Fonplata

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This report does not constitute a rating action.

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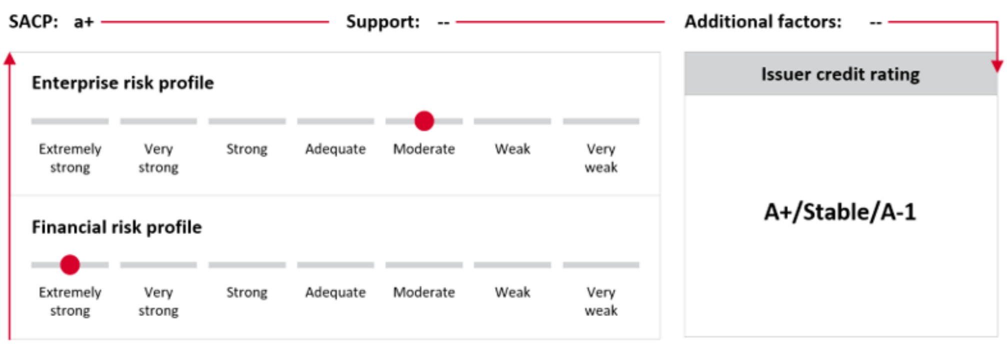
Ratings Score Snapshot



SACP--Stand-alone credit profile.

Overview

Enterprise risk profile	Financial risk profile
Growing presence in the region, though smaller than peers	High capitalization and liquidity
Pristine preferred creditor treatment (PCT) track record	Recent execution of an Exposure Exchange Agreement (EEA) and improvements in borrowers' creditworthiness that underpin stronger capital ratio
Shareholder commitment to the institution bolstered by approval of third general capital increase (GCI)	Capitalization supported by new paid-in capital from member countries and efforts to diversify lending
Enhanced operational and risk management capabilities in recent years; governance limited by concentration in five member countries	Strong liquidity buffers; expansion of capital markets activities and diversification of funding sources

Fonplata continues to expand its lending and products to support member countries' development and integration. It has been achieving its targets for many years, as reflected in increasing approvals and disbursements, with total outstanding loans growing by 20% on average between 2017-2024 to US$4.1 billion in 2025. While Fonplata mainly focuses on sovereign infrastructure financing, it has made inroads in nonsovereign financing and, more recently, introduced policy-based lending, which we think demonstrates its ability to respond to member countries' needs.

The institution has a pristine PCT track record, a key strength to its rating. We expect shareholders will continue to make timely debt service payments to Fonplata, including Bolivia, which has been under macroeconomic pressures.

At the same time, we expect continuity in shareholders' support and Fonplata's enhancements to risk management and operational capabilities. Shareholders have expressed their intention to maintain continuity in the growth strategy and increase lending diversification, specifically through loans to Brazil and Uruguay. Complementing this is the institution's approved capital increase of US$3.5 billion, with payments beginning in 2027, and comprehensive financial and risk management framework. In addition, the institution has strong liquidity buffers and has been shifting from being funded mostly with equity to borrowings, with efforts to diversify its borrowings base from MLI loans to market issuances.

We expect Fonplata's risk-adjusted capital (RAC) ratio will remain above 23%, supported by the third GCI and capital optimization instruments. The RAC ratio was 40.7% with financial statements as of December 2025 and rating parameters as of August 2026, boosted by the implementation of an EEA with Central American Bank for Economic Integration signed in November 2025. In addition, borrowers' creditworthiness recently improved. We expect that the pending 2024 capital installment of the second GCI from Bolivia will be paid in by the end of 2026.

Outlook

The stable outlook reflects our expectation that member countries will remain supportive of Fonplata and treat it as a preferred creditor as they remain current on their debt payments to the institution. We expect Fonplata will prudently manage its high capital levels and maintain ample and high-quality liquid assets.

Downside scenario

We could lower our ratings on Fonplata if shareholder support weakens--such as through persistent and significant delays in capital payments--or if members (such as Bolivia, which is facing severe macroeconomic imbalances) do not treat Fonplata as a preferred creditor. A deterioration in the institution's capital or liquidity could also prompt us to lower the ratings.

Upside scenario

We could upgrade the institution if it continues to expand its policy importance or mitigate its concentration through the incorporation of new members, while maintaining an extremely strong financial risk profile.

Enterprise Risk Profile

Policy importance

Fonplata has limited geographic scope and is smaller than other multilateral lending institutions (MLIs), but it has increased lending and bolstered shareholder support since its overhaul beginning in 2012. Fonplata was founded in 1974 by its five member countries--Argentina, Bolivia, Brazil, Paraguay, and Uruguay--through the ratification of the River Plate

Treaty. The bank's main objective is to reduce socioeconomic disparities in member countries, mainly through loans for small and midsize infrastructure projects. As a result, it's particularly active in municipalities and subregions of its members.

The institution's niche focus is to work with other funding organizations. It believes that the value it adds is as a reachable, agile bank that is close to its member countries and their needs.

Fonplata is well positioned to support its members during shock events. For example, in 2020, amid the COVID-19 pandemic, Fonplata's response included the approval of an emergency line that allowed borrowers to access financing with expedited procedures. It also allowed for the reassignment of resources and an economic recovery line to provide more beneficial financial conditions for certain projects and, ultimately, to help spur economic recovery.

All of Fonplata's members correspond to the customs union of Mercado Común del Sur (MERCOSUR), which enhances the institution's role as the financial arm of the group. The institution is in line with the goal of promoting MERCOSUR projects for regional integration, encompassing projects for enhancing logistics, communications, trade, and energy cooperation between members.

Fonplata is making progress shaping its policies and building operational capabilities while reaching its lending targets. Loan portfolio growth was 20%, on average, between 2017-2024, more than quadruplicating the size of the bank's balance sheet during this period--it was US$4.1 billion as of December 2025. The expansion comes partly from increasing the average ticket size of projects, but mostly from expanding the number of projects. Fonplata moderated approvals and disbursements in 2025 as part of its plan to balance policy importance with its financial sustainability.

In our view, the increase in approvals and disbursements reflects both Fonplata's capacity to respond to member countries' needs as well as the gradual strengthening of its presence in Latin America. We expect approvals to continue to rise, to an average of US$1 billion per year, in line with capital growth.

Fonplata has rebalanced its portfolio but continues to largely finance infrastructure projects in its five member countries. Member countries are exposed to environmental risks since natural disasters--such as river flooding, wildfires, and deforestation--can damage infrastructure. They also face social challenges, such as inadequate access to basic needs, including housing, education, and health care, in some areas.

Most of Fonplata's infrastructure projects are in transportation and aim to improve logistics for urban projects or regional integration. Projects like road building, road maintenance, and port infrastructure may be associated with higher environmental and social risks. Fonplata also lends to environmental and water sanitation projects. In line with its mandate to reduce inequality and promote inclusive development, it also finances key social sectors, including education, equity, and social inclusion projects.

The institution is working to reduce its exposure to environmental and social risks by improving social and environmental guidelines and tools while it receives technical assistance from larger MLIs. Furthermore, it developed a sustainable debt framework, published in December 2021, to apply to its bond issuances, and in 2023, it issued its first sustainability bond. The framework is expected to be updated by the end of 2026.

To strengthen its presence in the region and support larger ticket sizes, Fonplata has engaged in partnerships and cofinancing arrangements with other MLIs, such as Corporación Andina de Fomento (CAF). Fonplata also receives technical assistance from larger MLIs--such as the Inter-

American Development Bank, European Investment Bank (EIB), and Agence Française de Développement--which help align its social and environmental management with best practices. In 2018, Fonplata introduced a green fund facility to increase funding for climate change mitigation projects and formed partnerships with EIB and KfW Development Bank for green credit lines to finance energy efficiency and renewable energy projects.

As part of its effort to expand its toolkit, Fonplata has been implementing new instruments. Most recently, it introduced guarantees and Programmatic Institutional Loans (PPI). It added two types of guarantees to its sovereign portfolio--investment guarantees and policy-based guarantees--always backed by a sovereign counter-guarantee. The first operations are being performed in Argentina in 2026, for projects aiming to accelerate development of its northern region. For PPI, the institution introduced a policy-based lending instrument disbursing against verified reform milestones rather than specific expenditures. Both instruments are subject to a concentration cap of 40% per country and 30% portfolio wide measured as share of used lending capacity.

In 2022, Fonplata introduced flexible financing conditions. And in 2023, it created the National Emergency Facility, aimed at cases where a member declares a state of emergency. It is susceptible to established policy limits and there is a fast-track process for approval and disbursement. Different from other emergency facilities at other MLIs, there are no commitment charges because the facility is not a contingency credit line.

In 2019, it approved nonsovereign lending to public entities--as of December 2025, the portfolio consisted of loans with public banks and corporations in Brazil and Paraguay. Nonsovereign risk lending has certain limits-- 6% of total lending capacity and 1.2% by counterpart. The limit of the outstanding portfolio is 10% of total assets (it was 3% in December 2025).

We expect shareholders will continue to support Fonplata through capital installments. The first GCI, approved in 2013, was US$1.2 billion--30% of which was paid-in capital. Governors approved a second GCI in 2016 for US$1.4 billion, including US$550 million of capital paid in over seven yearly installments beginning in 2018.

In August 2025, the board of governors defined the terms of the third GCI. The new GCI will raise total paid-in capital to US$2.9 billion (US$2.4 billion from founding members and US$500 million from potential new members) from US$1.4 billion, with capital contribution installments starting in 2027 and lasting until 2036.

The institution received all capital installments from its last GCI round, except from Bolivia, which has delayed its US$10.4 million capital contribution due in 2024. But we expect Bolivia to make the payment over the next months.

Fonplata's earnings are exempt from corporate income tax, which contributes to higher net income.

During 2023, Argentina, prior to the change in government, sent a letter of intent to withdraw its membership, which was later reversed. If the withdraw had materialized, we think it could have signaled a deterioration of Fonplata's shareholder support and a harbinger of the bank's diminished policy importance because Argentina is a founding member and represents one-third of total subscribed capital.

This was offset somewhat by a joint note from Bolivia, Brazil, Paraguay, and Uruguay that year underscoring Fonplata’s role and policy importance. The implementation of another GCI also reinforced ongoing shareholder support.

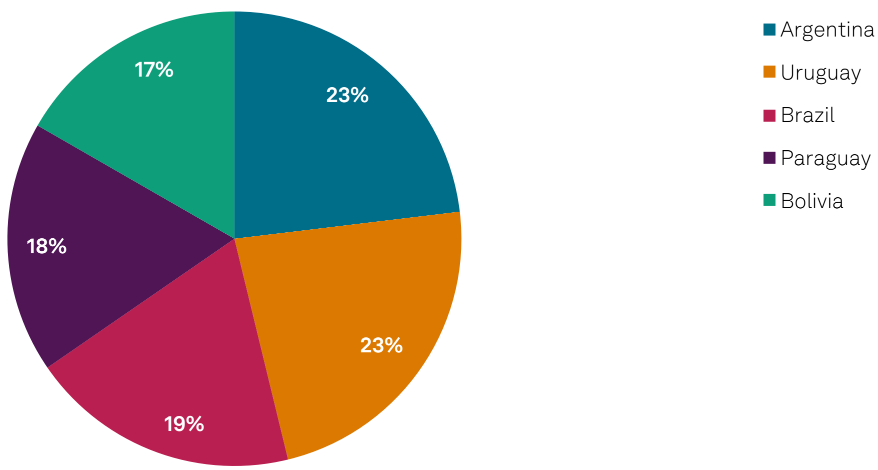
We expect Fonplata's borrowing members will continue to afford its preferential treatment. All members are current with their debt payments, and the calculated arrears ratio is zero because no country has gone into arrears with the institution for more than 180 days over the past 10 years.

That said, if shareholder support to the institution deteriorates, this could translate into heightened risk of a PCT event, which could significantly hurt the institution's financial and enterprise risk profiles given its concentration.

Chart 1

Fonplata--Five largest countries purpose-related exposures

(% of gross purpose-related assets plus guarantees)



Data as of December 2025.
Source: S&P Global Ratings.

Governance and management expertise

Constraining our assessment of Fonplata's enterprise risk is its shareholder concentration and, on average, lower ranking in governance indicators from its five borrowing members. We believe that this presents an agency problem, which, in an extreme scenario, could pose governance risks. Argentina and Brazil are the two largest shareholders, accounting for 67% of capital participation, combined. However, all member countries have equal voting rights, with all approvals and policies requiring four out of five votes.

Nonetheless, Fonplata continues to make efforts to enhance accountability and transparency in decision-making and strengthen its financial and risk management frameworks. It has set a conservative limit (at 3x equity) to manage growth in lending, and it has exposure limits by country, aiming to achieve a more balanced loan portfolio. It also has separate planning and risk functions. And its efficient structure provides flexibility and agility to incorporate enhanced procedures and technology in its operations.

Management is currently outlining its new strategic plan for 2027-2031. Shareholders expressed their intention to maintain continuity in Fonplata's growth strategy, and we believe the institution's leadership is an important indicator of the bank's institutional depth and operational resilience.

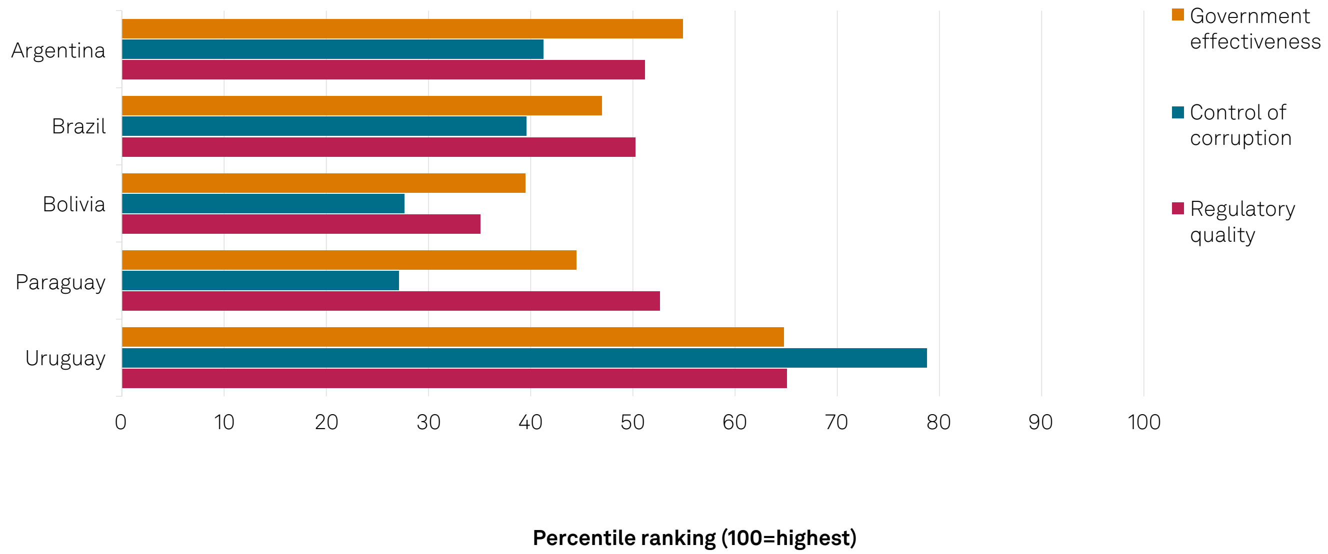
Adding new members may also support our view of Fonplata's governance. Notably, in November 2018, the board of governors approved the modification of its charter to promote its transition from financial fund to development bank and allow the incorporation of new shareholding members. Brazil, in June 2023, was the last of the current shareholders to approve the modification of the charter that, among other changes, allows the incorporation of new members.

Combined with its constitutive agreement, the third GCI allows for the incorporation of new shareholders with a maximum share of 18% of Fonplata's total capital. According to the constitutive agreement, the participation of the founding members in the capital of the institution may not be less than 51% of the authorized capital.

Chart 2

Fonplata--Five largest shareholders

Selected World Bank Governance indicators



WGI data as of December 2024.
Source: S&P Global Ratings.

Financial Risk Profile

Capital adequacy

Our base case assumes that planned paid-in capital increases until 2036 will remain supportive of capital adequacy. We expect that the RAC ratio will remain above 23% as it continues to consolidate its presence in the region, and assuming that Bolivia continues servicing its debt owed to Fonplata. The RAC ratio after MLI adjustments was 40.7

% with financial statements as of Dec. 31, 2025, and rating parameters as of August 2026, up from 32.4% in October 2025.

The boost in capital adequacy reflects the capital optimization instrument EEA signed with CABEI in November 2025. The EEA totals US$450 million, with a maximum limit of 50% of borrower exposure to be exchanged and a term of 15 years. Also, Fonplata has rebalanced its portfolio through a higher share of exposures to higher-rated members (Uruguay and Brazil) than in previous years.

In addition, the strengthened RAC ratio reflects earnings retention and the improved creditworthiness of its members, leading to a sovereign portfolio weighted average rating of 'BB'. In late 2025 and first half of 2026, the long-term foreign currency sovereign credit rating on Argentina was raised to 'B-' from 'CCC+', Bolivia to 'CCC+' from 'CCC-', and Paraguay to 'BBB-' from 'BB+'. As of December 2025, exposure by member country was 19% to Argentina, 13% to Bolivia, 14% to Paraguay, 17% to Uruguay, 21% to Brazil, 12% under the EEA (combining Nicaragua, El Salvador, Honduras, Panama, Dominican Republic), and 5% nonsovereign.

Table 1

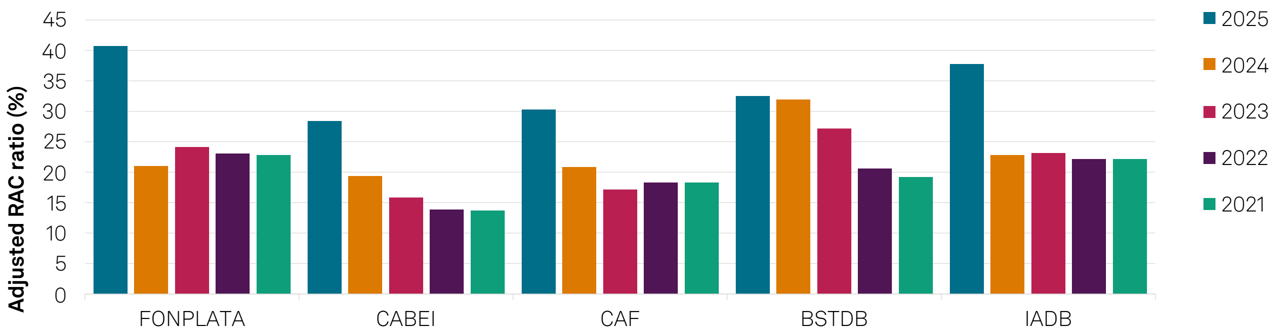
Fonplata--Risk-adjusted capital framework data: December 2025

(Mil.)	Exposure	S&P Global Ratings RWA	Average S&P Global Ratings RW (%)
Credit risk			
Government and central banks	4,152	3,871	93
Institutions	380	173	46
Corporate	55	81	147
Retail			
Securitization			
Other assets	8	20	246
Total credit risk	4,596	4,145	90
Market risk			
Equity in the banking book			
Trading book market risk			
Total market risk			
Operational risk			
Total operational risk		252	
Risk transfer mechanisms			
Risk transfer mechanisms RWA			
RWA before MLI adjustments		4,397	100
MLI adjustments			
Single name (on corporate exposures)		628	775
Sector (on corporate portfolio)		(21)	(3)
Geographic		(221)	(5)
Preferred creditor treatment (on sovereign exposures)		(2,914)	(75)
Preferential treatment (on FI and corporate exposures)		(19)	(7)
Single name (on sovereign exposures)		2,707	70
Total MLI adjustments		159	4
RWA after MLI adjustments		4,557	104
		Total adjusted capital	**S&P Global Ratings RAC ratio (%)**
Capital ratio before adjustments		1,852	42.1
Capital ratio after adjustments		1,852	40.7

MLI--Multilateral lending institutions. RW--Risk weight. RWA--Risk-weighted assets.

Chart 3

Fonplata--Risk-adjusted capital ratio peer comparison



2025 data as of December.
Source: S&P Global Ratings.

Funding

Fonplata is increasing its capital markets presence and diversifying its funding sources. Total adjusted equity to adjusted total assets was 45% as of December 2025, from 55% as of December 2024. Fonplata's static funding gap without loan disbursements at one year decreased to 2.3x as of December 2025 from 11.0x in December 2024. Nonetheless, we expect no significant funding gaps over the next two years.

The bank has made efforts to obtain better borrowing conditions. We have seen several positive developments as Fonplata is looking to diversify funding sources with other MLIs, bond issuances, and commercial bank loans. Moreover, it has been able to reduce spreads, issue in five different tenors (three, five, seven, 10, and 15 years), and perform issuances denominated in five different currencies (Swiss francs, Japanese yen, U.S. dollars, Australian dollars, and, most recently, in euros).

Fonplata's total funding significantly increased to US$2.2 billion in December 2025, from US$1.4 billion in December 2024, because of increased capacity of tapping the capital markets. As of August 2026, Fonplata has achieved about 80% of year funding, of which 95% has been raised in capital markets.

Fonplata's debt issuances since 2019 are:

- 2019: First bond in the international capital markets;
- 2021: Two issuances, plus approval of its sustainable debt framework to guide future issuances of green and social bonds as well as loans and other financial instruments;
- 2023: First issuances under the Sustainable Debt Framework;
- 2024: Four issuances across three transactions, all under its sustainable framework;
- End of 2024: US$2 billion medium-term note program, under which it has been issuing unsecured obligations and sustainable debt (up to U$1.25 billion issued as of August 2026);
- 2025: 13 issuances totaling US$620 million, six of which were sustainable issuances; and

- 2026 (through August): Seven issuances for a total of US$630 million, three of which were under its sustainable debt framework.

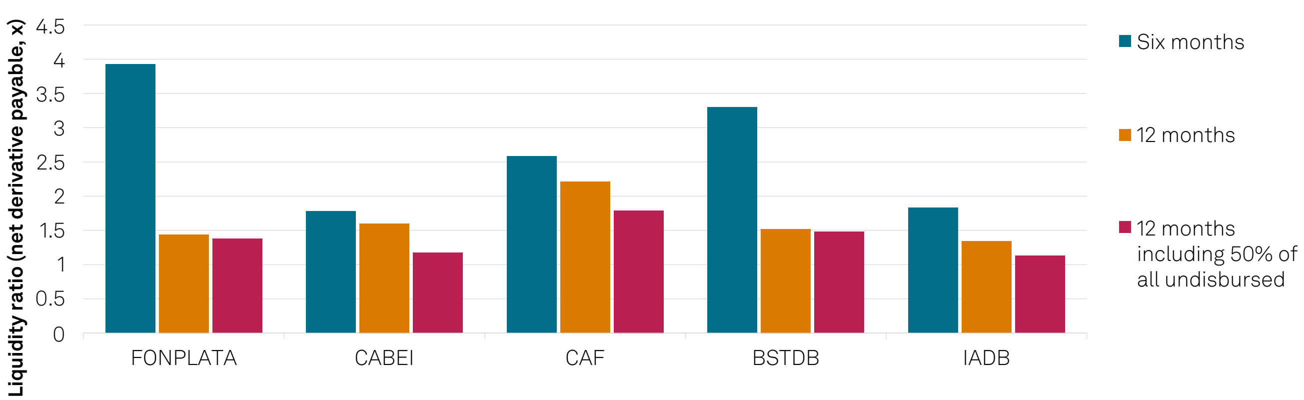
Aside from debt issuances, Fonplata's continues to hold credit lines from MLIs and commercial banks as funding sources. In 2026, Fonplata also secured its first syndicated credit facility, with an initial transaction of US$200 million, later increased by US$15 million. This adds to its relationship with commercial bank Banco Bilbao Vizcaya Argentaria S.A.--following a first loan in 2021 (matured in June 2026), the bank provided a second loan in November 2024 with a five-year maturity.

Liquidity

Liquidity remains high, supported by the implementation of conservative liquidity policies. Under those policies, it is required to maintain a minimum level of liquidity sufficient to cover all liability payments and disbursements over the next 12 months. It holds high-quality liquid assets, in compliance with its investment guidelines. Our calculations of liquidity incorporate stressed market conditions and assume no market access. Given December 2025 data, our 12-month liquidity ratio, accounting for the netted derivatives position, was 1.4x with scheduled loan disbursements, while the six-month ratio was 3.9x.

Chart 4

Fonplata--Liquidity stress test ratios peer comparison



FONPLATA, CABEI, CAF, and IADB data as of December 2025. BSTDB data as of June 2025.
Source: S&P Global Ratings.

Extraordinary Shareholder Support

The 'A+' issuer credit rating on Fonplata is equivalent to its stand-alone credit profile because the institution's shareholders have not provided it callable capital, and Fonplata's stand-alone credit profile is higher than the ratings on all of its shareholders.

Table 2

Fonplata--Selected indicators

	2025	2024	2023	2022	2021
ENTERPRISE PROFILE					
Policy importance					
Total purpose-related exposure (loans, equity, etc.) (mil.)*	2,591	2,382	1,877	1,761	1,520
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	95.0	94.6	95.0	95.7	95.3
Private-sector loans/purpose-related exposures (%)	4.9	5.4	5.0	4.3	4.7
Gross loan growth (%)	8.8	26.9	6.6	15.9	21.4
Preferred creditor treatment ratio (%)	0.0	0.0	0.0	0.0	0.0
Governance and management expertise					
Share of votes controlled by eligible borrower member countries (%)	100	100	100	100	100
Concentration of top two shareholders (%)	66.6	66.6	66.6	66.6	66.6
Eligible callable capital (mil.)	0	0	0	0	0
FINANCIAL RISK PROFILE					
Capital and earnings					
RAC ratio (%)	40.7	21.0	24.1	23.0	22.8
Net interest income/average net loans (%)	4.8	6.0	5.7	2.9	2.2
Net income/average shareholders' equity (%)	5.3	6.0	6.4	3.8	2.1
Impaired loans and advances/total loans (%)	0.0	0.0	0.0	0.0	0.0
Liquidity ratios					
Liquid assets/adjusted total assets (%)	35.6	23.6	26.5	23.8	22.3
Liquid assets/gross debt (%)	66.9	54.3	66.7	57.1	51.9
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivative payables) (x)	3.9	2.5	1.5	2.1	2.7
12 months (net derivative payables) (x)	1.4	1.3	1.0	1.0	1.5
12 months (net derivative payables) including 50% of all undisbursed loans (x)	1.4	1.3	0.8	1.0	1.6
Funding ratios					
Gross debt/adjusted total assets (%)	53.3	43.4	39.8	41.7	43.0
Short-term debt (by remaining maturity)/gross debt (%)	16.7	3.4	30.4	10.7	7.1
Static funding gap (without planned disbursements)					
12 months (net derivative payables) (x)	2.3	11.0	2.3	1.0	1.3
Summary balance sheet					
Total assets (mil.)	4,087	3,177	2,640	2,337	2,157
Total liabilities (mil.)	2,235	1,427	1,091	1,008	952
Shareholders' equity (mil.)	1,852	1,750	1,550	1,329	1,205

*Not including committed disbursements. PCT--Preferred creditor treatment. RAC--Risk-adjusted capital. N.A.--Not available.

Table 3

Fonplata--Peer comparison

	FONPLATA	CABEI	CAF	BSTDB	IADB
Issuer credit ratings	A+/Stable/A-1+	AA+/Stable/A-1+	AA+/Stable/A-1+	BBB+/Stable/A-2	AAA/Stable/A-1+

Fonplata--Peer comparison

	FONPLATA	CABEI	CAF	BSTDB	IADB
Total purpose-related exposure (mil. $)	2,591	12,385	39,535	1,538	119,385
Preferred creditor treatment ratio (%)	0.0	0.0	5.6	N.A	1.7
Risk adjusted capital ratio (%)	40.7	28.4	30.3	32.5	37.7
Liquidity ratio 12 months (net derivative payables; %)	1.4	1.6	2.2	1.2	1.3
Funding gap 12 months (net derivative payables; %)	2.3	1.9	2.8	4.9	1.2

FONPLATA, CABEI, CAF, and IADB data as of December 2025. BSTDB--PRE and funding ratio as of June 2025, rest all data as of December 2025. N.A--Not Applicable. Source: S&P Global Ratings.

Rating Component Scores

Enterprise Risk Profile	Extremely strong	Very strong	Strong	Adequate	**Moderate**	Weak	Very weak

Policy Importance	Very strong	**Strong**	Adequate	Moderate	Weak

Governance and Management	Strong	Adequate	**Weak**

Financial Risk Profile	**Extremely strong**	Very strong	Strong	Adequate	Moderate	Weak	Very weak
Capital Adequacy	**Extremely strong**	Very strong	Strong	Adequate	Moderate	Weak	Very weak

Funding and Liquidity	Very strong	**Strong**	Adequate	Moderate	Weak	Very weak

Related Criteria

- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology , May 5, 2026
- Criteria | Governments | General: Multilateral Lending Institutions And Other Supranational Institutions Ratings Methodology , Oct. 13, 2025
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings , Oct. 10, 2021
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings , April 7, 2017
- General Criteria: Principles Of Credit Ratings , Feb. 16, 2011

Related Research

- FONPLATA Upgraded To 'A+' On Criteria Revision; Outlook Stable, Nov. 7, 2025

Ratings Detail (as of August 31, 2026)*
FONPLATA

Ratings Detail (as of August 31, 2026)*		
Issuer Credit Rating		
Foreign Currency		A+/Stable/A-1
Senior Unsecured		A+
Senior Unsecured		A-1
Issuer Credit Ratings History		
07-Nov-2025	*Foreign Currency*	A+/Stable/A-1
30-Jan-2024		A/Stable/A-1
05-May-2023		A/Negative/A-1
27-Sep-2021		A/Stable/A-1

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.