



Banco de Desarrollo

Institutional Presentation

October 2019



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FONPLATA

Development Bank

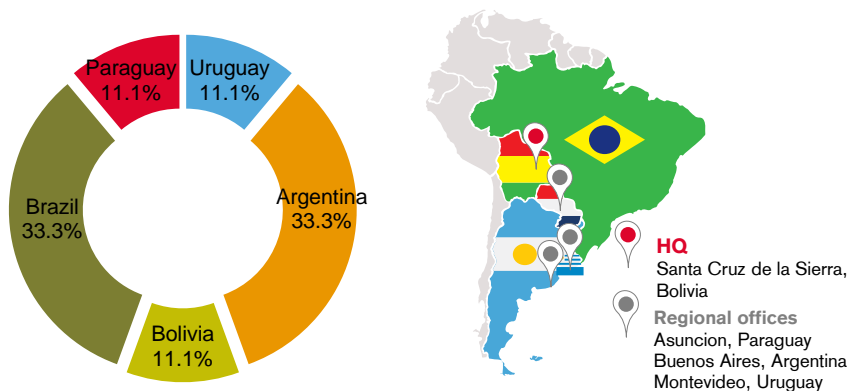
Institutional Overview

FONPLATA at a Glance

Overview

- FONPLATA is a multilateral development bank. Consistent with its mission, it provides financing through loans and grants to support economic and social development to its member countries (Argentina, Bolivia, Brazil, Paraguay and Uruguay), with an aim of helping reduce socioeconomic differences
- FONPLATA was founded in 1974 by its five member countries, established by the *Tratado de la Cuenca del Plata*, and governed by the Vienna Convention
- FONPLATA is based in Santa Cruz de la Sierra and enjoys immunity of jurisdiction and exemption of taxes
- FONPLATA's loans are sovereign-guaranteed financings
- Preferred status: FONPLATA receives preferred creditor treatment granted by its borrowing members
- FONPLATA's authorized and subscribed capital is US\$ 3,014 million
- Rated A2/A- by Moody's & S&P since 2016
- FONPLATA's inaugural bond issuance was for CHF 150MM in March 2019 due 2024

Shareholders and Member Countries

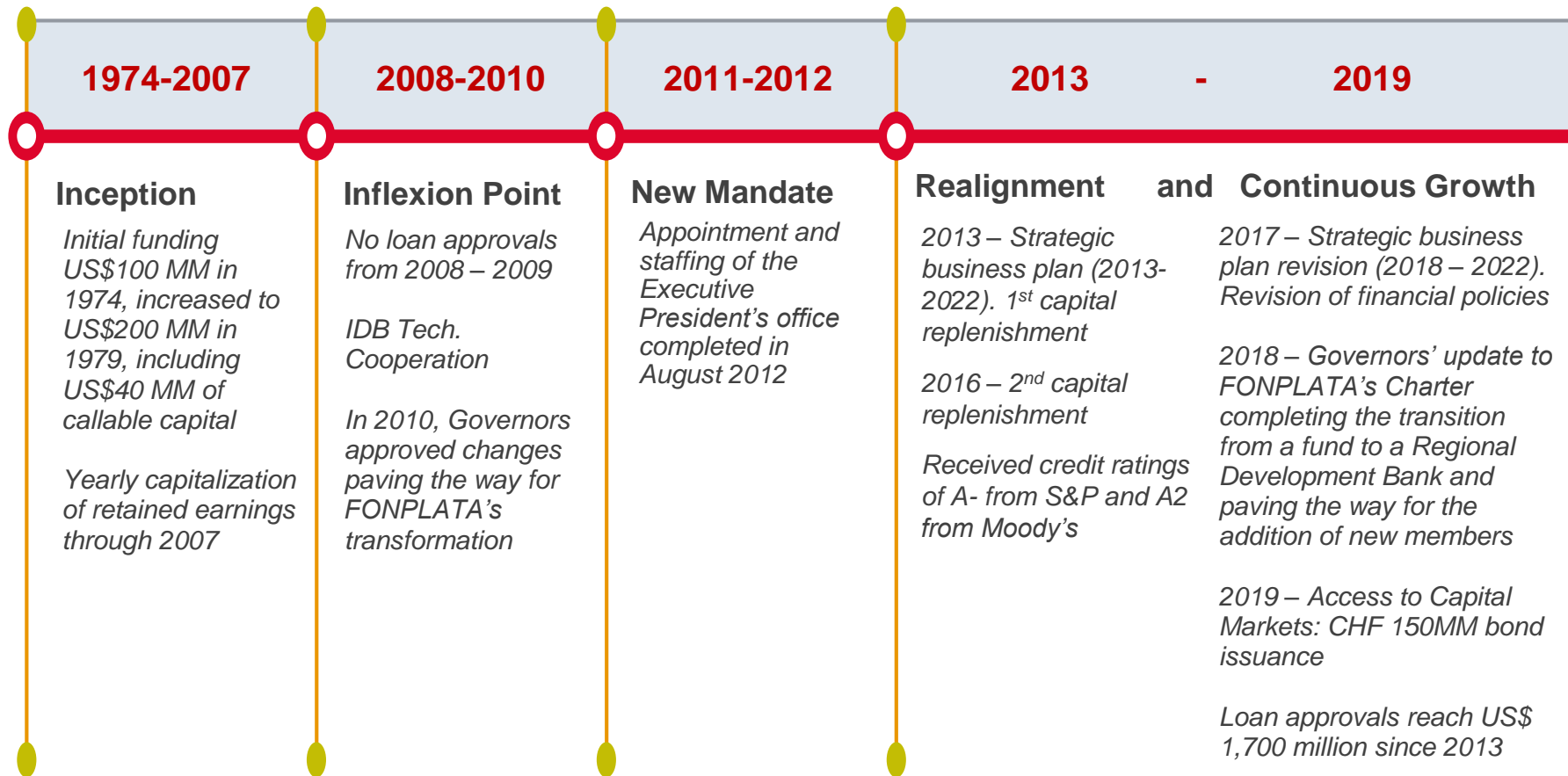


Financial Highlights

| (in US\$ millions) | 2016 | 2017 | 2018 | % CAGR ¹ | 2Q 2018 | 2Q 2019 | % |
|-------------------------|-------|-------|---------|---------------------|---------|---------|-------------|
| Income Statement | | | | | | | |
| Total interest income | 20.5 | 27.5 | 40.4 | 40.4% | 18.1 | 26.6 | 47.0 |
| Net interest income | 20.5 | 26.8 | 37.7 | 35.6% | 17.1 | 22.9 | 33.9 |
| Net income | 14.8 | 20.1 | 26.6 | 34.1% | 11.7 | 18.7 | 59.8 |
| Balance Sheet | | | | | | | |
| Total Assets | 758.6 | 851.6 | 1,042.9 | 17.3% | 976.9 | 1,239.1 | 26.8 |
| Gross loans | 543.8 | 662.0 | 799.4 | 21.2% | 687.0 | 855.2 | 24.5 |
| Total net equity | 733.0 | 815.8 | 952.9 | 14.0% | 883.3 | 996.9 | 12.9 |
| Key Ratios | | | | | | | |
| NPLs / Gross loans | 0.0% | 0.0% | 0.0% | | 0.0% | 0.0% | |
| Liquidity ratio | 27.8% | 21.5% | 22.5% | | 28.9% | 30.0% | |
| Equity / Total Assets | 96.6% | 95.8% | 91.4% | | 90.4% | 80.5% | |

FONPLATA's Journey

From a Financial Fund to a Full-Fledged Regional Development Bank



FONPLATA's Core Pillars and Business Strategy

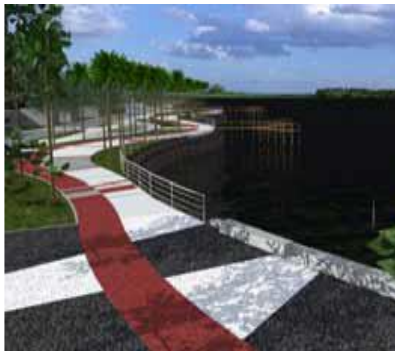
Business Strategy

- Small-to-medium-sized projects, with an average US\$50-60mm loan ticket size
- Special focus on vulnerable zones, border regions and integration
- Proportional participation of member countries in loan portfolio
- Target sectors:
 - Road Infrastructure
 - Environment
 - Sanitation & Water
 - Social Infrastructure
 - Disaster risk reduction
 - Logistics
 - Urban development in small cities
 - Sustainable Energy

Improving Prevention and Control Against Chagas Disease in the North of Argentina



Fostering Corumbá's Urban Development in Brazil



Enabling Countries' Integration Through Infrastructure Investments, Such as the Pilar Port in Paraguay



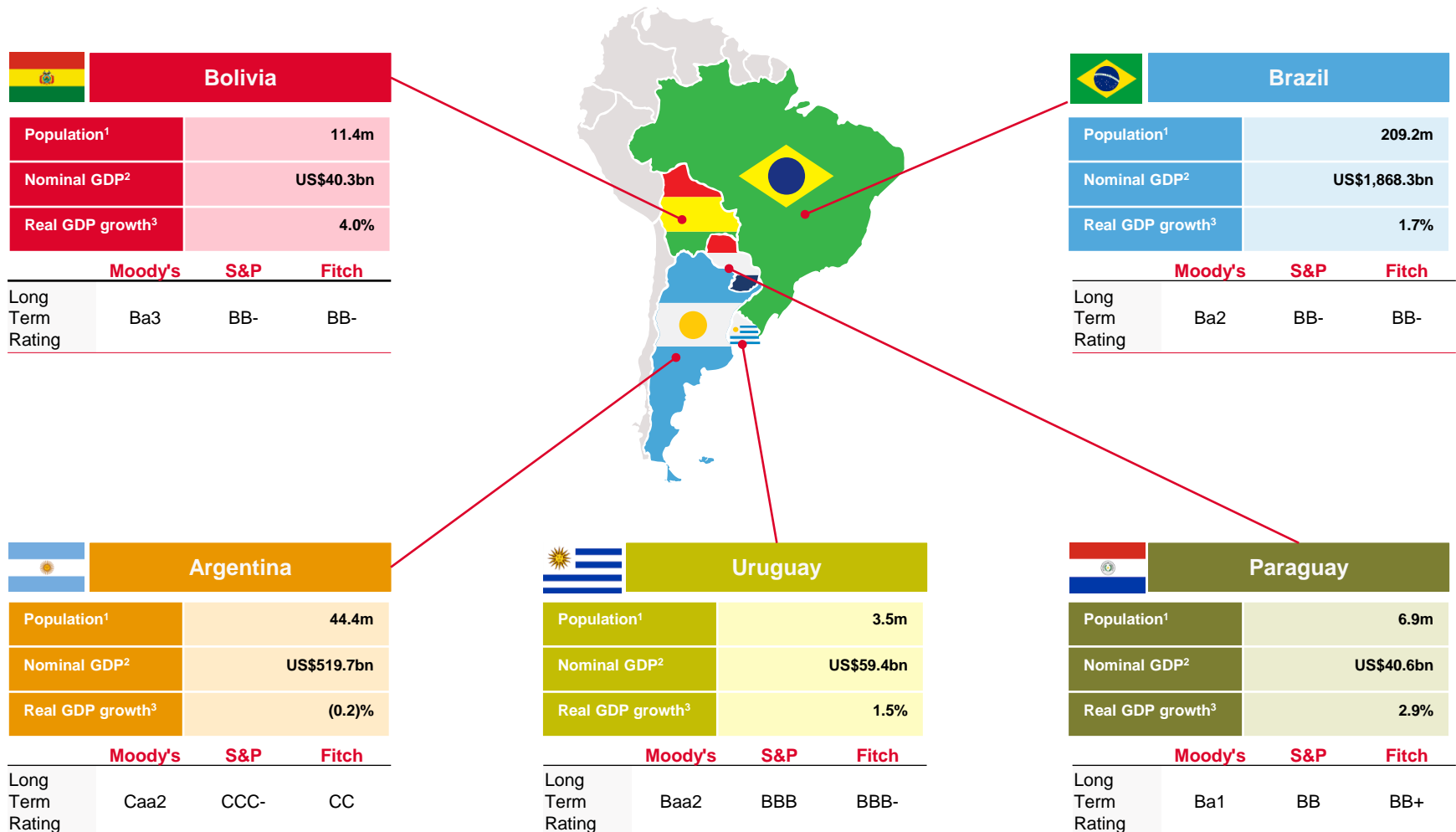
Five Strategic Pillars

- Institutional efficiency
- Functional specialization
- Strategic complementarity
- Focus on the value to member countries
- Financial strength and growth in loan capacity

In addition to lending, FONPLATA provides technical assistance grants for capacity building among member states

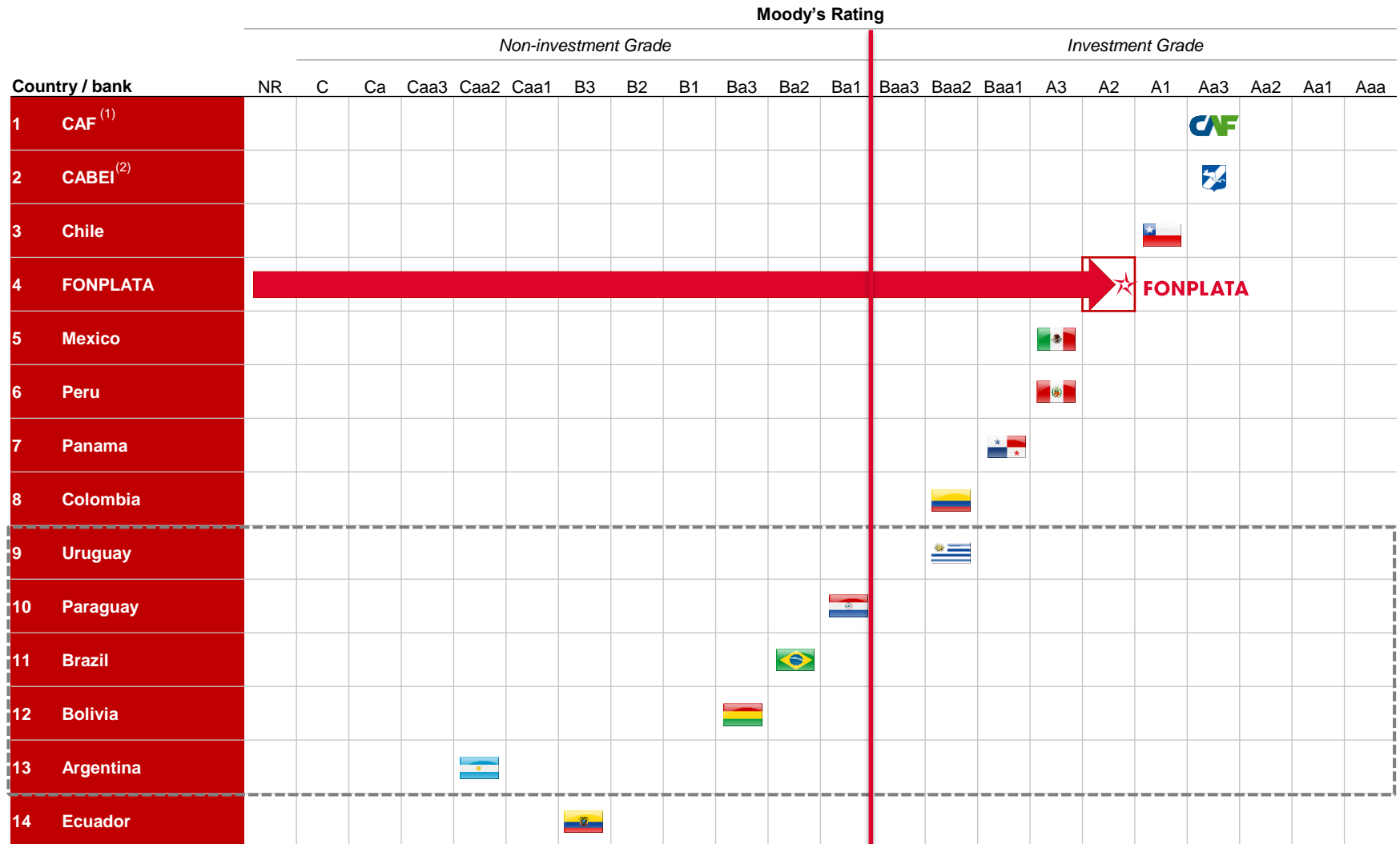
Well-Positioned for Opportunities in Growing Economies

Key Statistics



Geographic region covers nearly three-quarters of South American landmass

FONPLATA's Credit Risk Rating is Among the Best in Latin America



FONPLATA's Rating Trajectory

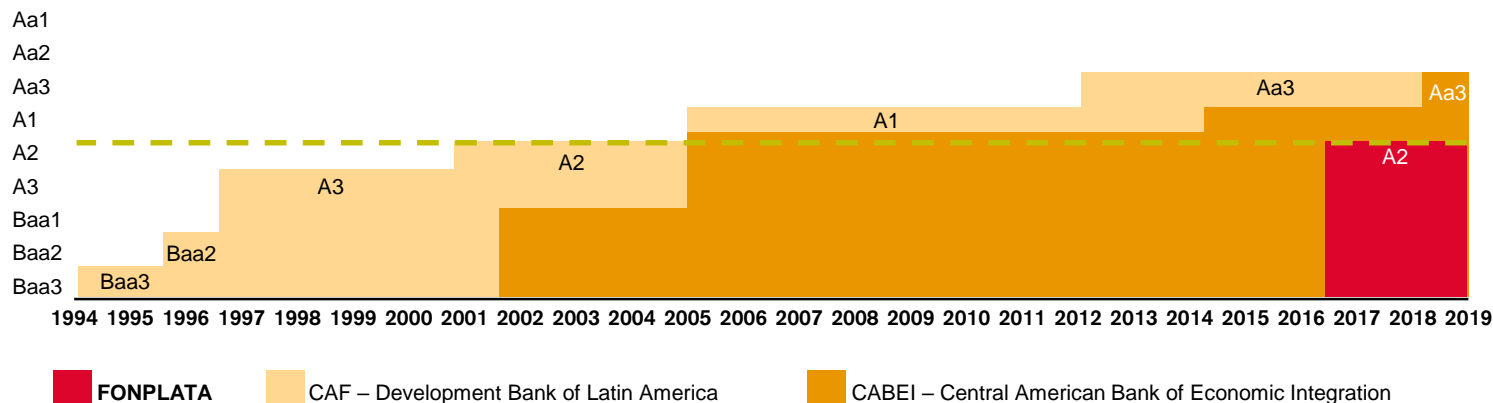
Moody's

Moody's

FONPLATA's
long-term issuer
rating:

A2

- Outlook:
Stable
- Last affirmed:
Jun. 13, 2019



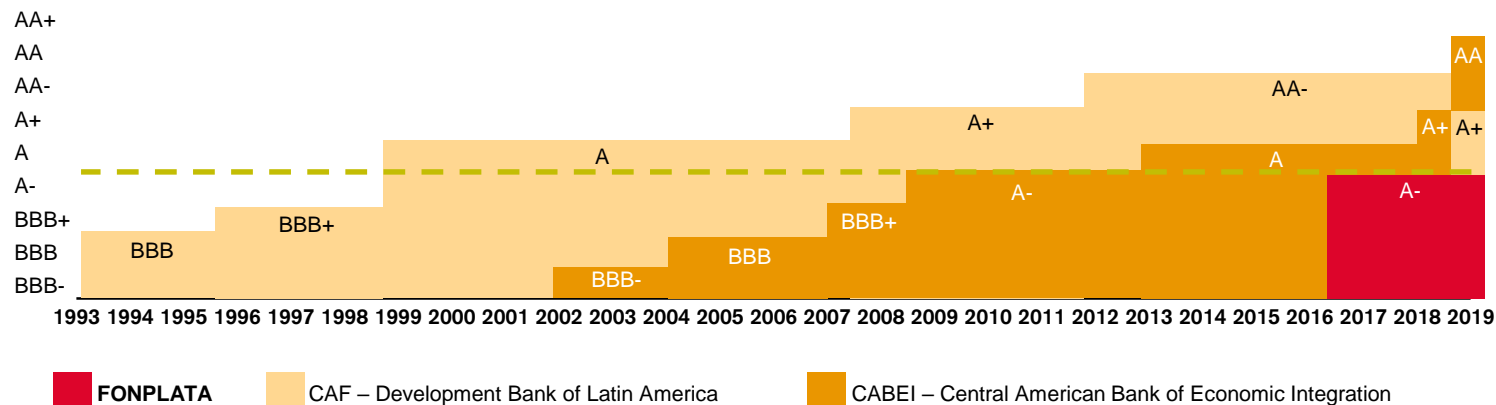
S&P

S&P Global
Ratings

FONPLATA's
long-term issuer
rating:

A-

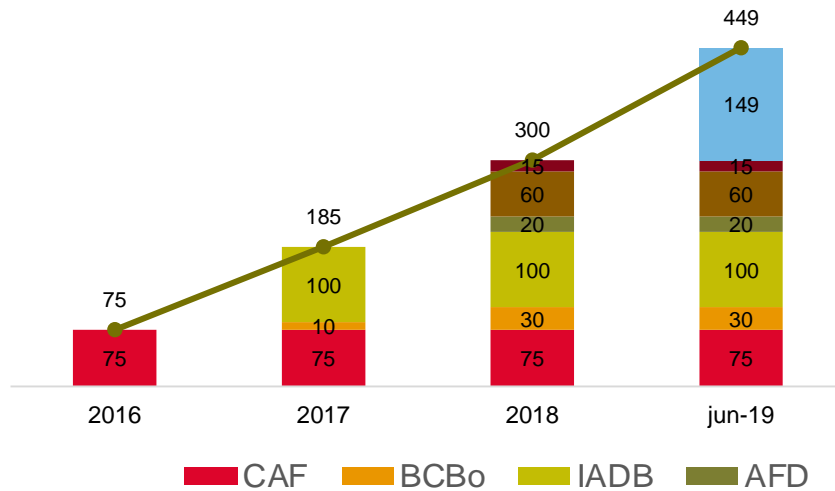
- Outlook:
Positive
- Last affirmed:
Sep. 25, 2019



FONPLATA's Medium Term Debt Strategy

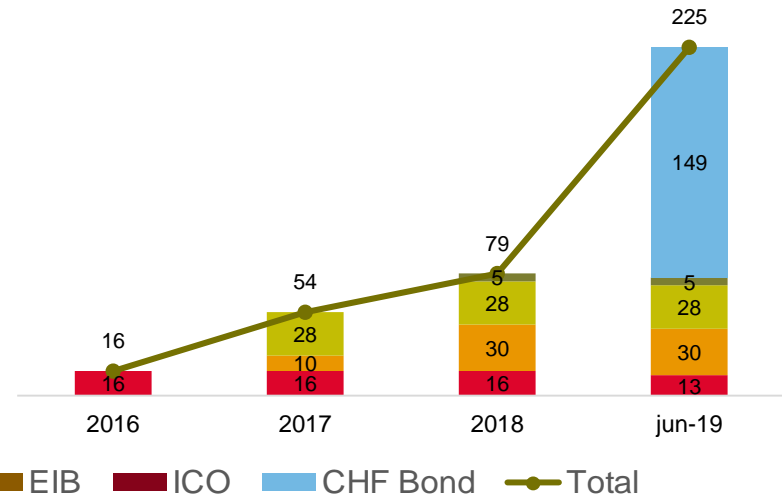
Signed Borrowings

(in US\$ millions)

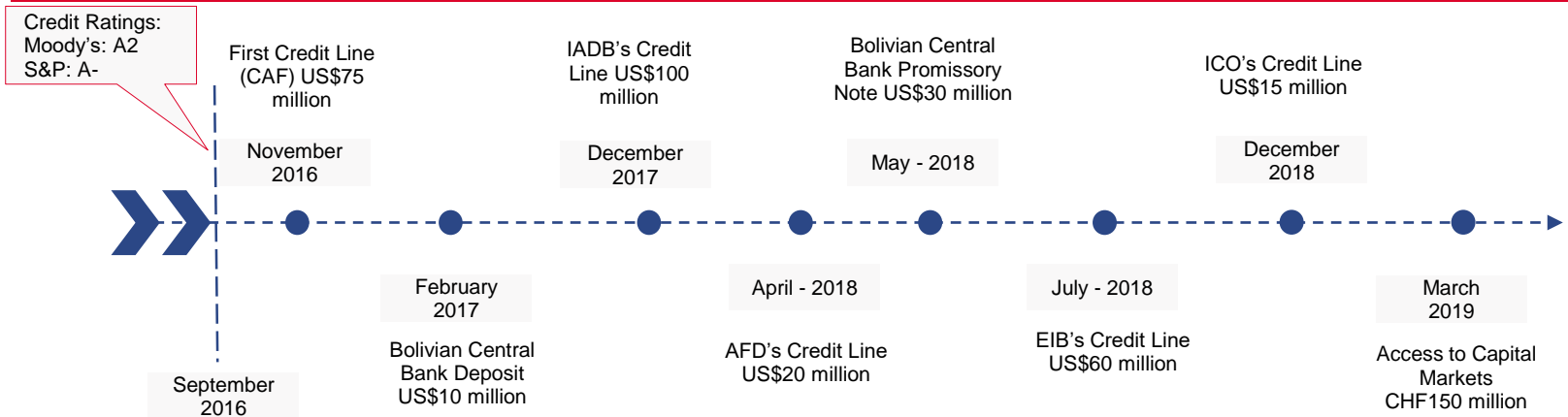


Outstanding Borrowings¹

(in US\$ millions)



Medium Term Debt Strategy Execution Timeline



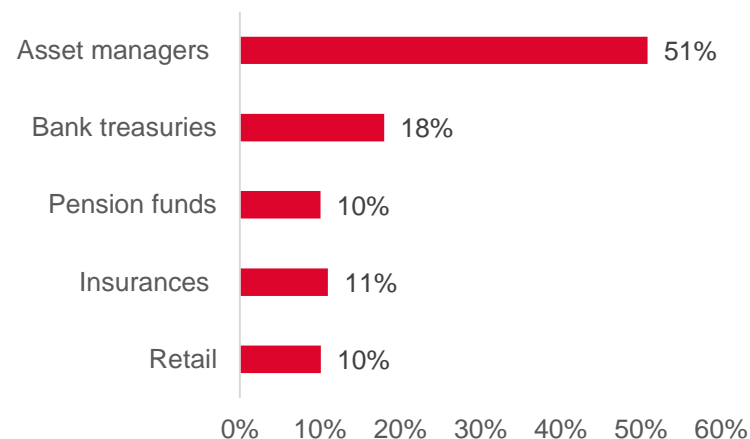
FONPLATA's Inaugural Bond Issuance

CHF 150m 0.578% Inaugural Bond Issuance Due March 2024

Deal at a Glance

| | |
|----------------------------------|--|
| Issuer | FONPLATA |
| Issuer Rating | Moody's: A2 (stable) S&P: A- (stable) |
| Type | Senior unsecured |
| Transaction Size | CHF 150mm |
| Maturity | March 11, 2024 |
| Coupon | 0.578% |
| Spread at Launch | MS+90bps |
| Launch & Pricing Date | February 11, 2019 |
| ISIN | CH0463112042 |
| Listing | SIX Swiss Exchange |
| Documentation | Stand-alone |
| Bookrunners | UBS AG, Credit Suisse AG |

Distribution by Investor Type



Transaction Highlights

- Investor marketing conducted during a two-day roadshow, with a senior delegation led by the Executive President
- Oversubscribed book with total demand over CHF200mm which allowed the issuer to price the targeted size of CHF150mm at the tight end of the pricing range
- First transaction out of the LatAm region in the CHF market in 2019



Credit Highlights

FONPLATA's Strengths: Credit Highlights



1

High quality governance with commitment and responsibility to social and environmental issues

- ✓ Robust governance structure with clear accountability and reporting lines
- ✓ Focus on projects aimed at sustainable development impacting more than one member country
- ✓ Firm commitment to the UN's Sustainable Development Goals, to climate change and the sustainable use of natural resources

2

Continuous shareholders' support

- ✓ Stable relationship with its shareholders
- ✓ 6-fold increase of subscribed capital in the last 5 years to increase lending capital
- ✓ Willingness to incorporate new members, entailing further commitment to regional development

3

Focus on risk management

- ✓ Updated governance and risk management procedures
- ✓ Prudent financial policies and risk tolerance
- ✓ Ensures continuous development, implementation and application of multiple controls in managing exposures to all type of risks

4

Strong financial position with superior capitalization and ample liquidity

- ✓ FONPLATA's solid capitalization is reflected in its capital adequacy ratio which stood at 117% in June 2019, well above the 35% minimum required by financial policies
- ✓ Track record for having funds available to fulfill all applicable obligations

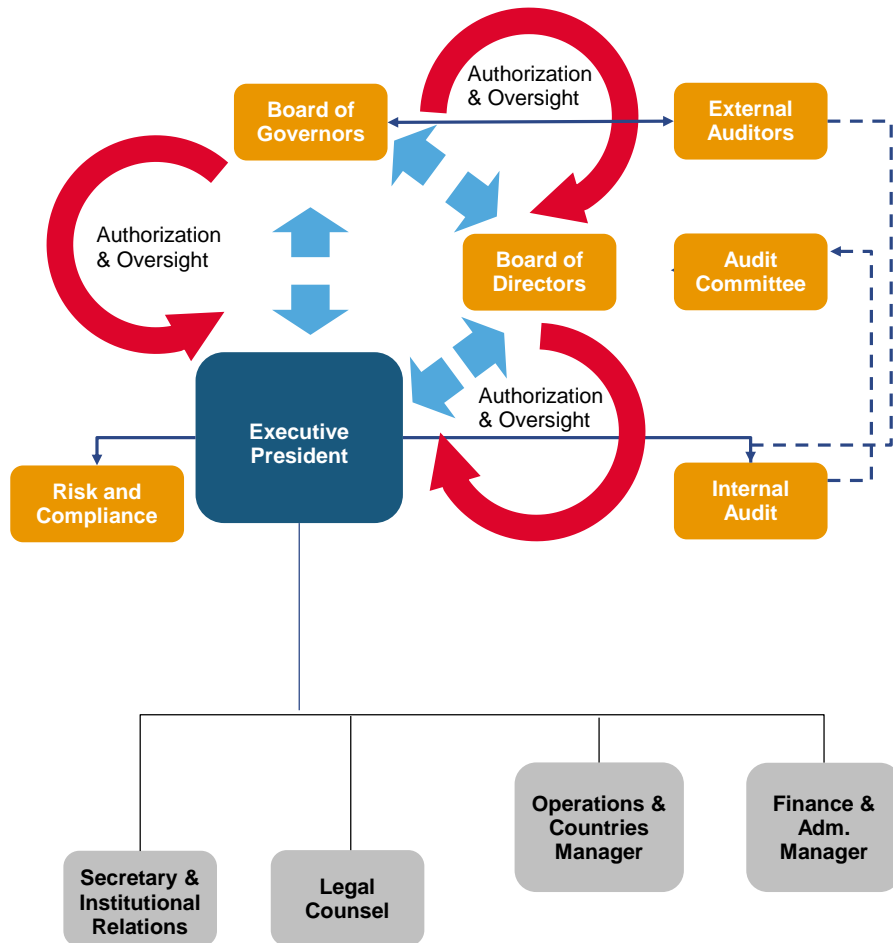
5

Sound financial performance supported by high-quality assets

- ✓ Preferred creditor treatment. Key factor behind FONPLATA's historically superior asset performance
- ✓ In FONPLATA's history, all loans have been fully paid by its member countries

1 Robust Governance Structure

Supervisory Body



Overview of Functions

Board of Governors (BoG):
Finance or planning ministers of member countries

- Key functions include admission of new members, capital structure changes, Board of Directors and Charter modifications
- Appoints external auditors, approves the audited financial statements, the administrative and capital budgets, and the allocation of net income

Board of Executive Directors:
Representatives of member countries

- Approves credit operations, policies, and authorizes financial obligations
- Approves structural modifications at executive level and reviews administrative and capital budgets before submission to BoG

Executive President:
Appointed for a 5 year period by the Board of Governors

- Highest authority responsible for FONPLATA's overall supervision and management
- Leads all the operational areas
- Appoints/terminates staff
- Can approve credit operations up to US\$ 5 million

Audit Committee:
Chaired by one of the Executive Directors, integrated by the Board of Directors

- Reviews FONPLATA's annual report and financial statements, with the corresponding external auditor's opinion, before submission to Board of Governors
- Current External Auditors: PricewaterhouseCoopers

1 Strong Commitment and Responsibility to Social and Environmental Issues

Smog Reduction Through the Implementation of Bike Ways



Rehabilitation of Damaged Infrastructure, Emergency Housing for Affected Population as a Result of *El Niño* Climate Effects



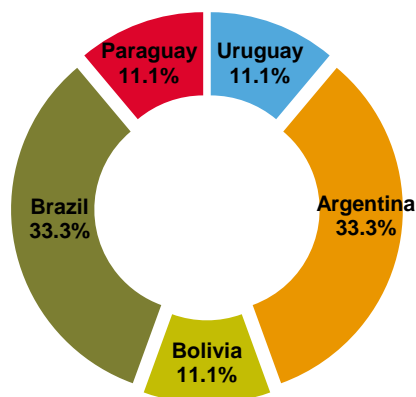
- Environmental and social policy with a rigorous fulfillment of top international standards
- FONPLATA has been working closely with institutional partners and has received technical assistance from the AFD, EIB and IADB, to align its policies and procedures to best practices on social and environmental management
- In 2018, FONPLATA introduced a Green Fund facility to spearhead the financing of green projects

SUSTAINABLE DEVELOPMENT GOALS



2 Continuous Shareholders' Support

Shareholders Breakdown

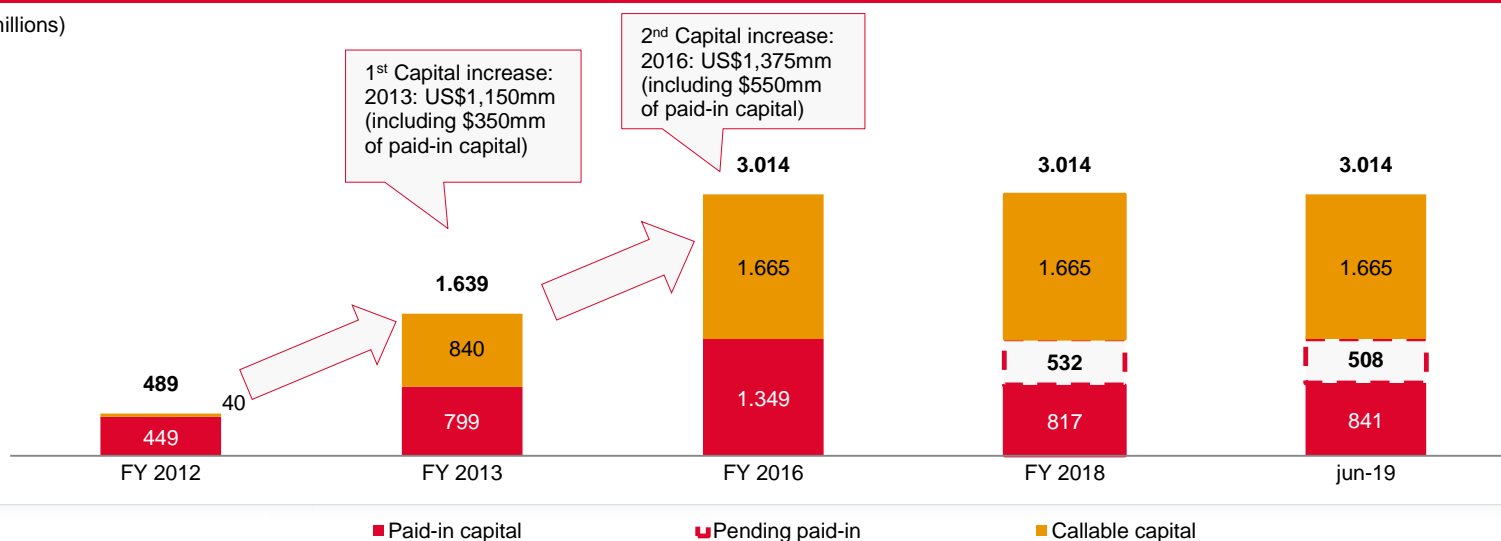


Capital Increases in Support of FONPLATA's Expansion Plan

- Following FONPLATA's 2010 reform, shareholders approved its first general capital increase in 2013 for US\$1,150mm, of which US\$350mm was paid-in capital, with annual installments beginning in 2014 and ending in 2018
- Shareholders approved the second capital increase in 2016, for US\$1,375mm, including US\$550mm of paid-in capital to be integrated on 9 annual installments beginning in 2018
- As of June 30, 2019, members are up-to-date on the payment of their capital contributions with FONPLATA
- Solid capital base: US\$1,665mm of "callable capital", which serves as an additional cushion as FONPLATA is legally entitled to call upon these funds if needed

Capital Breakdown

(US\$, in millions)



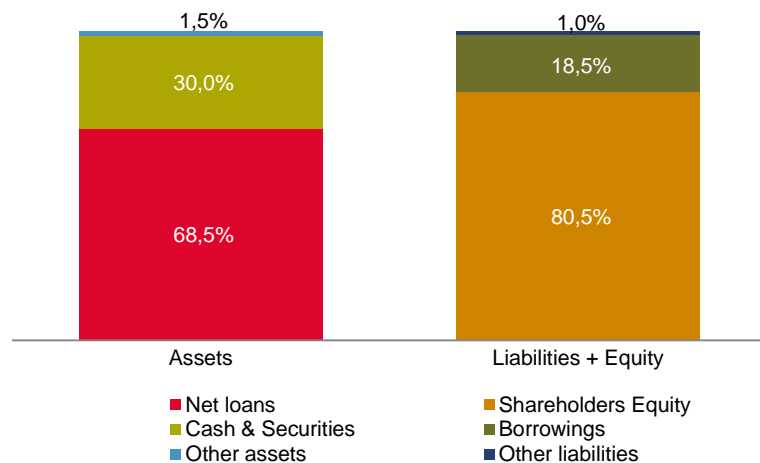
3 Focus on Risk Management

| Risk | Source of Exposure | Measurement | Risk Management |
|---|--|--|--|
| Market Risk – Exchange Risk | <ul style="list-style-type: none"> Risk that financial assets and liabilities are denominated in currencies other than US\$ (functional currency) | <ul style="list-style-type: none"> N/A | <ul style="list-style-type: none"> All loan and investment transactions, as well as 99% of liabilities are denominated in U.S. dollars, which constitutes FONPLATA's functional currency |
| Market Risk – Interest Rate Risk | <ul style="list-style-type: none"> Risk of fluctuations in lending and borrowing rates applicable to FONPLATA's loans and debt | <ul style="list-style-type: none"> Sensitivity analysis | <ul style="list-style-type: none"> FONPLATA has established policies for the determination of interest rates, allowing it to mitigate the potential effects of interest rate fluctuations FONPLATA seeks to minimize the negative impact of potential mismatches on the duration of the loan portfolio and the debt incurred to finance such loans (ALM policy) Floating rate base (6M US\$ Libor + Spread) |
| Market Risk | <ul style="list-style-type: none"> Risk of significant variation in assets' value given market price movements | <ul style="list-style-type: none"> All bonds available for sale bonds are marked to market | <ul style="list-style-type: none"> Bonds available for sale are monitored on a regular basis and are a small percentage of the investment portfolio |
| Credit Risk | <ul style="list-style-type: none"> Loans and investment portfolio | <ul style="list-style-type: none"> Arrears analysis Credit risk analysis Loan loss provision | <ul style="list-style-type: none"> Guidelines that require diversification of financial assets and applicable limits for concentration of credit risk applied to member countries Sovereign guaranteed loans only |
| Liquidity Risk | <ul style="list-style-type: none"> Risk originated in the inability of the institution to meet its obligations | <ul style="list-style-type: none"> Forward liquidity scenario analysis Liquidity position monitored on a daily basis | <ul style="list-style-type: none"> Minimum required level of liquidity defined by the liquidity policy (12 months period), monitored formally on a monthly basis |

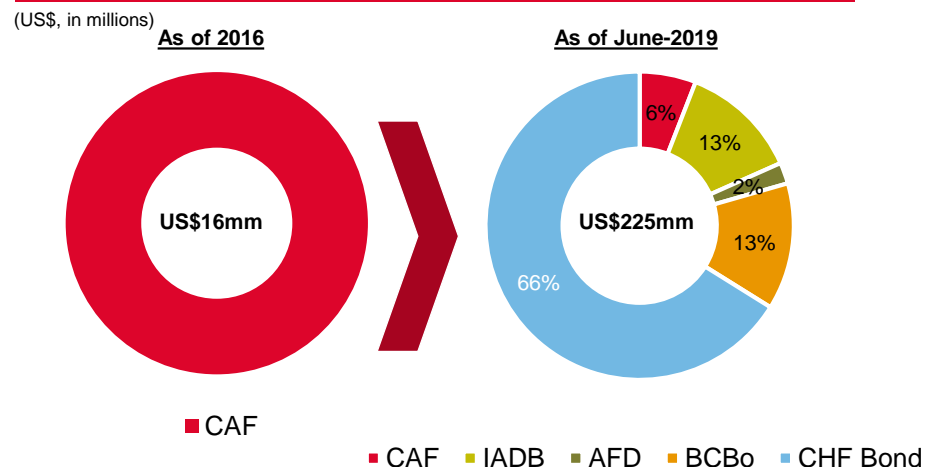
Financial policies are conservative to ensure prudent risk tolerance

4 Strong Financial Position

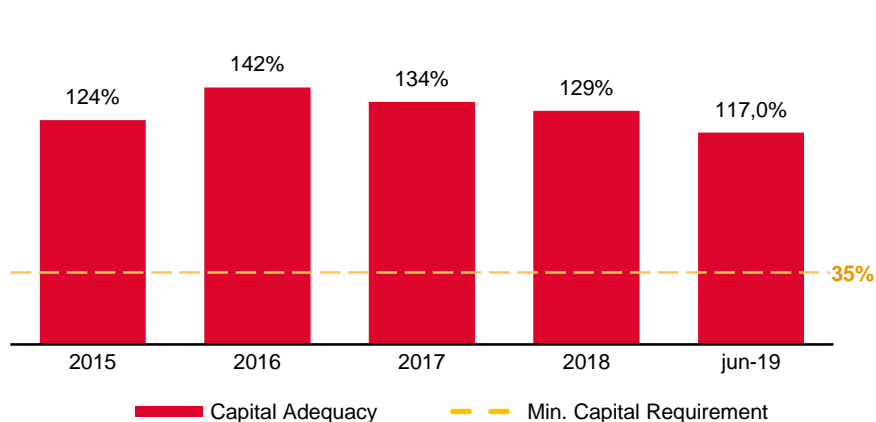
Balance Sheet Composition...



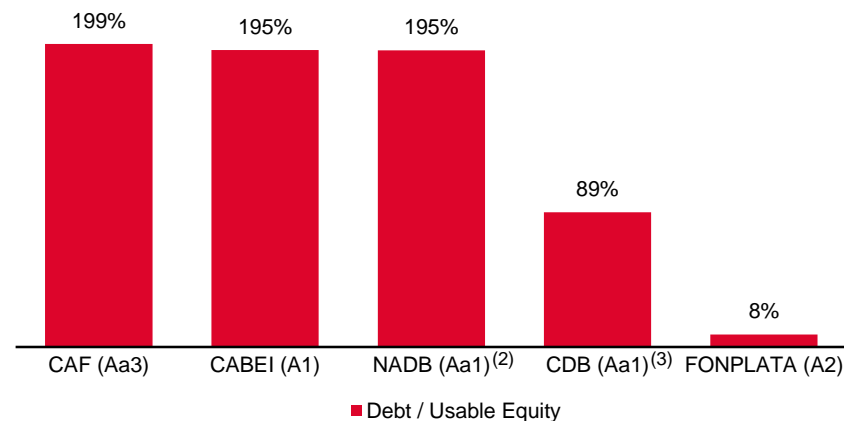
...with a Track Record of Diversifying Funding Sources⁽¹⁾...



...a Strong Capital Adequacy Standing, Well Above Requirements...



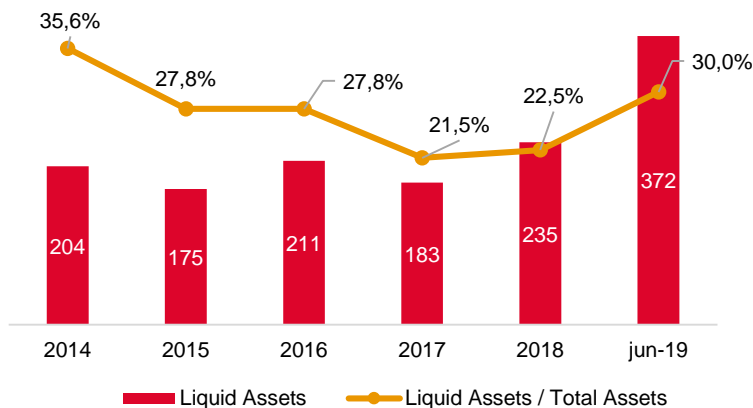
...and a Low Leverage Profile Versus Peers⁽⁴⁾



4 Prudential Liquidity Management

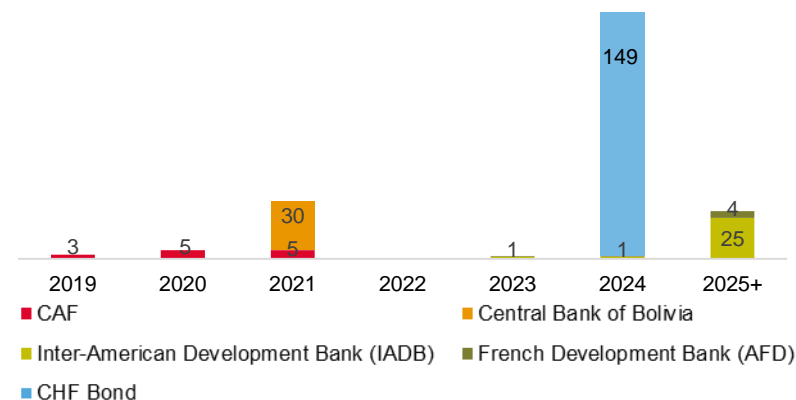
Liquidity Evolution

(US\$, in millions)



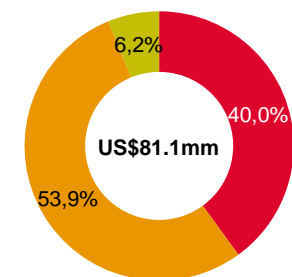
Debt Maturity Profile

(US\$, in millions)

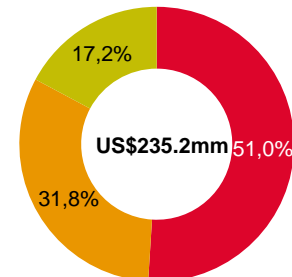


Investment Portfolio by Asset

Investments in time deposits⁽¹⁾



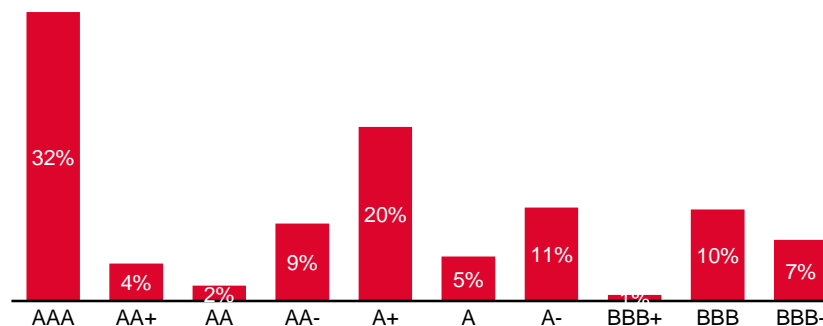
Investment in other values⁽²⁾



■ Sovereign
■ Multilateral development institutions
■ Financial institutions

■ Sovereign
■ Multilateral development institutions' bonds
■ Financial sectors bonds

Investment Portfolio by Credit Rating ⁽³⁾



Liquidity in June 2019 exceeded the liquidity required to fulfill all applicable obligations for the next 12 months, in line with FONPLATA's internal policy

Source: FONPLATA as of June 30, 2019.

(1) Investments correspond to time deposits with original maturities greater than 3 months.

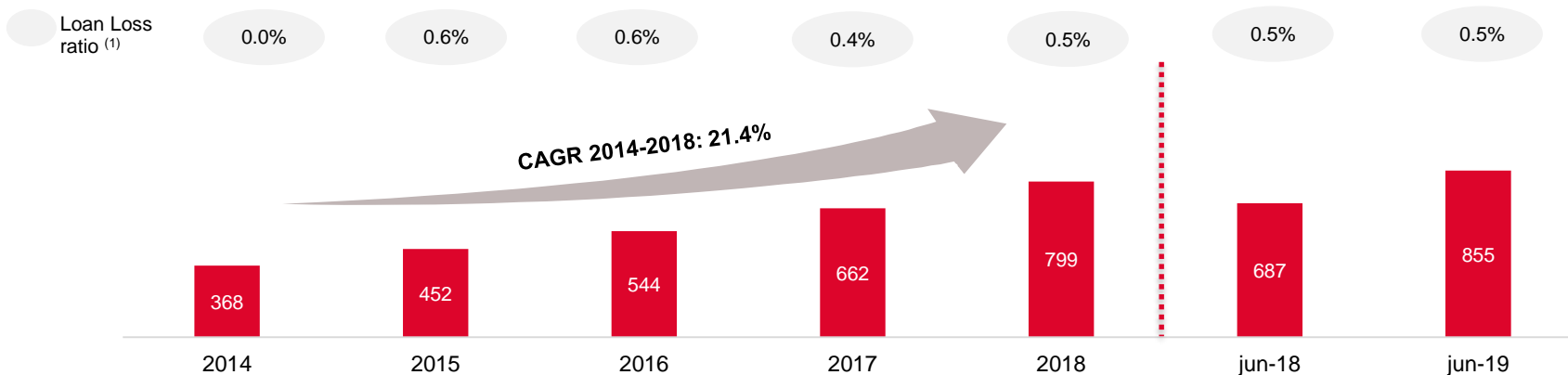
(2) Investments include sovereign, multilateral development institutions and financial sector bonds with a risk profile falling within FONPLATA's investment risk guidelines. Excludes Argentine treasury bonds in amount of US\$3,0mm.

(3) Applies the lowest rating available among S&P, Moody's and Fitch.

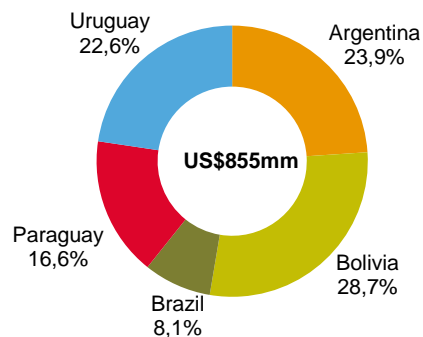
5 Sound Financial Performance

Outstanding Loan Portfolio Growth

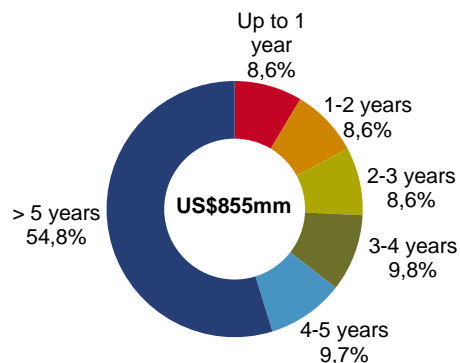
(US\$, in millions)



Loan Portfolio by Member Country



Loan Portfolio by Remaining Term



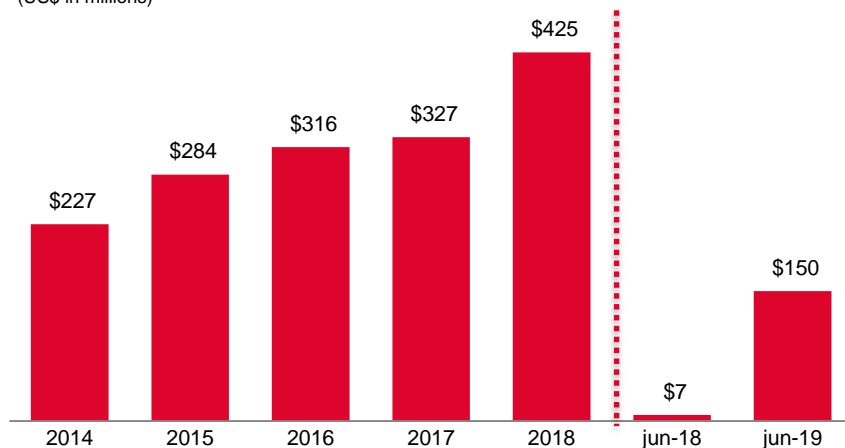
- All loans are sovereign-guaranteed
- FONPLATA receives Preferred Creditor Status from its borrowing member countries
- In FONPLATA's history, all loans have been fully repaid by its member countries

5 Sound Financial Performance Supported by High-Quality Assets

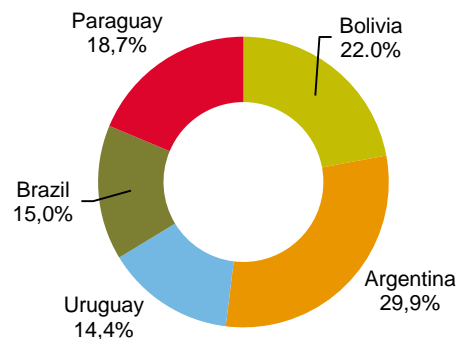
Loan Approvals and Disbursements

Loan Approvals

(US\$ in millions)

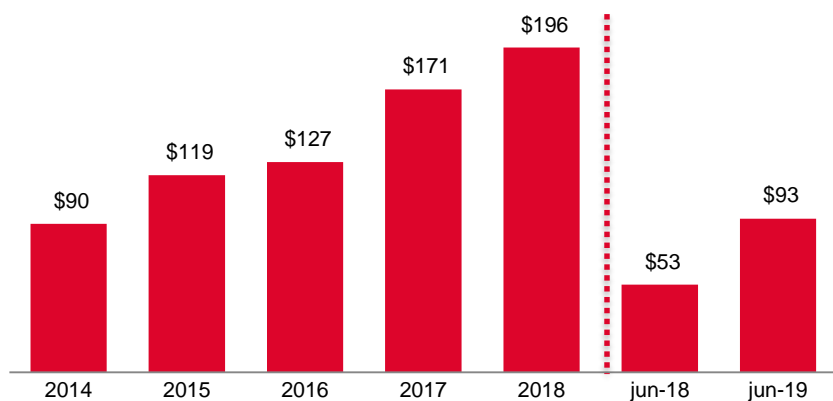


Loan Approvals by Country (2013-2018)

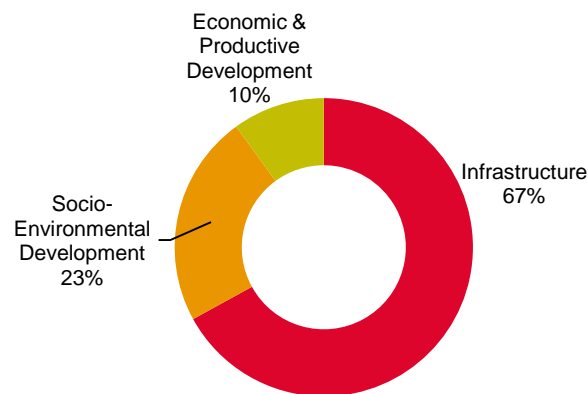


Loan Disbursements

(US\$ in millions)



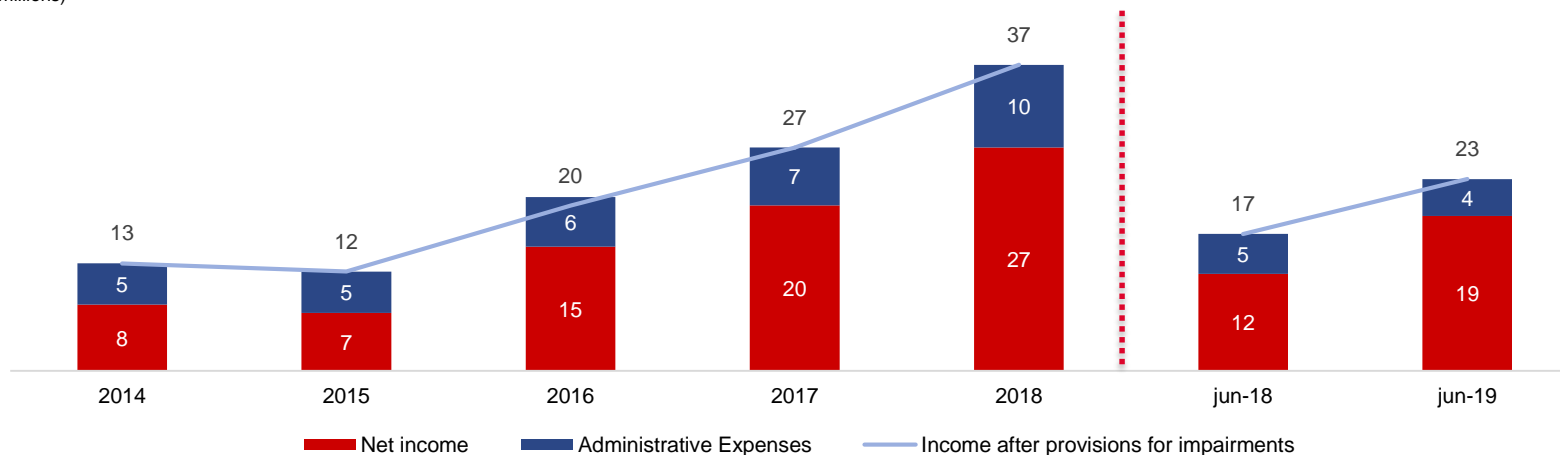
Loan Approvals by Sector (2013-2018)



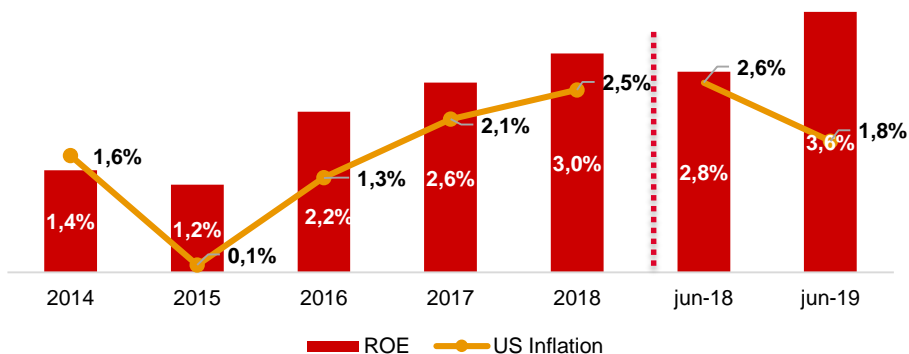
5 Consistently Profitable With Low Transaction Costs

Positive Evolution of Financial Results

(US\$, in millions)

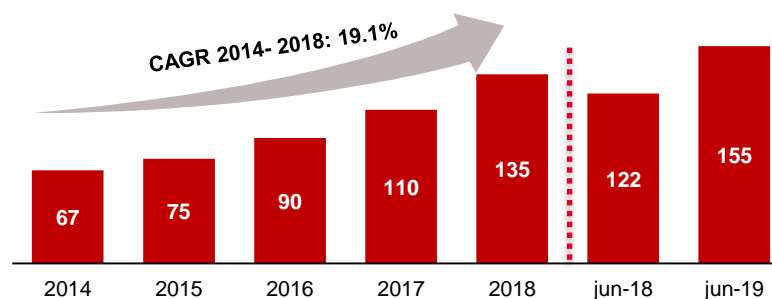


Profitability Consistent with Macroeconomic Environment



Reserves

(US\$, in millions)



Financial charges are determined by prioritizing net equity maintenance and the accumulation of retained earnings

5 Strong Performance Relative to Peers



(1)



(US\$, million)

| | | FY 2018 | FY 2018 | FY 2018 | FY 2018 | FY 2018 | FY 2018 |
|------------|---|--------------|-----------------|---------------|--------------|--------------|----------------|
| Metrics | Loan portfolio | \$793 | \$1,1634 | \$1,284 | \$1,557 | \$7,487 | \$25,111 |
| | Total assets | \$1,043 | \$1,748 | \$1,959 | \$2,121 | \$10,850 | \$40,014 |
| | Shareholder's equity | \$953 | \$899 | \$653 | \$947 | \$3,198 | \$11,863 |
| Key ratios | NIM | 3.0% ✓ | 1.4% | 1.5% | 2.5% | 2.3% | 2.5% |
| | Efficiency ratio | 26.4% | 18.4% | 46.5% | 57.1% | 20.1% | 31.4% |
| | NPLs / Gross loans | – ✓ | 0.4% | 1.1% | 1.0% | 1.0% | 0.5% |
| | RoAE | 3.0% | 0.7% | 3.3% | 1.6% | 7.4% | 1.9% |
| | RoAA | 2.8% ✓ | 0.9% | 1.0% | 0.8% | 2.2% | 0.6% |
| | Equity / Assets | 91.4% ✓ | 51.4% | 33.3% | 44.6% | 29.5% | 29.6% |
| | Liabilities / Equity | 0.1x ✓ | 0.9x | 2.0x | 1.2x | 2.4x | 2.4x |
| Other | Ratings ⁽²⁾ (Moody's S&P Fitch) | A2 A- NR | Aa1 AA+ AA+ | Aa1 NR AA | A2 A- NR | A1 AA A+ | Aa3 A+ AA- |



Financial Statements

Balance Sheet

| (In US\$ thousands) | FY 2015 | FY 2016 | FY 2017 | FY 2018 | 2Q 2018 ⁽¹⁾ | 2Q 2019 ⁽¹⁾ |
|---|----------------|----------------|----------------|------------------|------------------------|------------------------|
| Assets: | | | | | | |
| Cash and cash equivalents | 17,618 | 31,038 | 34,092 | 55,421 | 71,977 | 52,275 |
| Investments | 157,155 | 179,932 | 148,932 | 179,708 | 209,435 | 319,343 |
| Loan portfolio, Net | 447,327 | 539,517 | 657,087 | 792,580 | 681,114 | 848,429 |
| Accrued interest | 3,004 | 4,557 | 6,187 | 9,142 | 8,932 | 11,990 |
| Property and equipment, net | 2,377 | 3,191 | 5,161 | 5,791 | 5,033 | 5,737 |
| Derivatives | 0 | 0 | 0 | 0 | 0 | 596 |
| Other assets | 136 | 380 | 143 | 252 | 397 | 688 |
| Total assets | 627,617 | 758,615 | 851,602 | 1,042,894 | 976,888 | 1,239,058 |
| Liabilities: | | | | | | |
| Borrowings | 0.0 | 16,000 | 26,000 | 79,000 | 84,000 | 229,204 |
| Other liabilities | 271 | 204 | 912 | 539 | 838 | 2,453 |
| Special funds | 9,836 | 9,393 | 8,915 | 10,440 | 8,740 | 10,546 |
| Total liabilities | 10,107 | 25,597 | 35,827 | 89,979 | 93,578 | 242,203 |
| Net equity: | | | | | | |
| Authorized capital | 1,639,200 | 3,014,200 | 3,014,200 | 3,014,200 | 3,014,200 | 3,014,200 |
| Less callable option | (840,000) | (1,665,000) | (1,665,000) | (1,665,000) | (1,665,000) | (1,665,000) |
| Paid-in capital | 799,200 | 1,349,200 | 1,349,200 | 1,349,200 | 1,349,200 | 1,349,200 |
| Paid-in capital pending integration | (256,667) | (705,917) | (643,333) | (531,666) | 587,500 | 507,833 |
| Capital | 542,533 | 643,283 | 705,867 | 817,534 | 761,700 | 841,367 |
| General reserve | 65,654 | 74,979 | 89,740 | 107,871 | 89,740 | 107,871 |
| Other reserves | (2) | (5) | 37 | 938 | 1 | 2,302 |
| Retained earnings | 9,325 | 14,761 | 20,131 | 26,572 | 31,869 | 45,315 |
| Total net equity | 617,510 | 733,018 | 815,775 | 952,915 | 883,310 | 996,855 |
| Total liabilities and net equity | 627,617 | 758,615 | 851,602 | 1,042,894 | 976,888 | 1,239,058 |

Income Statement

| (In US\$ thousands) | FY 2015 | FY 2016 | FY 2017 | FY 2018 | 2Q 2018 ⁽¹⁾ | 2Q 2019 ⁽¹⁾ |
|---|---------------|---------------|---------------|---------------|------------------------|------------------------|
| Income | | | | | | |
| Interest | 10,911 | 15,554 | 21,407 | 31,667 | 14,097 | 21,045 |
| Other loan income | 2,863 | 3,382 | 3,645 | 4,490 | 2,203 | 2,223 |
| Loan portfolio income | 13,774 | 18,936 | 25,052 | 36,157 | 16,300 | 23,268 |
| Interest | 1,246 | 1,318 | 2,246 | 4,018 | 1,663 | 2,835 |
| Other | 43 | 44 | 117 | 128 | 115 | 367 |
| Investments income | 1,289 | 1,362 | 2,363 | 4,146 | 1,778 | 3,202 |
| Other income | 274 | 180 | 89 | 69 | 7 | 103 |
| Income from financial assets | 15,337 | 20,478 | 27,504 | 40,372 | 18,085 | 26,573 |
| Expenses | | | | | | |
| Interest expense | 0 | (19) | (716) | (2,645) | (957) | (3,629) |
| Income on net financial assets | 15,337 | 20,459 | 26,788 | 37,727 | 17,128 | 22,944 |
| Provision for loan impairments | (2,922) | (105) | 142 | (1,218) | (567) | 234 |
| Income after provision for loan impairments | 12,415 | 20,354 | 26,930 | 36,509 | 16,561 | 23,178 |
| Administrative expenses | (5,381) | (5,593) | (6,799) | (9,937) | (4,823) | (4,435) |
| Net income | 7,034 | 14,761 | 20,131 | 26,572 | 11,738 | 18,743 |

Let's Continue the Conversation

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