development bank.

STRATEGIC OBJECTIVE	LINE OF ACTION
Ensure the relevance of FONPLATA as a funding agency for regional development and integration.	**Sustained growth of lending capacity under appropriate financial conditions** → On September 17, 2021, the Board of Governors unanimously approved the update of the PEI for the period 2022 – 2026, which was submitted by the Management. This update contains three strategic objectives to consolidate FONPLATA as a multilateral bank: reliability, proactivity, and adaptability to respond quickly, effectively, and efficiently to the needs of its member countries. → Additionally, the PEI established 10 lines of action that will be implemented starting in 2022. → The PEI ratifies the commitment of the member countries to consider an increase in authorized capital that will enable the admission process of new members, as well as the strengthening of capital in the coming years. **Enhance value for the member countries by ensuring positive cash flows and maximizing the assets value** → Working in close coordination with the liaison agencies of the member countries, the Bank has identified more than 24 operations and approved USD 353 million in funding, including USD 48 million in non-sovereign guaranteed lines of credit. In addition, USD 345 million were disbursed. These figures demonstrate the commitment to support the post-pandemic recovery process by securing positive loan funds flows for all member countries. → In terms of ensuring positive net financial flows, by way of example, for each dollar of paid-in capital in cash, an average funding of USD 5.6 have been approved (USD 8 to USD 1, for the three countries with small equity stakes, and USD 4.3 to USD 1, for the two with the largest equity stakes).

STRATEGIC OBJECTIVE	LINE OF ACTION

Maintain and strengthen our credit rating

- In the credit risk assessment conducted by Standard & Poor's in September 2021, FONPLATA has improved the rating obtained in September 2016, from "A-" to "A". Moody's maintained its rating at "A2", with a stable outlook.
- The necessary liquidity funding for the disbursements was met through the issuance of bonds in the Swiss capital market in March 2021. This second bond raised USD 222 million for a 5-½-year term at a competitive rate, confirming the acknowledgement and credibility of FONPLATA as a Multilateral Development Bank. In addition, during 2021, resources were raised for funding through other multilateral banks and agencies, and private banks in order to broaden the funding sources.

Promote our lending capacity expansion with the possible involvement of other countries and regional integration agencies

- On September 19, 2021, the Board of Governors approved the amendments on the regulations for the admission of new members, highlighting the incorporation of new members as a priority. They also ratified their support for the efforts being made by the Executive Presidency to identify and attract new members. Additionally, the Management was urged to strengthen its relationship with MERCOSUR and other multilateral institutions to look for new alternatives that do not require additional commitments from member countries.
- The Executive Presidency has resumed the dialogue with Colombia, which was already showing positive progress. Likewise, and as indicated in the PEI 2022 – 2026, scenarios for an increase in authorized capital with deferred subscription and payment in full for member countries will be available in 2022.

STRATEGIC OBJECTIVE	LINE OF ACTION

Enhance dialog with the member countries to anticipate their funding requirements related to integration and development.

IImplement new financial products.

- Based on the approval of the green funding and economic recovery lines, 24 projects have been identified and included in the inventory as new operations for an amount of USD 690 million. The projects included in the project inventory are those that will be considered for financing between 2022 and 2023. These projects consider the effects of climate change and, in some cases, could potentially incorporate the use of local currency.
- Among other innovative actions, the PEI 2022 – 2026 projects to extend funding without sovereign guarantee to state-owned companies with a majority of public capital; to expand funding by promoting employment programs with an emphasis on women and youth; and to fund projects that contribute to mitigating the effects of climate change.
- During 2021, the Bank approved funding for 5 projects in municipalities, and increased the amount that was approved in a non-sovereign line in Brazil. It also approved new non-sovereign funding in Uruguay.

Broaden the appropriate offer of non-financial services

- As in previous fiscal years, and leveraging technical cooperation resources, studies and activities of interest in areas of regional integration and to find appropriate responses to help countries face the challenges of funding basic infrastructure will be conducted.
- Through non-reimbursable technical cooperation, the Study on Infrastructure, Logistics, and Market Access Costs for Better Use of the Paraguay-Paraná Waterway was conducted and published in 2021.
- These studies and activities will be conducted with technical cooperation resources; therefore, only the use of personnel and operating expenses incurred in the development of these activities will have effect on the administrative expenses budget.

Promote efficient decentralization of operations in the subregion

- With the opening of the liaison office in Brazil, FONPLATA is now present in all the five member countries, providing them with technology and human resources. This allows for better identification of operations in the countries.

Strong commitment to adaptation to climate change and the sustainable use of natural resources

- In addition, within the framework of the funding of projects with sovereign guarantee, FONPLATA will continue to work with other multilateral banks and agencies in the funding of projects under the "green" line of credit, with preferential conditions for projects that improve living conditions, climate change, sustainable energy, and environmental improvements.
- Sustainalytics (a company that rates the sustainability of listed companies based on their environmental, social, and corporate governance performance) believes that FONPLATA's Sustainable Debt Framework "is credible, has a positive impact, and is consistent with the 2021 Sustainability Bond Guidelines, Green Bond Principles, Social Bond Principles, Green Loan Principles, and Social Loan Principles".

STRATEGIC OBJECTIVE	LINE OF ACTION
Adapt the organizational structure maintaining diligence and low transaction cost.	**Adapt the existing organizational structure to the operations growth** → During 2021, staffing costs have remained below the authorized level of 80 positions, being nine positions vacant. This has generated budgetary savings of approximately USD 1 million in staffing costs. → Likewise, the widespread use of digital communication platforms by the Bank and restrictions on air travel has resulted in savings of about USD 450 thousand. → It should be noted that these savings did not have any negative effect in the dialogue with the countries or the Bank's productivity. Likewise, the budgetary savings level achieved has made it possible to partially mitigate the negative impact of the reduction in loan income as a result of the fall in the Libor rate. **To be acknowledged as a modern, streamlined, innovative, effective and efficient financial agency** → During 2021, the Division of Strategic Development has continued to produce the analysis of the evolution of the global economy and its impact on the economies of the member countries and disseminated the information through the Economic Monitor, which is published on FONPLATA's website. → In 2021, the implementation of the first phase of the Bank's financial systems integration process was completed. The second phase is starting and comprises the redesigning of the loan module to adapt it to the replacement of the Libor rate to the SOFR rate, as well as the incorporation of additional functionality to the investment and borrowing modules. These investments are part of the capital investment budget.

2.3.2 Consistency with our Mission

In line with our strategic goals, since 2013 the Bank has focused its actions on promoting projects that, by definition, foster geographical integration and contribute to reducing costs or increase benefits to two or more member countries.

These funding's emphasis is on helping member countries reduce asymmetries caused by vulnerabilities that have a negative impact on coordination, logistics, inclusion, and access to regional and global economies.

Table 7 below shows, in percentages, the number of funding operations and the aggregate amount of loans that impact more than one member country, as well as those focused on border areas.

TABLE 7 – CONTRIBUTION TO GEOGRAPHIC INTEGRATION IN BORDER AREAS[1]

INDICATOR		2016-2021[2]
Expected impact on more than one country (%)[3]	Nº. of loans approved	41%
	In thousand USD dollars	49%
Focus on border areas (%)[4]	Nº. of loans approved	49%
	In thousand USD dollars	53%

1 Based on information on the design of operations
2 Weighted averages
3 Approved loans impacting more than one member country/Total loans approved
4 Approved loans impacting development of border areas/Total loans approved

Based on the number of projects approved, it is noted that 41% are targeted at more than one member country (49% in value), and 49% are targeted at border areas (53% in value).

The Bank's strategic niche is small- to medium-sized projects that complement funding from other multilateral or regional development institutions, prioritizing projects in border areas that impact on more than one member country, to promote regional development and improve the insertion of regional economies into the global economy.

Under this approach, the Bank complements funding from member countries and other development agencies, adding value through its interventions. Table 8 below shows, in percentages, the number of loans that add value to member countries by complementing the cofinancing of other Multilateral Development Finance Institutions (DFIs), as well as their amount, in relation to the total number of loans financed by the Bank, and their aggregate amount.

TABLE 8 – STRATEGIC COMPLEMENTARITY

As in Table 7, the number of loans approved and their aggregate amount are shown below in relative percentages for funding operations that have contributed to supplement funds provided by other Multilateral DFIs.

INDICATOR		2016-2021[1]
Participation in joint programs with other Multilateral DFIs	Nº. of loans approved	42%
	In thousand USD dollars	47%
Complementary with national investment plans	Nº. of loans approved	86%
	In thousand USD dollars	89%
Help to advance investment decisions for member countries	Nº. of loans approved	39%
	In thousand USD dollars	41%
Total loans approved	**Nº. of loans approved**	**77**
	In billion U.S. dollars	**USD 2,467**

1Promedio ponderado

In cumulative value of projects approved from 2016 to date, the funding granted by the Bank to sectors that receive funding from other multilateral DFIs has reached 47%. During that period, virtually every operation in which the Bank was involved were prioritized in the national public investment plans of the member countries. Likewise, 41% of the amount of funds approved during that period was allocated to initiatives that made it possible to anticipate the investment decision by borrowers, accelerating the realization of the benefits to be obtained.

2.4 OPERATIONAL EFFICIENCY

AIn anticipation of the changes in the global economy, which indicated a reduction in the growth rates of the world's major economies and its possible effect on the economies of our member countries, in mid-2019, the Management reviewed the assumptions taken into account when formulating the Bank's financial projections to adjust the 2020 – 2022 budget and assure its competitiveness and responsiveness level in 2020 and 2021, adapting to the changes of the global economy that affect the pace of growth of the economies in the region.

Based on the experience gained during 2020, on the evolution of the capital markets, and on trends showed by the main world economies, the Program and Budget Document (DPP) for the period 2021 – 2023 anticipated the effect of a reduction in loan income derived from the gradual reduction in the 6-month Libor interest rate, which is the reference rate for loans and borrowings, and as such, adjusted its administrative expenses structure to try to generate savings to help cushion this reduction, without affecting the institution's productivity or transactional cost.

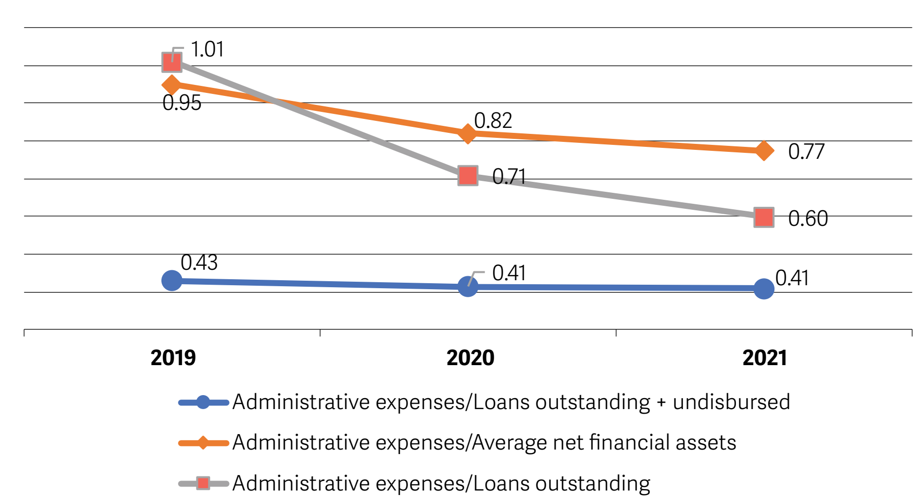
In this sense, the measures adopted by the Management, beyond saving 5% in 2021 transactional cost and, thus, strengthening its commitment to operate at the lowest possible transactional cost, enabled for the second consecutive year the full operation of the Bank without affecting its diligence and responsiveness.

As highlighted in the previous paragraphs, even if in 2021 the number of new approvals and disbursements was slightly lower than that recorded in 2020, in the second consecutive year of the COVID-19 pandemic, the Bank continued to grow its loan portfolio by 21%, which is slightly above the average annual sustained growth since 2013 of 20%. Also, during 2021, the Bank has raised resources from third parties, for a record amount of USD 504 million, including two bond issues in the Swiss capital market, which allows to continue leveraging the growth of the funding portfolio.

As can be seen in Chart 8, operational efficiency is measured by the ratio of administrative expenses of the year to:

1. Loans receivable
2. Loans receivable and debt net assets
3. Loans receivable and undisbursed balances.

CHART 8 – OPERATIONAL EFFICIENCY



In this way, the relative transaction cost is calculated to measure the fiscal year's degree of efficiency.

As can be seen in the chart, administrative expenses compared to average financial assets has continued to improve, offering direct benefit to member countries through a better cost of funding with the Bank

Another important indicator is the ratio of income from financial assets to borrowing and non-financial expenses. Under this perspective, the Bank is securely positioned at a ratio of 2.4 to 1.0, which provides with a comfortable financial position that allows it to face contingencies by appeasing itself in the capital markets.

2.5 FINANCIAL SOUNDNESS

As a consequence of the results achieved, Standard & Poor's, in its September 2021 review, upgraded its credit risk rating from "A-", granted in 2016, to "A". Moody's maintained its rating at "A2", with a stable outlook.

This improvement objectively confirms the work that has been done since 2013, starting with the implementation of the new management model approved by the Board of Governors in 2010. This model began to be implemented with the creation of the position of Executive President in mid-2012. From that date to the present, the Bank's portfolio has been experiencing a continuous annual average growth of 20% on a sustained basis.

The Bank has a robust financial and business profile, and a prudent and initiative-taking management that has implemented a strategic planning and results-based management process, which has earned the trust of its governance, as well as that of financiers and capital markets, thus supporting the credit risk rating as issuer, which was granted by Standard & Poor's and Moody's in 2016.

The Bank has a robust governance that has shown its continuous support to the management since late 2012. It has also effective and efficient control processes while continuing to modernize its information and communications systems infrastructure, ensuring the quality, validity, integrity, and timeliness of all its financial information and processes. This has allowed the Bank to obtain clean opinions in its annual financial statements since 2012 from internationally well-known firms of independent auditors. The financial statements for the fiscal year ended December 31, 2021, were audited by PricewaterhouseCoopers, who issued their unqualified report on February 18, 2022.

2.6 LOAN FINANCING – LIQUIDITY AND INDEBTEDNESS

This subsection contains relevant information on the indebtedness management in the long term and the management of liquidity and risks affecting the entity. As explained in Section 1. "Business Model", and based on the composition of its capital, part of the disbursements of the funding granted must be financed with third-party resources.

Like the lending capacity, the borrowing capacity is based on a multiplier of 2 times the amount of net assets plus the total of investment liquid assets. Chart 9, below, shows the evolution of the maximum, used, and available borrowing capacity for the period 2019 – 2021.

It should be noted that in October 2021, the Executive Board of Directors increased the borrowing limit from USD 1.3 billion to USD 2.5 billion to cover projected funding needs until 2024.

2.6.1 Borrowing and Leverage

Since 2015, FONPLATA has been forging strategic alliances with other multilateral and bilateral international cooperation agencies to open various lines of credit, and, as of March 2019, has gained direct access to the capital markets, based on the excellent credit risk rating obtained in 2016.

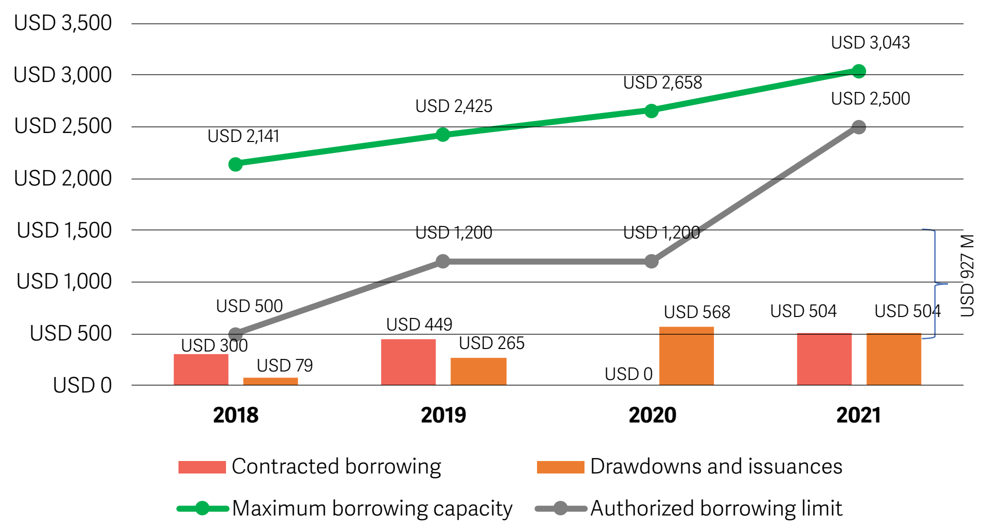
As mentioned in note 8.5 – "Borrowings" of the financial statements, in 2021, the Bank raised USD 504 million, 72% more than in 2020. This leveraging of the indebtedness level consisted of raising funds from existing lines of credit for USD 18 million; a new line of credit with a global private financial institution for USD 100 million, and two bond issues in the Swiss capital market for an aggregate total of USD 386 million.

Consistent with its financial assets and liabilities management policy, the amount raised through the issuance of the FONPLATA26 and FONPLATA28 bonds, which are denominated in Swiss francs at a fixed interest rate, were exchanged for obligations denominated in USD dollars at a floating interest rate, based on the 6-month Libor rate, which is the reference rate for funding operations.

In addition, during 2021, the Bank repaid the balance held in lines of credit and term certificates of deposit with central banks of member countries for a total amount of USD 135 million, for a net increase in the balance of indebtedness acquired of USD 359 million.

The total amount of indebtedness as of December 31, 2021, including non-amortized borrowing costs, amounts to USD 927 million. The debt maturity structure covers maturities between 2022 – 2042, leaving an available borrowing capacity of USD 1.573 billion with respect to the maximum amount of indebtedness authorized by the Executive Board of Directors in 2021 (See Chart 9).

CHART 9 – LOAN FINANCING, LIQUIDITY, AND INDEBTEDNESS
In million USD dollars



2.6.2 LIQUIDITY

The main objective of investments is to ensure enough liquidity to meet loan disbursements, borrowing fees, and repayment, as well as their estimated expenses for a 12-month period starting at the end of the fiscal year.

Liquid assets coverage in relation to the net disbursements and payments to be made is equivalent to 1.5 and 1 as of December 31, 2021, and 2020, respectively.

As of December 31, 2021, liquidity amounted to USD 633 million, of which USD 128 million were related to cash and cash equivalents; USD 353 million to the available for sale investment portfolio; and USD 152 million to the portfolio of investments to be held to maturity.

Total net assets as of December 31, 2021, are equivalent to 52% of net financial assets and 53% of equity (2020 – 39% and 40%, respectively). These ratios reveal an increase above the ratio maintained in 2020 and are consistent with the Bank's liquidity policy to respond to the higher demand for disbursements of loans contracted by member countries.

Regarding investment management and based on its prudent policy for managing financial assets and liabilities, risk limits are established and rigorously observed, ensuring that the average risk of the investment portfolio is not less than AA--.

Table 9, below, presents a closer look to current limits for investment management.

TABLE 9 – INVESTMENT PORTFOLIO MANAGEMENT

LIMITS	POLICY	STATUS
By type of Assets		
Sovereign, including quasi-sovereign and sub-sovereign agencies	100%	62%
Multilateral Development Finance Institutions	50%	25%
Private financial sector[1]	20%	13%
By Issuer		
Sovereign, including quasi-sovereign and sub-sovereign agencies	10%	6.1%
Multilateral Development Finance Institutions	10%	7.8%
Private financial sector	5%	1.2%
By Rating		
Average portfolio rating	Minimum AA--	AA
Minimum investment grade	BBB-	BBB
Maximum investment grade with BBB	20%	0.4%
By Maturity		
Minimum liquidity	USD 391.7 million	USD 620.7 million
Investments with maximum maturity	5 years	4 years
Maximum modified maturity	2 years	0.7 years

1 Includes cash

2.7 INSTITUTIONAL EFFECTIVENESS

Between 2013 and 2021, the Institution has made significant progress in key areas of strategic commitments set forth in the PEI 2018 – 2022. As a corollary of these accomplishments, and taking 2012 as a base year, the average annual lending capacity was multiplied by a multiplier above 10; and the loan portfolio grew more than 8 times, at a greater rate than the 20% average annual growth. The authorized capital grew a little more than 6 times, from USD 489 million to USD 3.014 billion, and two of the most well-known international risk rating agencies rated the Bank A and A2, both with a stable outlook.

The greater functional specialization has enabled the effective transformation of FONPLATA, initially conceived as a fund to support regional integration, into a multilateral Bank for the development and integration of its member countries.

Thus, the Institution began to perform its role as a multilateral development bank, specialized in the funding of sustainable infrastructure projects aimed at strengthening regional integration in its triple meaning: physical, socio-economic, and the preservation of the living conditions of future generations. A wide range of projects has impacted on several geographical areas of the member countries, prioritizing interventions in border areas.

The Bank's actions brought it closer to the countries. This has been expressed both through rapid responsiveness and lower transactional costs. The institution has shaped its organizational structure, promoting professionalization in the management of financial resources and human capital. The adopted profile is characterized by prudential management based on results and initiative-taking risk management, ensuring adequate compliance with its policies and risk limits in force.

Value creation for countries is expressed as ensuring positive net financial flows for all countries at the lowest possible interest rates.

2.8 RISK MANAGEMENT AND COMPLIANCE

In 2021, a self-assessment process was conducted focused on the identification of the main risks affecting the operations, including the compliance risk with respect to the prevention of money laundering and terrorist financing. Regarding the latter, the process confirmed once again that the level of risk for the institution is low. As a consequence of the above, improvements were made to FONPLATA's Manual for Prevention of Money Laundering and Terrorist Financing. Among the modifications introduced are the following:

A. Express prohibition of operating with "shell banks" and unlicensed banks

B. Improvements in confidentiality regarding the internal handling of suspicious transactions

C. Improvements in the information to be sent by implementing requesting direct payments

2.9 CONTRIBUTION TO THE SUBREGION'S GROWTH

One of the relevant indicators used by the Bank to measure its contribution to the development and the regional and global integration of its member countries is the growth in volume of approved loans. In 2021, the number of loans approved grew by 21% over the previous year, equivalent to more than 8.5 times the volume accumulated up to 2012.

The leverage ratio of mobilized resources continued rising progressively and reached USD 2.1 per dollar of approved funding in 2021 (see Table 10). This leverage has made it possible to achieve positive net loan flows for all countries in 2021, which in aggregate value are equivalent to 3.9 times the amount of principal repayments, interests and fees.

Net capital flows and net transfers to member countries were positive and growing in recent years.

TABLE 10 – CONTRIBUTION TO SOCIAL AND ECONOMIC DEVELOPMENT
In million USD dollars

INDICATOR	2019	2020	2021
Loan portfolio annual change	17.20%	33.60%	21.4%
Direct resource mobilization ratio[1]	2.1	2.1	2.1
Net capital flow to member countries[2]	USD 137.1	USD 315.0	USD 268.0
Net transfers to member countries[3]	USD 91.4	USD 270.5	USD 227.0
Funding for relative less developed countries/Total approvals[4]	53%	44%	44%
Preferential funding for relatively less developed countries[5]	33%	33%	33%

1 Total funds mobilized over funds provided by the Bank
2 Net disbursements for collection of principal repayments
3 Net disbursements for principal repayments and interest and fees collection
4 As of the approval of the Green Line and Economic Recovery Funding Line, all financings with these components qualify for FOCOM/number of projects benefited.
5 Loans funded by FOCOM/Total loans approved

ANNEX I

Operations Approved – Historical Information – Sovereign Risk

OPERATIONS APPROVED – HISTORICAL INFORMATION – SOVEREIGN RISK

In USD dollars, as of December 31, 2021

COUNTRY	APPROVED	NOT IN FORCE	CANCELLED	DISBURSED	TO BE DISBURSED
Argentina	1,182.8	65.3	168.4	635.9	313.2
Up to 2011	273		61	212	-
2012 – 2021	909.8	65.3	107.4	423.9	313.2
Brazil	785	206.5	125.3	316.6	136.6
Up to 2011	226.9		20.1	206.8	-
2012 – 2021	558.1	206.5	105.2	109.8	136.6
Bolivia	757.2	100	2.5	583.4	71.3
Up to 2011	220.6		1.9	218.7	-
2012 – 2021	536.6	100	0.6	364.7	71.3
Paraguay	897.8	276.3	29.3	446.1	146.1
Up to 2011	267.9		29.2	238.7	-
2012 – 2021	629.9	276.3	0.1	207.4	146.1
Uruguay	508.4	-	67.1	413.6	27.7
Up to 2011	86.2		21	65.2	-
2012 – 2021	422.2		46.1	348.4	27.7
TOTAL	4,131.2	648.1	392.6	2,395.6	694.9

TECHNICAL COOPERATION

n thousands of USD dollars, as of December 31, 2021

COUNTRY/ INSTITUTIONAL	APPROVED	TO BE DISBURSED	CANCELLED
Argentina	2,083.9	72	-
Up to 2011	1,040.5	-	-
2012 – 2021	1,043.4	72	-
Bolivia	1,855.1	-	237.2
Up to 2011	1,131.5	-	201.9
2012 – 2021	723.6	-	35.3
Brazil	450	-	-
Up to 2011	-	-	-
2012 – 2021	450	-	-
Paraguay	2,720.7	32.9	78.1
Up to 2011	1,811.7	-	53.1
2012 – 2021	909	32.9	25
Uruguay	978.6	85.9	-
Up to 2011	488.6	-	-
2012 – 2021	490	85.9	-
Institutional	4,327.2	275.2	79
Up to 2011	2,619.3	-	-
2012 – 2021	1,707.9	275.2	79
TOTAL	12,415.6	466	394.3

ANNEX II

2021 Financial Statements And Independent Auditor's Report

(Free translation from the original issued in Spanish)

FONPLATA – MULTILATERAL DEVELOPMENT BANK

Financial statements as of December 31, 2021 and 2020

CONTENT

$ = U.S. thousand dollars

(Free translation from the original issued in Spanish)

INDEPENDENT AUDITOR'S REPORT

February 18, 2022

To the Assembly of Governors
FONPLATA – Multilateral Development Bank
Santa Cruz de la Sierra

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of FONPLATA – Multilateral Development Bank (FONPLATA) as of December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

What we have audited

FONPLATA's financial statements comprise:

- the statement of financial position as of December 31, 2021;
- the income statement for the year then ended;
- the statement of comprehensive income for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report.

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

Independence

We are independent of FONPLATA in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

PricewaterhouseCoopers S.R.L. Santa Cruz – Bolivia Edif. Omnia Dei Piso 1. Equipetrol Norte Calle Dr. Viador Pinto esquina calle I, T:(591-3) 3444311, F: (591-3) 3444312, www.pwc.com/bo

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Our audit approach

Overview

Materiality	Overall materiality: $11,800,000 ($= United States dollars); based on the 1% of FONPLATA's total equity.
Key audit matters	- Hedging instruments. - Credit Line without sovereign guarantee.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of FONPLATA, the accounting processes and controls, and the industry in which FONPLATA operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall materiality	$11,800,000
How we determined it	Based on the 1% of FONPLATA's total equity.
Rationale for the materiality benchmark applied	Considering that FONPLATA is a Multilateral Development Bank with the purpose of identifying investment opportunities or projects of interest for the development of the region, materiality has been based on total equity given our assessment of this being the most stable metric and the most applicable to FONPLATA's operations.

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Key audit matters

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

Key Audit Matter	How our audit addressed the key audit matter
Hedging instruments As of December 31, 2021, FONPLATA maintains the following debts for bond issuance: During 2019, FONPLATA, through Credit Swiss & UBS, issued a five-year bond with a fixed annual coupon of 0.578%, denominated in Swiss Francs (CHF) for an amount of CHF 150,000,000. During 2021, FONPLATA, through Credit Swiss & UBS, issued two bonds with a 5 ½ and 7 years term, with a fixed annual coupon of 0.556% and 0.795% denominated in Swiss francs for an amount of CHF200,000,000 and CHF150,000,000, respectively. As part of its risk management strategy regarding these bonds, FONPLATA signed a Master Agreement and entered into cross-currency swap with J.P. Morgan Chase, NA. (JPM), under the framework of the International Swaps and Derivatives Agreement Association, Inc. (ISDA). We consider this matter as a key audit matter, based on the relevance that these transactions and the overall complexity related the underlying estimates pose to the presentation and disclosure of the financial statements. Our audit procedures have been focused to address the aspects described in the previous paragraph. Additionally, see note 8.5 (ii).	We assessed these transactions throughout the following audit procedures: - We verified the contractual origin of the transaction, obtaining the financing contracts and the related cash flows generated by this. - We verified the differences in exchange rates and rates originated in the transaction and in the hedging with information from the Bank, JP Morgan and market prices. - We verified the composition of the financial instruments recognized (i.e., cross-currency and interest rate swaps and collateral) that are offset, or subject to enforceable master netting arrangements and other similar arrangements but not offset, as of December 31, 2021. - We assessed the risk of material misstatements in the accounting of the underlying financial instruments. - We verified the unrealized losses recorded in the statement of other comprehensive income as of December 31, 2021 due to valuation of cross-currency and interest rate swaps recognized.
Credit Lines without sovereign guarantee: As of December 31, 2021, FONPLATA maintains the following credit lines without sovereign guarantee: On May 12, 2020, the Bank's Board of Executive Directors approved the first operation under this new financing line, initially aimed at financing development banks. This operation consisted of a revolving credit line, without sovereign guarantee, granted to the "Banco de Desenvolvimiento de Minas Gerais (BMDG)" for an amount	We assessed these loans throughout the following audit procedures: - We requested written confirmation on all borrowers' outstanding balances, including credit lines without sovereign guaranteed. - We requested and verified the contractual origin of the transactions, for this, we obtained and verified the approvals of the Bank's Executive Board, and the contracts signed with the borrowers.

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Key Audit Matter	How our audit addressed the key audit matter
of $36,000,000, with an 8-year duration. Likewise, on September 15, 2020, the Board of Executive Directors approved a revolving credit line without sovereign guarantee for the "Banco Nacional de Fomento - BNF" of Paraguay, for an amount of $36,000,000, with an 8-year duration and with a 2-year grace period. During the year ended December 31, 2021, the Bank approved a new credit line without sovereign guaranteed for US$42,000,000, for the "Corporación Vial del Uruguay" (CVU), and increased by $6,000,000 the existing line of credit with BMDG, from $36.000.000, to $42,000,000 (December 31, 2020 – $72,000,000 approved and fully disbursed in two financing operations). We consider this matter as a key audit matter, based on the fact that 95% of the Bank's loans are granted for development projects undertaken by the government and as such are covered by the sovereign guaranteed of the member country. By virtue of the creation of a new line without sovereign guaranteed financing, as previously stated, since 2020, the Bank is extending a minor portion of its lending capacity to financial institutions and enterprises where the government is the main shareholder or owner. Our audit procedures have been focused to address the aspects described in the previous paragraph. Additionally, see note 8.4.	- For approved and disbursed loans, we verified the disbursement operations of those loans. - We performed the recalculation of the accrued interest considering the initial debt balances and the movements of the year to obtain the final balances and multiply by an average interest rate.

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

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

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with International Standards on Auditing (ISAs), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the FONPLATA's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the FONPLATA's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause FONPLATA to cease to continue as a going concern.

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

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

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

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

PricewaterhouseCoopers S.R.L.

Sergio Fischer
Partner

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

	As of December 31, 2021		2020	
ASSETS				
Cash and cash equivalents – Note 8.1		128,261		32,037
Investments				
At fair value with changes in other comprehensive income – Note 8.2	352,788		321,061	
At amortized cost – Note 8.3	151,850	504,638	85,722	406,783
Loan portfolio – Note 8.4		1,503,666		1,237,031
Accrued interest				
On investments – Note 8.3	2,366		1,821	
On loans – Note 8.4	10,673	13,039	10,600	12,421
Other assets				
Cash flow hedge derivatives – Note 8.5 (ii)	694		-.-	
Property and equipment, net – Note 9.1	5,742		5,934	
Miscellaneous – Note 9.2	748	7,184	762	6,696
Total assets		2,156,788		1,694,968
LIABILITIES AND EQUITY				
Liabilities				
Cash flow hedge derivatives – Note 8.5 (ii)	-.-		5	
Borrowings – Note 8.5	926,741		568,324	
Other liabilities – Note 9.3	3,149		1,982	
Special funds – Note 8.6	21,891		15,066	
Total liabilities		951,781		585,377
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	(342,733)	1,006,467	(432,318)	916,882
General reserve – Note 10.3		183,165		155,751
Other reserves – Note 10.2		(8,655)		1,044
Retained earnings – Note 10.3		24,030		35,914
Total equity		1,205,007		1,109,591
Total liabilities and equity		2,156,788		1,694,968

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

Juan E. Notaro Fraga
EXECUTIVE PRESIDENT

Fernando Scelza
CHAIRMAN BOARD OF EXECUTIVE DIRECTORS

Fernando A. Fernández Mantovani
CHIEF ACCOUNTING AND BUDGET

Rafael Robles
MANAGER FINANCE AND ADMINISTRATION

FONPLATA
Banco de Desarrollo

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

	Years ended as of December 31, 2021	2020
INCOME – Note 11		
Loan portfolio		
Interest	35,609	36,438
Other loan income	6,612	6,670
	42,221	43,108
Investments		
Interest	4,770	7,876
Other	15	19
	4,785	7,895
Other income	85	100
Income from financial assets	47,091	51,103
EXPENSES		
Interest expense	(10,949)	(8,627)
Income from financial assets, net	36,142	42,476
Provision for loan impairment	(2,599)	2,498
Income after provision for loan impairment	33,543	44,974
Administrative expenses – Note 12	(9,513)	(9,060)
Net income	24,030	35,914
STATEMENT OF COMPREHENSIVE INCOME		
Net income	24,030	35,914
Items that may be reclassified to profit or loss:		
Changes in fair value of investments	(3,928)	(2,417)
Losses/Gains on cash flow hedges net	(5,744)	1,651
Items that will be not reclassified to profit or loss:		
Technical appraisal of property	(28)	(28)
Comprehensive income	14,330	35,120

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

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FONPLATA
Banco de Desarrollo

(Free translation from the original issued in Spanish)
FONPLATA – Multilateral Development Bank
STATEMENT OF CASH FLOWS
(All amounts expressed in thousands of U.S. dollars)

	As of December 31, 2021	2020
Cash Flows from Operating Activities		
Lending		
Cash received from loan principal amortizations	77,347	77,057
Cash received from interest and other loan charges	41,020	44,488
Loan disbursements	(345,451)	(392,094)
Net flows from lending activities	(227,084)	(270,549)
Other operating flows:		
Payment of salaries, benefits, and other personnel expenses	(6,305)	(6,817)
Payment of administrative expenses	(1,647)	(2,060)
Increase in trade accounts payable and with special funds	7,011	1,099
Net flows from other operating activities	(941)	(7,778)
Net flows used in operating activities	(228,025)	(278,327)
Cash Flows from Financing Activities		
Proceeds from borrowings	493,750	292,884
Derivatives- Collateral	(15,980)	17,644
Repayment of borrowings and debt service	(145,342)	(14,631)
Net flows from of on-lent activities	332,428	295,897
Collection of paid-in capital subscriptions	89,585	51,333
Net flows from financing activities	422,013	347,230
Cash flows from investing activities		
Collection of investment income	4,233	6,732
Purchase of investments	(101,783)	(80,449)
Capital expenditures	(214)	(562)
Net flows used in investment activities	(97,764)	(74,279)
Increase/(Decrease) in cash and equivalents during the period	96,224	(5,376)
Cash and equivalents at the beginning of the year	32,037	37,413
Cash and equivalents at the end of the year,	128,261	32,037

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

Juan E. Notaro Fraga
EXECUTIVE PRESIDENT

Fernando Scelza
CHAIRMAN BOARD OF EXECUTIVE DIRECTORS

Fernando A. Fernandez Mantovani
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MANAGER FINANCE AND ADMINISTRATION

FONPLATA

(Free translation from the original issued in Spanish)
FONPLATA – Multilateral Development Bank
STATEMENT OF CHANGES IN EQUITY
(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, 2020	865,549	132,443	538	515	785	28,308	1,028,138
Capital increase – Paid-in portion	51,333	-.-	-.-	-.-	-.-	-.-	51,333
Allocated by the Assembly of Governors to:							
General Reserve	-.-	23,308	-.-	-.-	-.-	(23,308)	-.-
Fund for the Compensation of Interest Rate (FOCOM)	-.-	-.-	-.-	-.-	-.-	(3,500)	(3,500)
Technical Cooperation Program (PCT)	-.-	-.-	-.-	-.-	-.-	(1,500)	(1,500)
Net income for the year	-.-	-.-	-.-	-.-	-.-	35,914	35,914
Comprehensive income for the period	-.-	-.-	(2,417)	1,651	(28)	-.-	(794)
Balance as of December 31, 2020	916,882	155,751	(1,879)	2,166	757	35,914	1,109,591
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	89,585	-.-	-.-	-.-	-.-	-.-	89,585
Allocated by the Assembly of Governors to:							
General Reserve	-.-	27,414	-.-	-.-	-.-	(27,414)	-.-
Fund for the Compensation of Interest Rate (FOCOM)	-.-	-.-	-.-	-.-	-.-	(7,000)	(7,000)
Technical Cooperation Program (PCT)	-.-	-.-	-.-	-.-	-.-	(1,500)	(1,500)
Net income for the year	-.-	-.-	-.-	-.-	-.-	24,030	24,030
Comprehensive income for the year	-.-	-.-	(3,927)	(5,744)	(28)	-.-	(9,699)
Balance as of December 31, 2021	1,006,467	183,165	(5,806)	(3,578)	729	24,030	1,205,007

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

(*) After deducting the amount of callable capital and the amount of paid in capital subscriptions pending integration (see Note 10).

Juan E. Notaro Fraga
EXECUTIVE PRESIDENT

Fernando Scelza
CHAIRMAN BOARD OF EXECUTIVE DIRECTORS

Fernando A. Fernandez Mantovani
CHIEF ACCOUNTING AND BUDGET

Rafael Robles
MANAGER FINANCE AND ADM NISTRATION

FONPLATA

(Free translation from the original issued in Spanish)
FONPLATA – Multilateral Development Bank
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021, AND 2020, 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 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.

On March 14, and on December 2, 2019, the Bank signed administration agreements with Uruguay and Argentina, respectively. These agreements confer the Bank's immunities as well as define its rights and obligations for the conduct of its operations in the corresponding member country ("Convenio Sede").

The Bank's 2020 financial statements were approved by the Board of Governors on April 14, 2021, following a recommendation of the Board of Executive Directors.

NOTE 2 – SIGNIFICANT CHANGES IN THE CURRENT REPORTING PERIOD

A – COVID-19 STRATEGY TO ENSURE BUSINESS CONTINUITY

Since the beginning of the COVID-19 pandemic, when our member countries closed their borders, following the developed countries and the advice of World Health Organization (WHO), the Bank swiftly and successfully implemented its strategy designed to ensure seamless business continuity.

Among the most relevant actions implemented by the end of March 2020, some of which remain in place today are the following:

- To ensure the health of our staff, the Bank immediately and seamlessly transitioned to a remote working modality. On September 30, 2021, the Bank returned to an in-person working modality, both at his headquarters and liaison offices, adopting a hybrid working modality by which staff work 4 days

in-person and one day remotely. On January 5, 2022, due to sudden and sharp increase in COVID infections associated to the Omicron variant, the Bank activated its remote working modality. The hybrid working modality will be reinstated as soon as the level of COVID infections makes it possible.

- International staff were given the option of working either remotely from their home at the host country as well as local staff or to work from their home country.

- The Bank continued to expand the use of Liaison Offices, opening new offices in Montevideo, Uruguay and Brasilia, Brazil, consolidating its presence in all five member countries. This in turn helps strengthen the dialogue with member countries and paves the way for tailoring bank instruments to better suit their needs.

- Since March 2020, the Bank migrated its servers to the cloud and significantly strengthened data security and access. Through this action, the Bank experienced no disruptions to its core systems and digital communications. This, along with the ability to work remotely, has allowed the Bank to ensure the health of its staff and their immediate family while attaining record loan approvals and disbursements in 2020, and to continue the growth of its portfolio throughout 2021.

- As it was the case throughout 2020, in 2021, the Bank is working in close dialogue with its government counterparts to adapt its approach to the the prevailing fiscal, health and social environment of each member country, optimizing its ability to offer financial and technical cooperation assistance.

- As stated in greater detail under the following subsection and in Note 3 – How Income is Calculated, the sharp decrease experienced in the 6-month Libor rate was mostly offset by the continued growth in the loan portfolio, and by a decrease in administrative expenses, which for the year ended as of December 31, 2021, represent 77 basis points of net earning assets. When compared to 2020, this ratio of administrative expenses to net earning assets shows a decrease of 5 basis points, which translates into savings of approximately $535.

- During 2021, the Bank successfully issued two bonds in the Swiss bond market. The first one, FONPLATA26, in March 2021, raising CHF 200,000, and the second one, FONPLATA28, in November 2021, raising additional CHF 150,000. Based on its capital structure, a portion of the Bank's on-lent activities must be financed with borrowings. Except for its bond issuances, which are denominated in Swiss Francs and at fixed-cost but have been effectively exchanged into U.S. dollars obligations at variable interest rate based on the 6-month Libor rate, all borrowings are denominated in U.S. dollars and accrue interest based on the 6-month Libor rate. While borrowings as of December 31, 2021, have increased from $568,324 to $926,741, which represents a 63% increase from December 31, 2020, interest and other financial costs when measured on average borrowings have decreased from 207 bps to 146 bps (approximately 30%). This in turn also contributed to partially offset the negative effects of the reduction in interest rates on net income. See Notes 3 and 8.5 (ii) for additional information.

- On June 22, 2021, the Bank signed a 5-year financing facility in the amount of $100,000, with Banco Bilbao Vizcaya Argentaria, S.A. (BBVA). On June 30, 2021, the Bank drew-down the total amount allowed under this facility.

- On September 17, 2021, the Bank contracted a $100,000 non-revolving line of credit with "Banco de Desarrollo de América Latina (CAF)." This line was obtained as part of the Bank's liquidity management strategy. No disbursements were drawn down as of December 31, 2021.

- As part of the transition from the Libor rate to the SOFR, effective January 1, 2022, the SOFR rate will become the reference rate for all new loans contracts. For legacy loan contracts, the Bank continues to work with member countries to convert their loan contracts into the SOFR based rate, using the modality of SOFR in arrears. This transition is expected to start gradually in February 2022, and to the extent all member countries complete the transition all legacy loan contracts would be based on the SOFR in arrears. The Bank has also been working to adapt its loan, investments and debt systems to accommodate this change (see Note 7.1.1).

B – SPECIFIC OPERATIONAL ACTIONS AND TRENDS

The following paragraphs provide a more specific analysis on the operational and financial activities of the Bank that contributed to the growth of its net earning assets and to the generation of net income during the year ended December 31, 2021:

- Loan income is mainly affected by both, the increase of loans receivable through loan disbursements, net of principal collections, which is the main basis for the Bank's financial earnings, and by changes in the 6-month Libor rate, which is the reference rate applicable to all bank loans through December 31, 2021. As a trend that started at the onset of the COVID-19 pandemic, the 6-month Libor rate continued to drop, reaching its lowest historical levels in September of 2021, at 14 bps, from 25 bps as of December 31, 2020. The pronounced drop in interest rates continues to drive a reduction on the amount of income accrued on loans in nominal terms. That reduction was largely offset by a 21% growth in the amount of loans receivable for the year ended December 31, 2021 (2020 – 39% growth). Interest rates are expected to increase throughout 2022, as all major economies recover from the economic crisis caused by COVID-19, and the central banks of developed countries increase their reference interest rate.

- As indicated in Note 2-A, the reduction of borrowing costs contributed to the Bank's ability to partly generate an adequate level of net income, maintaining its robust financial and economic profiles.

- The strength and performance of the Bank were recognized by Standard & Poor's, which in its latest review of the Bank credit risk, upgraded it from "A-" to "A".

- During the year ended December 31, 2021, the Bank approved new loans in the amount of $401,430 (2020 - $537,126). The amount of loans approved consists of $353,430 in sovereign loans to member countries, and $48,000 of loans without sovereign guarantee to government owned banks and corporations ("Corporación Vial" of Uruguay $42,000, and increased from $36,000 to $42,000, the existing line of credit that had been approved to the state-owned development bank of Minas Gerais, Brazil (BDMG) in 2020). Loan disbursements reached $345,451, and loan amortizations received reached $77,346. More importantly, as it was the case in prior years, all member countries have had net positive loan flows, which stresses the Bank's commitment to supporting its member countries.

- As indicated in Note 2-A, on February 3, and then on November 1, 2021, the Bank issued its second and third bond issuances in the Swiss capital market, after its first bond issuance in 2019 "FONPLATA24", CHF 150.000 in Swiss Francs, 5-years maturity. The second bond issuance "FONPLATA26", consisted of CHF 200,000 in Swiss Francs denominated bonds with a 5 ½ years maturity on September 3, 2026, and annual coupon based on an annual fix rate of 0.556%. Proceeds from this bond were received on March 3, 2021. The third bond issuance "FONPLATA28", consisted of CHF 150,000 in Swiss Francs denominated bonds with a 7-year maturity on December 1, 2028, and annual coupon based on an annual fix rate of 0.7950%. Proceeds from this bond were received on December 1, 2021.

- The following chart depicts outstanding amounts under the various lines of credit, loans and the three CHF bond issuances, as of December 31, 2021, and 2020, respectively:

		January 1 through December 31, 2021		
Entity	Outstanding 31 Dec 2020	Principal repaid/Exchange adjustments	Borrowing proceeds	Borrowings outstanding
	$	$	$	$
Banco de Desarrollo de América Latina (CAF)	69,334	(5,334)	-.-	64,000
Inter-American Development Bank (IDB)	88,098	-.-	11,902	100,000
French Development Agency (AFD)	20,000	-.-	-.-	20,000
European Investment Bank (BEI)	6,000	-.-	6,000	12,000
Official Credit Institute E.P.E. (ICO)	5,536	-.-	-.-	5,536
Banco Bilbao Vizcaya Argentaria (BBVA)	-.-	-.-	100,000	100,000
Deferred loan charges	(281)	(317)	-.-	(598)
Subtotal multilaterals and other	**188,687**	**(5,651)**	**117,902**	**300,938**
Issuance of CHF FONPLATA 24	148,809	-.-	-.-	148,809
Issuance of CHF FONPLATA 26	-.-	-.-	221,828	221,828
Issuance of CHF FONPLATA 28	-.-	-.-	163,898	163,898
Deferred loan charges	(580)	(1,442)	-.-	(2,022)
Exchange differences	21,413	(8,123)	-.-	13,290
Subtotal bonds	**169,642**	**(9,565)**	**385,726**	**545,803**
Central Bank of Bolivia (BCB) – 6-month Libor	80,000	(80,000)	-.-	-.-
Deferred loan charges	(5)	5	-.-	-.-
Central Bank of Uruguay (BCU) – Fixed rate	130,000	(50,000)	-.-	80,000
Subtotal borrowed from Central Banks	**209,995**	**(129,995)**	-.-	**80,000**
Total borrowings	**568,324**	**(145,211)**	**503,628**	**926,741**

- As part of its strategy to minimize the exposure to risks arising from changes in both, interest and exchange rates, the Bank has the policy of granting and denominating all loans in United States dollars based on the 6-month Libor as its reference rate. Furthermore, most of its borrowings are also contracted and denominated in United States dollars, and bear interest based on the 6-month Libor rate. In those cases where it contracts debt denominated in currencies other than the United States dollar, or where the debt accrues interest in a rate other than the Libor rate, the Bank contracts cross-currency and interest rate swaps to hedge its overall exposure. To this end, on March 3, 2021, and on December 1, 2021, the Bank contracted cross-currency swaps with J.P. Morgan (JPM) and with Credit Suisse (CS), entities with which it signed ISDA agreements. By virtue of these cross-currency swaps, the Bank effectively transformed the CHF denominated liabilities and the fixed interest rate into a U.S. dollar obligation in the amount of $222,668, for the CHF 200,000 issuance and of $164,474, for the CHF 150,000 issuance, respectively. The amounts contracted include the underwriters' commission and paying agent fees associated to the issuances. Both cross-currency swaps provide for semiannual interest payments based on the 6-month Libor rate plus a fixed margin. These transactions have been designated as a cash-flow hedge derivative within the framework of IFRS 9 (see also Notes 4.10; 6; and 8(ii)).

- The Bank use of derivatives is not for speculative purposes but for the sole purpose of reducing its risk exposure to changes in interest rates and foreign exchange rates different from the 6-month Libor rate, which is the Bank's reference rate as of December 31, 2021, and from the U.S. dollar, which is the Bank's functional currency in which all loans and borrowings are denominated.

- Upon signing the trust agreement with the Fund for the Structural Convergence of Mercosur (FOCEM), in July 24, 2020, the Bank became the fiduciary agent for the investment of FOCEM's financial resources. In exchange for its services, the Bank receives a commission based on the investment return obtained. During the year ended on December 31, 2021, the Bank accrued $16 in trusteeship commissions (December 31, 2020 - $42 commissions accrued).

NOTE 3 – HOW INCOME IS CALCULATED

The Bank derives most of its income from sovereign-guaranteed loans to its member countries, and starting in 2020, a small part from without 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 and the rate of operational return or 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:

	As of December 31,					
	2021			2020		
	Average balance $	Income $	Return[2] %	Average balance $	Income $	Return[2] %
Loans receivable	1,385,548	42,221	3.05	1,093,977	43,108	3.94
Investments	455,711	4,807	1.05	369,145	8,057	2.18
Cash and equivalents	80,149	-.-	-.-	34,725	-.-	-.-
Financial assets	1,921,408	47,028	2.45	1,497,847	51,165	3.42
Borrowings	(747,533)	(10,949)	1.46	(416,516)	(8,626)	(2.07)
Financial assets, net	1,173,875	36,079	3.07	1,081,331	42,538	3.93
Accounting charges[1]		(2,957)	(0.25)	-.-	2,244	0.20
Administrative expenses		(9,092)	(0.77)	-.-	(8,868)	(0.82)
Net assets	1,173,875	24,030	2.05	1,081,331	35,914	3.32
Equity	1,157,299	24,030	2.08	1,068,865	35,914	3.36

[1]Accounting Charges	As of December 31, 2021 $	2020 $
Provision for loan impairment (loss)/gain– Note 8.4	(2,599)	2,498
Depreciation	(379)	(321)
Exchange differences (loss)/gain	(41)	129
Special funds' participation in investment income	(23)	(162)
Other income	85	100
Total accounting charges	(2,957)	2,244

[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.

All other leasing arrangements 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 the 6-month Libor 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 6-month Libor 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 not 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 without 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 without 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 without 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 and liabilities are denominated in U.S. dollars (functional currency).	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

Risk	Source of Exposure	Measurement	Risk Management
			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 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.	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 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	Sensitivity analysis based on changes in interest rate for bonds classified as	The Bank does not have investment in equity instruments that might be exposed to price risk.

Risk	Source of Exposure	Measurement	Risk Management
	investments consist of bonds that according to the Bank's business model can either be classified as available for sale or held-to-maturity.	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.	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 borrowings.	- 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. Limits for concentration of credit risk applied to member countries and without 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.

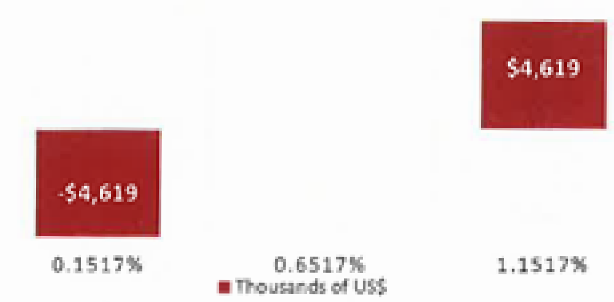
In compliance with its income management and financial charges policy, the Bank annually establishes a fixed margin applicable to new loans to be granted in the upcoming year (Operating Lending Rate or "TOR"). For loans approved starting January 1, 2020, the Board of Executive Directors approved a step-up interest rate structure by which interest rates are set according to the final maturity of loans (Resolution 1431/2019 of February 29, 2019).

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 a 6-month Libor rate of 65 bps. Accordingly, the analysis yields a maximum and a minimum 6-month Libor rate of 115 bps and of 15 bps, respectively. Should the 6-month Libor rate increase by 50 bps, to reach 115 bps or decrease 50 bps to reach a minimum of 15 bps, future net income could be increased by $4,619, or reduced by $4,619, respectively.

INTEREST RATE SENSITIVITY ANALYSIS
VARIATION OF THE 6 MONTHS LIBOR RATE



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 structured to match expected loan disbursements, scheduled debt service and debt amortizations, and the payment of administrative expenditures that are included in the three-year rolling budget***: These investments are designated as investments to be held to maturity and are valued at their amortized cost and adjusted through a valuation allowance to the lower of their amortized cost or reasonable value in the event of their potential impairment.

- ***Investments held to maintain additional liquidity with the purpose of quickly and proactively respond to unexpected loan disbursements and to sudden market and interest rate changes***: Consistent with the Bank's prudential management principles and style, these investment assets are classified as investments available for sale and valued at FVOCI.

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 50 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:

Portfolio	2021 Book value[i] $	2021 Maximum loss exposure $	2021 Variation %	2020 Book value $	2020 Maximum loss exposure $	2020 Variation %
Available for sale investments up to 12-month – FVOCI	192,965	444	0.23	89,839	375	0.42
Held-to-maturity investments up to 12-month – At amortized cost	-.-	-.-	-.-	33,108	8	0.02
Certificates of deposit fixed-term deposits	151,850	-.-	-.-	51,316	-.-	-.-
Total short-term investments	344,815	444	0.13	174,263	383	0.22
Available for sale investments greater than 12-month – FVOCI	159,823	1,046	0.65	231,222	3,336	1.44
Held-to-maturity investments greater than 12-month – At amortized cost	-.-	-.-	-.-	1,298	-.-	-.-
Total long-term investments	159,823	1,046	0.65	232,520	3,336	1.43
Total	504,638	1,490	0.30	406,783	3,719	0.91

Sensitivity analysis of investments, Years ended as of December 31,

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.

Almost all Bank loans granted have the sovereign guarantee of the member country. Beginning in 2020, following the creation of a new line of financing targeting state owned development banks and enterprises, either at the national or subnational level, the Bank started lending without the sovereign guarantee of the member country. During the year ended December 31, 2021, the Bank approved one new financing without sovereign guarantee in the amount of $42,000 for Uruguay's state-owned road corporation ("Corporación Vial del Uruguay – CVU") and increased the existing line of credit with the state-owned development bank of Minas Gerais, Brazil (BMG), from $36,000 to $42,000 (December 31, 2020 - $72,000 approved and disbursed in two financings). See Notes 2 and 8.4(i), for further details.

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 without 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 December 31, 2021, and 2020, 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 year ended as of December 31, 2021, and 2020, 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 of December 31, 2021, and 2020, respectively.

	As of December 31, 2021 $	2020 $
Cash and cash equivalents – Note 8.1	128,261	32,037
Investments – Notes 8.2 and 8.3	504,638	406,783
Gross liquidity	632,899	438,820
Cash flow hedge derivatives payable – Note 8.5 (ii)	-.-	5
Borrowings – Note 8.5	926,741	568,324
Other liabilities – Note 9.3	3,149	1,982
Special funds – Note 8.6	21,891	15,066
Total liabilities	951,781	585,377

Liquid assets coverage of the amount of net estimated disbursements was equivalent to 1.49, and 0.98 years, as of December 31, 2021, and 2020, 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. The ARRC has issued recommendations on fallback language, the use of a USD LIBOR/SOFR margin and several other areas.

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 $
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
December 31, 2020				
Financial assets:				
Cash and cash equivalents	8.1	-.-	32,037	32,037
Investments at fair value with changes in OCI	8.2	322,778	-.-	322,778
Investments at amortized cost[1]	8.3	-.-	85,826	85,826
Loan portfolio[2]	8.4	-.-	1,247,631	1,247,631
Total financial assets		322,778	1,365,494	1,688,272

	Note	Financial assets carried at fair value w/changes in OCI $	Financial assets carried at amortized cost $	Total $
Financial liabilities:				
Cash flow hedge derivatives	8.5	(5)	-.-	(5)
Borrowings	8.5	-.-	(568,324)	(568,324)
Other liabilities	8.5	-.-	(1,982)	(1,982)
Special funds	8.5	-.-	(15,066)	(15,066)
Total financial liabilities		(5)	(585,372)	(585,377)
Net financial assets		322,773	780,122	1,102,985

[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 December 31, 2021, and 2020, 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 December 31, 2021 $	2020 $
Cash at Banks	62,615	32,037
Time deposits and short-term bonds	65,646	-.-
Total	128,261	32,037

(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 December 31, 2021 $	2020 $
Sovereign bonds	225,943	173,514
Multilateral development institutions – Bonds	111,201	132,482
Other financial institutions	13,587	12,969
Argentine treasury bonds	2,057	2,096
Subtotal	352,788	321,061
Accrued interest receivable	2,255	1,717
Total	355,043	322,778

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 December 31, 2021, and 2020, 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 December 31, 2021, the Bank has recognized net unrealized losses in the amount of $9,700 in its statement of comprehensive income. These unrealized losses consist of a loss in market value adjustments of investments for $3,928, and a loss of $5,744, in valuation of cross-currency and interest rate swaps (December 31, 2020, net loss of $794, consisting of: $2,417, in net losses arising from market value adjustments on investments kept at fair value; and a gain of $1,651, related to market value adjustments on the effective portion of derivatives designated as cash-flow hedge of bonds outstanding). Additionally, during the year ended as of December 31, 2021, comprehensive income was reduced by $28, corresponding to the depreciation of the amount of technical appraisal of property recognized in 2018, $812 (December 31, 2020 - $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 December 31, 2021 $	2020 $
Investments in time deposits [1]		
Sovereign	141,860	28,853
Multilateral development institutions	9,990	22,463
Subtotal	151,850	51,316

	As of December 31,	
	2021	2020
	$	$
Investments in other values [2]		
Sovereign bonds	-.-	28,544
Bonds issued by Multilateral development institutions	-.-	1,298
Financial sector bonds	-.-	4,564
Subtotal	-.-	34,406
Principal invested	151,850	85,772
Accrued interest receivable	111	105
Total	151,961	85,827

(1) Investments correspond to time deposits with original maturities greater than three months.
(2) Investments include sovereign bonds and bonds issued by multilateral development institutions, as well as commercial paper issued by other financial institutions with a risk profile falling within the Bank's investment risk guidelines.

(i) Investments carried at amortized cost

The Bank classifies its investments as carried 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 December 31, 2021 (December 31, 2020 – Nil).

(ii) Impairment and exposure to risk

Following the official announcement of August 4, 2020, by decree 676/2020, Argentina approved the terms applicable to the exchange of its various outstanding bonds. As an original bondholder that had received series "PAR" and "DISCOUNT" as part of the exchange conducted in 2005, the Bank participated in the new proposed bond-restructuring program and as a result exchanged its holdings of "PAR" bonds, which as of the date of the settlement had a face and capitalized value of $2,279, for $2,279 of USD 2041 L.A. bonds, and its holdings of "DISCOUNT" bonds, which as of the date of the settlement had a face and a capitalized value of $2,308, and of $3,236, respectively, for $3,236 of USD 2038 L.A. bonds. As part of the exchange, and as an incentive for early acceptance of the proposed terms, the Bank also received bond USD 2029 L.A., in the amount of $218, in recognition of the previous unpaid coupon plus accrued interest through the original settlement date of September 4, 2020, ($37 related to accrued interest on "PAR" coupon and $181 related to "DISCOUNT" coupon).

The Bank accounted for the exchange by replacing its holdings of "PAR" and "DISCOUNT" 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.

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:

	As of December 31,	
	2021	2020
Country	$	$
Argentina	403,808	322,860
Bolivia	355,393	331,636
Brazil	143,243	106,045
Paraguay	275,547	179,773
Uruguay	269,610	239,181
Gross loan portfolio with sovereign guarantee (SG)	1,447,601	1,179,495
Gross loan portfolio without sovereign guarantee (NSG)	72,000	72,000
Total gross loan portfolio	1,519,601	1,251,495
Less: Unaccrued administrative fee	(3,595)	(4,723)
Subtotal loan portfolio	1,516,006	1,246,772
Less: Provision for potential impairment on SG loans	(11,123)	(8,491)
Less: Provision for potential impairment on NSG loans	(1,217)	(1,250)
Net loan portfolio	1,503,666	1,237,031

Accrued loan interest receivable amounts to $10,673 and to $10,600, as of December 31, 2021, 2020, respectively.

During the year ended as of December 31, 2021, and 2020, respectively, all loans were classified in Stage 1. The amount of provision for potential impairment of loans as of December 31, 2021, and 2020, is as follows:

	As of December 31,	
	2021	2020
	$	$
Provision as of the beginning of the period or year SG	8,491	12,239
Increase/(decrease) on provision of SG loans	2,632	(3,748)
Subtotal Provision SG	11,123	8,491
Opening NSG provision	1,250	-.-
Increase/(decrease) on NSG provision	(33)	1,250
Subtotal NSG provision	1,217	1,250
Total provision for potential impairment on loans	12,340	9,741

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

	As of December 31,	
Maturity	2021	2020
	$	$
Up to one year	108,752	75,667
Greater than one and up to two years	147,786	98,918
Greater than two and up to three years	176,558	127,677
Greater than three and up to four years	169,383	147,428
Greater than four and up to five years	145,965	136,154
Greater than five years	771,156	665,651
Total gross loan portfolio	1,519,601	1,251,495

(i) Loan portfolio classification

Most 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 state-owned banks and enterprises without the sovereign guarantee of the member country. The outstanding balance from those loans represents approximately 4.7% of gross loans outstanding as of December 31, 2021 (December 31, 2020 – 5.7%).

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, without 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.

Since the inception of the new line of without sovereign guaranteed lending targeting government owned banks and enterprises in 2020, and through December 31, 2021, the Bank has approved three loans and increased a line of credit for a total of $120,000, of which $72,000 were fully disbursed in 2020 (2020 - $72,000 approved and disbursed). 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 it is the case in NSG financings, NSG financings accrue interest based on the 6-month Libor rate, plus a margin based on the credit risk rating of the borrower at the time of approval. Furthermore, these financings accrue a commitment fee on the undisbursed balance of each tranche approved, and administrative commission based on the term of the line of credit.

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 without 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 other multi member countries; bonds and derivatives used as a hedge of the interest rate exposure on time deposits with central banks contacted at fixed-rate and swapped into variable rate, and cross-currency swaps related to the three CHF denominated bond issuances; as well as collateral received or paid as per the ISDA master netting agreement, to compensate for credit risk in the event of non-performance of the counterpart of the cross-currency and interest rate swaps. 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 $694, as of December 31, 2021 (December 31, 2020, net payable of $5), and is shown under "Cash flow hedged derivatives", in the statement of financial position.

Total borrowings as of December 31, 2021, and 2020, are as follows:

	As of December 31,	
	2021	2020
	$	$
Borrowings		
Loans and time deposits at amortized cost	381,536	398,968
Bonds	547,825	170,222
Less: unamortized borrowing costs	(2,620)	(866)
Total	926,741	568,324

(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 December 31,	
	2021	2020
	$	$
Banco de Desarrollo de América Latina – (CAF) - See (1), below	64,000	69,333
Time deposits with Central Banks - See (2) below	80,000	210,000
Inter-American Development Bank (IDB) - See (3) below	100,000	88,098
French Development Agency (AFD) - See (4) below	20,000	20,000
European Investment Bank (EIB) - See (5) below	12,000	6,000
Oficial Credit Institute E.P.E. (ICO) - See (6) below	5,536	5,536
Banco Bilbao Vizcaya Argentaria (BBVA) - See (7) below	100,000	-.-
Total	381,536	398,967

In March 2018, the Board of Executive Directors updated its financial policies through RDE 1409. Among the changes introduced, the methodology to determine the Bank's lending capacity using a multiple of three times the value of Net Equity and the methodology to determine it's borrowing capacity based 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) As part of the framework contract signed with "Banco de Desarrollo de América Latina – CAF" on November 14, 2016, on June 12, 2020, the Bank drew down $64,000 from the line of credit. The applicable terms for this new borrowing provide for a bullet payment after 2 years and semiannual interest payments based on the 6-month Libor rate plus a margin. As part of its liquidity management strategy, on September 17, 2021, the Bank signed an agreement for a $100,000 non-revolving line of credit expiring on June 10, 2022. The Bank did not disburse any moneys against this line during the year ended as of December 31, 2021.

(2) The Bank entered into an agreement with the Central Banks of its member countries to accept deposits in the form of medium-term certificates denominated in United States dollars. The following table shows the balance outstanding as of December 31, 2021, and 2020, as well as the relevant information on each certificate of deposit.

Central Bank	As of December, 31 2021	2020	Date of Acceptance	Maturity	Type of Interest Rate
	$	$			
Bolivia	-.-	30,000	05/15/2018	5/15/2021	6-month Libor plus margin
Bolivia	-.-	50,000	6/5/2020	8/11/2021	6-month Libor plus margin
Uruguay	-.-	50,000	5/5/2020	11/5/2021	Fix[1]
Uruguay	80,000	80,000	5/5/2020	5/5/2023	Fix[1]
Total	80,000	210,000			

[1]In compliance with its prudential risk-management policies, the Bank swapped the fix-rate interest payments for the 6-month Libor rate, within the framework of the ISDA agreement signed with JPM in March 2018 (see Notes 2 and 8(ii), for further details).

(3) On December 1, 2017, the Bank subscribed a financing agreement in the amount of $100,000 with the Inter-American Development Bank (IDB). This borrowing is based on the 3-month Libor rate and provides for a 5-year disbursement period, a 5 ½ grace period and a 25-year repayment period. The terms of this borrowing agreement, which entered into force upon its signature, provides for the recognition of eligible project expenditures for an amount of up to $20,000, covering project expenditures incurred from June 15 and November 15, 2017. 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 IDB would reimburse the Bank those amounts under the modality of reimbursement of expenditures. Hence, monies drawn down from the IDB under this line of credit can be used by the Bank as it sees fit. On June 25, 2021, the Bank received $7,712, as a reimbursement of previously made disbursements on eligible projects, and on June 28, 2021, the Bank received $4,190, to be allocated to projects ARG-35 and ARG-39 (November 2, 2020, the Bank received $27,883). With the reimbursements received, as of December 31, 2021, this line of credit has been completely utilized, increasing the amount owed to the IDB to $100,000 (December 31, 2020, $88,098). The Bank is currently in advanced stages of negotiations for a new line of credit up to $300,000, with a first tranche of $100,000. This new line is expected to be formalized in the first quarter of 2022.

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

	As of December 31, 2021			
	IDB			
Loan	Eligible amount	Disbursed	non-financeable amount	To be financed by FONPLATA
	$	$	$	$
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-35/2017 Infraestr. p/la integration	11,500	2,220	9,280	10,700
ARG – 39/2018 Route 13 Chaco	20,000	9,709	10,291	17,214
BOL-32/2018 - stage I Urban Infrastructure 2	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)	-.-	-.-	-.-
Total	100,000	100,000	35,709	174,015

[2]This amount will be allocated at later time.

Additionally, and as part of the financing agreement No. 4377/OC - RG, the Bank, and the IDB signed ATN/OC – 16469 – RG, Regional Integration of the Plate Basin: Border Integration Corridors, which provides for the granting of up to $500 in technical cooperation. Further, and within the framework of ATN/OC – 16469 – RG, the IDB approved ATN/OC – 1728 – RG, decentralizing resources earmarked for subcomponent 1.2, in an amount up to $100, from which the Bank requested disbursement of $70. Of this amount, as of December 31, 2020, the Bank has made seven disbursements totaling $64.05, to pay for consulting services and software for strengthening its capacity to administer operations by setting the basis for a centralized document management system. The remaining $5.94 were refunded to the IDB, on January 28, 2021. With the implementation of the document management system, the Bank satisfied the purpose of the ATN, and the remaining unused amount was cancelled by the IDB.

(4) On April 24, 2018, the Bank signed a contract with the French Development Agency to borrow up to $20,000 with a 15-year maturity at the 6-month Libor rate plus a margin. On October 22, 2018, the Bank drew-down $5,000 against this line of credit and used them to finance disbursements on its loan BOL – 28/2016 "Cosechando", with an approved amount of $10,000. The Bank received the remaining amount under this line of credit of $15,000, on September 11, 2020.

(5) On July 6, 2018, the Bank signed a credit line with the European Investment Bank (EIB), in the amount of $60,000. As of December 31, 2021, the Bank had drawn down the amount of $12,000 against this line of credit; $6,000 receieved on August 31, 2021, and $6,000, received on August 17, 2020, respectively.

(6) On December 17, 2018, the Bank signed a credit line with the "Instituto de Crédito Oficial E.P.E. – (ICO)," in the amount of $15,000, which expired on December 17, 2020. There were no drawdowns under this line of credit subsequent to 2019, where the Bank drew-down $5,536. On June 23, 2021, the Bank signed the second line of credit with ICO, also in the amount of $15,000. This new line provides retroactive financing for eligible disbursements made on or after January 1, 2020.

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

Loan	December 31, 2021, and 2020			
	ICO			
	Eligible amount	Disbursed 2020	Disbursed 2021	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
New Projects ICO Phase II	15,000	-.-	-.-	15,000
Cancelled project	(9,464)	-.-	-.-	(9,464)
Total	20,536	5,536	-.-	15,000

(7) On June 22nd, 2021, the Bank signed on a $100,000 financing facility with Banco Bilbao Vizcaya Argentaria S.A. (BBVA). The facility was withdrawn on June 30th in its entirety, and it was used to finance expected loan disbursements through year-end.

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

As stated in Notes 2 and 4.10, the Bank issued its second and third bond issuances, a.k.a., FONPLATA26, and FONPLATA28, respectively, in the Swiss' capital market. These two bond issuances formalized with the receipt of the net proceeds on March 3, and on December 1, 2021, are denominated in Swiss Francs. FONPLATA26, consisted of CHF 200,000, with an annual fixed rate coupon and a 5 ½ - year maturity on September 3, 2026, and FONPLATA28, consisted of CHF 150,000, with an annual fixed rate coupon and 7- year maturity on December 1, 2028.

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 December 31, 2021, and 2020, respectively:

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, in the aggregate amount of $80,000, for variable interest rate semiannual payments based on the 6-month Libor rate (see Notes 2, and 8(i)(2)).

3. 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.

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.

December 31, 2020

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, in the aggregate amount of $130,000, for variable interest rate 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 December 31, 2021, the Bank holds collateral in the form of cash received from JPM, in the amount of $16,322, and has a receivable position on collateral deposits made with CS in the amount of $8,720, for a net liability position of $7,602. Collateral positions receivable and payable are an integral part of the cross-currency swaps agreements signed and are designed to compensate for credit risk in the event the counterparts were to default on its commitment (December 31, 2020 - $23,584 collateral payable to JPM). During the year ended December 31, 2021, the Bank returned to JPM the amount of $7,260 on collateral held, and also sent collateral to CS in the amount of $8,720, for a total outflow of $15,980.

The total amount of interest received and paid on collateral sent and received from counterparts, based on the Federal Reserve overnight funds rate amounted to $13 and $5, for the year ended December 31, 2021, respectively (December 31, 2020 - $0 of interest received and $30 of interest paid).

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 (i.e., cross-currency and interest rate swaps and collateral) that are offset, or subject to enforceable master netting arrangements and other similar arrangements but not offset, as of December 31, 2021. 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 December, 2021			
Financial assets:			
Cross-currency swap receivable at FVOCI – CS	230,790	(239,500)	(8,710)
Collateral receivable – CS	8,720	-.-	8,720
Subtotal Derivatives Receivable – CS	239,510	(239,500)	10
Financial liabilities:			
Cross-currency and interest rate swaps payable at FVOCI – CS	(239,500)	239,500	-.-
Subtotal Derivatives Payable – CS	(239,500)	239,500	-.-
Cash-flow hedge derivatives net receivable	10	-.-	10
As of December 31, 2021			
Financial assets:			
Cross-currency swap receivable at FVOCI – JPM	333,249	(316,326)	16,923
Interest rate swaps receivable at FVOCI - JPM	80,562	(80,479)	83
Subtotal Derivatives Receivable – JPM	413,811	(397,075)	17,006
Financial liabilities:			
Cross-currency and interest rate swaps payable at FVOCI – JPM	(316,326)	316,326	-.-
Interest rate swap payable at FVOCI - JPM	(80,479)	80,479	-.-
Collateral payable -JPM	(16,322)	-.-	(16,322)
Subtotal Derivatives Payable - JPM	(413,127)	397,075	(16,322)
Cash-flow hedge derivatives net receivable [1]	684	-.-	684
Net receivable as of December 31, 2021	694	-.-	694

	Gross amounts	Gross amounts set-off in the Statement of Financial Position	Net amounts presented in the Statement of Financial Position
	$	$	$
As of December 31, 2020			
Financial assets:			
Cross-currency swap receivable at FVOCI	179,475	(179,475)	-.-
Interest rate swaps receivable at FVOCI	132,360	(132,360)	-.-
Subtotal Derivatives receivable	311,835	(311,835)	-.-
Financial liabilities:			
Cross-currency and interest rate swaps payable at FVOCI	(156,261)	179,475	23,214
Interest rate swaps payable at FVOCI	(131,995)	132,360	365
Collateral	(23,584)	-.-	(23,584)
Subtotal Derivatives payable	(311,840)	311,835	(5)
Net receivable exposure	(5)	-.-	(5)

[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 December 31, 2021	2020
	$	$
Up to one year	66,016	135,333
More than one and up to two years	104,592	66,016
More than two and up to three years	205,606	87,330
More than three and up to four years	41,688	177,553
More than four and up to five years	244,579	7,760
More than five years	266,880	95,198
Total	929,361	569,190

(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 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 December 31, 2021, and 2020, respectively, includes the following:

	As of December 31, 2021	2020
	$	$
FOCOM	13,769	8,838
PAC	4,056	2,986
PCT	4,066	3,242
Total	21,891	15,066

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 year period ended December 31, 2021, it has received $18,510 in contributions approved by the Board of Governors from retained earnings (December 31, 2020 - $11,510).

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 December 31, 2021, the PCT has received $4,500 in contributions approved by the Board of Governors from retained earnings (December 31, 2020 - $3,000).

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 years ended as of December 31, 2021, and 2020, respectively:

	Severance payment contributions	Participants' voluntary savings contributions	Bank's matching contributions on voluntary savings	Accumulated total	Total amount available for termination	Deferred amount
	$	$	$	$	$	$
December 31, 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	1,889	1,260	906	4,056	3,976	80
December 31, 2020						
Balance as of December 31, 2019:	1,393	404	304	2,101	2,035	66
Severance payment contributions	423	-.-	-.-	423	423	-.-
Participants' voluntary savings contribution	-.-	322	322	644	620	24
Additional participants' savings contributions	-.-	161	-.-	161	161	-.-
Investment income accrued	-.-	8	6	14	14	-.-
Withdrawals	(218)	(92)	(47)	(357)	(357)	-.-
Balance due to the PAC	1,598	803	585	2,986	2,896	90

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 $
December 31, 2021				
Investments carried at fair value with effect in OCI	8.2	352,788	-.-	-.-
December 31, 2020				
Investments carried at fair value with effect in OCI	8.2	321,061	-.-	-.-

For the years ended as of December 31, 2021, and 2020, 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 $	Vehicles $	Total $
Book value					
Balance as of December 31, 2019	4,827	1,860	87	48	6,822
Additions	30	568	-.-	-.-	598
Balance as of December 31, 2020	4,857	2,428	87	48	7,420
Additions	-.-	214	-.-	-.-	214
Balance as of December 31, 2021	4,857	2,642	87	48	7,634
Cumulative depreciation					
Balance as of December 31, 2019	347	750	-.-	40	1,137
Depreciation	166	178	-.-	5	349
Balance as of December 31, 2020	513	928	-.-	45	1,486
Depreciation	166	237	-.-	3	406
Balance as of December 31, 2021	679	1,165	-.-	48	1,892
Net book value as of December 31, 2021	4,178	1,477	87	-.-	5,742
Net book value as of December 31, 2020	4,344	1,500	87	3	5,934

On December 14, 2021, following the opening of its liaison offices in all member countries and the assignment of staff to those offices, the Bank optimized the allocation of office space at its headquarters' and took advantage of an offer from a local financial institution to sell two offices not interconnected with the rest of the five floors occupied by the Bank. The sale of the offices was agreed for an amount of $450, which approximates current market value for offices of similar location and quality. The sale was completed on January 18, 2022, upon receiving full payment and delivering the office space to the buyer. The office space sold represented less than 10% of the total space originally acquired.

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. The amount of the revaluation reserve was reduced by $28 of annual depreciation for the year ended December 31, 2021 (December 31, 2020 - $28) and might be adjusted based on subsequent technical revaluations.

(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:	
Land	Not amortized
Buildings	The lesser of 40 years or the value of the assessment
Furniture and equipment:	
Improvements on leased property	Over lease contract
Furniture and equipment	8 to 10 years
Computer equipment and software	4 to 7 years
Vehicles	5 years
Art	Not 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 December 31, 2021 $	2020 $
Cost	4,044	4,044
Cumulative depreciation	(596)	(458)
Total	3,448	3,586

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 and Brazilia, Brazil. 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 December 31, 2021, and 2020, respectively:

	Lease Obligation $
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.	
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.	144
Total	144
December 31, 2020	$
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.	114
Total	114

As of December 31, 2021, and 2020, the total amount of miscellaneous receivables amounts to $748, and to $762, respectively.

9.3 Other Liabilities

This caption includes interest and commissions payable accrued on borrowings, as well as small balances owed to suppliers, and the financial lease liabilities in connection with the financial leases signed to secure office space for the Uruguay and Brazil liaison offices. The composition of other liabilities as of December 31, 2021, and, 2020, is as follows:

	As of December 31, 2021 $	2020 $
Interest and commissions accrued on borrowings	2,534	1,633
Trade payables and accruals	471	235
Unamortized financial lease obligations	144	114
Total	3,149	1,982

NOTE 10 – EQUITY

10.1 Capital

On January 28, 2016, the 14th Extraordinary Board of Governors approved a new capital increase in the amount of $1,375,000, raising the authorized from $1,639,200 to $3,014,200.

The new 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 would be made effective in eight annual installments commencing in 2018 and through 2024, for Argentina, Bolivia, Paraguay, and Uruguay, and from 2018 – 2026, for Brazil in 2026. 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 December 31, 2021, and 2020, is as follows:

Member country[i]	Subscribed capital Paid-in $	Subscribed capital Callable $	Authorized capital Paid-in $	Authorized capital 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%
• Brazil	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%

For the years ended as of December 31, 2021, and 2020, the Bank received paid-in contributions in the amount of $89,585 and $51,333, respectively. The amount of paid-in capital subscribed and pending integration, as well as the amount of callable capital and committed as of December 31, 2021, and 2020, respectively, is as follows:

Member country	December 31, 2021 Paid-in Capital Subscribed Paid-in[i] $	December 31, 2021 Receivable[i] $	December 31, 2021 Total $	December 31, 2020 Paid-in Capital Subscribed Paid-in[i] $	December 31, 2020 Receivable[i] $	December 31, 2020 Total $
• Argentina	356,244	93,500	449,744	325,076	124,668	449,744
• Bolivia	118,737	31,167	149,904	108,349	41,555	149,904
• Brazil	294,012	155,732	449,744	266,759	182,985	449,744
• Paraguay	118,737	31,167	149,904	108,349	41,555	149,904
• Uruguay	118,737	31,167	149,904	108,349	41,555	149,904
Total	1,006,467	342,733	1,349,200	916,882	432,318	1,349,200

As of December 31, 2021, and 2020:

Member Country	Subscribed Callable Capital[i] Committed[ii] $
• Argentina	555,014
• Bolivia	184,991
• Brazil	555,014

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Subscribed Callable Capital[I]	Committed[II]
Member Country	$
• 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 December 31, 2021, and 2020, includes the following:

(i) Reserve for changes in the fair value of investments – FVOCI: For the year ended as of December 31, 2021, this reserve was decreased by unrealized losses of $3,927, for a cumulative unrealized loss of $5,806 (December 31, 2020 – decreased by $2,417, resulting from unrealized losses for a balance of $1,879 of cumulative unrealized losses).

(ii) Reserve for changes in fair value of derivatives held for hedging: For the year ended as of December 31, 2021, this reserve was decreased by unrealized losses of $5,744, resulting from the fair value of derivatives contracted for the protection of cashflows, for a cumulative unrealized loss of $3,578 (December 31, 2020 - increased by $1,651, gains, for a balance of $2,166, cumulative unrealized gains).

(iii) Reserve for revaluation of property: For the year ended as of December 31, 2021, this reserve was reduced by $28, for a balance of $729 (December 31, 2020 – Reduced by $28, for a balance of $757).

10.3 Retained earnings and reserves

Retained earnings as of December 31, 2021, amount to $24,030 and correspond solely to the net income earned for the year.

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 December 31, 2021, and 2020, respectively is as follows:

	General Reserve
	$
Balance as of December 31, 2019	132,443
Allocated by the Board of Governors in 2020: from retained earnings	23,308
Balance as of December 31, 2020	155,751
Allocated by the Assembly of Governors in 2021	27,414
Balance as of December 31, 2021	183,165

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NOTE 11 – REVENUES

The composition of net income is as follows:

	January 1 through December 31, 2021	2020
	$	$
Loan income:		
Interest	35,609	36,438
Commitment fee and commissions	3,653	4,563
Administrative fee	2,959	2,107
Subtotal	42,221	43,108
Investment income:		
Interest	4,793	8,038
Other	15	19
Gross investment income	4,808	8,057
Special Fund's share of investment income	(23)	(162)
Investment income – Net	4,785	7,895
Other income	85	100
Total Income	47,091	51,103

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. For the years ended as of December 31, 2021, and 2020, the Bank reached a percentage of execution of its administrative budget equivalent to 76%. The break-down of administrative expenditures by functional activity is as follows:

	January 1, through December 31, 2021	2020
Classification of expenses	$	$
Personnel expenses	7,067	6,917
Business travel expenses	206	185
Professional services	561	459
Credit risk rating	51	152
External auditors	61	68
Administrative expenses	956	961
Financial services	190	126
Total administrative budget	9,092	8,868
Depreciation	379	321
Loss/(Gain) on foreign exchange	42	(129)
Total administrative expenses	9,513	9,060

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 years ended as of December 31, 2021, and 2020, respectively, based on their respective recovery or settlement date:

	Current (Up to 1 year) $	Non-Current (More than 1 year) $	Total $
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
December 31, 2020			
ASSETS			
Cash and cash equivalents	32,037	-.-	32,037
Investments			
At fair value	152,856	168,205	321,061
At amortized cost	85,722	-.-	85,722
Loan portfolio			
Outstanding loans	72,829	1,164,202	1,237,031
Interest and other accrued charges			
On investments	1,821	-.-	1,821
Interest and commissions on loans	10,600	-.-	10,600
Other assets			
Property and equipment, net	-.-	5,934	5,934
Miscellaneous	643	119	762
Total assets	356,508	1,338,460	1,694,968
LIABILITIES			
Cash-flow hedge derivatives	5	-.-	5
Borrowings	135,333	432,991	568,324
Other liabilities	1,895	87	1,982
Special funds	3,066	12,000	15,066
Total liabilities	140,299	445,078	585,377

[1]As of December 31, 2021, 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 $
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]	179,242	(792)	(1,222)	177,228	1,192	178,420
Paraguay	311,546	(916)	(721)	309,910	2,066	311,976
Uruguay	269,610	(269)	(963)	268,378	1,819	270,197
Total	1,519,600	(3,595)	(12,339)	1,503,666	10,673	1,514,339

	Gross portfolio	Unaccrued commissions	Impairment	Loan portfolio	Interest and commissions receivable	Total
	$	$	$	$	$	$
December 31, 2020:						
Argentina	322,860	(1,470)	(4,922)	316,468	3,152	319,650
Bolivia	331,636	(672)	(2,068)	328,896	2,948	331,844
Brazil[1]	142,045	(1,275)	(1,135)	139,635	1,119	140,754
Paraguay[1]	215,773	(833)	(670)	214,270	1,428	215,698
Uruguay	239,181	(473)	(946)	237,762	1,953	239,715
Total	1,251,495	(4,723)	(9,741)	1,237,031	10,600	1,247,631

[1]Includes $72,000 of NSG loans approved and fully disbursed in 2020 (June 30, 2020 - $36,000). As of December 31, 2021, unaccrued commissions on NSG loans amount to $191, (December 31, 2020 - $370); and interest and commissions receivable amount to $185 (December 31, 2020, $186). The amount of provision for potential NSG loan losses amounts to -$1,217 (December 31, 2020 – $1,250), see Note 8.4, for more details.

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
	$	$	$	$	$
December 31, 2021:					
Argentina	199,851	65,529	138,428	-.-	403,808
Bolivia	340,051	-.-	15,342	-.-	355,393
Brazil[1]	128,880	-.-	14,362	36,000	179,243
Paraguay[1]	263,295	12,251	-.-	36,000	311,546
Uruguay	224,028	28,848	16,734	-.-	269,610
Total	1,156,106	106,628	184,866	72,000	1,519,601
December 31, 2020:					
Argentina	135,379	65,511	121,970	-.-	322,860
Bolivia	314,653	-.-	16,983	-.-	331,636
Brazil	88,172	-.-	17,873	36,000	142,045
Paraguay	165,772	14,001	-.-	36,000	215,773
Uruguay	210,754	15,000	13,427	-.-	239,181
Total	914,730	94,512	170,253	72,000	1,251,495

[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).

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 December 31, 2021	2020
	$	$
Argentina	313,214	287,539
Bolivia	71,390	116,716
Brazil[1]	142,564	180,737
Paraguay	146,136	250,413
Uruguay	27,711	57,067
Total	701,014	892,472

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

As December 31, 2021, and 2020, 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 December 31, 2021	2020
	$	$
Argentina	65,300	85,000
Bolivia	100,000	-.-
Brazil	206,510	94,877
Paraguay	276,246	276,246
Uruguay [1]	42,000	21,000
Total	690,056	477,123

[1]Includes $42,000 of NSG of Uruguay.

The average return on loans is as follows:

	January 1, through December 31, 2021 Average balance	Average return	2020 Average balance	Average return
	$	%	$	%
Loan portfolio	1,385,548	3.05	1,093,977	3.94

(c) Segment revenues

Interest and other loan revenues by segment are as follows:

	Loan interest	Other loan operating revenues	Total
	$	$	$
January 1 through December 31, 2021:			
Argentina	9,782	2,177	11,959
Bolivia	8,860	806	9,665
Brazil[1]	4,455	1,227	5,682
Paraguay[1]	6,177	1,931	8,108
Uruguay	6,336	471	6,807
Total	35,609	6,612	42,222
January 1 through December 31, 2020:			
Argentina	9,940	1,934	11,874
Bolivia	10,584	1,070	11,654
Brazil	4,065	1,286	5,351
Paraguay	5,061	1,678	6,739
Uruguay	6,788	702	7,490
Total	36,438	6,670	43,108

[1]Includes accrued interest in the amount of $2,218, and other loan charges in the amount of $79, corresponding to NSG loans granted to state-owned development banks in Brazil, and Paraguay, respectively (December 31, 2020 - $826 in interest, and $418, in other loan charges related to NSG loans).

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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 December 31, 2021, and 2020, 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 December 31, 2021, and 2020, respectively.

NOTE 18 – SUBSEQUENT EVENTS

The Bank has evaluated subsequent events as of the date of these financial statements up to February 18, 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 years ended as of December 31, 2021, and 2020.

Juan E. Notaro Fraga
EXECUTIVE PRESIDENT

Fernando Scelza
PRESIDENT OF THE BOARD OF EXECUTIVE DIRECTORS

Fernando A. Fernandez Mantovani
CHIEF ACCOUNTING AND BUDGET

Rafael Robles
MANAGER FINANCE AND ADMINISTRATION

ANNEX III

Support To Human Development Initiatives

As part of FONPLATA – Development Bank outreach policies to its member countries and within the framework of Corporate Social Responsibility, the Bank promotes and supports several Human Development initiatives in its regional and international framework. During 2021, a year marked by the economic and social consequences of the COVID-19 pandemic at a global level, consolidating and extending the path taken in 2020, the Bank adopted actions appropriate to the context.

Diploma in Social Innovation and Technology of the MERCOSUR Social Institute

Within the framework of an agreement with MERCOSUR, FONPLATA strengthened ties with this regional organization to promote sociocultural and economic development and integration by joining forces with the MERCOSUR Social Institute (ISM) to support the training of competencies on Social Innovation and Technology provided by ISM through its "Diploma in Social Innovation and Technology".

Publication: "Under Pressure. The economic costs of inadequate water management"

In alliance with the Swiss Development Agency, the Economist Intelligence Unit was commissioned to produce a paper with an executive analysis to draw the attention of national authorities, businesspeople and the general public to the costs associated with inadequate transboundary water management, in addition to the effects of climate change. This publication is the first of its kind for FONPLATA.

Webinar "Sustainable Environmental Management: the challenge of smart municipalities"

This was a space to share successful experiences in municipal management and promote practical models that allow the implementation of environmental and social management as a kick-off to become sustainable cities. Authorities from the Brazilian municipalities of Corumbá and Ponta Porã, with which FONPLATA collaborates by funding development projects, participated and presented their environmental management practices and the challenges they face. Parallel to the webinar, a Green Business Networking Meeting was held where the participating companies promoted meetings to find reliable and competitive suppliers, prospects, and to expand their business network with companies committed to environmental management.

Paraná's Sustainable Regional Vocations Program

The purpose of this program was to integrate local products from each region of the State of Paraná in Brazil into value chains, generating sustainable employment and strengthening social, cultural, and environmental relations. Held in the city of Morretes, FONPLATA helped train rural producers in best sustainable development practices and held a show of local products made by small local producers and the tourism industry.

International Webinar: "Funding Infrastructure for Regional Integration"

Organized by the Court of Auditors of the State of Mato Grosso do Sul – Brazil, this activity was conducted with the support and participation of important members of FONPLATA and *Projeto Pauta 3*. It was attended by authorities from Brazil, Paraguay, and Uruguay, as well as representatives of organizations such as ALADI (Latin American Integration Association), BNDES (*Banco Nacional de Desenvolvimento Econômico e Social*) and others. It involved two round tables on the following topics: "Infrastructure as an instrument of Regional Integration" and "Infrastructure Funding Sources and Regulatory Environment".

Support to Culture

In 2021, we supported cultural activities in our host country. Throughout the year, FONPLATA continued its support to *Manzana 1 Espacio de Arte* for on-site and online activities.

We also contributed to the Independent Publishing and Printing Fair *Enjambre de Libros*, which was held in November in the cities of La Paz, Cochabamba, and Santa Cruz de la Sierra. The fair, in a blended mode, presented stands selling books by independent publishers, exhibitions, master classes and workshops on creative writing, publishing, printing and cultural management by local and international writers, publishers, and cultural managers.

Corporate Social Responsibility and Volunteering Committee

As every year, among the most important activities conducted in 2021, FONPLATA's Volunteering Committee joined other institutions in the initiative *Árbol de los Deseos* of the Children School of the Oncology Hospital of Santa Cruz de la Sierra, Bolivia.

Partnerships and participation in development-related events

During 2021, FONPLATA was an indispensable participant in different activities and agreements. Among them, the Development Bank joined the Mainstreaming Climate in Financial Institutions proposal and was a signatory of the Water Finance Coalition declaration, to mobilize resources for water and sanitation projects, the fight against the effects of climate change and the protection of biodiversity. It also supported the Coalition for Social Investment and the initiative "Building back better after COVID, social investment as a key to sustainable economic recovery", which was presented at COP-26; and as a member of the Alliance of Development Banks of Latin America and the Caribbean, it contributed to the document: "The role of Subnational Development Banks in resilient urban and territorial financing in post-COVID recovery". In addition to participating in the 2021 ordinary meetings of the MERCOSUR Common Market Council – Member States and Associates, FONPLATA participated in the launch of the Alliance of Subnational Development Banks to align development banks with the 2030 Agenda and its SDGs and the Paris Agreement; the Development Forum organized by ABDE (*Associação Brasileira de Desenvolvimento*); the Workshop "Programming effective climate actions in Latin America and the Caribbean"; the "GCAD Conversation Cycle: FONPLATA's role in the post-COVID recovery" organized by the Working Group for Development Cooperation of the Argentine Council for International Relations (CARI); a Seminar on "Regional Logistics Integration" in Uruguay; the European Development Days, in the discussion group "Partnerships for climate finance and a green recovery"; The first Steering Committee of the Alliance of Subnational Development Banks (SDB) in Latin America; the first peer-to-peer workshop of the Alliance of Subnational Development Banks; the CAVIALPA 2021 Forum in Paraguay in the panels "Sustainability of Public Debt as an Instrument for Public Works" and "PPPs, turnkey and Concessions: Private initiative as a complement to public financing and presentation Ministry of Finance", among other events.

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Cover: *Works on Provincial Route No. 13 – Provincia del Chaco, Argentina*
Back cover: Project "Cosechando Agua - Sembrando Luz" - Departamento de Potosí, Bolivia
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