(Free translation from the original issued in Spanish)

FONDO FINANCIERO PARA EL DESARROLLO DE LA CUENCA DEL PLATA (FONPLATA)

Financial statements as at December 31, 2017 and 2016

CONTENT

US$ = US dollars

pwc

(Free translation from the original report issued in Spanish)

Independent auditor's report

February 28, 2018

To the Assembly of Governors
Fondo Financiero para el Desarrollo de la Cuenca del Plata (FONPLATA)
Santa Cruz de la Sierra

Our opinion

In our opinion, the financial statements of Fondo Financiero para el Desarrollo de la Cuenca del Plata (FONPLATA) present fairly, in all material respects, the financial position as at December 31, 2017, and its financial performance, its comprehensive income, its net equity and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The financial statements of Fondo Financiero para el Desarrollo de la Cuenca del Plata (FONPLATA) comprise:

- The statement of financial position as at December 31, 2017.
- The income statement for the year ended December 31, 2017.
- The comprehensive income statement for the year ended December 31, 2017.
- The statement of cash flows for the year ended December 31, 2017.
- The statement of changes in equity for the year ended December 31, 2017; 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 Fondo Financiero para el Desarrollo de la Cuenca del Plata (FONPLATA) in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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, 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 ability of Fondo Financiero para el Desarrollo de la Cuenca del Plata (FONPLATA) 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 financial reporting process of FONPLATA.

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 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 ISAs, we exercise professional judgment and maintain professional scepticism 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 internal control of FONPLATA.

- 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 ability of FONPLATA 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.

Sergio Fischer
Partner

FONPLATA

(Free translation from the original issued in Spanish)

FONDO FINANCIERO PARA EL DESARROLLO DE LA CUENCA DEL PLATA

STATEMENT OF FINANCIAL POSITION

(All amounts expressed in U.S. dollar thousands)

	As of December 31,			
	2017		2016	
ASSETS				
Cash and cash equivalents – Note 6.1	34,092	34,092	31,038	31,038
Investments				
Available for sale – Note 6.2	11,679		12,193	
Held to maturity – Note 6.3	137,253	148,932	167,739	179,932
Loan portfolio – Note 6.4		657,087		539,517
Accrued interest				
On investments – Note 6.3	447		550	
On loans – Note 6.4	5,740	6,187	4,007	4,557
Other assets				
Property and equipment, net – Note 7.1	5,161		3,191	
Miscellaneous – Note 7.2	143	5,304	380	3,571
Total assets		851,602		758,615
LIABILITIES AND NET EQUITY				
Liabilities				
Borrowings – Note 6.5	26,000		16,000	
Other liabilities	912		204	
Special funds – Note 6.6	8,222		8,816	
Provisions – Note 7.3	693	35,827	577	25,597
Net equity				
Capital – Note 8.1				
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	(643,333)	705,867	(705,917)	643,283
General reserve – Note 8.3		89,740		74,979
Other reserves – Note 8.2		37		(5)
Retained earnings – Note 8.3		20,131		14,761
Total net equity		815,775		733,018
Total liabilities and net equity		851,602		758,615

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

Juan E. Notaro Fraga
EXECUTIVE PRESIDENT

Gerónimo Frigerio
PRESIDENT OF BOARD OF EXECUTIVE DIRECTORS

Jaqueline Koehnke Ferrufino
CHIEF ACCOUNTANT

Patricio E. Merlani
MANAGER FINANCE AND ADMINISTRATION

FONPLATA

(Free translation from the original issued in Spanish)
FONDO FINANCIERO PARA EL DESARROLLO DE LA CUENCA DEL PLATA
INCOME STATEMENTS
(All amounts expressed in U.S. dollar thousands)

	Years ended on December 31, 2017	2016
INCOME – Note 9		
Loan portfolio		
Interest	21,407	15,554
Other loan income	3,645	3,382
	25,052	18,936
Investments		
Interest	2,246	1,318
Other	117	44
	2,363	1,362
Other income	89	180
Income from financial assets	27,504	20,478
EXPENSES		
Interest expense	716	19
Expenses from financial liabilities	716	19
Income on net financial assets	26,788	20,459
Provision for loan impairments	(142)	105
Income after provision for loan impairments	26,930	20,354
Administrative expenses – Note 10	6,799	5,593
Total expenses	6,799	5,593
Net income	20,131	14,761
COMPREHENSIVE INCOME STATEMENT		
Net income	20,131	14,761
Changes in value of available for sale investments	42	(3)
Comprehensive income	20,173	14,758

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

Juan E. Notaro Fraga
EXECUTIVE PRESIDENT

Gerónimo Frigerio
PRESIDENT OF BOARD OF EXECUTIVE DIRECTORS

Jaqueline Koehnke Ferrufino
CHIEF ACCOUNTANT

Patricio E. Merlani
MANAGER FINANCE AND ADMINISTRATION

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FONDO FINANCIERO PARA EL DESARROLLO DE LA CUENCA DEL PLATA

STATEMENT OF CASH FLOWS

(All amounts expressed in U.S. dollar thousands)

	Years ended as of December 31, 2017	2016
Cash Flows from Lending and Operating Activities		
Lending:		
Cash received from loan principal amortizations	52,899	35,434
Cash received from interest and other loan charges	24,104	17,006
Loan disbursements	(171,112)	(127,133)
Net flows from lending activities	(94,109)	(74,693)
Other operating flows:		
Payment of salaries, administrative expenses and suppliers	(6,962)	(5,648)
Collection of receivables and miscellaneous accounts	237	(244)
Payments to suppliers and transfers to special funds	(63)	(599)
Payroll taxes and other benefits paid	(291)	(43)
Net flows from other operating activities	(7,079)	(6,534)
Net cash flows used in lending and operating activities	(101,188)	(81,227)
Cash Flows from Financing Activities		
Funding of on-lent activities:		
Net proceeds from borrowings	10,000	16,000
Repayment of borrowings and debt service	(539)	(77)
Net flows from funding of on-lent activities	9,461	15,923
Collection of paid-in capital subscriptions	62,584	100,750
Net flows from financing activities	72,045	116,673
Cash Flows from Investing Activities		
Investment income	2,180	1,356
(Purchase of investments)/Proceeds from sale	31,473	(22,350)
Payment of financial charges	(114)	(114)
Capital expenditures	(1,342)	(918)
Net flows from/(used in) investing activities	32,197	(22,026)
Net increase of cash and cash equivalents during the year	3,054	13,420
Cash and cash equivalents at the beginning of the year	31,038	17,618
Cash and cash equivalents at the end of the year	34,092	31,038

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

Juan E. Notaro Fraga
EXECUTIVE PRESIDENT

Gerónimo Frigerio
PRESIDENT OF THE BOARD OF DIRECTORS

Jaqueline Koehnke Ferrufino
CHIEF ACCOUNTANT

Patricio E. Merlani
MANAGER FINANCE AND ADMINISTRATION

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FONDO FINANCIERO PARA EL DESARROLLO DE LA CUENCA DEL PLATA

STATEMENT OF CHANGES IN NET EQUITY

(All amounts expressed in U.S. dollar thousands)

	Paid-in Capital	General Reserve	Reserve for Changes in the Value of Available for Sale Investments	Retained Earnings	Total
Balance as of December 31, 2015	542,533	65,654	(2)	9,325	617,510
Capital increase – Paid-in portion	100,750	-.-	-.-	-.-	100,750
Allocated by the Board of Governors	-.-	9,325	-.-	(9,325)	-.-
Net income	-.-	-.-	-.-	14,761	14,761
Other comprehensive income – Changes in the value of investments available for sale	-.-	-.-	(3)	-.-	(3)
Balance as of December 31, 2016	643,283	74,979	(5)	14,761	733,018
Capital increase – Paid-in portion	62,584	-.-	-.-	-.-	62,584
Other comprehensive income – Changes in the value of investments available for sale - realized	-.-	-.-	5	-.-	5
Allocated by the Board of Governors	-.-	14,761	-.-	(14,761)	-.-
Net income	-.-	-.-	-.-	20,131	20,131
Other comprehensive income – Changes in the value of investments available for sale	-.-	-.-	37	-.-	37
Balance as of December 31, 2017	705,867	89,740	37	20,131	815,775

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

Juan E. Notaro Fraga
EXECUTIVE PRESIDENT

Gerónimo Frigerio
PRESIDENT OF THE BOARD OF EXECUTIVE DIRECTORS

Jaqueline Koehnke Ferrufino
CHIEF ACCOUNTANT

Patricio E. Merlani
MANAGER FINANCE AND ADMINISTRATION

FONPLATA

(Free translation from the original issued in Spanish)
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AS OF DECEMBER 31, 2017, AND 2016
(All amounts expressed in U.S. dollar thousands)

NOTE 1 – BACKGROUND

The governments of Argentina, Bolivia, Brazil, Paraguay and Uruguay, inspired by a spirit of cooperation and solidarity, persuaded that cooperation would lead to harmonized and balanced regional growth, subscribed the River Plate Basin Treaty, on April 23, 1969.

The River Plate Basin is a region characterized by its richness in natural resources, its vast rivers, the abundance of mineral resources and its fertile soil.

The region has large areas with a great potential for agricultural and industrial activities and houses one of the most important hydroelectric reserves in Latin America, such as Itaipú, Yacyretá and Salto Grande, as well as an extended river and road transportation network.

The five countries maintain a very close relationship among themselves sharing the same ecosystems, such as the hydrographic and energy systems, and air, river and road transportation networks and other communication systems.

The Financial Fund for the Development of the River Plate Basin (FONPLATA or the Fund), was created as a result of the River Basin Treaty, through a Charter signed by the governments of its Member Countries. The Charter became effective on October 14, 1976.

FONPLATA is an international legal entity of indefinite life, which is governed by the covenants contained in its Charter and on its Regulations. It is headquartered in the city of Santa Cruz de la Sierra, Plurinational State of Bolivia, and since 1989, it has an office in the city of Asuncion, Republic of Paraguay, as support for monitoring projects.

Per the terms of Article I of the Treaty, FONPLATA's objective is the financing of studies, projects, programs and civil works aimed at fostering the harmonic development and physical integration of the River Plate Basin, using for such purposes its own resources and those obtained from other sources of financing.

Among the main functions of FONPLATA, are the granting of loans and guarantees, obtaining external financing guaranteed by its Member Countries; the financing of pre-investment studies with the purpose of identifying investment opportunities or projects of interest for the Basin; the financing and contracting of technical assistance; and to undertake any other functions that are considered conducive to the attainment of its objectives.

In 2011, as part of the implementation of a new institutional management model, the Assembly of Governors created the position of Executive President and approved a new delegation and distribution of governance and administrative functions, delegating in the Executive President the legal representation, direction and administration of the Fund. The first Executive President was appointed and started his functions in September 2012.

Between September and December 2012, several measures were implemented that had the effect of modernizing and turning the Fund more dynamic. Among the most relevant measures were: the reformulation of the project cycle, making it more agile and reducing transaction costs; the adoption of a new results based budget framework, improving the accountability, transparency and decision making process; the addition of management by results and the beginning of a close relationship with international multilateral development institutions.

In 2013, the Strategic Institutional Plan (PEI) 2013-2022 was approved. The PEI is a strategic planning tool designed to conduct, supervise and ensure accountability for the attainment of FONPLATA's expected results. In August 2017, the Assembly of the Board of Governors approved a revision of the PEI covering the period 2018 – 2022 and reaffirmed the five strategic pillars identified in the 2013 PEI, structuring their implementation through three overarching objectives and ten actions designed to ensure the overall institutional relevance, agility, effectiveness and efficiency. Additionally, in November 2017, the Assembly of the Board of Governors approved the Programs & Budget Document covering the period 2018 – 2020. This document integrates the triennial business plan and the administrative and capital budgets based on the expected results for the short and medium-term, which are in line with the ten strategic actions identified in the PEI for 2018 – 2022.

Concurrently with the approval of the PEI, in 2013, the governance process was strengthened through the modification of FONPLATA's Charter and the first capital replenishment was also approved, increasing FONPLATA's capital from $489,200 to $1,639,200.

Continuing with the implementation of measures to modernize and make more agile the operations of the Fund, and to galvanize the new institutional management model, between 2013 and 2014, new financial instruments and policies were approved. These changes provided the foundation for the new role that FONPLATA is trying the consolidate as a regional development financial institution and assisted FONPLATA to successfully obtain an investment grade rating from two internationally recognized credit rating agencies in September 2016.

On January 28, 2016, as a demonstration of their support to FONPLATA's administration during the period 2012 – 2015, and their commitment to increase the Fund's lending capacity to respond to the increasing demands for financing of its member countries, the 14th Assembly of the Board of Governors approved a new capital replenishment. This new increase became effective at the beginning of 2017 with the subscription and commitment of 100% of the callable capital in the amount of $825,000. Payment of the paid-in portion $550,000, would be effected in seven annual installments beginning in 2018.

The 2017 financial statements were reviewed by the Audit Committee of the Board of Executive Directors, and the Board of Executive Directors issued its recommendation for the Board of Governors of FONPLATA to approve them.

NOTE 2 – 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 years presented.

2.1 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 (IC), applicable to entities that report under IFRS and comply with the standards issued by the International Accounting Standards Board (IASB).

The Fund presents its statement of financial position classifying assets and liabilities in accordance to their expected liquidity. Assets and liabilities are shown based on their expected recovery or repayment within the period of 12 months following the date of the financial statements (current), and more than 12 months following the date of the financial statements (non-current), as per Note 11.

(ii) Historical cost

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

- Financial assets available for sale.
- Some investments valued at the lower of amortized cost or market value, in those cases where there are indicators of impairment.

(iii) New standards and modifications adopted by FONPLATA

FONPLATA has applied the following standards and modifications for the first time during the fiscal year beginning January 1, 2017:

Standard	Nature of Change	Impact	Mandatory adoption date
Modifications to IAS 12 – Income Taxes	These modifications provide clarifications on how to account for the recognition of deferred tax assets related to unrealized losses on debt instruments measured at fair value.	This standard does not have any impact in the Fund's financial statements since it is exempt from income taxes.	This standard is effective for reporting periods beginning on or after 1 January 2017.
Modifications to IAS 7 – Statement of cash flows	These modifications of IAS 7 introduce additional disclosures intended to allow users evaluate changes in liabilities related to financing activities. The additional disclosures include changes in "cash flows", such as cash withdrawals and repayment of loans as well as "non-cash flow" changes, such as unrealized exchange differences.	FONPLATA has not identified significant impacts to its financial statements resulting from the adoption of these modifications.	This standard is effective for reporting periods beginning on or after 1 January 2017.

(iv) New standards and interpretations not yet adopted

Standard	Nature of Change	Impact	Mandatory adoption date
IFRS 9 – Financial Instruments	IFRS 9 establishes the classification, measurement and	With regards to the changes approved by the IASB in July 2014,	This amendment completes the IASB's financial instruments

Standard	Nature of Change	Impact	Mandatory adoption date
	disposition of financial assets and liabilities, and introduces new rules for the accounting of hedges. In July 2014, the IASB completed its financial instruments project with the issuance of IFRS 9, as a complete standard including the requirements previously issued and the additional amendments to introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets.	FONPLATA does not anticipate major impact resulting from the new rules on the classification, measurement and disposal of financial assets and liabilities. FONPLATA has not performed a detailed evaluation of its financial assets classified as available for sale, which apparently would comply with the conditions to be classified as financial instruments to be carried at fair value, with changes reflected as other comprehensive income, based on the current business model used for these financial assets. Accordingly, it does not anticipate a change in their accounting. The new standard also establishes changes in the accounting for hedges, which do not affect FONPLATA since it does not maintain such type of financial instruments. Starting January 1, 2015, FONPLATA adopted the new model for estimating expected impairment losses on its sovereign loan portfolio.	project and this Standard is effective for reporting periods beginning on or after 1 January 2018 with early adoption permitted.
IFRS 15 –Revenue from contracts with customers	The IASB issued a new standard for the recognition of revenues. This standard replaces IAB 18 covering goods and services contracts and IAS 11, covering construction contracts. The new standard is based	FONPLATA has reviewed the accounting for its loan contracts, borrowings, acquisition and maintenance of fixed assets with the purpose of ensuring compliance with the accounting standard established by IFRS 15 and determined that its	Adoption of this standard is mandatory for all fiscal years beginning on or after January 1, 2018.

Standard	Nature of Change	Impact	Mandatory adoption date
	on the principle that revenue should be recognized when control over the goods or services has been effectively transferred to the client. The concept of control replaces the concept of risks and benefits. This standard allows for a retroactive adjustment at the time of its adoption. Under this modality, entities could recognize a cumulative adjustment affecting retained earnings without restating prior periods, at the time of adopting the new standard. The new rules should be applied on all outstanding contracts at the time of initial adoption.	adoption does not give rise to changes in the valuation, recording, presentation and disclosure in the financial statements for the year ended December 31, 2017, when compared to 2016. Adoption of this standard is not expected to affect the recognition of loan income or interest expenses incurred in the financing of loan disbursements or the recognition of expenses related to the financing of service contracts, as well as the recognition of the purchase of FONPLATA's headquarters.	
IFRS 16 - Leasing	For lessors, eliminates the distinction between "financial leases," that are recorded in the financial statement of financial position, and "operating leases," for which the recognition of future payments is not required. In its replacement, it establishes a single model, similar to one currently used for financial leases.	The Fund has determined that these changes do not purport a significant impact on its financial statements since FONPLATA does not finance capital leases as part of its lending activities, nor it utilizes this modality in connection with leasing its liaison offices. Liaison offices are rented through operating leases which are annually renewed. No changes are foreseen with regard to utilizing this modality for leasing liaison offices in the medium term.	This revised standard applies to financial statements beginning on or after January 1, 2019.
Modifications to IFRS 2 – Share-based payment	This modification clarifies how to account for transactions involving share-based payments.	This modification does not have any impact in FONPLATA's financial statements, since it does not make payments in shares.	This standard applies to financial statements beginning on or after January 1, 2018.
Modifications to IAS 40 – Investment Property	These modifications clarify that for the transfer of an	This modification does not have any impact in	This standard applies to financial statements

Standard	Nature of Change	Impact	Mandatory adoption date
	asset to qualify as investment property, such transfer must involve a change in the use of the asset, which should be properly supported by evidence.	FONPLATA's financial statements, since it does not have investment property.	beginning on or after January 1, 2018.
IFRIC 22 - Foreign Currency Transactions and Advance Consideration	This standard refers to foreign currency transactions or part of transactions denominated in foreign currency. This interpretation provides guidance when there is either one or multiple payments to settle the transaction. This interpretation is intended to reduce the current variety of accounting treatments used.	FONPLATA does not anticipate any impact on its financial statements resulting from this interpretation since it does not maintain significant positions in foreign currencies.	This standard applies to financial statements beginning on or after January 1, 2018.
IFRIC 23 – Uncertainty over Income Tax Treatments	This interpretation provides guidance on the measurement and recognition of "Income Taxes" under IFRS 12, when there is uncertainty about the treatment of income taxes.	This standard does not have any impact in the Fund's financial statements since it is exempt from income taxes.	This standard was published in June 2017 and will become effective for reporting years beginning on or after January 1, 2019.

2.2 Segments' disclosure

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

FONPLATA continuously evaluates its performance and financial position as the basis for making decisions it considers appropriate for the attainment of its strategic objectives.

2.3 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 realized in currencies other than the United States dollar, related to administrative expenses incurred either at FONPLATA's headquarters or at its office in Asuncion, Paraguay. 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 United States dollars, and FONPLATA does not have financial liabilities in other currency. Consequently, there are no exchange differences related to financial assets and liabilities.

Goods and services denominated in currencies other than the functional currency carried at their fair value, 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.

2.4 Revenue recognition

Interest revenues on loans and interest revenues on investments held to maturity 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.

FONPLATA recognizes revenues when their amount can be reliably measured and when it is likely that the resulting economic benefits would be received. FONPLATA based its estimates on historical results, considering both, the type of transaction or borrower and the relevant terms of the corresponding signed contracts.

2.5 Leases

Leasing arrangements where the risk and rewards of ownership are not retained by the lessee are classified as operating leases. Payments made on operating leases are reported as expenses during the period of the lease using the straight-line method. FONPLATA does not have financial leases.

2.6 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.

2.7 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 the loan portfolio accounting see Note 6.4.

2.8 Investments and other financial assets

(i) Classification

FONPLATA classifies its financial assets in the following categories:

- Financial assets at fair value with changes in income.
- Loans.
- Investments classified as held to maturity, and
- Financial assets available for sale.

Classification of financial assets depends on the purpose at the time of their acquisition. FONPLATA determines the classification of its investments at the time of their purchase and recognition. Investments designated as held to maturity are reassessed annually to validate the reasonableness of their classification. Note 6 shows more detailed information on each type of financial asset.

(ii) Reclassification

Financial assets other than loans could be reclassified under a different category of "trading securities." However, these changes, if any, should be made only under special circumstances and be the result of an unusual event. Additionally, FONPLATA could choose reclassifying financial assets other than loans, outside of the category of "trading securities" or "available for sale", if it has both the ability and the intent to hold those assets in the future or until their maturity, within the category into which they were reclassified.

Reclassifications are made at the fair value at the time of reclassification. The fair value is converted into cost or amortized cost, when applicable. Subsequent reversal of gains and losses on fair value changes accounted for prior to the time of reclassification are not permitted. The effective interest rates of financial assets reclassified under the category of "securities held to maturity" are determined on the date of reclassification. Adjustments to the effective interest rate because of additional increases to cash flows are made prospectively.

(iii) Recognition and disposal

Normal purchases and sales of financial assets are recognized on the date in which they are transacted, which is the date in which the Fund 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 classified as "available for sale" are sold, the cumulative fair value adjustments accounted for under "other comprehensive income" is reclassified in the income statement as "gains or losses on investments."

(iv) Measurement

At the beginning of a transaction, FONPLATA 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.

"Available for sale" financial assets are subsequently valued at their fair value. Gains and losses resulting from changes in fair value are recognized in other comprehensive income.

Interest resulting from "available for sale", "held to maturity" financial assets and loans, calculated based on the effective interest rate method, is recognized in the income statement as part of operating income.

Note 6.7 includes a detail pertaining the determination of fair value of financial instruments.

(v) Impairment

At the end of each fiscal year, FONPLATA assesses the likelihood of potential impairment affecting either a financial asset or a group of financial asset. The potential impairment on loans is determined based on the credit risk classification of borrowing countries, following a methodology adopted by most multilateral development banks. Note 6.4 has a detailed explanation of this methodology as well as the determination of the provision for loan impairment.

For investments, FONPLATA recognizes the impairment only when there is objective evidence because of the occurrence of one or more events after initial recognition of the investment (loss event) and such event or events, affects future cash flows and those cash flows can be determined reliably.

a. *Financial assets carried at amortized cost*: The provision for potential losses on sovereign loans is set at a level FONPLATA considers adequate to absorb potential losses related to the loan portfolio at the date of the financial statements. The amount of the impairment loss is measured as the difference between the carrying amount and the value determined in accordance with the individual credit risk rating for long term debt of each borrowing member country. The individual credit risk rating for each country is determined as the lowest credit risk rating at the date of the financial statements issued by three internationally recognized credit rating agencies. These ratings include a probability of default. In recognition of FONPLATA's preferred creditor status, and considering the privileges and immunities granted by its member countries, which are stated in its Charter, as well as in other specific agreements signed with each member country, the credit risk rating used reflects a lower probability of default – generally equivalent to three levels below its credit rating. Whenever practicable, FONPLATA could measure the impairment based on the fair value, using observable market prices.

   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.

b. *Financial assets classified as available for sale*: Should there be objective evidence of impairment of "assets available for sale," cumulative losses measured as the difference between their acquisition cost and their fair value, less any impairment loss, are reclassified from net equity and recognized as operating income.

   If the fair value of debt instruments classified as "available for sale" subsequently increases, and such increase can be objectively related to an event occurring after the recognition of the impairment loss in the income statement, then the impairment loss is reversed affecting the income statement.

(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 FONPLATA could not recover the full amount of principal and interest accrued, based on the agreed upon loan covenants. When a loan is impaired, FONPLATA 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.

2.9 Property and equipment

Property and equipment are 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.

Increases to the carrying amount or property resulting from revaluations are included in other comprehensive income and reflected as part of the accumulated balance of revaluation reserves within net 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. Each year, the difference between the depreciation calculated on revalued assets and the depreciation calculated on the historical amount is reclassified from the revaluation reserve into retained earnings.

Note 7.1 shows the depreciation methods and useful lives used by FONPLATA. 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 Fund's policy to transfer the amounts carried in revaluation reserves into retained earnings.

Assets in transit include the cost of capital projects such as computerized applications in process of implementation, as well as furniture and equipment acquired at cost and risk of FONPLATA that have not been received at financial statements closing date. The total amount invested is capitalized and starts being amortized upon completion when the asset is ready to be put in service.

2.10 Borrowings

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.

2.11 Other liabilities and commitments

These amounts represent outstanding liabilities for goods and services received by the Fund 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 based on the effective interest rate method.

2.12 Special funds

These amounts represent liabilities equaling to the amount of investments administered on behalf of special funds. These liabilities do not represent guarantees and are usually paid based upon request for funds from the special Funds. These liabilities are initially recognized at their fair value and subsequently measured at amortized cost using the effective interest rate method.

2.13 Other benefits to employees

This benefit consists of a severance payment at the time of termination of the employment contract, equivalent to a month of salary for each year of service, based on the last salary paid to each employee. Per existing regulations, this benefit is vested upon three months of employment. The present value of future payments is estimated to approximate the amount of the accrued liability as of the date of the financial statements.

2.14 Paid-in capital

Paid-in capital consists of the amount of capital subscriptions actually paid-in to FONPLATA by its member countries.

NOTE 3 – SIGNIFICANT ESTIMATES AND JUDGEMENTS

The financial statements are prepared in accordance with International Financial Information Standards, which require the Executive President of the Fund 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 a greater degree of management judgment or inherent complexity to each estimate, and the items that are more likely to be materially adjusted due to the fact that actual results could differ from those estimates. Detailed information pertaining each estimate and judgement made are included in Notes 6 and 7, together with the information regarding the basis used for computing each item affecting the financial statements.
The most relevant estimates affecting the preparation of FONPLATA's financial statements relate to:

- Impairment of investments carried at amortized cost – Nota 6.3.
- Impairment of the loan portfolio – Nota 6.4.

NOTA 4 – FINANCIAL RISK MANAGEMENT

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

Risk	Source of Exposure	Measurement	Risk Management
Market risk – Exchange risk	Risk that financial assets and liabilities are denominated in currencies other than the U.S. dollar (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.
Market risk – Interest rate risk	Risk of experiencing fluctuations in lending and borrowing rates applicable to FONPLATA'S loans, and debt.	Sensitivity analysis.	FONPLATA has established policies for the determination of interest rates, allowing it to mitigate the potential effects of interest rate fluctuations.
Market risk	FONPLATA does not have investments in equity instruments that might be exposed to price risk.	Nil.	FONPLATA does not have investment in equity instruments that might be exposed to market risk.
Credit risk	Cash and its equivalents, available for sale investments, investments held to maturity.	- Aging analysis - Credit risk analysis.	Diversification of bank deposits and applicable limits on loans. Policies and guidelines on available for sale and held to maturity investments.
Liquidity risk	Other liabilities and obligations with special funds	Cash flow budget.	Availability of funds required to meet obligations and commitments.

FONPLATA 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 FONPLATA's enterprise-wide risk management is to ensure risks will remain within established limits. Those limits are formally established in the institution'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 those risks that may exceed FONPLATA's tolerable risk level, and to mitigate all financial, operational and strategic risks in accordance to the limits established for each risk related to its operations.

In line with international best practices for risk management, FONPLATA adopted the risk classification and definitions issued by the Office of the Comptroller of the Currency of the United States ("OCC") and Basle II.

4.1 Currency risk

All financial assets and approximately 99% of liabilities are denominated in U.S. dollars, which constitutes FONPLATA's functional currency. Consequently, FONPLATA's financial statements are not exposed to significant levels of risk resulting from potential changes in exchange rates.

4.2 Interest rate risk

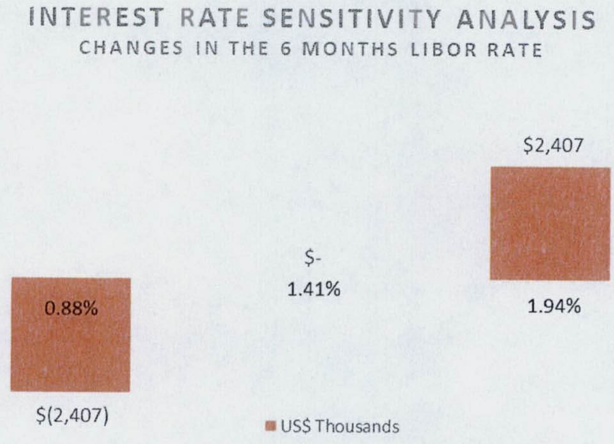
FONPLATA's lending interest rate consists of a fixed and a variable margin (6 months Libor). In accordance with its income management and financial charges policy, FONPLATA's fixed margin is reassessed annually for all new loans with the objective of reaching a balance between the accumulation of long-term capital to guarantee the Fund's sustainability as well as to provide favorable financial conditions to its member countries. FONPLATA applies a net income management model as a tool to manage income in accordance to its medium and long-term planning objectives. The model allows, through managing various parameters and variables, to ensure that financial charges applied would be stable and sufficient to satisfy all expected goals established in FONPLATA's financial policies, making in a timely basis all required adjustments to the fixed margin to 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, FONPLATA annually establishes a fixed margin applicable to new loans to be granted in the upcoming year (Operating Lending Rate or "TOR"). In 2017, FONPLATA maintained the same TOR approved for 2016.

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.

FONPLATA'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. FONPLATA performs sensitivity analysis to determine the variance in income or in net equity associated to changes in the 6 - month Libor rate.

Based on its 2018 Administrative and Capital Investment Budget approved by the Assembly of Governors, calculation of the sensitivity analysis was performed using a 6 - month Libor rate of 141.3 bps with a positive and negative variation of 53 bps. Accordingly, the analysis yields a maximum and a minimum 6 months Libor rate of 194.3 bps and of 88.3 bps, respectively. Should the estimated 53 bps variation materialize, future net income could be increased or reduced by $2,407, respectively.



4.3 Market risk

Market risk, is the risk of losses in the value of financial assets and liabilities as a result of changes in market conditions. FONPLATA manages market risks affecting mainly its investment and loan portfolios through various measures to ensure risk exposures would remain within established policy limits.

4.4 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 relating the amount of loans with the amount of net equity ensures a reasonable coverage against exposure to credit risk, both for the lending portfolio as a whole and at the level of each borrowing member country.

Currently, FONPLATA only grants loans with sovereign guarantee and has lending guidelines establishing the actions to be taken in connection with overdue loan balances and non-compliance, which form an integral part of loan covenants included in all loan contracts.

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. At year end, the average credit risk rating of the investment portfolio was AA-, as required by the investment policy. Compliance with current policy limits is validated by having attained an average return on investments that exceeds the original assumptions that served the basis of the determination of the expected level of net income for 2017 and 2016, respectively, as part of the annual financial programming and budgeting required by the policy on net income management and financial charges.

4.5 Liquidity risk

Liquidity risk, is the risk originated in the inability of the institution to meet its obligations without incurring in unacceptable losses. The institution has a minimum required level of liquidity which is defined by its liquidity policy as the level required to comply meet all obligations, payments and disbursements for a 12-month period. As of December 31, 2017, and 2016, the Fund did not have commitments and obligations that would carry liquidity risk either in the short or medium term. As of December 31, 2017, liabilities amount to $35,827 (2016 - $25,597), and liquid assets, including cash, amount to $183,024 approximately (2016 - $210,970). Liquid assets coverage of gross estimated disbursements was equivalent to 1.1 years as of December 31, 2017 and 2016.

NOTE 5 – MANAGEMENT OF OTHER NON-FINANCIAL RISKS

5.1 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 or omission. FONPLATA 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. FONPLATA 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 its policies as well as those required by its member countries.

5.2 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. FONPLATA has a Strategic Institutional Plan ("PEI") 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. FONPLATA's budget summarizes the work plan and contains results-based indicators and their related costs, which are all based on the PEI's 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 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. FONPLATA is a self-regulated supra-national international institution that is governed by its Charter, policies and regulations. FONPLATA has an Administrative Tribunal, an Audit Committee of the Board of Executive Directors, a Legal Counsel, a Compliance Officer, and an Internal Auditor, who 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. Through its Communications Area, the institution periodically monitors this risk, and the Operations Department specifically follows-up on each current financed project under implementation. To date, no evidence exists of this risk to the Fund.

NOTE 6 – 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 institution maintains the following financial assets:

	Note	Financial assets at fair value with changes in OCI $	Financial assets at amortized cost $	Total $
2017				
Cash and cash equivalents	6.1	-.-	34,092	34,092
Investments available for sale	6.2	11,679	-.-	11,679
Investments held to maturity (including interest and other charges)	6.3	-.-	137,700	137,700
Loan portfolio (including interest and other charges)	6.4	-.-	662,827	662,827
Total		11,679	834,619	846,298
2016				
Cash and cash equivalents	6.1	-.-	31,038	31,038
Investments available for sale	6.2	12,193	-.-	12,193
Investments held to maturity (including interest and other charges)	6.3	-.-	168,289	168,289
Loan portfolio (including interest and other charges)	6.4	-.-	543,524	543,524
Total		12,193	742,851	755,044

The institution maintains the following financial liabilities:

	Nota	Financial liabilities at amortized cost $	Total $
2017			
Other liabilities		912	912
Borrowings	6.5	26,000	26,000
Special funds	6.6	8,222	8,222
Total		35,134	35,134
2016			
Other liabilities		204	204
Borrowings	6.5	16,000	16,000
Special funds	6.6	8,816	8,816
Total		25,020	25,020

The exposure of the institution to the various risks related to financial instruments is disclosed in Note 4. The maximum exposure to credit risk at year end corresponds to the balances shown for each of the above mentioned financial assets.

6.1 Cash and cash equivalents

Cash at banks and deposits with original maturities of up to three months, consist of:

		December 31,	
		2017	2016
		$	$
Cash at banks		24,092	12,320
Time deposits		10,000	10,992
Bonds		-.-	7,726
	Total	34,092	31,038

(i) Classification of cash equivalents

Time deposits are considered as cash equivalents provided their original maturity is of up to three months from the time of their acquisition. Note 2.6 includes a disclosure of the cash and cash equivalents policy.

6.2. Investments available for sale

Investments classified under this category, correspond to holdings of bonds issued by multilateral development institutions, and include the following:

		December 31,	
		2017	2016
		$	$
Multilateral development institutions – Bonds		11,679	12,193
	Total	11,679	12,193

(i) Investments with related parties

As of December 31, 2017, and 2016, the institution did not maintain investments available for sale with related parties.

(ii) Classification of investments available for sale

Investments are designated as "available for sale" financial assets if: i) they do not have a maturity date, ii) their face value is neither a fixed or a determinable amount of money, and iii) management has the intent to maintain those investments in the medium to long term. Financial assets that cannot be classified within the other categories of financial instruments (fair value with changes in income, loans or investments held to maturity), are also included in the category of "available for sale."

As detailed under Note 11, financial assets are presented as non-current assets unless their maturity occurs within 12 months from the end of the fiscal year or management is intent on selling them during that period.

(iii) Indicators of impairment of available for sale investments

An investment is considered impaired when its fair value suffers a prolonged and material reduction below its cost. See Note 2.8 for more detail on impairment policies for financial assets.

(iv) Amounts recognized in the statement of comprehensive income

During the fiscal year, the institution recognized a gain of $42 in the statement of comprehensive income (2016: loss of $3).

(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 6.7. There are no investments classified as available for sale that are either matured or impaired.

All investments classified as available for sale have been and are denominated in U.S. dollars, which is the functional currency in which the financial statements are expressed.

6.3 Investments held to maturity

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

		December 31,	
		2017	2016
		$	$
Investments in time deposits [1]			
Multilateral development institutions		17,686	13,438
	Subtotal	17,686	13,438
Investments in other values [2]			
Sovereign bonds		78,110	96,403
Multilateral development institutions' bonds		18,070	30,697
Financial sector bonds		18,899	23,211
Argentine treasury bonds [3]		4,488	3,990
	Subtotal	119,567	154,301
Principal invested		137,253	167,739
Accrued interest and commissions receivable		447	550
	Total	137,700	168,289

(1) Investments correspond to time deposits with original maturities greater than three months.
(2) Investments include sovereign bonds issued by multilateral development institutions and commercial paper issued by other financial institutions with a risk profile falling within FONPLATA's investment risk guidelines.
(3) Corresponds to an investment in Argentinian Treasury Bonds "PAR" and "DISCOUNT", received in exchange for FONPLATA's holdings of bonds "BONTE-04" in 2005.

(i) Classification of held to maturity investments

The institution classifies its investments as held to maturity, if:

- Financial assets are not derivatives.
- Investments do not quote on an active capital market.
- Investments have scheduled payments for either a determinable or fixed amount.
- The institution has both the ability and intent to hold those investments until their maturity.

(ii) Impairment and exposure to risk

Argentine's bonds amounting to $4,488 as of December 31, 2017 (2016: $3,990), correspond to the issuances identified as "PAR" and "DISCOUNT," that were received as part of the Argentine's debt swap program in 2005, in exchange for FONPLATA's holdings of "BONTE – 04" bonds. The bonds received in exchange have maturities ranging from 2033 to 2038. Impairment on these bonds is calculated on the basis of the fair values quoted by Bloomberg for those two issuances. The amount of impairment recognized as of December 31, 2017, is of $1,359 (2016: $1,833). During 2017, these investments experienced a recovery giving rise to the recognition of a net reduction in the total impairment of $473 (2016: $665).

All investments classified as held to maturity are denominated in U.S. dollars. Consequently, there is no exposure to the risk of currency exchange. Furthermore, there is no material exposure to the risk of changes in fair value of the investments due to: their overall quality (i.e. credit risk of the issuer), ii) their scheduled maturity, which by in large is lower than 12 months, and iii) their return, which is based on a variable rate.

6.4 Loan portfolio

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

	December 31,	
	2017	2016
Country	$	$
Argentina	114,395	80,225
Bolivia	169,188	141,711
Brazil	73,437	83,155
Paraguay	121,579	99,896
Uruguay	183,368	138,767
Subtotal gross loan portfolio	661,967	543,754
Less: Unaccrued commitment fee	(1,995)	(1,210)
Subtotal loan portfolio	659,972	542,544
Less: Provision for potential impairment on loans	(2,885)	(3,027)
Net loan portfolio	657,087	539,517

Accrued loan interest receivable amounts to $5,740 and to $4,007, as of December, 31 2017, and 2016, respectively.

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

	December 31,	
	2017	2016
Maturity	$	$
Up to one year	58,505	5,315
Greater than one and up to two years	71,866	7,717
Greater than two and up to three years	61,719	46,322
Greater than three and up to four years	48,798	16,193
Greater than four and up to five years	50,502	-.-
Greater than five years	370,577	468,207
Total gross loan portfolio	661,967	543,754

(i) Loan portfolio classification

The loan portfolio consists of amounts to be received from member countries that conform the River Plate Basin, in exchange for sovereign loans granted to them. 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 11, the amount of principal repayments to be received within 12 months following year end, is classified as current, with the remaining balance classified as non-current. Notes 2.7 and 2.8, describe accounting policies used in connection with the accounting of the loan portfolio and the recognition of its impairment, respectively.

(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 provision for potential impairment on loans is maintained at a level considered adequate by FONPLATA to absorb potential losses related to the loan portfolio as of the date of the financial statements.

The provision for potential impairment on sovereign loans is based on the individual credit risk rating for long-term debt of borrowing member countries, and is determined as the lowest risk rating as of the date of the financial statements issued by three internationally recognized credit rating agencies. Those credit risk ratings incorporate a probability of default. Due to its preferred creditor status, and considering the immunities and privileges afforded to FONPLATA by its member countries, which are stated in its Charter and other specific documents signed with each country, the credit risk rating used reflects a lower default probability – generally equivalent to three levels above each country's credit risk rating.

The accrual of interest on loans is discontinued for loans balances that have been overdue for more than 180 days. The amount of loan interest accrued receivable on loans declared on non-accrual status is recognized at the 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.

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

Moreover, FONPLATA 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, FONPLATA uses certain measurements or indicators, such as: net equity and total loan portfolio. FONPLATA semiannually reviews the status of its loan portfolio 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 Note 4.

6.5 Borrowings

The outstanding balance from borrowings received by FONPLATA, is as follows:

	December 31, 2017 $	2016 $
Medium-term certificates of deposit	10,000	-.-
Corporacion Andina de Fomento	16,000	16,000
Total	26,000	16.000

Based on the composition of the capital structure approved as part of the second capital replenishment, approximately 45% of the lending capacity are associated to callable capital. This in turn, requires FONPLATA to supplement the available liquidity required for on-lent operations with external funding. Accordingly, FONPLATA has designed its borrowing strategy and its financial programming to diversify its funding sources and to achieve the best possible average cost of borrowings considering its credit risk rating and preferred creditor condition. As part of the prevailing Framework Agreement ("Agreement") with the "Corporación Andina de Fomento" (CAF), signed on November 14, 2016, CAF provides FONPLATA with a conditional revolving line of credit of up to $75 million. On December 19, 2016, FONPLATA received $16 million from CAF, which were used to finance loan disbursements on approved loans. The applicable terms for this financing are based on the 6 months Libor rate plus a spread, based on a five-year maturity with a two-year grace period. Principal is scheduled to be paid over 6 equal semi-annual installments, including the corresponding interest, beginning June 19, 2019 and ending on December 16, 2021.

On December 1, 2017, FONPLATA subscribed a loan agreement in the amount of $100 million with the Inter-American Development Bank. This loan is based on the 3-months Libor rate and provides for a 5-year disbursement period, 5 ½ years of grace period and a 25 - year amortization period. Under this financing agreement, which entered into effect upon being signed, FONPLATA can draw funds against previously incurred project expenditures effected from June 15 through November 15, 2017, for an amount not to exceed $20 million. As of December 31, 2017, no funds have been disbursed against this loan.

Furthermore, FONPLATA 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. In February 2017, FONPLATA accepted a $10 million certificate of deposit with the Central Bank of Bolivia.

Borrowings outstanding classified based on their scheduled maturities are as follows:

Maturity	December 31, 2017 $	2016 $
Up to one year	10,000	-.-
More than one and up to two years	5,333	-.-
More than two and up to three years	5,333	5,333
More than three and up to four years	5,334	5,333
More than four and up to five years	-.-	5,334
More than five years	-.-	-.-
Total	26,000	16,000

(i) Fair value of borrowings

It is estimated that the book value of borrowings approximates its fair value since future cash flows to be received are very similar to the recorded amount for the borrowing.

(ii) Risk exposure

Note 5 provides information regarding the risk exposure associated to borrowings.

6.6 Special Funds

The balance held with special funds by FONPLATA as of December 31, 2017, and 2016, includes the following:

		December 31,	
		2017	2016
		$	$
FOCOM:			
Investments managed by FONPLATA		5,232	5,457
Return on investments due to FOCOM		44	36
Balance at Banco do Brazil		103	81
	Subtotal due to FOCOM	5,379	5,574
PCT:			
Investments managed by FONPLATA		2,641	3,039
Return on investments due to PCT		23	20
Balance at Banco do Brazil		179	204
Technical cooperation expenses paid by FONPLATA		-.-	(21)
	Subtotal PCT	2,843	3,242
		8,222	8,816

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

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 Operating Margin (FOCOM)"*: This fund pursues the objective of helping to reduce the financial cost incurred by Bolivia, Paraguay y Uruguay on their loans with FONPLATA, through the payment of a portion of the interest to be paid semiannually by these borrowing 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. In May 2014, the Board of Governors assigned as a contribution to this fund, the amount of $5,510, from retained earnings as of December 31, 2013. No additional contributions were assigned by the Board of Governors during 2017 and 2016, respectively.

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 FONPLATA's strategic focus. No additional contributions were assigned by the Board of Governors during 2017 and 2016, respectively.

The PCT is managed by FONPLATA independently from the management of its own affairs and its funds and resources are invested in accordance with FONPLATA's investment guidelines.

In accordance with the operational guidelines of the special funds and to optimize investment returns, liquid investments are managed by FONPLATA, together with its own funds.

Accrued income on investments attributable to each fund is calculated pro-rata, based on the proportion resulting from comparing the amount of liquid investments managed by FONPLATA for of each fund to the total amount of investments, multiplied by the total return on investment earned during the period.

Accounting of investment amounts and investment returns due to each fund by FONPLATA as a result of the investments managed on behalf of these special funds is handled through specific inter-fund accounts.

6.7 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 $
2017		
Investments available for sale	6.2	11,679
2016		
Investments available for sale	6.2	12,193

During the fiscal year FONPLATA 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 FONPLATA's policy to recognize the effect from such changes.

- *Level 1*: Fair value of financial instruments transacted in an active market (such as investments available for sale), 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 7 – 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.

7.1 Property and equipment, net

The composition of property and equipment includes the following:

	Property	Equipment and Furniture	Art	Vehicles	Total
	$	$	$	$	$
Book value					
Balances as of December 31, 2015	1,860	739	8	49	2,656
Additions	-.-	168	-.-	-.-	168
Write-offs	-.-	(64)	-.-	-.-	(64)
Construction in progress	240	501	-.-	-.-	741
Balances as of December 31, 2016	2,100	1,344	8	49	3,501
Additions	1,813	161	37	-.-	2,011
Write-offs	-.-	(6)	-.-	-.-	(6)
Assets in transit	-.-	194	-.-	-.-	194
Balances as of December 31, 2017	3,913	1,693	45	49	5,700
Cumulative depreciation					
Balances as of December 31, 2015	-.-	256	-.-	23	279
Depreciation	-.-	88	-.-	2	90
Write-offs		(59)	-.-	-.-	(59)
Balances as of December 31, 2016	-.-	285	-.-	25	310
Depreciation	82	147	-.-	5	234
Write-offs	-.-	(5)	-.-	-.-	(5)
Balances as of December 31, 2017	82	427	-.-	30	539
Net book value 2017	3,831	1,266	45	19	5,161
Net book value 2016	2,100	1,059	8	24	3,191

In 2013, FONPLATA's Board of Executive Directors recommended the Board of Governors to approve a capital budget for the purchasing of a building for FONPLATA's headquarters in the city of Santa Cruz de la Sierra, Estado Plurinacional de Bolivia. The total amount approved by the Assembly of Governors between 2013 and 2017, amounted to $5,136, encompassing the purchase of 5 ½ floors, storage and parking spaces in Edificio Ambassador Business Center, located in Ave. San Martin 155, Santa Cruz de la Sierra, Estado Plurinacional de Bolivia. The above amount encompasses the cost of electrical, networking and communications wiring and outlets, office partitions, interior finishing, windows treatment, furniture and fixtures.

Con fecha 1 de marzo de 2017, con base a la entrega provisoria acordada con la empresa constructora, FONPLATA comenzó a funcionar en su nueva sede.

On March 1, 2017, FONPLATA moved to its new premises based on a provisional acceptance agreed upon with the builder.

Of the total amount budgeted for the purchase of FONPLATA's headquarters, as of December 31 2017, $4,935, have been already incurred, leaving an available balance of $100 and of $101.5, to be used in the purchase of art and to open and finish additional offices and work stations, respectively. The new work stations would help accommodate the additional staff positions contemplated in the approved Programs & Budget Document for 2018 – 2020.

Furthermore, the capital budget and its subsequent supplementary increases included $514.7 earmarked for basic information technology infrastructure for data processing and communications, data security, computer equipment and data integration through a data warehouse.

(ii) Depreciation methods, revaluation and useful lives

All 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	40 years
Furniture and equipment:	
Improvements on leased property	Over lease contract
Furniture and equipment	8 to 10 years
Computer equipment and software	4 years
Vehicles	5 years
Art	Not amortized

Note 2.9 contains additional information on accounting policies applicable to property and equipment.

7.2 – Miscellaneous

This caption includes small balances owed to FONPLATA, resulting from advances to suppliers, guarantee deposit on the premises previously and currently leased to host FONPLATA's headquarters in the city of Santa Cruz de la Sierra, Bolivia, as well as for the offices located in Asunción, Paraguay.

The composition of other assets includes the following:

	December 31, 2017 $	December 31, 2016 $
Unreconciled expenses	5	4
Advances to suppliers	19	55
Expenses paid in advance	57	74
Account receivables	26	203
CODETEL's shares	33	33
Guarantee deposits	3	11
Total	143	380

7.3 – Provisions

It includes the balance of all pending liabilities related to the provision for severance payment. The balance for this benefit as of December 31, 2017, and 2016, amounts to $ 692 and $577, respectively.

NOTE 8 – NET EQUITY

8.1. Paid-in capital

On January 28, 2016, FONPLATA's 14th Extraordinary Governors' Assembly approved a new capital increase in the amount of $1,375,000, raising the authorized from $1,639,200 to $3,014,200. On October 11, and on November 1, 2016, Bolivia and Uruguay, respectively, subscribed the whole amount of their respective share of the new capital increase and committed the totality of their respective callable capital.

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. Upon completion of the integration process paid-in capital would amount to $1,349,200, while callable capital as of December 31, 2017, amounts to $1,665,000. Payment of subscribed and committed callable capital will proceed when required and based on FONPLATA's Governors' approval should FONPLATA be unable to comply with its financial obligations and commitments using its own resources.

A break-down of FONPLATA's capital, by country, as of December 31, 2017, and 2016, is as follows:

As of December 31, 2017:

Member country [i]	Subscribed capital Paid-in $	Subscribed capital Callable $	Pending subscription Paid-in $	Pending subscription 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	184,991	-.-	-.-	149,904	184,991	334,895	11.1%
	1,349,200	1,665,000	-.-	-.-	1,349,200	1,665,000	3,014,200	100.0%

As of December 31, 2016:

	Subscribed capital		Pending subscription		Authorized capital			
	Paid-in	Callable	Paid-in	Callable	Paid-in	Callable	Total	%
Member country[i]	$	$	$	$	$	$	$	
• Argentina	266,410	280,014	183,333	275,000	449,744	555,014	1,004,758	33.3%
• Bolivia	149,904	184,991	-.-	-.-	149,904	184,991	334,895	11.1%
• Brazil	266,410	280,013	183,333	275,000	449,744	555,014	1,004,758	33.3%
• Paraguay	88,793	93,324	61,111	91,667	149,904	184,991	334,895	11.1%
• Uruguay	149,904	184,991	-.-	-.-	149,904	184,991	334,895	11.1%
	921,422	1,023,333	427,778	641,667	1,349,200	1,665,000	3,014,200	100.0%

The amount of paid-in capital subscribed and pending subscription, including the new capital increase, as well as the amount of callable capital subscribed, committed and pending commitment as of December 31, 2017, and 2016, respectively, is as follows:

As of December 31, 2017:

	Paid-in Capital Subscribed		
Member Country	Paid-in[i]	Receivable[i]	Total[i]
	$	$	$
• Argentina	243,077	206,667	449,744
• Bolivia	81,015	68,889	149,904
• Brazil	219,744	230,000	449,744
• Paraguay	81,015	68,889	149,904
• Uruguay	81,015	68,889	149,904
Total	705,866	643,334	1,349,200

As of December 31, 2016:

	Paid-in Capital Subscribed		
Member Country	Paid-in[i]	Receivable[i]	Total[i]
	$	$	$
• Argentina	219,744	46,667	266,410
• Bolivia	73,238	76,667	149,904
• Brazil	203,827	62,583	266,410
• Paraguay	73,238	15,556	88,793
• Uruguay	73,238	76,667	149,904
Total	643,283	278,139	921,422

As of December 31, 2017:

	Callable Capital Subscribed		
	Committed[i]	Uncommitted[i]	Total[i]
Member Country	$	$	$
Argentina	501,678	53,336	555,014
Bolivia	167,215	17,775	184,990
Brazil	555,014	-.-	555,014
Paraguay	184,991	-.-	184,991
Uruguay	184,991	-.-	184,991
Total	1,593,889	71,111	1,665,000

As of December 31, 2016:

Member Country	Callable Capital Subscribed Committed [i] $	Uncommitted [i] $	Total [i] $
Argentina	173,342	106,672	280,014
Bolivia	149,439	35,552	184,991
Brazil	280,014	-.-	280,014
Paraguay	93,324	-.-	93,324
Uruguay	184,991	-.-	184,991
Total	881,109	142,224	1,023,333

[i] Subtotals may differ from totals due to rounding.

8.2. Other reserves

The balance of $37, gain shown under "Reserve for changes in the value of investments available for sale", reflects the amount of cumulative changes in market value of investment instruments available for sale (2016: $5 cumulative losses).

8.3. Retained earnings and reserves

Retained earnings as of December 31, 2017, amount to $20,131, consists solely of current year's net income (2016: $14,761).

FONPLATA's 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 Fund for the Compensation of the Operating Return (FOCOM), and the Technical Cooperation Program (PCT).

On June 15, 2017, the Assembly of the Board of Governors allocated to the General Reserve the totality of Unappropriated Retained Earnings in the amount of $14,761 (Resolution A.G. 161/2017).

On September 27, 2016, the Assembly of the Board of Governors allocated to the General Reserve the amount of $9,325 of Unappropriated Retained Earnings (Resolution A.G. 156/2016).

The balance held in the General Reserve as of December 31, 2017, and 2016, respectively is as follows:

	General Reserve $
Balance as of December 31, 2016	74,979
Allocated by the Assembly of Governors in 2017:	
Net income	14,761
Balance as of December 31, 2017	89,740

NOTE 9 - REVENUES

The composition of net income is as follows:

		2017 $	2016 $
Loan income			
Interest		21,407	15,554
Commitment fee		2,263	1,986
Administrative fee		1,109	1,396
Other		273	-.-
	Subtotal	25,052	18,936
Investment income			
Interest		2,246	1,318
Other		117	44
	Subtotal	2,363	1,362
Other income		89	180
	Total income	27,504	20,478

NOTE 10 – ADMINISTRATIVE EXPENSES

Since 2013, FONPLATA has adopted a result based budgeting system, including performance indicators allowing the measurement of results attained and their related cost. The system matches governance, operating and financial goals with the activities required to reach them and the resources required. During the years ended December 31, 2017 and 2016, FONPLATA reached a percentage of execution of its administrative budget equivalent to 95% y 88%, respectively. The break-down of administrative expenditures by functional activity is as follows:

		December 31, 2017 $	2016 $
Expenditures' classification			
Personnel expenses		4,720	4,080
Business travel expenses		507	573
Professional services		454	450
Credit risk rating		129	132
External auditors		57	28
Administrative expenses		1,051	834
Financial expenses		134	94
	Total administrative budget	7,052	6,191
Depreciation		234	91
Changes in provision of Argentine bonds - Gain		(473)	(667)
Exchange differences		(15)	(27)
Loss on fixed-assets withdrawals		1	5
	Total administrative expenses	6,799	5,593

NOTE 11 – SCHEDULED MATURITY OF ASSETS AND LIABILITIES

The following tables provide an analysis of the expected time elapsed to maturity of assets and liabilities as of December 31, 2017, and 2016, respectively, based on their respective recovery or settlement date:

	Current (Up to 1 year) $	Non-Current (More than 1 year) $	Total $
As of December 31, 2017			
ASSETS			
Cash and cash equivalents	34,092	-.-	34,092
Investments			
Available for sale	11,679	-.-	11,679
Held to maturity	132,765	4,488	137,253
Loan portfolio			
Outstanding loans	58,505	598,582	657,087
Interest and other accrued charges			
On investments	447	-.-	447
Loan interest and commissions	5,740	-.-	5,740
Other assets			
Property and equipment, net	-.-	5,161	5,161
Miscellaneous	110	33	143
Total assets	243,338	608,264	851,602
LIABILITIES			
Borrowings	10,000	16,000	26,000
Other liabilities	912	-.-	912
Special funds	8,222	-.-	8,222
Provisions	-.-	693	693
Total liabilities	19,134	16,693	35,827
As of December 31, 2016			
ASSETS			
Cash and cash equivalents	31,038	-.-	31,038
Investments			
Available for sale	12,193	-.-	12,193
Held to maturity	161,425	6,314	167,739
Loan portfolio			
Outstanding loans	4,489	535,028	539,517
Interest and other accrued charges			
On investments	550	-.-	550
Loan interest and commissions	4,007	-.-	4,007
Other assets			
Property and equipment, net	-.-	3,191	3,191
Miscellaneous	348	32	380
Total assets	214,050	544,565	758,615
LIABILITIES			
Borrowings	-.-	16,000	16,000
Other liabilities	204	-.-	204
Special funds	8,816	-.-	8,816
Provisions	-.-	577	577
Total liabilities	9,020	16,577	25,597

NOTE 12 – IMMUNITIES, EXEMPTIONS AND PRIVILEGES

As stated in the Fund'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, FONPLATA 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 FONPLATA 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 Fund would not claim the exemption of consumption, sales taxes and other indirect taxes. However, Member Countries commit, to the extent possible, to apply any and all administrative provisions that might be available to exempt or reimburse FONPLATA for the amount of 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 Fund with the Bolivian State and with the Republic of Paraguay, establish that FONPLATAS' properties, goods and assets are exempt from all taxes, contributions and charges, at the national, departmental, municipal or of any other type.

NOTE 13 – SEGMENT INFORMATION

(a) Segment description

Based on an analysis of its operations, FONPLATA determined that it only has an operational segment. This determination is based on the fact that it does not manage its operations allocating resources among operations measuring the contribution of those individual operations to the Fund's net income. FONPLATA 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 FONPLATA's headquarters and the Fund does undertake operational activities at other geographical locations. FONPLATA's operations consist of granting financing to the countries conforming the River Plate Basin, which are considered as segments for purposes of this disclosure: Argentina, Bolivia, Brazil, Paraguay, y 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
	$	$	$	$	$	$
As of December 31, 2017:						
Argentina	114,395	(722)	(1,140)	112,533	1,489	114,022
Bolivia	169,188	(4)	(772)	168,412	1,822	170,233
Brazil	73,437	(259)	(335)	72,843	730	73,573
Paraguay	121,579	(546)	(348)	120,685	813	121,498
Uruguay	183,368	(464)	(290)	182,614	886	183,501
Total	661,967	(1,995)	(2,885)	657,087	5,740	662,827

	Gross portfolio	Unaccrued commissions	Impairment	Loan portfolio	Interest and commissions receivable	Total
	$	$	$	$	$	$
As of December 31, 2016:						
Argentina	80,225	(446)	(1,352)	78,427	1,105	79,532
Bolivia	141,711	(275)	(828)	140,608	1,214	141,822
Brazil	83,155	-.-	(283)	82,872	871	83,743
Paraguay	99,896	(111)	(340)	99,445	513	99,958
Uruguay	138,767	(378)	(224)	138,165	304	138,469
Total	543,754	(1,210)	(3,027)	539,517	4,007	543,524

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	Total
	$	$	$	$
As of December 31, 2017:				
Argentina	38,637	30,284	45,474	114,395
Bolivia	155,788	-.-	13,400	169,188
Brazil	26,685	-.-	46,752	73,437
Paraguay	115,483	6,096	-.-	121,579
Uruguay	180,155	-.-	3,213	183,368
Total	516,748	36,380	108, 839	661,967
As of December 31, 2016:				
Argentina	24,769	7,815	47,641	80,225
Bolivia	128,704	-.-	13,007	141,711
Brazil	30,678	-.-	52,477	83,155
Paraguay	99,896	-.-	-.-	99,896
Uruguay	138,767	-.-	-.-	138,767
Total	422,814	7,815	113,125	543,754

Furthermore, undisbursed loan balances on loans under execution and its break-down by country is as follows:

	December 31, 2017	December 31, 2016
Argentina	256,286	127,984
Bolivia	180,451	178,689
Brazil	35,373	-
Paraguay	64,414	139,671
Uruguay	45,435	94,903
Total	581,959	541,247

The average return on loans is as follows:

	December 31, 2017		December 31, 2016	
	Amount $	Average return %	Amount $	Average return %
Loan portfolio	602,861	4.16%	497,904	3.80%

(c) Segment revenues

Interest and other revenues by segment are as follows:

	Loan revenues $	Other operating revenues $	Total $
As of December 31, 2017:			
Argentina	3,591	1,146	4,737
Bolivia	5,511	917	6,428
Brazil	3,184	173	3,357
Paraguay	3,491	766	4,257
Uruguay	5,630	643	6,273
Total	21,407	3,645	25,052
As of December 31, 2016:			
Argentina	2,524	549	3,073
Bolivia	3,637	791	4,428
Brazil	2,828	615	3,443
Paraguay	2,849	620	3,469
Uruguay	3,715	808	4,523
Total	15,553	3,383	18,936

NOTE 14 – RELATED PARTIES

As indicated in Notes 1 and 6.4, FONPLATA only grants financings to its five borrowing member countries, who are also the owners and shareholders of the Fund. 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, FONPLATA 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, 2017, and 2016, respectively, correspond to the balances held with the FOCOM and the PCT, as well as the Special Account for Paying Termination Benefits, as explained in further detail in notes 2.12 and 6.6, and notes 2.13 and 7.3, respectively.

NOTE 15 – CONTINGENCIES

No contingencies have been identified, that could materially affect FONPLATA's financial statements as of December 31, 2017, and 2016, respectively.

NOTE 16 – SUBSEQUENT EVENTS

The Fund has assessed events and transactions occurring after the date of the financial statements on December 31, 2017, and through February 9, 2018. No material events requiring either adjustment of the financial position and the results of operation or disclosure to the financial statements as of December 31, 2017, have been identified.

Juan E. Notaro Fraga
EXECUTIVE PRESIDENT

Gerónimo Frigerio
PRESIDENT OF THE BOARD OF DIRECTORS

Jaqueline Koehnke Ferrufino
CHIEFF ACCOUNTANT

Patricio E. Merlani
MANAGER FINANCE AND ADMINISTRATION