

## OFFERING MEMORANDUM

# Fondo Financiero para el Desarrollo de la Cuenca del Plata

## US\$2,000,000,000

### Medium Term Note Program

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Fondo Financiero para el Desarrollo de la Cuenca del Plata (“FONPLATA,” or the “Issuer,” the “Bank,” “we,” “us” or “our”), a multilateral development bank headquartered in Santa Cruz de la Sierra, Bolivia, may offer debt securities (the “Notes” and each, a “Note”) under its Medium Term Note Program (the “Program”) from time to time. The Notes will be issuable in one or more series. The Issuer may include information regarding a type of medium-term note not described herein in an additional supplement to this Offering Memorandum. The specific terms of any Note will be specified in a separate pricing supplement in the form attached as Annex A-1 to this Offering Memorandum (a “Pricing Supplement”).

The Fiscal and Paying Agency Agreement (as defined herein) contains provisions regarding future modifications to the terms of the Notes. Under these provisions, which are described on pages 109 to 112 of this Offering Memorandum, modifications affecting certain key terms of the Notes, including payment terms, may be made to a series of Notes issued under the Fiscal and Paying Agency Agreement (x) with the consent of the Holders of a relevant series representing not less than 75% of the principal amount of outstanding Notes of such series represented and voted at a meeting of Holders of Notes of such series properly convened and held in accordance with the provisions of the Fiscal and Paying Agency Agreement at which Holders of Notes of such series representing not less than 75% of the principal amount of the outstanding Notes of such series were present in person or by proxy; or (y) if approved by a resolution in writing signed by Holders of Notes of such series representing not less than 75% of the principal amount of the outstanding Notes of such series. In addition, certain other changes to the Fiscal and Paying Agency Agreement or the Notes do not require any approval by Holders, as described on pages 110 and 111 of this Offering Memorandum. Any other changes to the Fiscal and Paying Agency Agreement or the Notes may be made to a series of Notes issued under the Fiscal and Paying Agency Agreement pursuant to an Extraordinary Resolution (as defined on page 108 of this Offering Memorandum).

Application has been made to the London Stock Exchange plc (the “London Stock Exchange”) for Notes to be admitted to trading on the London Stock Exchange’s International Securities Market (the “ISM”) or to any other stock exchange and/or quotation system as may be agreed between the Issuer and the relevant Dealer (as defined below). Unless the context otherwise requires, references in this Offering Memorandum to Notes being “admitted to trading” (and all related references) means that such Notes have been admitted to trading on the ISM. The ISM is not a regulated market for the purposes of Regulation (EU) No. 600/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended, the “EUWA”) (“UK MiFIR”). Application may also be made for any Notes specified in the applicable Pricing Supplement as “Social Debt Instruments,” “Green Debt Instruments,” or “Sustainability Debt Instruments” to be displayed on the London Stock Exchange’s Sustainable Bond Market (the “SBM”). The Issuer may issue unlisted Notes and/or Notes not admitted to trading on any market.

**The ISM is a market designated for professional investors. Notes admitted to trading on the ISM are not admitted to the Official List of the UK Financial Conduct Authority. This Offering Memorandum has not been reviewed or approved by the London Stock Exchange.**

The following terms may apply to the Notes:

- stated maturity of one year or longer
- fixed or floating interest rate, zero-coupon or issued with original issue discount; a floating interest rate may be based on:
  - may be redeemed at the Issuer’s option or repaid at the option of the Holder
  - interest on Notes paid monthly, quarterly, semi-annually or annually
  - denominations of at least U.S.\$200,000 (or, with respect to Notes denominated in another currency, the specified

- Commercial Paper Rate
  - Prime Rate
  - SOFR
  - EURIBOR
  - SONIA
  - Treasury Rate
  - CMT Rate
  - Federal Funds Rate
  - Any other rate specified in the applicable Pricing Supplement
  - ranked as senior unsecured indebtedness of the Issuer ranking equally with all other senior unsecured indebtedness of the Issuer
  - certificate issued in definitive form or in book-entry form
- minimum authorized denomination that is equal to or greater than U.S.\$200,000) and integral multiples of U.S.\$1,000 (or, with respect to Notes denominated in another currency, the specified authorized denomination that is equal to or greater than U.S.\$1,000) in excess thereof
  - denominated in U.S. dollars, a currency other than U.S. dollars or in a composite currency (the “Specified Currency”)
  - settlement in immediately available funds
  - other or different terms as specified in the applicable Pricing Supplement

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**Investing in the Notes involves risks that are described in the “Risk Factors” section beginning on page 10 of this Offering Memorandum.**

The Notes will be the Issuer’s senior unsecured obligations, and will rank equally in right of payment with all of its other senior unsecured indebtedness, will be senior in right of payment to any of its respective future indebtedness that is expressly subordinated to the Notes, and will be effectively subordinated to all existing and future indebtedness that is secured, to the extent of the value of the assets securing such indebtedness.

The Notes have not been registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”) or the securities laws of any other jurisdiction. Unless they are registered, the Notes may be offered only in transactions that are exempt from registration under the Securities Act or the securities laws of any other jurisdiction. The Notes are being initially offered in the United States only to “qualified institutional buyers” (as defined in Rule 144A under the Securities Act) (“Qualified Institutional Buyers”) and outside the United States to non-U.S. persons in compliance with Regulation S of the Securities Act. For further details about eligible offerees and resale restrictions, see “Plan of Distribution” and “Transfer Restrictions.”

The Issuer may sell Notes to the Arranger or other Dealers as principals for resale at varying or fixed offering prices or through the Dealers as agents using their reasonable efforts on the Issuer’s behalf. The Issuer may also sell Notes without the assistance of the Dealers.

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*Sole Arranger and Dealer*

**J.P. Morgan**

*Dealers*

**BBVA**

**BNP PARIBAS  
Deutsche Bank**

**BofA Securities  
HSBC  
Santander**

**Credit Agricole CIB**

The date of this Offering Memorandum is November 11, 2024.

No agent, dealer, salesperson or other person, nor the Arranger or any other agents named on the cover page of this Offering Memorandum or that may be appointed (collectively, the “Dealers”), nor any of their affiliates has been authorized to give any information or to make any representations other than those contained in this Offering Memorandum. Neither we, the Arranger, nor any of the other Dealers or their affiliates take any responsibility for, or provide assurance as to the reliability of, any information that others may give you. This Offering Memorandum does not constitute an offer to sell, or a solicitation of an offer to buy, any of the securities offered hereby by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation. Neither the delivery of this Offering Memorandum at any time, nor any sale made in connection with this Offering Memorandum, shall, in any circumstances, create an implication that there has been no change the affairs of the Issuer since the date of this Offering Memorandum or that the information contained in this Offering Memorandum is correct as of any time subsequent to the date of this Offering Memorandum.

IN CONNECTION WITH THE ISSUE OF ANY SERIES OF NOTES, THE DEALERS (IF ANY) APPOINTED AS THE STABILIZATION MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILIZATION MANAGER(S)) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILIZATION MAY NOT NECESSARILY OCCUR. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE RELEVANT TRANCHE OF NOTES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE DATE ON WHICH THE ISSUER RECEIVED THE PROCEEDS OF THE ISSUE OF THE RELEVANT TRANCHE OF NOTES AND 60 CALENDAR DAYS AFTER THE DATE OF THE ALLOTMENT OF THE RELEVANT TRANCHE OF NOTES. ANY STABILIZATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILIZATION MANAGER(S) (OR PERSONS ACTING ON BEHALF OF THE RELEVANT STABILIZATION MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

If specified in the applicable Pricing Supplement, Notes issued under the Program may be Social Debt Instruments, Green Debt Instruments, or Sustainability Debt Instruments (as defined in the Issuer’s Sustainable Debt Framework as defined herein) and the net proceeds from the issue of any such Notes will be used for the sustainable purposes as set out in the applicable Pricing Supplement. None of the Arranger or the Dealers will verify or monitor the proposed use of proceeds of any such Notes and no assurance is given by the Arranger or the Dealers or any other person that the use of proceeds of issue of any such Notes will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which any investor or its investments are required to comply. See further “Risk Factors – Risks Relating to the Notes” below.

**Important – EEA Retail Investors:** If the relevant Pricing Supplement in respect of any Notes includes a legend entitled “Prohibition of sales to EEA Retail Investors,” the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the “EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**MiFID II Product Governance/Target Market:** The Pricing Supplement in respect of any Notes may include a legend titled “MiFID II Product Governance” that will outline the target market assessment in respect of such Notes and which channels for distribution of such Notes are appropriate. In those cases, any person

subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the target market assessment; however, a distributor subject to MiFID II will remain responsible for undertaking its own target market assessment in respect of such Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue of Notes about whether, for the purpose of the MiFID II Product Governance rules under EU Delegated Directive 2017/593 (the “MiFID Product Governance Rules”), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise none of the Arranger, the Dealers or any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

**Important – UK Retail Investors:** If the relevant Pricing Supplement in respect of any Notes includes a legend entitled “Prohibition of sales to UK Retail Investors,” the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the “UK”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “EUWA”); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the “FSMA”) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the notes or otherwise making them available to any retail investor in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**UK MiFIR Product Governance/Target Market:** The Pricing Supplement in respect of any Notes may include a legend titled “UK MiFIR Product Governance” that will outline the target market assessment in respect of such Notes and which channels for distribution of such Notes are appropriate. In those cases, any distributor should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “UK MiFIR Product Governance Rules”) will remain responsible for undertaking its own target market assessment in respect of such Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue of Notes about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise none of the Arranger, the Dealers or any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

**Singapore Securities and Futures Act Product Classification:** In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes to be issued under the Program are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products). The Pricing Supplement in respect of any Notes may include a legend indicating that such Notes may not be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA or (ii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

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This Offering Memorandum has been prepared by us solely for use in connection with the proposed offering of Notes described in this Offering Memorandum. This Offering Memorandum is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire securities. Distribution of this Offering Memorandum to any person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorized. Each prospective investor, by accepting delivery of this Offering Memorandum, agrees to the foregoing and to make no photocopies of any documents referred to in this Offering Memorandum.

We have furnished the information contained in this Offering Memorandum. We accept responsibility for the information contained in this Offering Memorandum and the applicable Pricing Supplement, as the case may be, for each series of Notes issued under the Program. To the best of our knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

None of the Dealers, nor any of their respective affiliates, make any representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this Offering Memorandum (financial, legal or otherwise) and assume no responsibility for such information. Nothing contained in this Offering Memorandum is, or should be relied upon as, a promise or representation by the Dealers as to the past or future. Any references to websites included in this Offering Memorandum are for information purposes only and do not form part of the Offering Memorandum.

**Neither the U.S. Securities and Exchange Commission (the “SEC”), any state securities commission nor any other regulatory authority has approved or disapproved the Notes nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offense.**

The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and the applicable state securities laws pursuant to registration or exemption therefrom and as permitted under any other applicable securities laws. As a prospective purchaser, you should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. Please refer to the sections in this Offering Memorandum entitled “Transfer Restrictions” and “Plan of Distribution.”

In making an investment decision, prospective investors must rely on their own examination of the Issuer and the terms of the Notes, including the merits and risks involved. Prospective investors should not construe anything in this Offering Memorandum as legal, business or tax advice. Each prospective investor should consult its own advisors as needed to make its investment decision and to determine whether it is legally permitted to purchase the Notes under applicable legal investment or similar laws or regulations.

This Offering Memorandum contains summaries of the Fiscal and Paying Agency Agreement (as defined herein) and the Notes that are believed to be accurate, but reference is made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference.

#### **CERTAIN DEFINED TERMS USED IN THIS OFFERING MEMORANDUM**

References to “\$”, “U.S.\$”, “US\$”, “USD” and “U.S. dollars” are to United States dollars, and certain amounts and percentages included in this Offering Memorandum have been subject to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetical aggregation of the figures preceding them.

References to “€”, “EUR” and “euro” are to the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

In this Offering Memorandum, any reference to Euroclear Bank SA/NV (“Euroclear”), Clearstream Banking S.A. (“Clearstream, Luxembourg”) and/or The Depository Trust Company (“DTC”) shall, whenever the context so

permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement or as may otherwise be approved by the Issuer and the Fiscal and Paying Agent.

### **FORWARD-LOOKING STATEMENTS**

Certain statements in this Offering Memorandum constitute “forward-looking statements,” including statements regarding our expectations and projections for future operating performance and business prospects. The words “believe”, “expect”, “anticipate”, “intend”, “estimate”, “may impact” and other similar expressions or future or conditional verbs such as “will”, “should”, “would” and “could” and similar expressions or variations of these expressions identify forward-looking statements. Such forward-looking statements and any other projections contained in this Offering Memorandum (whether made by us or any third party) involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by forward-looking statements. Such forward-looking statements are based on current beliefs, assumptions, expectations, estimates and projections regarding our present and future business strategies and the environment in which we will operate in the future. A variety of factors, many of which are beyond our control, may cause actual results to differ materially from the expectations expressed in the forward-looking statements. These factors include, but are not limited to, fluctuations in interest rates, capital markets and investment performance, changes in economic and political conditions, and legal developments. See also “Risk Factors.” We caution that this list of factors is not exhaustive. Any forward-looking statements contained in this Offering Memorandum speak only as of the date of this Offering Memorandum. We expressly disclaim any obligation or undertaking to release, publicly or otherwise, any updates or revisions to any forward-looking statement contained herein to reflect any change in our expectations with regard thereto or any change in events, conditions, assumptions or circumstances on which any such statement was based.

### **AVAILABLE INFORMATION**

We are not required to file reports, proxy statements or other information with the SEC. We have agreed that, so long as any of the Notes are not freely tradable under the Securities Act and we are not subject to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), we will make available, upon request, to any Holder and any prospective purchaser of the Notes the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act to permit compliance with Rule 144A in connection with resales of the Notes.

## FONDO FINANCIERO PARA EL DESARROLLO DE LA CUENCA DEL PLATA

Fondo Financiero para el Desarrollo de la Cuenca del Plata, or FONPLATA, is a multilateral development bank with five member countries: the Republic of Argentina (“Argentina”), the Plurinational State of Bolivia (“Bolivia”), the Federative Republic of Brazil (“Brazil”), the Republic of Paraguay (“Paraguay”) and the Oriental Republic of Uruguay (“Uruguay”) (together, the “Member Countries”).

The Bank was established by ratification by the founding Member Countries of the Articles of Agreement of the Financial Fund for the Development of the River Plate Basin (the “Original Charter”) dated June 12, 1974, which entered into force on October 14, 1976. On January 27, 2024, the Member Countries ratified the Financial Fund for the Development of the River Plate Basin Articles of Agreement (the “Charter”), which superseded the Original Charter.

The Bank’s purpose is to support the integration and harmonious and inclusive development of the Member Countries for their better integration within the region and the global market by funding studies, projects, programs, assistance, and technical advice. We aim to reduce socioeconomic disparities and favor the complementarity and synergy of efforts of national development organizations and other development agencies through the implementation of small- and medium-sized projects in specific geographic areas. For more detailed information regarding our legal status, refer to the section entitled “Legal Status.”

In fulfilling our mission, we perform the following functions: (a) grant loans, sureties, and other guarantees; (b) carrying out or funding studies to identify investment opportunities of interest to the Member Countries and preparing the relevant projects; (c) providing funding, directly or indirectly, for technical assistance and advice; (d) acting as an agent and advisory body for the Intergovernmental Coordinating Committee of the River Plate Basin Countries upon request; (e) obtaining loans and guarantees; (f) issuing bonds and other debentures to be placed in Member Countries or non-member countries; (g) acting as financial agent, financial advisor or broker for borrowings and loans for its members; (h) acting as trustee, performing all the commissions, and taking the necessary steps related to our purpose requested by its Member Countries or third parties; and (i) performing all functions conducive to best fulfill our purpose. For more information regarding our operations, refer to the section entitled “Operations of the Bank.”

Our equity consists of the paid-in capital contributed by our Member Countries and our retained earnings accumulated in the general reserve, which results from the net income generated by our lending and investment activities. For more information regarding the composition of our equity and liabilities, refer to the sections entitled “Capital Structure” and “Capitalization”. The Bank funds its lending operations from several sources, including loans and lines of credit from other multilateral development banks and bilateral development organizations and financial institutions, as well as from privately and publicly placed debt securities in capital markets. Our liabilities may include the Notes, if and when issued, outstanding loans with multilateral development banks and other bilateral development organizations and financial institutions, certificates of deposit from central banks of the Member Countries, loans from commercial banks, and bonds.

Our headquarters are located at San Martín Avenue N° 155, Equipetrol, Ambassador Business Center Building, 4th Floor, Santa Cruz de la Sierra, Bolivia. We also have liaison offices in our other Member Countries.

Our obligations are not guaranteed by our Member Countries and will not be guaranteed by any future members. Our ability to satisfy our obligations is supported by our Member Countries only to the extent of our Member Countries’ unpaid amount of paid-in capital and the committed amount of callable capital.

We do not have any subsidiaries. However, the Board of Governors of the Bank (the “Board of Governors”) may create special funds for specific purposes. These special funds are considered separate and independent legal entities from the Bank and 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 the Issuer. Special funds are funded through distribution of retained earnings maintained in the general reserve.

## LEGAL STATUS

The Bank is an international treaty organization governed by the Charter, which superseded the Original Charter on January 27, 2024, and the regulations issued in accordance with the provisions of the Charter (the “Regulations”). As an international treaty organization, the Bank is a multilateral development bank with international legal status. The Bank is headquartered in the city of Santa Cruz de la Sierra, Bolivia, and has liaison offices in Asuncion, Paraguay, since 1989, in Buenos Aires, Argentina, since June 2018, in Montevideo, Uruguay, since December 2019, and in Brasilia, Brazil, since March 2021.

The Charter includes modifications to the Original Charter that were approved by the Board of Governors on November 9, 2018. These modifications are intended to modernize and enhance the Bank’s capacity and ability to perform as an effective partner in the development of its Member Countries and their integration at a regional and global level. The modifications include, among other changes: (i) the Bank’s transformation from a “fund” into a “multilateral development bank”; (ii) a change in its name to be formally recognized as “FONPLATA; (iii) expansion of its scope of work from a strictly geographic focus based on the countries located in the River Plate basin, to one encompassing the region of its Member Countries and their integration in the global market; (iv) the expansion of its membership beyond its founding members, recognizing the possibility of incorporating non-founding members that could consist of either countries or institutions, to its capital base; and (v) the redenomination of its capital as “Class A” shares allocated to founding members, “Class B” shares issuable upon an increase of authorized capital after the accession of new members, and five “Class C” shares issued to our founding members. See “Capital Structure” for a more detailed discussion of the Bank’s capital structure.

The Charter establishes the Bank’s purpose and functions, including providing for the Bank’s ability to obtain loans and guarantees and issue bonds and other debentures to be placed in Member Countries or non-member countries. The Charter also provides for the Bank’s organization and administration, including the establishment of the Board of Governors, an Executive Board of Directors, and an Executive President. All powers of the Bank are vested in the Board of Governors, which may delegate such powers to the Executive Board of Directors or, where appropriate, to the Executive President with certain exceptions.

The Bank has unlimited duration but may be dissolved by the Board of Governors subject to the quorum and majority voting requirements set forth in the Charter. Any Member Country may withdraw from the Bank by giving written notice to the Executive President, who shall immediately notify the Board of Governors and the Executive Board of Directors, and any withdrawal will be effective one year after the date of such notice.

Under the Charter, the property and other assets of the Bank, as well as the operations carried out by the Bank in any of the Member Countries, enjoy same immunities, exemptions and privileges under the Agreement on Exemptions, Immunities and Privileges of FONPLATA, dated December 9, 1977 (the “Immunities Agreement”), by and among the Member Countries. Under the Immunities Agreement, the Bank has been granted certain exemptions, immunities and privileges, including the following, by and in each of the Member Countries:

- The Bank and its assets, wherever located and by whomsoever held, enjoy immunity from every form of legal process except in so far as in any particular case they have expressly waived their immunity; however, it is understood that no waiver of immunity may extend to any measure of execution;
- Inviolability of the Bank’s premises and archives;
- Exemptions from restrictions on holding, transferring or converting resources of any kind of currency or foreign exchange, as well as shares, stocks, securities and bonds;
- Exemptions from direct taxes and customs duties, prohibitions and restrictions on imports and exports with respect to goods imported or exported by the Bank for official use;
- Treatment of the Bank’s communications no less favorable than that granted to any other international organization in the matter of priorities, tributes, rates and taxes on correspondence, cables, telegrams, radiograms, telephotos, telephone and other communications, and taxes on media; and

- The right to use codes and to dispatch and receive correspondence either by courier or in sealed bags, which have the same immunities and privileges as diplomatic couriers and bags;

The Governors and Directors, Alternate Governors and Directors and technical and administrative officials of the Bank who are not citizens of the country in which they perform their duties also enjoy the immunities, exemptions and privileges under the Immunities Agreement. Under the Immunities Agreement, the Governors, Directors, Executive President, and senior officials of the Bank, while exercising their functions and during their journeys to and from the place where they will fulfill their mission, enjoy the following privileges and immunities:

- Immunity from personal arrest or detention and from seizure of their personal baggage;
- Immunity from jurisdiction in respect of words spoken or written and all acts done by them in their official capacity;
- Immunity from any kind of legal process;
- The right to use codes and receive or submit documents or correspondence by courier or sealed bags;
- Exemption from immigration restrictions, aliens' registration and any kind national service obligations;
- The same immunities and franchises as the ones granted to diplomatic envoys regarding their personal baggage and other working tools and materials of official use; and,
- All other privileges, immunities and facilities granted to diplomatic envoys, except the exemption to sales and consumption taxes or customs duties on imported goods that are not the ones included in the preceding clause.

Further, the immunities from personal arrest or detention, from seizure of personal baggage and exemptions from migration restrictions, aliens' registration and any kind of national service obligations extend to, among others, spouses and underage children. The Bank's other officials enjoy the same privileges and immunities listed in the first four bullets of this paragraph.

As a multilateral development bank with international legal status, the Bank may also be entitled to certain privileges and immunities outside of its Member Countries.

## GENERAL TERMS OF THE NOTES

*The summary below describes the principal terms of the Notes that may be issued under the Program. Certain of the terms and conditions described below are subject to important limitations and exceptions. The terms “we,” “us” and “our” in this subsection of the summary below refer to the Issuer. The “Description of the Notes” section of this Offering Memorandum contains a more detailed description of the terms and conditions of the Notes.*

<b>Issuer:</b> .....	Fondo Financiero para el Desarrollo de la Cuenca del Plata.
<b>Issuer Legal Entity Identifier (LEI)</b> .....	254900GFRCPNS88N4K89
<b>Securities Offered:</b> .....	The Issuer may issue Notes from time to time, subject to a maximum aggregate principal amount of \$2,000,000,000 at the time of issuance or the equivalent in U.S. dollars and/or in one or more foreign currencies at such time. The Issuer may, however, from time to time provide for the issuance of Notes in excess of the foregoing amount.
<b>Maturities:</b> .....	One year or more from the date of issue, as agreed upon by the Issuer and the relevant Dealer(s) and specified in the applicable Pricing Supplement.
<b>Ranking:</b> .....	The Notes will be the Issuer’s senior unsecured obligations, and will rank equally in right of payment with all of its other senior unsecured indebtedness, will be senior in right of payment to any of its future indebtedness that is expressly subordinated to the Notes, and will be effectively subordinated to all of its existing and future indebtedness that is secured, to the extent of the value of the assets securing such indebtedness. See “Description of the Notes — Ranking.”
<b>Dealers:</b> .....	The Issuer has appointed the Arranger and any other persons named on the cover of this Offering Memorandum or named in an amendment or supplement hereto as Dealers under the Program. The Issuer may appoint additional broker-dealers as Dealers with respect to specific issuances of Notes, and the Issuer reserves the right to place Notes directly on its own behalf.

<b>Interest Rates:</b> .....	Interest bearing Notes may be issued either as Fixed Rate Notes or Floating Rate Notes (each, as defined herein). Fixed Rate Notes will bear interest at the rate specified in the applicable Pricing Supplement. Floating Rate Notes will bear interest based on an interest rate formula designated in the applicable Pricing Supplement, which formula may include, without limitation, the Commercial Paper Rate, the Prime Rate, SOFR (based on a weighted average or compounding), EURIBOR, SONIA (based on a weighted average or compounding), the Treasury Rate, the CMT Rate, the Federal Funds Rate, or such other interest rate formula as may be agreed between the Issuer and the relevant Dealer(s). Unless otherwise specified in the applicable Pricing Supplement, the interest rate on each Floating Rate Note will be calculated by reference to the specified interest rate (a) plus or minus the Spread (as defined herein), if any, and/or (b) multiplied by the Spread Multiplier (as defined herein), if any.
<b>Interest Amount Computations:</b> .....	Unless otherwise specified in the applicable Pricing Supplement, interest on (i) Fixed Rate Notes will be computed on the basis of a 360-day year of twelve 30-day months, and (ii) Floating Rate Notes will be computed on the basis of the actual number of days in the interest period divided by 360 (or, in the case of a Floating Rate Note bearing interest at a rate determined by reference to the Treasury Rate or EURIBOR, by the actual number of days in the year or by 365, respectively).
<b>Interest Payments:</b> .....	Interest on Fixed Rate Notes will be payable annually, semi-annually or quarterly on the date or dates specified in the relevant Pricing Supplement and at maturity. Interest on Floating Rate Notes will be payable on such date or dates to be determined depending on when the interest rate is reset. See “Description of the Notes — Interest Rates.”
<b>Negative Pledge:</b> .....	The Notes will have the benefit of a Negative Pledge as described in “Description of the Notes — Covenants of the Issuer — Negative Pledge.”
<b>Currency:</b> .....	U.S. dollars or such currency or currencies as may be agreed between the Issuer and the relevant purchaser or Dealer (as indicated in the applicable Pricing Supplement).
<b>Optional Redemption:</b> .....	Unless a supplement hereto, or the applicable Pricing Supplement, provides otherwise, if the Notes of a series provide for redemption at the Issuer’s election, the Issuer will have the option to redeem those Notes, in whole or in part, upon not less than 10 nor more than 60 days’ notice.

**Redemption for Taxation Reasons:** ..... The Issuer may redeem any Notes to which an obligation to pay additional amounts for taxation reasons applies in whole, but not in part, at its option in the event of certain changes in the laws or regulations of any of the Member Countries or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, at 100% of their principal amount plus accrued interest. See “Description of the Notes — Redemption of Notes under certain circumstances — Redemption for taxation reasons.”

**Use of Proceeds:**..... The Issuer intends to use the net proceeds from the sale of any Notes under this Offering Memorandum for general purposes in the ordinary course of its business, according to its institutional objectives as described in “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” The use of proceeds of any individual issuance of Notes, if other than for general corporate purposes, will be described in the applicable Pricing Supplement.

If the Issuer elects to use the net proceeds from the issue of a series of Notes to finance “Eligible Projects” as defined in the Issuer’s Sustainable Debt Framework, the details of such use of proceeds will be set forth in the applicable Pricing Supplement. See “Use of Proceeds.”

**Additional Notes:**..... The Issuer may from time to time, without giving notice to or seeking the consent of the Holders of the Notes, issue debt securities having the same terms (except for the issue date and, in some cases, the public offering price and the amount and date of the first interest payment date and the date from which interest begins to accrue) as, and ranking equally and ratably with, the Notes of a particular series. Such additional debt securities will be consolidated and form a single series with, have the same CUSIP number, Common Code and/or ISIN as and trade interchangeably with such previously issued Notes, though temporary CUSIP numbers, Common Codes and/or ISINs may be assigned for regulatory purposes. However, the Issuer will not issue any such additional debt securities with the same CUSIP number, Common Code and/or ISIN unless such additional debt securities are fungible with the outstanding Notes of the applicable series for U.S. federal income tax purposes.

**Form and Denomination:** .....

Unless otherwise specified in the applicable Pricing Supplement, each Note will be issued in definitive, non-global form (each, a “Certificated Note”) or in fully registered book-entry form, represented by one or more global Notes without coupons (each, a “Global Note”) and deposited with either (a) a custodian for, and registered in the name of, a nominee for DTC or (b) a common depositary for Euroclear and Clearstream, Luxembourg, and registered in the name of a nominee of that common depositary, as specified in the applicable Pricing Supplement. Where the Global Notes are to be held by a custodian for DTC (“DTC Notes”), interests in the Notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Clearstream, Luxembourg and Euroclear will hold interests on behalf of their participants through their respective U.S. depositaries, which in turn will hold such interests in accounts as participants of DTC.

Unless the applicable Pricing Supplement provides otherwise, except in the limited circumstances described in this Offering Memorandum, owners of beneficial interests in the Global Notes will not be entitled to have Notes registered in their names, will not receive or be entitled to receive Certificated Notes and will not be considered Holders of Notes under the Fiscal and Paying Agency Agreement. Unless otherwise specified in the applicable Pricing Supplement, the Notes will be issued only in denominations of at least U.S.\$200,000 (or, with respect to Notes denominated in another currency, the specified minimum authorized denomination that is equal to or greater than U.S.\$200,000) and integral multiples of U.S.\$1,000 (or, with respect to Notes denominated in another currency, the specified authorized denomination that is equal to or greater than U.S.\$1,000) in excess thereof.

In the case of Notes held through DTC and denominated in a currency other than U.S. dollars, payments will be made in U.S. dollars unless the participant in DTC with an interest in such Notes has elected to receive any part of such payment in such other currency.

**Events of Default:** .....

For a description of certain events that will permit acceleration of the principal of the Notes of a particular series (together with any interest and premium accrued and unpaid thereon), see “Description of the Notes — Default, remedies and waiver of default — Events of Default.”

<b>Settlement:</b> .....	Unless otherwise specified in the applicable Pricing Supplement, settlement for sales of Notes will be made in immediately available funds in New York, generally one Business Day after the sale date. If we, the Issuer and a purchaser agree, however, settlement may occur on a different date.
<b>Other Provisions:</b> .....	The Notes may from time to time be issued with terms and provisions that differ from those described in this Offering Memorandum. In such event, the terms and provisions of such Notes will be as set forth in the applicable Pricing Supplement, which terms will supersede the description of the Notes contained herein to the extent inconsistent herewith.
<b>Absence of Public Market for Notes:</b> .....	Each series of the Notes will be a new issue of securities. No previous market exists for such new Notes and no assurances can be given that any market for such Notes will develop. The Dealers are under no obligation to make a market in the Notes and to the extent that such market-making is commenced, it may be discontinued at any time. There is no assurance that a secondary market will develop or, if it does develop, that it will provide Holders with liquidity of investment or that it will continue for any period of time. Therefore, a Holder of Notes may not be able to liquidate its investment readily, and the Notes may not be readily accepted as collateral for loans. Investors should proceed on the assumption that they may have to hold any Notes until the end of their scheduled term.
<b>Selling Restrictions:</b> .....	There are restrictions on the sale of Notes and the distribution of offering material in various jurisdictions. See “Plan of Distribution.”
<b>Transfer Restrictions:</b> .....	The Notes have not been, nor will they be, registered under the Securities Act, and the Notes are subject to restrictions on transfer, as described under “Transfer Restrictions.”
<b>Fiscal and Paying Agency Agreement:</b> .....	The Notes will be issued under, subject to and entitled to the benefits of a fiscal and paying agency agreement, dated as of November 11, 2024 (as may be amended, modified or supplemented from time to time, the “Fiscal and Paying Agency Agreement”). See “Description of the Notes.”
<b>Risk Factors:</b> .....	You should carefully read and consider the information set forth in “Risk Factors” beginning on page 10 before investing in the Notes.

**Listing and Admission to Trading:** ..... Application has been made for Notes issued under the Program to be admitted to trading on the ISM and, in respect of any Notes which are specified as “Social Debt Instruments”, “Green Debt Instruments” or “Sustainability Debt Instruments” in the applicable Pricing Supplement, application may also be made for such Notes to be displayed on the SBM. Notes may be listed or admitted to trading by the Bank on additional stock exchanges agreed between the Issuer and the relevant Dealer. Unlisted Notes may also be issued under the Program. The applicable Pricing Supplement will state whether the relevant issue of Notes will be listed or admitted to trading on one or more stock exchanges or will be unlisted. The Pricing Supplement prepared in connection with any listed Notes may be made publicly available pursuant to local regulations or requirements.

If the admission to trading of the Notes on the ISM would, in the future, require us to publish financial information either more regularly than we are otherwise required to, or according to accounting principles other than IFRS (or would require the Issuer to publish financial information), or if maintaining the listing were to become, in our commercially reasonable judgment, unduly burdensome, we may seek an alternative admission to listing, trading and/or quotation for the Notes by another listing authority, stock exchange and/or quotation system. If such an alternative admission to listing, trading and/or quotation of the Notes is not available to us or is, in our commercially reasonable judgment, unduly burdensome, an alternative admission to listing, trading and/or quotation of any or all series of Notes may not be obtained and the Notes of such series may be delisted.

**Fiscal and Paying Agent, Registrar and Transfer Agent:** ..... The Bank of New York Mellon.

**London Paying Agent:** ..... The Bank of New York Mellon, London Branch.

**Governing Law:** ..... State of New York.

**Issuer Ratings:** ..... Ratings of any particular series of Notes will be included in the applicable Pricing Supplement.

## RISK FACTORS

*An investment in the Notes is subject to numerous risks, including those listed below. You should carefully consider the following risks as well as the other information contained in this Offering Memorandum before purchasing the Notes. These risks could materially affect our ability to meet our obligations under the Notes. In such case, you may lose all or part of your original investment in, and the expected return on, the Notes.*

### **Risks Relating to the Issuer**

***Adverse economic, natural, political or social conditions in the Member Countries may affect the Bank's financial condition, results of operations, and ability to repay the Notes.***

Our main financial assets are loans granted to or guaranteed by our Member Countries and, as of June 30, 2024, 95% of our gross loan portfolio consists of loans granted with the sovereign guarantee of a Member Country. The ability of Member Countries to repay loans provided by the Bank to, or guaranteed by, our Member Countries is and will be substantially dependent on economic, political and social conditions prevailing from time to time in our Member Countries. Adverse economic, natural, political or social conditions in our Member Countries may adversely affect the creditworthiness of our Member Countries and the ability of our Member Countries to meet their payment obligations to the Bank, which may in turn have an adverse effect on our financial condition, results of operations and ability to make payments on the Notes when due. For example, during the year ended December 31, 2023, our provision for loan impairment increased by \$4.7 million compared to the year ended December 31, 2022, primarily driven by downgrades in the credit rating of Argentina and Bolivia. Further, although Argentina has never defaulted on loans granted by the Bank, Argentina has in the past defaulted on its obligations with bondholders and other creditors, and there can be no assurances that Argentina, Bolivia, or any of our other Member Countries will not default on loans granted by the Bank in the future. Although the Bank has established risk management policies, guidelines and practices, such policies, guidelines and practices may not be effective in mitigating or avoiding these risks.

***The Bank depends on a limited number of borrowers, and a reduction in revenue from, or a default by, a key borrower could adversely affect the Bank's financial condition, results of operations, and ability to repay the Notes.***

The Bank's credit risk is concentrated to its Member Countries, some of which have a history of defaults. As discussed above, as of June 30, 2024, 95% of our gross loan portfolio consists of loans granted with the sovereign guarantee of a Member Country. Further as of June 30, 2024, our loan portfolio consists entirely of loans granted to borrowers with a credit rating of BBB+ (or equivalent) or lower. A reduction in revenue from a key borrower, including due to a reduction in a key borrower's borrowing activity or a default by a key borrower on its existing loans, could adversely affect the Bank's financial condition, results of operations, and ability to repay the Notes.

***The Bank is not subject to external regulatory oversight, which may adversely affect its risk profile and results of operations.***

The Bank is a multilateral financial institution of indefinite life, which is governed by the covenants contained in the Charter and the Bank's Regulations. As is standard among multilateral financial institutions, the Bank and its operations are not subject to regulation by any government or regulatory authority, unlike for commercial financial institutions and their operations. While the Bank has established prudential policies and procedures to govern its internal operations, including with respect to capital adequacy, liquidity, financial reporting and internal controls, and corporate governance, there is no regulatory requirement governing these policies and procedures or any regulatory oversight of the Bank's adherence to these policies and procedures. There can be no assurance that, in the absence of an independent regulatory or supervisory authority, the Bank will adhere to its prudential policies and procedures, or maintain its current capital adequacy and liquidity framework.

The Bank's supervisory body is composed of the Board of Governors, the Executive Board of Directors, the Executive President, and an Audit Committee of the Board of Executive Directors. Each of these entities forms part of the Bank's governance structure with the intention of establishing a system of authorization and oversight to set and monitor goals, control activities, assess risk, and control the operating environment to the extent possible. The

supervisory body meets in regular sessions and on an ad hoc basis as necessary. The Bank's Governors and Executive Directors are appointed by the Member Countries. Because the Member Countries are both members and borrowers, circumstances may arise in which the interests of a Member Country conflict with the Bank's interests.

***The market price of the Notes could be affected by economic, political, social and other developments in emerging market countries.***

Our Member Countries are generally considered by international investors to be "emerging market countries". From time to time, adverse economic developments have led to a general decline in trading prices of securities of issuers located in Latin America and other emerging market countries, including securities similar to the Notes, due to investors' generalized concerns about the region or about emerging market countries. In addition, the impact of hostilities or political unrest in other emerging market countries could affect international trade, commodity prices and general conditions in those countries. As a result, economic, political, social and other developments in emerging market countries could have an adverse economic effect on the market value and liquidity of the Notes.

***The Bank could be adversely affected by exchange controls or currency devaluations.***

The Bank's financial assets, such as investments and loans, are denominated in U.S. dollars. Some of our borrowers, however, may not be able to generate U.S. dollars, or have or may have limited access to U.S. dollars. We cannot give any assurances that any such borrower would not impose exchange controls or devalue its currency in a manner that would adversely affect the ability of such borrower to repay its loans, or that such potential failure to repay would not adversely affect our financial condition and results of operations or our ability to make payments on the Notes when due.

***It may be difficult to enforce civil liabilities against the Bank or its Governors, Directors, Executive President or senior officials.***

As an international treaty organization, we are a multilateral development bank with international legal status and all of our Governors, Executive Directors, Executive President, and senior officials are nonresidents of the United States and are located- outside the United States. We have been granted certain privileges and immunities by and in each of our Member Countries, including immunity of our property and other assets, wherever located and by whomsoever held, from every form of legal process except in so far as in any particular case they have expressly waived their immunity; however, it is understood that no waiver of immunity may extend to any measure of execution. Our Governors, Executive Directors, Executive President and senior officials enjoy certain privileges and immunities while exercising their functions and during their journeys to and from the place where they will fulfill their mission, including immunity from any kind of legal process. We may also be entitled to certain privileges and immunities outside of our Member Countries. For additional information, see "Legal Status." As a result, it may be difficult or impossible for investors to effect service of process within the United States on us or on such persons with respect to matters arising under U.S. federal securities laws, or to enforce outside the United States judgments obtained against us or such persons in U.S. courts, including actions predicated upon the civil liability provisions of such U.S. federal securities laws. In our Member Countries, both recognition and enforcement of court judgments with respect to civil liability provisions of U.S. federal securities laws are solely governed by local laws.

***Fluctuations in interest rate levels have in the past and could in the future have a material adverse effect on our business, results of operations and financial condition.***

We are exposed to interest rate risk primarily through our loans to, or guaranteed by, our Member Countries. As of June 30, 2024, all of our loans to, or guaranteed by, our Member Countries accrue interest at a floating interest rate based on compounded SOFR (as defined below) in arrears plus a fixed margin and a decline in interest rates on our loans would be expected to reduce the income we earn on such loans. In addition, we are exposed to interest rate risk through holdings of fixed income securities, certain investment liabilities and interest rate derivative instruments. If interest rates rise, the value of our investment portfolio may decrease. This may result in realized or unrealized losses. For example, interest rate increases have recently resulted in, and could in the future result in, unrealized losses in our investment portfolio, as increases in interest rates ordinarily decrease the estimated fair value of fixed income securities and result in decreased unrealized gains or increased unrealized losses on fixed income securities. We

recognize the accumulated change in estimated fair value of these fixed income securities in net income when we realize a gain or loss upon the sale of the security. Although it has been our practice to generally not sell investments prior to their contractual maturity, if we were required to sell all or a material portion of the securities in our investment portfolio, we may recognize significant losses. Furthermore, under current derivative contracts entered as part of our hedging activities, rising interest rates and changes in currency exchange rates could require that we make collateral deposits in relation to our cross-currency swaps. The occurrence of any of the risks set out above could have a material adverse effect on our business, results of operations and financial condition.

***The impairment or failure of financial institution counterparties may impact our investment return.***

Our activities expose us to different counterparties, including brokers and dealers, commercial and investment banks, clearing organizations, mutual funds, and other institutional clients. Transactions with counterparties expose us to credit risk if the applicable counterparty defaults. Such counterparties may be subject to sudden swings in the financial and credit markets that may impair their ability to perform or they may otherwise fail to meet their obligations. If these events occur, the decline in counterparty credit quality could result in a reduction in the value of the underlying assets which could have a material adverse effect on our business, results of operations and financial condition.

In addition, a default by any financial institution, or by a sovereign, could lead to additional defaults by other market participants. The failure of a sufficiently large and influential financial institution or sovereign has in the past, and could in the future, disrupt securities markets or clearance and settlement systems, and could lead to a chain of defaults because the commercial and financial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships. Even the perceived lack of creditworthiness of one or more counterparties may lead to market-wide liquidity problems and losses or defaults by us or by other institutions. This risk is sometimes referred to as “systemic risk” and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with which we interact on a daily basis. Systemic risk could have a material adverse effect on our business, results of operations and financial condition.

***The loss of key personnel, and the failure to attract and retain key personnel with appropriate qualifications and experience, could have a material adverse effect on our business and impair our ability to implement our business strategy.***

Our success depends in large part on our ability to attract and retain key personnel with appropriate knowledge and skills, particularly financial, investment, risk management, information technology and other specialist skills and experience. Competition for talent in the marketplace may result in increased costs to attract and retain such personnel or an inability to attract the right skill sets. Any failure on our part to attract or retain qualified personnel could have a material adverse effect on our business, results of operations and financial condition.

***A failure in our information technology systems or cyber security attacks may adversely affect our financial results.***

We depend on the reliability and security of our information technology systems to conduct our investment and lending activities, process financial records and operating data and communicate with our employees and business partners, and for many other activities related to our business. Our information technology systems may fail or have other significant shortcomings due to operational system flaws or employee misuse, tampering or manipulation. In addition, we may become the target of cyber-attacks or information security breaches that could result in the unauthorized release, gathering, monitoring, misuse, loss or destruction of proprietary and other information. Any of these occurrences could disrupt our business, result in potential liability or reputational damage or otherwise have an adverse effect on our financial results.

***Our businesses, financial condition, liquidity and results of operations have been and may in the future be adversely affected by unforeseen or catastrophic events, including pandemics, acts of war, terrorist attacks, extreme weather events or other natural disasters.***

The occurrence of unforeseen or catastrophic events, including pandemics or other widespread health emergencies (or concerns over the possibility of such an emergency), acts of war, including Russia’s invasion of

Ukraine and the conflicts in the Middle-East, terrorist attacks, extreme weather events or other natural disasters, could adversely affect our business, financial condition, liquidity and results of operations. In particular, the economies of our Member Countries, which are heavily reliant on agriculture, are susceptible to severe weather conditions, such as droughts and floods or the spread of diseases among crop and livestock, which could adversely affect crop production and livestock. These events could have such effects through economic or financial market disruptions or challenging economic or market conditions more generally in our Member Countries. Accordingly, adverse economic and financial conditions in our Member Countries may adversely affect their ability to meet their payment obligations with us, which in turn may have an adverse effect on our financial results and condition, and on our ability to make payments on the Notes when due. In addition, to the extent there are downgrades in the credit rating of our Member Countries, we may be required to make additional provisions for loan impairments in our financial statements, in line with our internal accounting policies. The occurrence of unforeseen or catastrophic events may also impair our ability to manage our businesses, including due to travel bans and restrictions, quarantines, shelter in place orders, shutdowns and social distancing requirements.

For example, the immediate impact of the COVID-19 pandemic on the Bank in 2020 and 2021 was the reduction in total net income as a result of the reduction in the amount of interest earned on loans, related to the fall in interest rates beginning in 2020 as a result of monetary and fiscal stimulus by governments and central banks in response to the COVID-19 pandemic. And while loan approvals and disbursement amounts increased in 2020 compared to 2019 in part as a result of increased demand from borrowers due to the emergencies resulting from the COVID-19 pandemic, loan approvals and disbursement amounts declined in 2021 compared to 2020, mainly as a result of difficulties experienced as a result of the COVID-19 pandemic in the processing of bids with the consequent delays in the works awarding and contracting processes, which resulted in a reduction in the disbursement amount required by the projects. The extent to which a pandemic may negatively affect our businesses, financial condition, liquidity and results of operations depends on, among other things, future developments, including the severity of the pandemic, the response of governments and central banks to the pandemic, and the development and effectiveness of vaccines and treatments, which are highly uncertain and cannot be predicted.

In addition, the ongoing war between Russia and Ukraine and the conflicts in the Middle-East have negatively affected the global economy, including the economies of our Member Countries. The war has resulted in, or contributed to, increased costs for transportation, energy, and raw materials, and the escalation or continuation of the war between Russia and Ukraine, the conflicts in the Middle-East or other hostilities could result in, among other things, supply chain disruptions, higher inflation, lower consumer demand and increased volatility in commodity, currency and other financial markets. The extent to which Russia's invasion of Ukraine and the conflicts in the Middle-East will negatively affect our businesses, financial condition, liquidity and results of operations will depend on, among other things, the extent and duration of the war, sanctions imposed in response to the war and resulting market disruptions.

## **Risks Relating to the Notes**

***The Fiscal and Paying Agency Agreement contains provisions that permit the modification of the terms of the Notes without the consent of all Holders of such Notes.***

The Fiscal and Paying Agency Agreement contains provisions for calling meetings of Holders of the Notes to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Holders of the Notes of a series, including Holders of the Notes who did not attend and vote at the relevant meeting and Holders of the Notes who voted in a manner contrary to the majority. Only Holders of outstanding Notes as of the relevant record date will be eligible to participate in any action by Holders. In addition, only outstanding Notes will be counted in determining whether the various percentage requirements for taking action have been met. For these purposes, a Note will not be "outstanding" (a) if it has been surrendered for cancellation, (b) if the Issuer has deposited or set aside, in trust for its Holder, money for its payment or redemption, (c) if the Issuer has fully defeased it as described above under " – Full defeasances of Notes," (d) Notes in lieu of or in substitution for which other Notes have been authenticated and delivered pursuant to the Fiscal and Paying Agency Agreement, or (e) if the Issuer or one of its affiliates is the owner; provided that no Member Country of the Bank will be considered an affiliate of the Issuer for this purpose. As a result, decisions might be taken by the Holders of the Notes of a series that are contrary to the preferences of any particular Holder.

***Risks related to the structure of a particular issue of Notes.***

A wide range of Notes may be issued under the Program. A number of these Notes may have features which contain particular risks for potential investors.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments, but as a way to reduce risks or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or through a financial advisor) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

***Your recourse as a Holder of a Note or Notes is limited.***

The Notes are not obligations of, or guaranteed by, our Member Countries. Although the Bank was established by treaty between its Member Countries, it is a legal entity separate from both the governments of its Member Countries and the agencies of such governments. Therefore, the principal of the Notes, and interest due or to become due in respect of the Notes, constitute obligations solely of the Bank and do not constitute the obligation of, nor are they guaranteed or insured by, any Member Country or sovereign entity or agency thereof. Your recourse as a Holder of Notes of any series in respect of the repayment of such Notes is limited solely to our assets.

***An active secondary market in respect of the Notes might never be established or might be illiquid and this would adversely affect the value at which you could sell the Notes.***

Notes issued under the Program will be new securities which may not be widely distributed and for which there is currently no active trading market. For example, an issuance of Notes may be sold to one investor or a limited number of investors, which may adversely affect the liquidity for those Notes. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Bank. Similarly, there is no assurance as to the development or liquidity of any trading market for any particular tranche of Notes.

In addition, the Notes will have no established trading market when issued, and although application may be made to the London Stock Exchange for the Notes to be admitted to trading on the ISM, an established trading market for the Notes might never develop. If a market does develop, it might not be very liquid. Therefore, investors might not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. If an active trading market for investments in the Notes is not developed or maintained, then the market or trading price and liquidity of investments in the Notes might be adversely affected.

***There may be limited publicly available information related to the Notes.***

We are not a reporting issuer in any jurisdiction in the United States and we have no current intention of becoming so. Although we publish certain disclosure as described elsewhere in this Offering Memorandum, this disclosure may not be consistent with the level of disclosure required of reporting issuers in any jurisdiction in the United States. Furthermore, there is limited publicly available information regarding us.

***Credit ratings may not reflect all risks of an investment in the Notes, and are subject to change, which may adversely affect the market value of the Notes.***

The Bank's credit ratings are an assessment by rating agencies of its ability to pay its debts when due. Agency ratings are not a recommendation to buy, sell or hold the Notes and may be lowered or withdrawn by the rating agency at any time. Real or anticipated changes in the credit ratings may affect the market price or value of the Notes. A

lowering of any credit ratings applied to the Notes may have an adverse effect on the market price or value or the liquidity of the Notes. There is no assurance that any credit rating will remain in effect for any given period of time or that any credit rating will not be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant.

***An increase or decline in interest rates will inversely affect the value of the Notes.***

Prevailing interest rates will affect the market value of the Notes which carry a fixed interest rate. Assuming all other factors remain unchanged, the market value of the Notes, if any market exists, will decline as prevailing interest rates for comparable debt instruments rise, and increase as prevailing rates for comparable debt instruments decline.

***The Terms of the Notes do not contain financial covenants or meaningful restrictions on the Issuer.***

The Bank is not restricted from incurring additional debt or other liabilities, including debt secured by liens, under the Notes. The Bank may from time to time incur additional debt and other liabilities, which may be substantial in amount and could affect the Bank's ability to meet its obligations under the Notes.

***The Fiscal and Paying Agency Agreement provides limited covenants and protection.***

While the Fiscal and Paying Agency Agreement and the Notes contain terms intended to provide you protection upon the occurrence of certain events, these terms are limited and may not be sufficient to protect your investment in the Notes.

***Notes denominated and payable in a currency other than the investor's currency are subject to exchange rate and exchange control risks.***

If your financial activities are denominated principally in one currency (the "Investor's Currency") and you invest in a Note denominated and payable in a different currency (such currency, the "Relevant Currency" and such Notes, "Relevant Currency Notes"), you will be subject to significant risks not associated with an investment in a Note denominated and payable in the Investor's Currency, including the possibility of material changes in the exchange rate between the Investor's Currency and the Relevant Currency and the imposition or modification of exchange controls by the governments issuing the Relevant Currency. We do not have any control over the factors that generally affect these risks, including economic, financial and political events and the supply and demand for the applicable currencies. Moreover, if payments on Relevant Currency Notes are determined by reference to a formula containing a multiplier or leverage factor, the effect of any change in the exchange rates between the applicable currencies may be magnified. In recent years, exchange rates between certain currencies have been highly volatile, and volatility between these currencies or with other currencies may be expected in the future. Fluctuations between currencies in the past are not necessarily indicative, however, of fluctuations that may occur in the future. Depreciation of the Relevant Currency would result in a decrease in the Investor's Currency equivalent yield of the subject Relevant Currency Notes, in the Investor's Currency equivalent value of the principal and any premium payable at the stated maturity or any earlier redemption of such Notes and, generally, in the Investor's Currency equivalent market value of such Notes.

Governmental exchange controls could affect exchange rates and the availability of the payment currency for your Relevant Currency Notes on a required payment date. Even if there are no exchange controls, it is possible that your payment currency will not be available on a required payment date for circumstances beyond our control. In these cases, we will be allowed to satisfy our obligations in respect of your Relevant Currency Notes in U.S. dollars or delay payment. See "Description of the Notes — Currency of Notes" herein for further discussion of these risks.

***Redemption prior to maturity may adversely affect your return on the Notes.***

If Notes are specified to be redeemable at the Issuer's option, the Issuer may choose to redeem your Notes at times when prevailing interest rates are lower than when you invested. In addition, if your Notes are subject to mandatory redemption, the Issuer may be required to redeem your Notes also at times when prevailing interest rates

are lower than when you invested. As a result, you generally will not be able to reinvest the redemption proceeds in a comparable security with an effective interest rate equal to or higher than that applicable to your Notes being redeemed.

***The Notes will be structurally subordinated to the indebtedness and other liabilities of our future subsidiaries, if any, and to any indebtedness secured by our assets to the extent of the value of such assets.***

The Notes will be structurally subordinated to the outstanding indebtedness and other liabilities of our future subsidiaries, if any. The Notes offered hereby will be direct, senior, unsecured obligations of the Issuer and will rank pari passu in right of payment with all other senior unsecured indebtedness of the Issuer, will be senior in right of payment to any of the Issuer's future indebtedness that is expressly subordinated to the Notes, and will be effectively subordinated to all of the Issuer's existing and future indebtedness that is secured, to the extent of the value of the assets securing such indebtedness. If any of such of our assets or our subsidiaries were to be liquidated, the creditors secured by those assets or of that subsidiary would be paid in full from the liquidated assets before holders of Notes would be paid from those assets.

***The Notes are subject to transfer restrictions.***

Unless specified in the applicable Pricing Supplement, Notes will be issued in minimum denominations of at least U.S.\$200,000 (or, with respect to Notes denominated in another currency, the specified minimum authorized denomination that is equal to or greater than U.S.\$200,000) and integral multiples of U.S.\$1,000 (or, with respect to Notes denominated in another currency, the specified authorized denomination that is equal to or greater than U.S.\$1,000) in excess thereof. Unless they are registered, the Notes may be offered only in transactions that are exempt from registration under the Securities Act or the securities laws of any other jurisdiction. Accordingly, the Notes are being initially offered in the United States only to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act) ("Qualified Institutional Buyers") and outside the United States to non-U.S. persons in compliance with Regulation S of the Securities Act. Accordingly, Notes that are initially offered in the United States or to U.S. persons will be subject to restrictions on transfer, which are further described under "Transfer Restrictions" below. Each purchaser of the Notes, in making its purchase, will be deemed to make the acknowledgements, representations, warranties and agreements set forth in "Transfer Restrictions." Given the high denominations and the restrictions on transfer, investors may have difficulty locating eligible persons willing to purchase Notes from them. As a result of these restrictions, there can be no assurance as to the existence of a secondary market for the Notes or the liquidity of such market if one develops. Consequently, you may not be able to transfer the economic risk of an investment in your Notes prior to the redemption or maturity of the Notes.

***Investors in the Notes will be subject to the rules of the applicable clearing system and their ability to exercise rights relating to the Notes directly might be limited.***

The Notes will be represented upon issuance by one or more Global Notes that may be deposited with a common depository for Euroclear and/or Clearstream, Luxembourg or may be deposited with a nominee for DTC. Except in the circumstances described in the applicable Global Note, investors in a Note will not be entitled to receive Notes in definitive form. Each of DTC, Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Note held through it. While the Notes are represented by a Global Note, investors will be able to trade their beneficial interests therein only through the relevant clearing systems and their respective participants.

While any Notes are represented by Global Notes, the Issuer will discharge its payment obligations thereunder by making payments through the relevant clearing systems. A Holder of a beneficial interest in a Global Note must rely upon the procedures of the relevant clearing system and its participants to receive payments in respect of their interests in the related Notes. The Issuer will not have any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Note. Holders of beneficial interests in a Global Note will not have a direct right to vote in respect of the Notes so represented. Instead, such Holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

***Notes denominated in a Specified Currency other than U.S. dollars permit us to make payments in U.S. dollars if we are unable to obtain such Specified Currency.***

If the Specified Currency (as defined below) for any Note denominated in a currency other than U.S. dollars is unavailable to us due to the imposition of exchange controls or other circumstances beyond our control or if the Specified Currency is no longer being used by the government of the country issuing such Specified Currency (or, in the case of the euro, the then member states of the European Monetary Union that have adopted the euro as their currency) or for the settlement of transactions by public institutions of or within the international banking community, then all payments in respect of Notes denominated in such Specified Currency will be made in U.S. dollars until such Specified Currency is again available to us or so used. The amount payable on any date in such Specified Currency will be converted into U.S. dollars on the basis of the market exchange rate for the Specified Currency most recently available on, or prior to, the second business day before the relevant payment date. Any payment in respect of the Notes denominated in such Specified Currency so made in U.S. dollars will not constitute an Event of Default under the applicable Notes or Fiscal and Paying Agency Agreement.

***The trading price of Notes issued as Social Debt Instruments, Green Debt Instruments, or Sustainability Debt Instruments may be negatively affected to the extent that perception by investors of the suitability of such Notes as “social,” “green,” or “sustainable” bonds deteriorates or demand for sustainability-themed investment products diminishes.***

No assurance can be given to investors that any “Eligible Projects” selected to receive an allocation of funds from the net proceeds of Notes issued as Social Debt Instruments, Green Debt Instruments, or Sustainability Debt Instruments will meet any or all investor expectations regarding such “social,” “green,” or “sustainable” or other equivalently-labeled performance objectives, or that adverse social or environmental impacts will not occur during the implementation of any “Eligible Projects” funded by the proceeds from such Notes or that the “Eligible Projects” will not be subject to controversy or to criticism by activist groups or other stakeholders. Negative perception by investors regarding the suitability of our determinations of “Eligible Projects,” dissatisfaction with our compliance with the SDF, or controversies involving the environmental, social or sustainability impact of our business or our industry more generally, could adversely affect the trading price of such Notes. The trading price of such Notes may also be negatively affected by changes in overall market demand for sustainability-themed investment products or by evolving standards or market consensus as to what constitutes a sustainability-themed investment product.

No representation or assurance is given as to the suitability or reliability of any opinion or certification of any third party made available in connection with an issue of Notes issued as Social Debt Instruments, Green Debt Instruments, or Sustainability Debt Instruments. For the avoidance of doubt, any such opinion or certification is not incorporated in this Offering Memorandum. Any such opinion or certification is not a recommendation by the Bank, the Arranger, any Dealer or any other person to buy, sell or hold any such Notes and is current only as of the date it was issued. The providers of such opinions and certifications may not be subject to any specific regulatory or other regime or oversight. Prospective investors must determine for themselves the relevance of any such opinion or certification and the information contained therein.

In the event that any such Notes are listed or admitted to trading on a dedicated “social,” “green,” or “sustainable” or other equivalently-labelled segment of a stock exchange or securities market, no representation or assurance is given by the Bank, the Arranger, any Dealer or any other person that such listing or admission satisfies any present or future investment criteria or guidelines with which such investor is required, or intends, to comply. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. No representation or assurance is given or made by the Bank, the Arranger, any Dealer or any other person that any such listing or admission to trading will be obtained in respect of any such Notes or that any such listing or admission to trading will be maintained during the life of the Notes.

While it is the intention of the Bank to apply the proceeds of any Notes issued as Social Debt Instruments, Green Debt Instruments, or Sustainability Debt Instruments for Eligible Projects and/or to report on the use of proceeds and/or Eligible Projects described further in the section “Use of Proceeds” above and/or in any applicable Pricing Supplement, there is no contractual obligation to do so. There can be no assurance that any such Eligible Projects will be available or capable of being implemented in the manner anticipated and, accordingly, that the Bank will be able to use the proceeds for such Eligible Projects as intended. In addition, there can be no assurance that Eligible Projects

will be completed as expected or achieve the impacts or outcomes (environmental, social or otherwise) originally expected or anticipated. None of (i) a failure by the Bank to allocate the proceeds of any Notes issued as Social Debt Instruments, Green Debt Instruments, or Sustainability Debt Instruments or to report on the use of proceeds or Eligible Projects as anticipated, (ii) a failure of a third party to issue (or to withdraw) an opinion or certification in connection with an issue of Social Debt Instruments, Green Debt Instruments, or Sustainability Debt Instruments, or (iii) the failure of the Notes issued as Social Debt Instruments, Green Debt Instruments, or Sustainability Debt Instruments to meet investors' expectations or requirements regarding any "social," "green," or "sustainable" or similar labels will constitute an Event of Default or breach of contract with respect to any of the Notes issued as Social Debt Instruments, Green Debt Instruments, or Sustainability Debt Instruments.

***The regulation, reform and uncertainty about the future of certain "benchmarks" might adversely affect the value of Notes linked to or referencing such "benchmarks".***

Interest rates and indices that are deemed to be "benchmarks" (including EURIBOR) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms might cause such benchmarks to perform differently than in the past, to disappear entirely or have other consequences that cannot be predicted. Any such consequence might have a material adverse effect on any Notes linked to or referencing such a "benchmark."

The Benchmarks Regulation was published in the Official Journal of the European Union ("EU") on June 29, 2016 and has applied since January 1, 2018. The Benchmarks Regulation as it forms part of UK domestic law by virtue of the EUWA and as amended by the Benchmarks (Amendment and Transitional Provisions) (EU Exit) Regulations 2019 has applied in the UK since the end of the Brexit transition period on 31 December 2020 (the "UK Benchmarks Regulation"). The Benchmarks Regulation and the UK Benchmarks Regulation apply to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU and the UK, respectively. The Benchmarks Regulation and the UK Benchmarks Regulation will, among other things: (a) require benchmark administrators to be authorized or registered (or, if non-EU based or non-UK based, respectively, to be subject to an equivalent regime or otherwise recognized or endorsed) and (b) prevent certain uses by EU or UK supervised entities of "benchmarks" of administrators that are not authorized or registered (or, if non-EU based or non-UK based, respectively, not deemed equivalent or recognized or endorsed). It is not possible to predict the effect of these changes, other reforms, or the establishment of alternative reference rates in the EU, the UK or elsewhere.

The Benchmarks Regulation and/or the UK Benchmarks Regulation could have a material impact on any Notes linked to or referencing a "benchmark", in particular, if the methodology or other terms of the "benchmark" are changed to comply with the requirements of the Benchmarks Regulation or the UK Benchmarks Regulation. Such changes might, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the "benchmark."

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of "benchmarks," might increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements. Such factors might have the following effects on certain "benchmarks" (including EURIBOR): (a) discourage or prevent market participants from continuing to administer or contribute to the "benchmark," (b) trigger changes in the rules or methodologies used in the "benchmark" and/or (c) lead to the disappearance of the "benchmark." Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations might have a material adverse effect on the value of and return on any investment in Notes linked to or referencing a "benchmark."

To the extent interest payments on a Floating Rate Note are linked to a specific "benchmark" that is discontinued or is no longer quoted, the applicable base rate will be determined using the alternative methods described in "Description of The Notes — Interest Rates — Floating Rate Notes." Any of these alternative methods may result in interest payments that are lower than or that do not otherwise correlate over time with the payments that would have been made on those Notes if the relevant "benchmark" was available in its current form. Further, the same costs and risks that may lead to the discontinuation or unavailability of a "benchmark" may make one or more of the alternative methods impossible or impracticable to determine.

Under some of the Base Rates (as defined below) described herein (including Base Rates that are not subject to the Benchmarks Regulation), the final alternative method sets the interest rate for an interest period at the same rate as the immediately preceding interest period. The use of this final alternative method would have the effect of causing a Floating Rate Note to become a Fixed Rate Note for all succeeding interest periods. Any of the foregoing may have an adverse effect on the value of such Notes.

Investors should consult their own independent advisors and make their own assessment about the potential risks imposed by the Benchmarks Regulation and/or the UK Benchmarks Regulation in making any investment decision with respect to any Notes linked to or referencing a “benchmark.”

***If EURIBOR were to be discontinued, the replacement rate may not be favorable for Holders of EURIBOR Notes.***

The fallback arrangements (the “*benchmark discontinuation provisions*”) under “Description of the Notes — Interest Rates — Floating Rate Notes — Benchmark Discontinuation — Reference Rate Replacement — EURIBOR” below that would take effect in the event that EURIBOR is discontinued or no longer published or a Benchmark Event (as defined below) otherwise occurs include the possibility that the rate of interest on the relevant Floating Rate Notes could be set by reference to a successor rate or an alternative reference rate and that such successor rate or alternative reference rate may be adjusted (if required) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to Holders arising out of the replacement of EURIBOR. However, to the extent that EURIBOR is discontinued or no longer published or a Benchmark Event otherwise occurs, and no alternative, successor or replacement reference rate is identified or selected in accordance with the benchmark discontinuation provisions, then the rate of interest on the applicable Floating Rate Notes will be determined by the fallback provisions provided for under “Description of the Notes — Interest Rates — Floating Rate Notes — EURIBOR Notes” below, although such provisions, being dependent in part upon the provision by reference banks, might not operate as intended depending upon market circumstances and the availability of interest rate information at the relevant time and might in certain circumstances result in the effective application of a fixed rate based upon the rate that applied in the previous period when EURIBOR, as applicable, was available, in effect resulting in such EURIBOR Notes becoming fixed rate notes. Any of these alternative methods might result in interest payments that are lower than or that do not otherwise correlate over time with the payments that would have been made on the applicable Floating Rate Notes if EURIBOR, as applicable, were available in its current form. Additionally, if EURIBOR or any other relevant benchmark rate is discontinued or no longer published, then there can be no assurance that the applicable fallback provisions under any related swap agreements would operate so as to ensure that the benchmark rate used to determine payments under any related swap agreements is the same as that used to determine interest payments under the applicable Floating Rate Notes.

Notwithstanding any other provision of the Fiscal and Paying Agency Agreement or the Notes, the consent or approval of the Holders is not required in the case of amendments to the Notes pursuant to the benchmark discontinuation provisions to vary the method or basis of calculating the rate(s) or amount of interest or the basis for calculating any interest payment in respect of the applicable Notes or for any other variation of the Notes and/or the Fiscal and Paying Agency Agreement required to be made in the circumstances described in the benchmark discontinuation provisions where the Issuer has delivered to the applicable Calculation Agent (as defined below) a certificate in the form and manner required by the benchmark discontinuation provisions. Any such amendment made pursuant to the benchmark discontinuation provisions might have unexpected commercial consequences and there can be no assurance that, due to the particular circumstances of each Holder, any such amendment will be favorable to each Holder.

In addition, due to the uncertainty concerning the availability of successor rates and alternative reference rates and the involvement of the Issuer and/or an Independent Adviser (as defined below) in accordance with the benchmark discontinuation provisions, the relevant benchmark discontinuation provisions might not operate as intended at the relevant time. More generally, any of the above matters or any other significant change to the setting or existence of EURIBOR or any other relevant benchmark might have a material adverse effect on the value or liquidity of, and the amount payable under, the applicable Notes. No assurance may be provided that relevant changes will not be made to EURIBOR or any other relevant benchmark and/or that such benchmarks will continue to exist. Investors should consider these matters when making their investment decision with respect to the Notes.

***Potential conflicts of interest in connection with a Base Rate replacement***

In the event of a cessation of EURIBOR, SOFR or SONIA, we or our Designee may make certain determinations in their own discretion, as described in the relevant replacement provisions in “Description of the Notes,” in connection with choosing and implementing a replacement rate. These determinations do not require the consent of the Holders and, once made, may negatively affect the value of the Notes and will be conclusive and binding on the Holders.

***SOFR has a limited history and its historical performance is not indicative of future performance.***

The Bank may issue Floating Rate Notes that bear interest based on Secured Overnight Financing Rate (“SOFR”), as described in “Description of the Notes — Interest Rates — Base Rates.” The Federal Reserve Bank of New York (the “FRBNY”) began to publish SOFR in April 2018. Although the FRBNY has also begun publishing historical indicative SOFR going back to 2014, such historical indicative data inherently involves assumptions, estimates and approximations. Therefore, SOFR has limited performance history and no actual investment based on the performance of SOFR was possible before April 2018. The level of SOFR for Floating Rate Notes with Compounded SOFR as a Base Rate may bear little or no relation to the historical level of SOFR. The future performance of SOFR is impossible to predict and, therefore, no future performance of SOFR or the Notes may be inferred from any of the hypothetical or actual historical performance data. Hypothetical or actual historical performance data are not indicative of the future performance of SOFR or the Notes. Changes in the levels of SOFR will affect Compounded SOFR and are impossible to predict, and, therefore, the return on the Notes and the trading price of such Notes may rise or fall. There can be no assurance that SOFR or Compounded SOFR will be positive.

***The composition and characteristics of SOFR are not the same as those of the U.S. dollar London interbank offered rate (“LIBOR”) and any failure of SOFR to maintain market acceptance could adversely affect SOFR notes.***

SOFR may fail to maintain market acceptance. SOFR was developed for use in certain U.S. dollar derivatives and other financial contracts as an alternative to the U.S. dollar LIBOR in part because it is considered representative of general funding conditions in the overnight U.S. Treasury repurchase agreement (“repo”) market. However, as a rate based on transactions secured by U.S. Treasury securities, it does not measure bank-specific credit risk and, as a result, is less likely to correlate with the unsecured short-term funding costs of banks. In addition, SOFR is an overnight rate, while U.S. dollar LIBOR represents interbank funding over different maturities. As a result, there can be no assurance that SOFR or the SOFR Index will perform in the same, or a similar, way as U.S. dollar LIBOR historically did at any time, including, without limitation, as a result of changes in interest and yield rates in the market, market volatility, or global or regional economic, financial, political, regulatory, judicial or other events.

The differences between SOFR and U.S. dollar LIBOR may mean that market participants would not consider SOFR a suitable substitute, replacement or successor for all of the purposes for which U.S. dollar LIBOR historically has been used (including, without limitation, as a representation of the unsecured short-term funding costs of banks), which may, in turn, lessen market acceptance of SOFR. Any failure of SOFR to maintain market acceptance could adversely affect the return on and value of SOFR Notes and the price at which you can sell such SOFR Notes.

Further, other index providers are developing products that are perceived as competing with SOFR. It is possible that market participants will prefer one of these competing products and that such competing products may become more widely accepted in the marketplace than SOFR. To the extent market acceptance for SOFR as a benchmark for floating rate notes declines, the return on and value of SOFR Notes and the price at which investors can sell SOFR Notes in the secondary market could be adversely affected. In addition, investors in SOFR Notes may not be able to sell SOFR Notes at all or may not be able to sell SOFR Notes at prices that will provide them with a yield comparable to similar investments that continue to have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk.

As of the date of this Offering Memorandum, there are multiple market conventions with respect to the implementation of SOFR as a base rate for floating rate notes or other securities. The manner of calculation and related conventions with respect to the determination of interest rates based on SOFR in floating rate notes markets may differ materially compared with the manner of calculation and related conventions with respect to the determination of interest rates based on SOFR in other markets, such as the derivatives and loan markets. Investors should consider

carefully how any potential inconsistencies between the manner of calculation and related conventions with respect to the determination of interest or other payment rates based on SOFR across these markets may impact any hedging or other financial arrangements that they may put in place in connection with any acquisition, holding or disposition of SOFR Notes.

***SOFR may be more volatile than other benchmark or market rates.***

Since the initial publication of SOFR, daily changes in the rate have, on occasion, been more volatile than daily changes in other benchmark or market rates, such as U.S. dollar LIBOR, during corresponding periods. In addition, although changes in Compounded SOFR generally are not expected to be as volatile as changes in daily levels of SOFR, the return on, value of and market for SOFR Notes may fluctuate more than floating rate debt securities with interest rates based on less volatile rates. The FRBNY has at times conducted operations in the overnight U.S. Treasury repo market in order to help maintain the federal funds rate within a target range. There can be no assurance that the FRBNY will continue to conduct such operations in the future, and the duration and extent of any such operations is inherently uncertain. The effect of any such operations, or of the cessation of such operations to the extent they are commenced, is uncertain and could be materially adverse to investors in Notes linked to SOFR.

***SOFR may be modified or discontinued and the Notes may bear interest by reference to a rate other than SOFR, which could adversely affect the value of the Notes.***

SOFR is published by FRBNY based on data received by it from sources other than us, and we have no control over its methods of calculation, publication schedule, rate revision practices or availability at any time. There can be no guarantee, particularly given its relatively recent introduction, that SOFR will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in SOFR Notes. If the manner in which SOFR is calculated is changed, that change may result in a reduction in the amount of interest payable on SOFR Notes and the trading prices of SOFR Notes. In addition, the FRBNY may withdraw, modify or amend the published SOFR or SOFR data in its sole discretion and without notice. The rate of interest for any interest period will not be adjusted for any modifications or amendments to the SOFR or SOFR data that the FRBNY may publish after the rate of interest for that interest period has been determined.

If the Issuer determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred in respect of Compounded SOFR Notes, then the rate of interest on Compounded SOFR Notes will no longer be determined by reference to SOFR, but instead will be determined by reference to a different rate, plus a spread adjustment, which we refer to as a “Benchmark Replacement,” as further described in “Description of the Notes — Interest Rates — Base Rates — SOFR Notes — Effect of a Benchmark Transition Event for Compounded SOFR Notes.”

If a particular Benchmark Replacement or Benchmark Replacement Adjustment cannot be determined, then the next-available Benchmark Replacement or Benchmark Replacement Adjustment will apply. These replacement rates and adjustments may be selected, recommended or formulated by (i) the Relevant Governmental Body (such as the Alternative Reference Rates Committee), (ii) the International Swaps and Derivatives Association (“ISDA”) or (iii) in certain circumstances, the Issuer itself. In addition, the terms of Compounded SOFR Notes expressly authorize the Issuer to make Benchmark Replacement Conforming Changes with respect to, among other things, the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters. The determination of a Benchmark Replacement, the calculation of the rate of interest on Compounded SOFR Notes by reference to a Benchmark Replacement (including the application of a Benchmark Replacement Adjustment), any implementation of Benchmark Replacement Conforming Changes and any other determinations, decisions or elections that may be made under the terms of the Notes in connection with a Benchmark Transition Event, could adversely affect the value of SOFR Notes, the return on SOFR Notes and the price at which you can sell such Notes.

In addition, (i) the composition and characteristics of the Benchmark Replacement will not be the same as those of Compounded SOFR, the Benchmark Replacement may not be the economic equivalent of Compounded SOFR, there can be no assurance that the Benchmark Replacement will perform in the same way as Compounded SOFR would have at any time and there is no guarantee that the Benchmark Replacement will be a comparable substitute for Compounded SOFR (each of which means that a Benchmark Transition Event could adversely affect

the value of the Notes, the return on the Notes and the price at which you can sell the Notes), (ii) any failure of the Benchmark Replacement to gain market acceptance could adversely affect the Notes, (iii) the Benchmark Replacement may have a very limited history and the future performance of the Benchmark Replacement may not be predicted based on historical performance, (iv) the secondary trading market for Notes linked to the Benchmark Replacement may be limited and (v) the administrator of the Benchmark Replacement may make changes that could change the value of the Benchmark Replacement or discontinue the Benchmark Replacement and has no obligation to consider your interests in doing so.

***The total amount of interest payable with respect to each interest period for SOFR-linked Notes will not be known until near the end of the interest period.***

Interest on SOFR Notes can only be determined at the end of the relevant interest period and immediately or shortly prior to the relevant Interest Payment Date. It might be difficult for investors in SOFR Notes to estimate reliably the amount of interest that will be payable on such Notes, and some investors might be unable or unwilling to trade such Notes without changes to their information technology systems, both of which might adversely impact the liquidity of such Notes. This same lack of advanced notice of the amount of an interest payment would also apply in the event of an early redemption on a date other than an Interest Payment Date or upon an acceleration after an Event of Default.

***The market continues to develop in relation to SONIA as a reference rate for Floating Rate Notes.***

For Floating Rate Notes with SONIA as a Base Rate, interest will be determined on the basis of Compounded Daily SONIA. See “Description of the Notes — Interest Rates — Floating Rate Notes — SONIA Rate Notes.” Compounded Daily SONIA is a backwards-looking, compounded, risk-free overnight rate. The use of SONIA as a reference rate for debt instruments is still limited and subject to change and further development, both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of debt securities referencing SONIA.

Accordingly, prospective investors in any Floating Rate Notes with Compounded Daily SONIA as a Base Rate should be aware that the market continues to develop in relation to SONIA as a reference rate in the capital markets.

The market or a significant part thereof may adopt an application of SONIA that differs significantly from that set out in “Description of the Notes — Interest Rates — Floating Rate Notes — SONIA Rate Notes.” In addition, the Issuer may in the future issue SONIA Rate Notes that differ materially in terms of interest determination when compared with any previous SONIA Rate Notes issued by it. The development of Compounded Daily SONIA as an interest reference rate for the capital markets, as well as continued development of SONIA-based rates for that market and the market infrastructure for adopting those rates, might result in reduced liquidity or increased volatility or might otherwise affect the market price of any SONIA Rate Notes from time to time.

Furthermore, interest on Floating Rate Notes with Compounded Daily SONIA as a Base Rate is only capable of being determined at the end of the relevant interest period and immediately or shortly prior to the relevant Interest Payment Date. It might be difficult for investors in SONIA Rate Notes to estimate reliably the amount of interest that will be payable on such Notes, and some investors might be unable or unwilling to trade such Notes without changes to their information technology systems, both of which might adversely impact the liquidity of such Notes. This same lack of advanced notice of the amount of an interest payment would also apply in the event of an early redemption on a date other than an Interest Payment Date or upon an acceleration after an Event of Default.

In addition, the manner of adoption or application of SONIA reference rates in the eurobond market might differ materially compared with the application and adoption of SONIA in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of SONIA reference rates across these markets might impact any hedging or other financial arrangements that they might put in place in connection with any acquisition, holding or disposal of investments in Notes referencing Compounded Daily SONIA.

## USE OF PROCEEDS

The Issuer intends to use the net proceeds from the sale of any Notes under this Offering Memorandum for general purposes in the ordinary course of its business, according to its institutional objectives as described in “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” The use of proceeds of any individual issuance of Notes, if other than for general corporate purposes, will be described in the applicable Pricing Supplement.

The Issuer may elect to issue Notes as Social Debt Instruments, Green Debt Instruments, or Sustainability Debt Instruments (together, “Sustainable Debt Instruments”) and allocate an equal amount of the net proceeds of such Notes to finance “Eligible Projects” as defined in the Issuer’s Sustainable Debt Framework (as published from time to time, the “SDF”). The SDF has been developed to guide issuances of Sustainable Debt Instruments and defines the use of proceeds for such instruments, the process for evaluating and selecting Eligible Projects, the management of proceeds from Sustainable Debt Instruments and the reporting on the Issuer’s overall portfolio and the use of proceeds for each Sustainable Debt Instrument, in alignment with the four core components of Green Bond Principles 2021, Social Bond Principles 2021, and Sustainability Bond Guidelines 2021, as published by the International Capital Market Association, as well as the Green Loan Principles 2021 and Social Loan Principles 2021, as administered by Loan Market Association, Asia Pacific Loan Market Association, and Loan Syndication & Trading Association (collectively, the “Principles”). The Issuer has worked with an outside consultant with recognized expertise in environmental, social and governance research and analysis to (i) assess our eligibility criteria and processes for alignment with the Principles, and (ii) obtain and make publicly available a second party opinion from such consultant in respect of compliance with such criteria. An amount equal to the net proceeds of the Sustainable Debt Instrument under the SDF will be used to fund in whole or in part, new or existing projects (including projects that have been disbursed in the 36 months prior to the issuance date) from any of the following categories defined below, which shall be considered Eligible Projects.

Eligible Projects fall into the following Social Use of Proceeds categories or Green Use of Proceeds categories, as listed in the tables below and in the SDF: “Access to Essential Services”, “Affordable Basic Infrastructure”, “Food Security and Sustainable Food Systems”, “Employment Generation and Socio-economic Advancement”, “Renewable Energy”, “Clean Transportation”, “Environmentally Sustainable Management of Living Natural Resources”, “Pollution Prevention and Control”, and “Sustainable Water and Wastewater Management”.

### Social Use of Proceeds categories:

Category	Sub-Categories	Potential Eligible Projects	Potential Target Population
Access to Essential Services	Recreational Infrastructure	<ul style="list-style-type: none"> <li>Small recreational infrastructure projects, limited to sport areas, urban parks, tourism and culture</li> </ul>	Inhabitants in remote or underserved areas (peri-urban and small urban areas, rural agglomerates and/or agricultural colonies)
	Health	<ul style="list-style-type: none"> <li>Construction and/or expansion of medical centers, laboratories and supporting infrastructure and equipment</li> <li>Preventive care, treatment, public health education and health support in relation to COVID-19 or vector related diseases (e.g. Chagas)</li> </ul>	
	Education	<ul style="list-style-type: none"> <li>Educational infrastructure and equipment, funding educational programs, digitalization of public educational services</li> </ul>	
	Water and Sanitation	<ul style="list-style-type: none"> <li>Construction and/or expansion of water supply and sewage systems</li> </ul>	Children/Youth

<b>Affordable Basic Infrastructure</b>		<ul style="list-style-type: none"> <li>• Macro and micro drainage and/or flood defense infrastructure</li> </ul>	<p>Population in need of healthcare</p> <p>Inhabitants in areas vulnerable to flood risks.</p> <p>MSMEs and unemployed population.</p> <p>Women</p>
	Electricity	<ul style="list-style-type: none"> <li>• Expansion and/or improvement of electricity supply systems</li> </ul>	
	Transport and Urban development	<ul style="list-style-type: none"> <li>• Improvement of regional infrastructure to promote enhanced connectivity, social services access and modal shift through small scale interventions, excluding highways.</li> </ul>	
	Information and Communications Technology (ICT)	<ul style="list-style-type: none"> <li>• Development and/or expansion of broadband telecommunication networks</li> </ul>	
<b>Food Security and Sustainable Food Systems</b>	Food security	<ul style="list-style-type: none"> <li>• School meal programs in public schools</li> </ul>	
<b>Employment Generation and Socio-economic Advancement</b>	Medium, Small and Micro Enterprises (MSMEs), Local communities' projects and sector growth	<ul style="list-style-type: none"> <li>• Financing and developing services for small, medium and micro businesses</li> <li>• Programs for emergency employment generation</li> </ul>	

**Green Use of Proceeds categories:**

<b>Category</b>	<b>Potential Eligible Assets</b>	<b>Environmental benefits</b>
<b>Renewable Energy</b>	<ul style="list-style-type: none"> <li>• Financing of renewable electricity solutions and their implementation:               <ul style="list-style-type: none"> <li>– Wind (onshore and offshore); and</li> <li>– Solar (photovoltaic)</li> </ul> </li> </ul>	Climate change mitigation Energy security
<b>Clean Transportation</b>	<ul style="list-style-type: none"> <li>• Construction and improvement of low carbon transportation infrastructure (intercity passenger rail projects)</li> </ul>	Pollution prevention and control Climate change mitigation
<b>Environmentally Sustainable Management of Living Natural Resources</b>	<ul style="list-style-type: none"> <li>• Financing of the preservation of urban natural resources and ecosystem services (linear and environmental parks)</li> <li>• Loans and/or grants to family producers with agricultural projects aiming at transitioning to agroecological practices to support sustainable food production systems and resilient agriculture</li> </ul>	Pollution prevention and control Climate change mitigation Protection of healthy ecosystems
<b>Pollution Prevention and Control</b>	<ul style="list-style-type: none"> <li>• Solid waste management systems, including prevention, collection, composting and recycling</li> </ul>	Pollution prevention and control Protection of healthy ecosystems
<b>Sustainable Water and Wastewater Management</b>	<ul style="list-style-type: none"> <li>• Wastewater treatment systems</li> </ul>	Sustainable use and protection of water and marine resources

The Eligible Projects go through evaluation and due diligence procedures, as established by the Issuer, and the Issuer’s Sustainability Committee selects Eligible Projects to be financed in accordance with the SDF. If the Issuer elects to use the net proceeds from the issue of a series of Notes to finance Eligible Projects, the details of such use of proceeds will be set forth in the applicable Pricing Supplement.

The Issuer will not knowingly finance, directly, or indirectly, projects involved in the production, trade or use of the products, substances, or activities listed below:

- activities that are illegal under host country laws, regulations or ratified international conventions and agreements, or subject to international phase out or ban;
- activities that, although consistent with a county’s legal and/or regulatory framework may generate significant adverse impacts on people and/or the environment;
- production or activities supported by dangerous or exploitative forms of forced or child labor, or discriminatory practices or practices that prevent employees from freely exercising their labor rights;
- tobacco production or trade;
- use of World Health Organization class I and II pesticides and others prohibited by the local legislation of the Member Countries, or that are known to affect wildlife or public health;
- production or trade in substances that deplete the ozone layer, subject to phase-out at the international level;
- gambling, casinos, and equivalent enterprises;

- trade in species of flora and fauna regulated by Convention on International Trade in Endangered Species of Wild Fauna and Flora or products derived from them;
- manufacture or sale of radioactive materials;
- civil works that can adversely affect significant properties protected by national legislation;
- production or trade of wooden products or other products from forests without the sustainable management and certification plan.
- production or trade in psychoactive substances prohibited by national laws;
- activities that involve the development or use of weapons and ammunition, military equipment, or infrastructure or for the armed forces.
- projects or activities that limit the freedom of individuals and violate human rights;
- activities that promote the illegal sex trade;
- animal testing activities unless approved by national legislation;
- activities related to the exploration, production or transportation of fossil fuels (e.g., coal, oil and gas); and
- consumption of fossil fuels for the purpose of power generation.

The Issuer's processes for management of proceeds from Sustainable Debt Instruments are overseen by the Issuer's Sustainability Committee. Pending allocation, the Issuer intends to deposit proceeds from Sustainable Debt Instruments in the Issuer's general treasury account and manage the proceeds in accordance with the Issuer's treasury investment guidelines, and, where feasible, all proceeds will be allocated within 12-36 months after issuance. In the case of divestment or if a project no longer meets the eligibility criteria, the Issuer will use reasonable efforts to reallocate an equal amount of the funds to other Eligible Projects. The Issuer intends to publish reports on the allocation of proceeds from Sustainable Debt Instruments on its website and on an annual basis until full allocation. The report will include information such as a breakdown of proceeds by category and geography, and the share and amount of allocated and unallocated proceeds, as well as certain impact metrics.

Information relating to the SDF that we provide herein is a summary, and it is not a complete description of the SDF. Furthermore, the contents of the SDF or, except as expressly set forth herein, the contents of our website or the website of our second party opinion provider are not incorporated by reference herein and do not form part hereof. Neither the Issuer's website nor any information included or posted therein is incorporated by reference into this Offering Memorandum. Information relating to the SDF may be updated from time to time, and any such updated information relevant to the issue of a series of Notes will be set forth in the applicable Pricing Supplement.

## CAPITAL STRUCTURE

As of the date of this Offering Memorandum and June 30, 2024, following the increase approved by the Board of Governors on February 5, 2024, the Bank's authorized capital amounted to \$6,500.0 million, of which \$3,014.2 million has been subscribed, and \$3,485.8 million is to be allocated and subscribed in the future. Of the \$3,014.2 million currently fully subscribed, paid-in capital amounted to \$1,349.2 million, of which \$107.6 million was pending integration, and, \$1,665.0 million corresponds to fully subscribed and committed callable capital. As of December 31, 2023, the Bank's authorized capital amounted to \$3,014.2 million, consisting of paid-in capital of \$1,349.2 million, of which \$138.8 million was pending integration, and fully subscribed and committed callable capital amounted to \$1,665.0 million.

Following the ratification by our Member Countries on January 27, 2024 of the Bank's Charter, our authorized capital was redenominated as follows: (i) 301,420 "Class A" shares, with a par value of \$10,000 per share, allocated to founding Member Countries, initially consisting of 134,920 shares of paid-in capital and 166,500 shares of callable capital; (ii) as many "Class B" shares, with a par value of \$10,000 per share, as necessary to be issued upon an increase of the authorized capital after the accession of new members; and (iii) five "Class C" shares, with no par value per share, allocated such that one Class C share was initially issued to each holder of Class A shares (i.e., each founding Member Country holds one Class C share) for the purpose of granting the founding Member Countries special rights to make decisions on certain issues set forth in the Charter. Each share is entitled to one vote per share. In general, the decisions of the Board of Governors must be adopted by the absolute majority of votes of Class A and Class B shareholders who, at the same time, represent the absolute majority of the countries present, provided that a special majority of four-fifths of the Class C shares is required for the approval of the certain issues as set forth in the Charter, including for the approval of amendments to the Charter or the Bank's Regulations, the interpretation of the Charter and the Bank's Regulations, capital increases or reductions, and decisions on the accession of other countries or agencies as non-founding members of the Bank, and decisions on the Bank's dissolution and determination of the form of dissolution.

On June 12, 2024, following the increase in the amount of authorized capital, the Board of Governors approved guidelines for preparing a proposal for an increase in the amount of subscribed capital, based on the recommendation made by the Executive Board of Directors on May 29, 2024. Among other provisions, these guidelines include maintaining unchanged the proportions of 45% paid-in capital and 55% callable capital that had been used in the two capital increases approved in 2013, and in 2016, respectively, and for founding Member Countries and/or new borrowing members with credit ratings below AA (or equivalent). Additionally, these guidelines allocate up to 20% of the Bank's capital for the accession of new members.

The cumulative subscribed capital increases agreed to by Member Countries since 1976 are listed in the table below. There have not been additional increases of the authorized capital since February 2024.

Year	Increase in Authorized Capital	Total Authorized Capital	Total Paid-In Capital	Paid-In Capital Fully Paid By Year
	(US\$ in millions)	(US\$ in millions)	(US\$ in millions)	(US\$ in millions)
1979 .....	100.0	100.0	60.0	1986
1983-2010 <sup>(1)</sup> .....	389.2	489.2	0.0	2012
2013 .....	1,150.0	1,639.2	799.2	2018
2016 .....	1,375.0	3,014.2	1,349.2 <sup>(2)</sup>	2026
2024 .....	3,485.8	6,500.0	(3)	(4)

<sup>(1)</sup> From 1983 and through 2012, the Board of Governors approved the capitalization of the General Reserve. The General Reserve is formed by retained earnings.

<sup>(2)</sup> Of which \$107.6 million are subscribed and pending integration by Member Countries as of June 30, 2024.

<sup>(3)</sup> As of June 30, 2024, subscribed paid-in capital amounted to \$1,349.2 million, of which \$107.6 million was pending integration. To maintain the proportions of 45% paid-in capital and 55% callable capital in accordance with the Board of Governors' June 12, 2024 guidelines, the Bank intends for total paid-in capital to amount to \$2,917.8 million when the 2024 capital increase of \$3,485.8 million is fully subscribed, which would result in a total subscribed authorized capital of \$6,500.0 million.

<sup>(4)</sup> To be determined.

The following table shows the amount of subscribed paid-in and callable capital by Member Country as of June 30, 2024:

<b>Member Country</b>	<b>Subscribed Paid-in and Callable Capital<sup>(1)</sup></b>		
	<b>Paid-in</b> (US\$ in millions)	<b>Callable</b> (US\$ in millions)	<b>Total</b> (US\$ in millions)
Argentina .....	449.7	555.0	1,004.7
Bolivia.....	149.9	185.0	334.9
Brazil.....	449.7	555.0	1,004.7
Paraguay .....	149.9	185.0	334.9
Uruguay .....	149.9	185.0	334.9
<b>Total .....</b>	<b>1,349.2</b>	<b>1,665.0</b>	<b>3,014.2</b>

<sup>(1)</sup> As of June 30, 2024, our total authorized capital was \$6,500.0 million, of which \$3,485.8 million is to be allocated by the Board of Governors in the future.

The following table shows the amount of subscribed paid-in and callable capital by Member Country as of December 31, 2023, which remained unchanged since December 31, 2022 and December 31, 2021:

<b>Member Country</b>	<b>Subscribed Paid-in and Callable Capital</b>		
	<b>Paid-in</b> (US\$ in millions)	<b>Callable</b> (US\$ in millions)	<b>Total</b> (US\$ in millions)
Argentina .....	449.7	555.0	1,004.7
Bolivia.....	149.9	185.0	334.9
Brazil.....	449.7	555.0	1004.7
Paraguay .....	149.9	185.0	334.9
Uruguay .....	149.9	185.0	334.9
<b>Total .....</b>	<b>1,349.2</b>	<b>1,665.0</b>	<b>3,014.2</b>

During the six months ended June 30, 2024 and June 30, 2023 and the years ended December 31, 2023, December 31, 2022, and December 31, 2021, the Bank received paid-in capital contributions in the amounts of \$31.2 million, \$97.5 million, \$128.7 million, \$75.2 million, and \$89.6 million, respectively. The following tables show the amounts of our paid-in capital subscribed, including the amount paid-in and the amount pending integration, as of June 30, 2024, December 31, 2023, December 31, 2022, and December 31, 2021:

<b>Member Country</b>	<b>As of June 30, 2024</b>		
	<b>Paid-in Capital Subscribed</b>		
	<b>Paid-in</b> (US\$ in millions)	<b>Receivable</b> (US\$ in millions)	<b>Total</b> (US\$ in millions)
Argentina .....	418.6	31.1	449.7
Bolivia.....	139.5	10.4	149.9
Brazil.....	404.4	45.3	449.7
Paraguay .....	139.5	10.4	149.9
Uruguay .....	139.5	10.4	149.9
<b>Total .....</b>	<b>1,241.6</b>	<b>107.6</b>	<b>1,349.2</b>

<b>Member Country</b>	<b>As of December 31, 2023</b>		
	<b>Paid-in Capital Subscribed</b>		
	<b>Paid-in</b> (US\$ in millions)	<b>Receivable</b> (US\$ in millions)	<b>Total</b> (US\$ in millions)
Argentina .....	387.4	62.3	449.7
Bolivia.....	139.5	10.4	149.9
Brazil.....	404.4	45.3	449.7
Paraguay .....	139.5	10.4	149.9
Uruguay .....	139.5	10.4	149.9
<b>Total .....</b>	<b>1,210.4</b>	<b>138.8</b>	<b>1,349.2</b>

<b>As of December 31, 2022</b>			
<b>Paid-in Capital Subscribed</b>			
<b>Member Country</b>	<b>Paid-in</b>	<b>Receivable</b>	<b>Total</b>
	(US\$ in millions)	(US\$ in millions)	(US\$ in millions)
Argentina .....	387.4	62.3	449.7
Bolivia.....	129.1	20.8	149.9
Brazil.....	306.9	142.8	449.7
Paraguay .....	129.1	20.8	149.9
Uruguay .....	129.1	20.8	149.9
<b>Total .....</b>	<b>1,081.7</b>	<b>267.5</b>	<b>1,349.2</b>

<b>As of December 31, 2021</b>			
<b>Paid-in Capital Subscribed</b>			
<b>Member Country</b>	<b>Paid-in</b>	<b>Receivable</b>	<b>Total</b>
	(US\$ million)	(US\$ in millions)	(US\$ million)
Argentina .....	356.3	93.4	449.7
Bolivia.....	118.8	31.2	150.0
Brazil.....	294.0	155.7	449.7
Paraguay .....	118.7	31.2	149.9
Uruguay .....	118.7	31.2	149.9
<b>Total .....</b>	<b>1,006.5</b>	<b>342.7</b>	<b>1,349.2</b>

As of June 30, 2024, December 31, 2023, December 31, 2022, and December 31, 2021, all Member Countries had subscribed and committed in full their respective shares of callable capital.

For more detail regarding our capital structure as of June 30, 2024 and December 31, 2023, see Note 10.1 (“Equity – Capital”) of our unaudited interim financial statements and audited financial statements included in this Offering Memorandum.

Any Member Country may withdraw from the Bank by giving written notice to the Bank’s Executive President, who must immediately notify the Board of Governors and the Executive Board of Directors, and any withdrawal will be effective one year after the date of such notice. Even after withdrawing, a Member Country will remain liable for all obligations to the Bank as of the date of delivery of its notice of withdrawal. The refund of capital contributions to a Member Country that has withdrawn will occur only after the borrowings and any other obligations of the Member Country to the Bank have been fully repaid.

## CAPITALIZATION

The following table sets forth the Bank's capitalization as of June 30, 2024.

	<b>As of June 30, 2024</b>
	(US\$ in millions)
<b>Liabilities</b>	
Borrowings .....	\$1,103.1
Other liabilities <sup>(1)</sup> .....	18.3
Special funds .....	23.5
Total Liabilities .....	1,144.9
<b>Equity</b>	
Paid-in capital .....	1,349.2
Paid-in capital pending integration .....	(107.6)
General reserve .....	246.9
Other reserves .....	2.0
Retained earnings .....	132.1
Total equity .....	1,622.6
<b>Total liabilities and equity</b> .....	<b>2,767.5</b>

<sup>(1)</sup> Other liabilities include interest and commissions accrued on borrowings, trade payables and accruals, unamortized financial lease obligations, and fair value hedge derivatives.

## SELECTED FINANCIAL INFORMATION

The following tables present our selected financial information and other financial data for each of the periods indicated. This financial data has been derived from, and should be reviewed concurrently with and is qualified in its entirety by reference to, the unaudited interim financial statements as of June 30, 2024 (the “unaudited interim financial statements”) and the audited financial statements as of December 31, 2023, December 31, 2022 and December 31, 2021 (the “audited financial statements”) included elsewhere in this Offering Memorandum, which are translations from the originals issued in Spanish. Our audited financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS”). The unaudited interim financial statements were prepared in accordance with International Accounting Standards (IAS) 34 as issued by the International Accounting Standards Board.

The selected information below should be read in conjunction with: “Capitalization,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our unaudited interim financial statements and audited financial statements and, in each case, the notes thereto included elsewhere in this Offering Memorandum.

	For the Six Months Period Ended June 30		For the Year Ended December 31		
	2024	2023	2023	2022	2021
<b>Income Statement (US\$ in millions)</b>					
Loan portfolio					
Interest .....	81.8	66.1	139.4	69.6	35.6
Other loan income.....	3.0	2.8	7.3	5.9	6.6
Investments					
Interest .....	9.3	12.5	28.9	2.1	4.8
Other .....	0.3	0.4	0.8	0.0	0.0
Income from financial assets .....	94.4	81.8	176.4	77.6	47.0
Interest expense .....	(36.0)	(29.7)	(65.3)	(25.2)	(11.0)
Income from financial assets, net .....	58.4	52.1	111.1	52.4	36.0
<i>Memo:</i> Net interest income <sup>(1)</sup>	55.1	48.9	103.0	46.5	29.4
Other income/expense	(11.9)	(10.5)	(0.7)	7.4	0.1
Provision for loan impairment .....	(0.4)	(4.4)	(5.9)	(1.2)	(2.6)
Income after provision for loan impairment	46.1	37.2	104.5	58.6	33.5
Administrative expenses .....	(6.1)	(6.4)	(12.4)	(11.0)	(9.5)
Net income.....	40.0	30.8	92.1	47.6	24.0

<sup>(1)</sup>Net interest income is calculated as: “Loan portfolio—Interest” plus “Investments—Interest” minus “Interest expense”. Net interest income is a non-GAAP measure and may not be comparable to similar non-GAAP measures used by other issuers. See “Reconciliation of Non-GAAP Financial Measures” for a reconciliation of net interest income to the financial information presented under IFRS.

	As of June 30	As of December 31		
	2024	2023	2022	2021
<b>Summarized Balance Sheet (US\$ in millions)</b>				
Total assets .....	2,767.5	2,640.1	2,337.2	2,156.8
Total liabilities .....	1,144.9	1,090.5	1,008.3	951.8
Total equity .....	1,622.6	1,549.6	1,328.9	1,205.0

	As of and for the Six Months Period Ended June 30	As of and for the Year Ended December 31		
	2024	2023	2022	2021
<b>Selected Financial Metrics</b>				
Return on average net assets <sup>(1)</sup> .....	5.02%	6.37%	3.72%	2.05%
Return on average equity <sup>(2)</sup> .....	5.04%	6.40%	3.76%	2.08%
Equity to assets <sup>(3)</sup> .....	58.63%	58.69%	56.86%	55.87%
Equity to liabilities <sup>(4)</sup> .....	141.72%	142.10%	131.80%	126.60%

<sup>(1)</sup> Return on average net assets is calculated as net income divided by average net assets. Average net assets are calculated as average financial assets minus average borrowings. Financial assets are calculated as the sum of loans outstanding, investments and cash at banks. Figures for the six months period ended June 30, 2024 are presented at an annualized rate.

<sup>(2)</sup> Return on average equity is calculated as net income divided by average equity. Figures for the six months period ended June 30, 2024 are presented at an annualized rate.

<sup>(3)</sup> Equity to assets is calculated as total equity divided by total assets.

<sup>(4)</sup> Equity to liabilities is calculated as total equity divided by total liabilities.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion should be read in conjunction with "Selected Financial Information" and with the Bank's unaudited interim financial statements and audited financial statements and the other financial data included in this Offering Memorandum. The Bank prepares its financial statements in conformity with IFRS. This section contains forward-looking statements that involve risks and uncertainties. The Bank's actual results may differ materially from the results that the forward-looking statements express or imply.*

### Overview

The Bank is a multilateral development bank that began operating in 1977. Its member countries are Argentina, Bolivia, Brazil, Paraguay, and Uruguay. It is headquartered in Santa Cruz de la Sierra, Bolivia and has liaison offices in Buenos Aires, Argentina; Brasilia, Brazil; Asunción, Paraguay and Montevideo, Uruguay.

The Bank's mission is to support the integration of its Member Countries regionally and globally to achieve their harmonious and inclusive development by funding studies, projects, programs, assistance, and technical advice. The main functions of the Bank include granting loans and guarantees, obtaining external financing, carrying out or funding studies to identify investment opportunities of interest to the Member Countries and prepare the relevant projects, providing funding for technical assistance and advice, and performing any other functions conducive to its mission.

For an overview of the Bank's business, governance and operations, please refer to the sections entitled "Fondo Financiero para el Desarrollo de la Cuenca del Plata" and "Legal Status" at the beginning of this Offering Memorandum, and "Operations of the Bank" later in this Offering Memorandum.

### Market overview and trends

Since 2020, important global developments have occurred, including: the COVID-19 pandemic; high levels of inflation and an increase in global interest rates, and volatility in the price of certain commodities. The emergence of COVID-19 on a global scale resulted in a widespread health and humanitarian crisis, causing disruption in economic activities worldwide, and leading to significant instability in financial markets. The immediate impact of the COVID-19 pandemic on the Bank, given its countercyclical nature as a development bank, was the growth in its outstanding gross loan portfolio which, in 2021, experienced an increase of 21.4%. On the income side, despite the increase on its loan portfolio, the Bank experienced a reduction in the amount of accrued income due to the decreases in interest rates as a result of the expansionary monetary policies implemented worldwide, which lasted from 2020 and through the end of 2021. This trend of low interest rates was reversed in 2022 when central banks increased interest rates in an effort to control inflationary pressures. Increased interest rates coupled with the continued increase in the Bank's loan portfolio in 2022 and 2023 drove increases in the Bank's loan income, which increased by 94.3% in 2023 compared to 2022 and increased 78.9% in 2022 compared to 2021. During the six-month interim period ended as of June 30, 2024, loan income increased by 23.1% compared to the same interim period ended June 30, 2023. This increase was mostly driven by increases in the size of the lending portfolio.

Inflation rates have experienced a surge across the globe, and the economies of our Member Countries were no exception to this worldwide trend. Central banks have intervened to prevent a dislodging of inflation expectations by tightening monetary policy and increasing interest rates. In the next two years, economic growth in our Member Countries is expected to decline below the regions' average GDP during the two decades before the start of the COVID-19 pandemic in 2020.

The increase in global interest rates and inflation has affected the valuation of the Bank's marketable securities in its liquidity portfolio. However, this impact has been mitigated by the rise in interest rates collected from the Bank's loan portfolio. This is due to the loans being made in USD at a floating rate, based on SOFR in arrears.

Moreover, the ongoing conflicts between Russia and Ukraine and in the Middle-East have negatively affected the global economy, including the economies of our Member Countries. The conflicts have resulted in, or contributed

to, supply chain disruptions, higher inflation, lower consumer demand and increased volatility in commodity, currency and other financial markets. As of June 30, 2024, the only material effect of these factors on the Bank has been an increase in the demand for its loans, consistent with the countercyclical nature of the Bank’s role as a multilateral development bank (“MDB”).

Despite the presence of other development banks in the region, the Bank anticipates that the expansion of its loan portfolio will not be significantly impacted by their activities. This is because the financing needs of the Member Countries surpass the current supply of lending resources from other MDBs. Therefore, the Bank perceives the activities of other development banks as complementary to its own lending operations.

## Overview of loan operations

The Bank provides financing in the form of loans to its Member Countries in the ordinary course of business. Our lending capacity amounted to \$4,867.8 million and \$4,648.8 million as of June 30, 2024 and December 31, 2023, respectively. Such amounts are based on a multiplier of three times total equity of \$1,622.6 million and \$1,549.6 million as of June 30, 2024 and December 31, 2023, respectively.

The Bank’s main financial assets are its sovereign guaranteed loans granted to or guaranteed by its Member Countries, which, as of June 30, 2024 and December 31, 2023, represented 95.4% and 94.8% of the gross loan portfolio, respectively. In addition, loans outstanding granted to government owned financial institutions at the subnational level without a sovereign guarantee amounted to \$92.5 million and \$98.3 million as of June 30, 2024 and December 31, 2023, respectively.

The table below sets forth the Bank’s outstanding gross loans as of June 30, 2024, December 31, 2023, December 31, 2022 and December 31, 2021, respectively.

Loan Portfolio (US\$ in millions)	As of	As of		
	June 30	December 31		
	2024	2023	2022	2021
Argentina .....	\$ 466.0	\$ 460.8	\$ 490.5	\$ 403.8
Bolivia .....	426.9	440.6	395.0	355.4
Brazil .....	227.3	206.3	178.9	143.2
Paraguay .....	343.1	342.3	342.0	275.6
Uruguay .....	442.1	328.9	278.3	269.6
Gross loan portfolio with sovereign guarantee.....	1,905.4	1,778.9	1,684.8	1,447.6
Gross loan portfolio with non- sovereign guarantee.....	92.5	98.3	76.0	72.0
<b>Total gross loan portfolio .....</b>	<b>\$1,997.9</b>	<b>\$1,877.2</b>	<b>\$ 1,760.8</b>	<b>\$ 1,519.6</b>

The Bank’s Member Countries have in the past experienced adverse economic conditions from time to time, and they may experience these conditions in the future. Despite experiencing adverse economic conditions in previous years, all the Bank’s Members Countries have historically honored their loan obligations to the Bank by paying in full and in a timely manner. See “Asset Quality.” The Bank charges interest on overdue loan service amounts.

In compliance with its financial and risk management policies, the Bank manages its risk exposure to changes in exchange and interest rates by denominating all of its loan contracts in U.S. dollars. All loan contracts signed on or after January 1, 2022 use compounded SOFR in arrears as the reference rate. Through December 31, 2021, the Bank used the 6-month USD LIBOR rate as the reference rate for its loans. However, because the 6-month USD LIBOR ceased to be published after June 2023, the Bank agreed with its Member Countries to a voluntary conversion process under which the 6-month USD LIBOR rate was replaced by compounded SOFR in arrears plus an adjusting margin applicable to all legacy loan contracts. As of March 2024, all legacy loans had been converted to compounded SOFR in arrears. See “— Recent developments related to LIBOR transition” for a more detailed discussion of the Bank’s LIBOR transition.

## Results of Operations

The Bank derives most of its revenues from income from financial assets. Income from financial assets consists primarily of interest and fees earned on the portfolio of loans outstanding. Fee income from loans consists of commitment and administrative fees. Additionally, income from financial assets includes interest and other income on investments.

Net income from financial assets consists of income from financial assets after deducting interest expense. Interest expense consists of the interest accrued on borrowings.

Income after provision for loan impairment consists of net income from financial assets minus other income and provision for loan impairment. The provision for loan impairment is maintained at a level the Bank considers adequate to absorb potential losses related to the loan portfolio as of the date of the financial statements.

Other income includes net unrealized gains and losses resulting from the valuation at fair value of cross-currency and interest rate swaps designated as fair value hedges contracted to align borrowings originally denominated in currencies other than the U.S. dollar and at rates different from the Bank's lending reference rate to the U.S. dollar and to the compounded SOFR in arrears.

Net income consists of income after provision for loan impairment minus administrative expenses.

## Lending Cycle

The process of identifying, assessing, approving and disbursing the financing of a development project often extends over several years. The length of the project cycle depends on the nature, objective and purpose of each individual project, as well as the capacity of the implementing institutions.

As part of its business model, the Bank has developed new lending instruments, policies and procedures designed to optimize its lending cycle. Proposed project loans are evaluated in accordance with the Bank's Operational Policies, which set out detailed eligibility and evaluation guidelines. The Bank's relevant lending principles include:

- (i) Sovereign Guaranteed development loans ("SGL") constitute the main vehicle for financing projects both at the national and subnational levels of Member Countries;
- (ii) Non-sovereign Guaranteed ("NSG") lending is capped at 6% of lending capacity and is geared to the financing of government-owned or majority-owned enterprises at the national and subnational levels;
- (iii) Loan applicants must submit a proposal specifying the development objective pursued and the technical, economic and financial merits of the project;
- (iv) The Bank evaluates both the capacity of the borrower to carry out its financial obligations under the loan agreement and the institutional capacity of the implementing agency responsible for carrying out the project; and
- (v) The Bank monitors the use of loan proceeds and adherence to applicable procurement and financial requirements. The Bank establishes the scope of fiduciary monitoring throughout the execution period of each loan (during which the borrower is expected to implement the project that the loan is financing) based upon an assessment of the capacity of the executing agency responsible for implementing the project. Executing agencies are required to engage their external auditors, audit the project's financial statements and review procurement and disbursement processes, which adds an additional layer of review to the regular monitoring process performed by the Bank's fiduciary specialists throughout the disbursement period. Additionally, all loan contracts include conditions precedent that must be met before an initial disbursement can be made.

## Critical Accounting Policies

The Bank's financial statements are prepared in accordance with IFRS Accounting Standards, which requires it in some cases to use estimates and assumptions that may affect reported results and disclosures. The Bank's significant accounting policies are described in Note 4 ("Summary of Material Accounting Policies") to its unaudited interim financial statements and audited financial statements that accompany this Offering Memorandum. Some of the more significant accounting policies used to present the Bank's financial results involve the use of accounting estimates that are considered to be critical because: (1) they require significant management judgment and assumptions about matters that are complex and inherently uncertain; and (2) the use of a different estimate or a change in an estimate could have a material impact on the Bank's reported results of operations or financial condition.

The statements of financial position classify the Bank's assets and liabilities based on their expected liquidity, determined in accordance with their expected recovery or repayment within a 12-month period, following the date of the financial statements (current), and those for which their expected recovery or repayment is expected to take more than a 12-month period following the date of the financial statements (non-current), as per Note 13 to the Bank's unaudited interim and annual audited financial statements, respectively. The unaudited interim financial statements were prepared in accordance with IAS 34.

The Bank maintains a provision for expected losses on its portfolio of SGL and NSG loans outstanding. Any increase (decrease) in these provisions is recorded as a provision for loan impairment expense (income) on the income statement. To calculate the provision for loan impairment, the Bank assesses the likelihood and magnitude of potential impairment affecting either a single loan or a group of loans based on the following factors: (i) the maximum exposure to risk at default; (ii) the probability of default; and (iii) the loss given default. For more detail, please refer to Notes 4.8(v) ("Summary of Material Accounting Policies – The Bank's business model and its effect on financial assets and liabilities – Impairment") and 8.4(iii) ("Loan Portfolio – Impairment and exposure to risk") to the unaudited interim financial statements and the annual audited financial statements.

For more detail please refer to Note 4 of the unaudited interim financial statements and annual audited financial statements.

## Income statement

	For the Six Months Period Ended June 30		For the Year Ended December 31		
	2024	2023	2023	2022	2021
<b>Income Statement (US\$ in millions)</b>					
Loan portfolio					
Interest .....	81.8	66.1	139.4	69.6	35.6
Other loan income.....	3.0	2.8	7.3	5.9	6.6
Investments					
Interest .....	9.3	12.5	28.9	2.1	4.8
Other .....	0.3	0.4	0.8	0.0	0.0
<b>Income from financial assets.....</b>	<b>94.4</b>	<b>81.8</b>	<b>176.4</b>	<b>77.6</b>	<b>47.0</b>
Interest expense .....	(36.0)	(29.7)	(65.3)	(25.2)	(11.0)
<b>Income from financial assets, net .....</b>	<b>58.4</b>	<b>52.1</b>	<b>111.1</b>	<b>52.4</b>	<b>36.0</b>
Other income/expense .....	(11.9)	(10.5)	(0.7)	7.4	0.1
Provision for loan impairment .....	(0.4)	(4.4)	(5.9)	(1.2)	(2.6)
Income after provision for loan impairment .....	46.1	37.2	104.5	58.6	33.5
Administrative expenses .....	(6.1)	(6.4)	(12.4)	(11.0)	(9.5)
<b>Net income .....</b>	<b>40.0</b>	<b>30.8</b>	<b>92.1</b>	<b>47.6</b>	<b>24.0</b>

### *Loan portfolio – Interest*

The amount of interest income resulting from the Bank's loan portfolio consists of the interest earned on outstanding loans and is primarily driven by the balance of loans outstanding and the level of interest rates during the period. The Bank's ability to generate income on its loan portfolio depends on various factors affecting the growth and profitability of the loan portfolio, including (i) the Bank's lending capacity, which is based on three-times the amount of total equity, (ii) the amount of loans disbursed, (iii) the amount of principal payments collected during the year, and (iv) the interest rates on the loans, which are based on (a) compounded SOFR in arrears plus a fixed spread for loan contracts approved on or after January 1, 2022 and for legacy loan contracts that were converted to compounded SOFR in arrears plus an adjusting margin, and (b) synthetic LIBOR plus a fixed spread for certain loans that were converted to the compounded SOFR in arrears during the first semester of 2024.

For the six months ended June 30, 2024, the Bank's loan portfolio interest was \$81.8 million, representing an increase of \$15.7 million, or 23.8%, compared to the loan portfolio interest of \$66.1 million for the six months ended June 30, 2023. The increase was primarily driven by the net growth in the net loan portfolio as a result of the \$230.4 million in loan disbursements exceeding the \$109.8 million amount of cash received from loan principal amortization, and to a lesser extent to increase in the reference interest rate.

For the year ended December 31, 2023, the Bank's loan portfolio interest was \$139.4 million, representing an increase of \$69.8 million, or 100.3%, compared to the loan portfolio interest of \$69.6 million for the year ended December 31, 2022. The increase was driven primarily by the increase in the reference interest rate and, to a lesser extent, net growth in the loan portfolio of 6.2% which was driven primarily by loan disbursements in the amount of \$291.9 million, compared to collections of loan principal in the amount of \$175.5 million. For the year ended December 31, 2022, the amount of interest income accrued on loans of \$69.6 million represented an increase of \$34.0 million, or 95.5%, compared to the \$35.6 million accrued for the year ended December 31, 2021. The increase was driven primarily by a higher volume of loan disbursements, net of principal repayment, as well as by the increase in interest rates. In this regard, during the first quarter of 2022 major developed countries started to increase interest rates to restrain the persistent inflation caused by the expansionary monetary policies deployed to address the COVID-19 pandemic and the additional inflationary pressures caused by the Russian invasion of Ukraine in February 2022. Consequently, the 6-month USD LIBOR rate and the SOFR rate increased by approximately 480 basis points and 425 basis points, respectively, throughout 2022, and the SOFR rate increased by another 108 basis points in 2023.

### *Loan portfolio – Other loan income*

The amount of other loan income consists of commitment and administrative fees earned in connection with loans and is driven by the amount of loans originated during the period, as well as the balance of loans outstanding.

For the six months ended June 30, 2024, other loan income was \$3.0 million, representing an increase of \$0.2 million, or 7.1%, compared to our other loan income of \$2.8 million for the six months ended June 30, 2023. The increase corresponds to accrued commitment fees and was primarily driven by an increase in loans approved, which reached \$490.0 million. The increase in loan approvals was primarily related to loan approvals to Argentina, following its decision to continue its membership in the Bank announced in January 2024 and withdrawal of its April 2023 letter to the Bank in which the previous government had expressed its intent to discontinue its membership.

For the year ended December 31, 2023, other loan income was \$7.3 million, representing an increase of \$1.4 million, or 23.7%, compared to the amount of \$5.9 million earned for the year ended December 31, 2022. The increase was primarily driven by the increase in loans approved to a record of \$534.3 million, which compared to \$456.0 million during 2022, representing a 17.2% increase. In 2022, the amount of other loan income earned of \$5.9 million compared to the \$6.6 million earned for the year ended December 31, 2021, for a decrease of \$0.7 million, or 10.6%. This reduction in other loan income earned was primarily the result of a reduction in the commitment fee charged to compensate for the rapid increase in the loan interest reference rate.

### *Investments – Interest*

Interest income on investments consists of the interest earned on cash and cash equivalents, which includes interest-bearing bank deposits and certain short-term investments with an original maturity of up to three months, as well as interest earned on investments at amortized cost, which is recognized using the effective interest rate method, and interest earned on investments available for sale and valued at their fair value with changes in fair value reported in other comprehensive income.

For the six months ended June 30, 2024, investments interest was \$9.3 million, representing a decrease of \$3.2 million, or 25.6%, compared to investments interest of \$12.5 million for the six months ended June 30, 2023, primarily reflecting a decline in the investment yield from 4.39% to 2.74%, partially offset by an increase in average balances from \$570.0 million to \$676.8 million. The decline reflected a change in criteria for recording available-for-sale investments to apply the effective interest rate method for revenue recognition beginning with the six months ended June 30, 2023. Consequently, the return on investments for the six months ended June 30, 2023 included an initial adjustment for amortization of the discount premium, which increased the return. Investment interest does not include unrealized gains associated to changes in fair value of investments classified as available for sale as of June 30, 2024, which are included in other comprehensive income until the sale or maturity of the investments.

For the year ended December 31, 2023, investments interest was \$28.9 million, representing an increase of \$26.8 million compared to the \$2.1 million of investment interest earned for the year ended December 31, 2022. The increase was primarily driven by the increase in interest rates. Investment interest earned for the year ended December 31, 2022 of \$2.1 million compared with the amount earned for the year ended December 31, 2021 of \$4.8 million, reflecting a decrease of \$2.7 million, or 56.3%. The decrease reflects the impact of changes in market interest rates and the recognition of amortization of premium/discount on investments available for sale. Changes in market interest rates did not translate into realized losses since the Bank did not sell those investments prior to their contractual maturity.

### *Investments – Other*

Other investment income was not material for the six months ended June 30, 2024, and June 30, 2023, and for the years ended December 31, 2023, December 31, 2022, and December 31, 2021, respectively.

### *Interest expense*

Interest expense consists of the interest and fees accrued on borrowings, which is primarily driven by the total amount of our outstanding borrowings and the level of interest rates and fees.

For the six months ended June 30, 2024, our interest expense was \$36.0 million, representing an increase of \$6.3 million, or 21.2%, compared to our interest expense of \$29.7 million for the six months ended June 30, 2023. The increase was driven by an average increase of 57 basis points in the overall interest rates and the total outstanding amount of our borrowings.

For the year ended December 31, 2023, our interest expense was \$65.3 million, representing an increase of \$40.1 million, or 159.1%, compared to the amount of interest expense of \$25.2 million accrued for the year ended December 31, 2022. The increase in interest expense was primarily driven by increases in interest rates. The average financial cost of our borrowings increased by 380 basis points during the year ended December 31, 2023, from 264 basis points during the year ended December 31, 2022. Interest expense during the year ended December 31, 2022 was \$25.2 million compared to \$11.0 million for the year ended December 31, 2021, reflecting an increase of \$14.2 million, or 129.1%. This increase was the result of a net increase in the balance of borrowings outstanding of \$48.7 million, coupled with an average increase of 118 basis points in the average interest rate.

### *Other income/expense*

The Bank classifies its hedging transactions designed to protect debt flows contracted in currencies other than the U.S. dollars or at interest rates other than its lending interest reference rate as fair value hedges in accordance

with IFRS 9. Changes in the fair value of hedging instruments, together with the changes in the fair value of the original debt that is the subject of the hedges, are included in other income as gains or losses.

For the six months ended June 30, 2024, our other expense was \$11.9 million, consisting of net unrealized losses of \$12.2 million and other gains of 0.3 million, representing an increase in the net expense of \$1.4 million or 13.3%, compared to \$10.5 million for the six months ended June 30, 2023. This increase was primarily driven by an increase in net unrealized losses, which in turn was primarily driven by changes in currency exchange rates and interest rates used to value the Bank's debt contracted in currencies other than the U.S. dollar and at interest rates other than the Bank's loans reference interest rate and the receivable payable swaps contracted to mitigate the risk of exposure to exchange rate and interest rate changes.

For the year ended December 31, 2023 other expense was \$0.7 million, which included (i) net unrealized losses of \$1.4 million, which consisted of unrealized losses due to the fair value adjustment of debt flows hedged with cross-currency and interest rate swaps of \$65.7 million, partially offset by unrealized gains resulting from receivable and payable swaps of \$64.3 million, and (ii) other income of \$0.6 million, primarily consisting of interest earned and received on collateral deposited with counterparts on existing cross-currency swaps. For the year ended December 31, 2022, other income was \$7.4 million, compared to \$0.1 million for the year ended December 31, 2021. This increase was primarily due to the Bank's decision to designate its hedging instruments as fair-value hedges effective January 1, 2022. Other income/expense for the year ended December 31, 2021 consisted primarily of income related to loans to the Bank's personnel.

#### *Provision for loan impairment*

The Bank maintains a provision for expected losses on our loans. Any increase (decrease) in these provisions is recorded as a provision for loan impairment expense (income) in the income statement. For more detail, please refer to Notes 4.8(v) ("Summary of Material Accounting Policies – The Bank's business model and its effect on financial assets and liabilities – Impairment") and 8.4(iii) ("Loan Portfolio – Impairment and exposure to risk") to our unaudited interim financial statements and audited financial statements.

For the six months ended June 30, 2024, the provision for loan impairment was \$0.4 million, which reflects a decrease of \$4.0 million when compared to the \$4.4 million recorded for the six months ended June 30, 2023. This decrease was primarily driven by improvements in the credit risk rating of Uruguay, partially offset by the normal increase in outstanding balances due to the excess of disbursements over collections of loan principal.

For the year ended December 31, 2023, the provision for loan impairment was \$5.9 million, an increase of \$4.7 million compared to \$1.2 million for the year ended December 31, 2022. This increase reflected an increase in the balance of provision for potential impairments on loans outstanding, which was primarily driven by downgrades in the credit rating of Argentina and Bolivia, and to a lesser degree driven by increases in our loan receivable balances due to disbursements. During the year ended December 31, 2022, the provision for loan impairment was \$1.2 million, a decrease of \$1.4 million compared to \$2.6 million for the year ended December 31, 2021. The decrease was primarily driven by a slight improvement in the probability of default rates published by the credit rating agencies for the sovereign loan portfolio of all of our Member Countries.

#### *Administrative expenses*

Administrative expenses include personnel salaries and benefits, business travel expenses, fees accrued and paid for professional services, fees accrued and paid for credit risk ratings, external auditors' fees, fees paid for financial services, depreciation on fixed assets, gains/losses on foreign exchange and other administrative expenses.

For the six months ended June 30, 2024, administrative expenses were \$6.1 million, representing a decrease of \$0.3 million, or 4.7%, compared to the \$6.4 million incurred in administrative expenses during the six months ended June 30, 2023. The decrease was primarily driven by delays incurred in the replacement of staff positions.

For the year ended December 31, 2023, administrative expenses were \$12.4 million, representing an increase of \$1.4 million, or 12.7%, compared to administrative expenses of \$11.0 million for the year ended December 31,

2022. The increase was primarily the result of the Bank's return to a normal level of activity after lifting restrictions it imposed during the COVID-19 pandemic. Starting in July 2022, and through 2023, the Bank resumed the hiring of more than 10 staff positions that had been frozen during the pandemic, resumed a normal level of business travel, and opened new liaison offices in Buenos Aires, Argentina and Brasilia, Brazil. For the year ended December 31, 2022, administrative expenses amounted to \$11.0 million, reflecting a \$1.5 million, or 15.8%, increase compared to the \$9.5 million incurred during the year ended December 31, 2021, when the Bank maintained a work-from-home modality, suspended business travel and froze hiring for 10 vacant staff positions.

#### *Net income*

As noted above, net income is equal to income after provision for loan impairment minus administrative expenses.

For the six months ended June 30, 2024, net income amounted to \$40.0 million, representing an increase of \$9.2 million, or 29.9%, compared to our net income of \$30.8 million for the six months ended June 30, 2023. The increase in net income was primarily driven by higher loan income for the six month period ended June 30, 2024, as compared to the same period in 2023.

For the year ended December 31, 2023, net income amounted to \$92.1 million, representing an increase of \$44.5 million, or 93.5%, compared to our net income of \$47.6 million for the year ended December 31, 2022. The increase in net income was primarily driven by higher loan income in 2023 compared to 2022, partially offset by an increase in interest expense, provision for loan impairment, and administrative expenses in 2023 compared to 2022. Net income for the year ended December 31, 2022 amounted to \$47.6 million, which represented an increase of \$23.6 million, or 98.3%, compared to \$24.0 million of net income for the year ended December 31, 2021. The decrease was primarily driven by higher loan income, partially offset by an increase in interest expense in 2022 when compared to 2021.

#### **Balance sheet**

##### *Total assets*

As of June 30, 2024, total assets were \$2,767.5 million, representing an increase of \$127.4 million, or 4.8%, compared to our total assets of \$2,640.1 million as of December 31, 2023. The increase was primarily driven by an increase in the loan portfolio of \$120.3 million resulting from the excess of loan disbursements over the collection of principal amortizations, which along with paid-in capital provided by the Bank's Member Countries, investment income, net proceeds from the issuance of bonds, and draw-downs from existing lines of credit contributed to a net increase in cash and cash equivalents of \$115.9 million. Cash and cash equivalents totaled \$440.1 million as of June 30, 2024, and \$324.2 million as of December 31, 2023. Investments were \$300.2 million as of June 30, 2024 and \$406.4 million as of December 31, 2023. The balance of gross loans outstanding as of June 30, 2024, amounted to \$1,997.9 million, compared to \$1,877.2 million as of December 31, 2023.

As of December 31, 2023, total assets were \$2,640.1 million, representing an increase of \$302.9 million, or 13.0%, compared to total assets of \$2,337.2 million as of December 31, 2022. The change was primarily driven by an increase in cash and cash equivalents and investments of \$174.2 million and an increase in the gross loan portfolio of \$116.4 million resulting from the excess of loan disbursements over the collection of principal amortizations. Cash and cash equivalents were \$324.2 million as of December 31, 2023 and \$217.6 million as of December 31, 2022. Investments were \$406.4 million as of December 31, 2023 and \$338.8 million as of December 31, 2022. The balance of gross loans outstanding as of December 31, 2023 amounted to \$1,877.2 million, compared to \$1,760.8 million as of December 31, 2022. Total assets were \$2,337.2 million as of the year ended December 31, 2022, compared to \$2,156.8 million as of December 31, 2021, representing an increase of \$180.4 million, or 8.4%. The increase in total assets in 2022 was primarily the result of an increase in gross loans outstanding as a result of an excess in the amount of disbursements over the amount of loan principal collected.

The loan portfolio constitutes the Bank's main asset, representing 71.3% and 70.2% of the total assets as of June 30, 2024 and December 31, 2023, respectively. The composition of the balance of outstanding loans, by member country, is as follows, as of the dates indicated:

<u>Loan Portfolio (US\$ in millions)</u>	<u>As of</u>	<u>As of</u>		
	<u>June 30,</u>	<u>December 31</u>		
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Argentina.....	\$ 466.0	\$ 460.8	\$ 490.5	\$ 403.8
Bolivia.....	426.9	440.6	395.0	355.4
Brazil.....	227.3	206.3	178.9	143.2
Paraguay.....	343.1	342.3	342.0	275.6
Uruguay.....	442.1	328.9	278.3	269.6
Gross loan portfolio with sovereign guarantee.....	\$1,905.4	1,778.9	1,684.8	1,447.6
Gross loan portfolio without sovereign guarantee..	92.5	98.3	76.0	72.0
<b>Total gross loan portfolio.....</b>	<b>\$1,997.9</b>	<b>\$1,877.2</b>	<b>\$1,760.8</b>	<b>\$1,519.6</b>

#### *Total liabilities*

As of June 30, 2024, total liabilities were \$1,144.9 million, representing an increase of \$54.4 million, or 5.0%, compared to total liabilities of \$1,090.5 million as of December 31, 2023. This increase was primarily driven by an increase in our borrowings, including drawdowns on new credit lines with Banco de Desarrollo de América Latina – (CAF) and Cassa Depositi e Prestiti - (CDP), as well as the Bank's issuances of sustainable bonds in Switzerland and Japan.

As of December 31, 2023, total liabilities were \$1,090.5 million, representing an increase of \$82.2 million, or 8.2%, compared to our total liabilities of \$1,008.3 million as of December 31, 2022. Borrowings through debt capital markets and outstanding loans with multilateral development banks, other bilateral organizations and other financial institutions represented 96.3% of the Bank's total liabilities. Outstanding borrowings contracted with multilateral development banks and other institutions includes, among others, lines of credit contracted with the Inter-American Development Bank, the French Development Agency, the European Investment Bank and Banco de Desarrollo de América Latina – (CAF). The change was primarily driven by the Bank's issuance of sustainable bonds in Japan, as well as drawdowns on existing and new lines of credit. Total liabilities amounted to \$1,008.3 million for the year ended December 31, 2022, which represented an increase of \$56.5 million, or 5.9%, compared to the balance of \$951.8 million as of December 31, 2021. This increase was primarily driven by an increase in our borrowings, including drawdowns on new and existing lines of credit and new loans.

#### **Recent developments related to LIBOR transition**

Through December 31, 2021, the Bank used the 6-month USD LIBOR rate as the reference rate for its loans. However, because 6-month USD LIBOR ceased to be published or representative after June 2023, the Bank agreed with its Member Countries to a voluntary conversion process under which the 6-month USD LIBOR rate would be replaced by compounded SOFR in arrears plus an adjusting margin for legacy loan contracts.

As of June 30, 2024, and as mutually agreed with its Member Countries, the Bank replaced the 6-month USD LIBOR rate as the reference rate with the compounded SOFR in arrears on all its legacy loan contracts signed prior to December 31, 2021.

As of June 30, 2024, 59.3% of the Bank's outstanding borrowings were originally contracted in currencies other than the U.S. dollar or accrued interest on a rate not based on the SOFR. For borrowings denominated in currencies other than the U.S. dollar or with interest rates other than SOFR, the Bank hedges such exposures through derivative contracts designed to mitigate the risk in exchange rates and interest rates. Because the 6-month USD LIBOR ceased to be published after June 2023, the Bank agreed with its counterparties to replace it with the SOFR rate for the cross-currency swaps contracted in connection with its Swiss-franc denominated bonds maturing on September 3, 2026, and December 1, 2028.

## BANK OPERATIONS

### The Bank's Mission and Vision

The Bank's mission is to support the integration and harmonious, inclusive, and sustainable development of its Member Countries through the effective and efficient use of financial and non-financial resources, including through the funding of pre-investment, investment, technical cooperation, and knowledge generation initiatives with the public and private sectors, as well as responding proactively and properly to the demands of the Member Countries.

The Bank's vision is to be perceived as an agile, effective, and cost-efficient institution in supporting its Members Countries to reduce the gaps that impact on development, integration, and insertion in the regional and global economy. The following five pillars are the cornerstone of its vision: (i) institutional efficiency, (ii) functional specialization, (iii) strategic complementarity, (iv) focus on the value of the Member Countries, and (v) financial soundness and growth of its lending capacity.

The Bank's Institutional Strategic Plan for 2022 through 2026 is to pursue a set of interrelated objectives and serve as a platform to set forth policies and activities to be performed by the Bank during this period. The lines of actions for the Institutional Strategic Plan are:

- (i) To adjust the range of financial and non-financial instruments, operational and financial policies, and to respond effectively and efficiently to the needs determined by the operating conditions in each Member Country, within the framework of prudential risk management. In this sense, we intend to prioritize innovative instruments that contemplate feasible alternatives for funding that support Member Countries on the post-pandemic economic recovery. Specifically, the operational actions will be focused on contributing to reduce the gaps that affect development in terms of social and productive infrastructure, digital connectivity, educational innovation, health coverage, job creation focusing on gender equality, and global commitments to climate change with sustainable development projects, at the national, subnational, and local levels.
- (ii) As from the ratification of the Articles of Agreement by all Member Countries, to continue efforts towards the accession of new members within the framework of an authorized capital increase that enables consolidating the external perception of the support of its members to the growth and relevance of the Bank as a multilateral institution for regional development and integration.
- (iii) To adjust the organizational structure to adapt to new ways of working that give priority to the rapprochement and deepening of the constant dialogue with Member Countries, development partner institutions, risk rating agencies, and capital markets, aiming at ensuring and consolidating the Bank's sound financial and equity profile for the direct benefit of the Member Countries.

The Bank finances its lending program by leveraging its equity, which is comprised of paid-in cash and callable capital subscriptions, as well as reserves from the accumulation of retained earnings. The Bank's lending capacity is based on a multiplier of three times its total equity, while its borrowing capacity is based on two times its total equity plus liquid assets.

The Bank's main financial assets are loans granted to, or guaranteed by, its Member Countries. Our financial assets and part of financial liabilities are traded and denominated in U.S. dollars and bear interests based on the SOFR rate plus a spread (or, in the case of loan contracts signed prior to January 1, 2022, that have not been converted to SOFR, 6-month USD LIBOR). Liabilities contracted in other currencies and at rates other than SOFR, which is the reference rate for funding operations, are swapped into U.S. dollar denominated obligations based on the SOFR rate, thereby reducing exposure to risk in the movement of exchange rates and interest rates.

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

Interest and other loan revenues by Member Country for the six months ended June 30, 2024 and June 30, 2023, respectively, are as follows:

(US\$ in millions)	June 30, 2024			June 30, 2023		
	Loan Interest	Other Loan Operating Revenues <sup>(1)</sup>	Total	Loan Interest	Other Loan Operating Revenues	Total
Argentina.....	19.5	0.8	20.3	18.5	1.1	19.6
Bolivia.....	18.0	0.3	18.3	14.0	0.4	14.4
Brazil.....	11.3	0.8	12.1	8.0	0.7	8.7
Paraguay.....	15.6	0.8	16.4	14.6	0.5	15.1
Uruguay.....	17.4	0.3	17.7	11.0	0.1	11.1
<b>Total.....</b>	<b>81.8</b>	<b>3.0</b>	<b>84.8</b>	<b>66.1</b>	<b>2.8</b>	<b>68.9</b>

<sup>(1)</sup> “Other Loan Operating Revenue” consists of commitment and administrative fees earned in connection with loans, as described in “Loan portfolio—Other loan income”.

Interest and other loan revenues by Member Country for the year ended December 31, 2023 are as follows:

(US\$ in millions)	Loan Interest	Other Loan Operating Revenues	Total
Argentina.....	38.2	2.2	40.4
Bolivia.....	29.9	0.8	30.7
Brazil.....	17.0	1.4	18.4
Paraguay.....	30.4	2.7	33.1
Uruguay.....	23.9	0.2	24.1
<b>Total.....</b>	<b>139.4</b>	<b>7.3</b>	<b>146.7</b>

The composition of the gross loan portfolio by Member Country and project segment as of June 30, 2024, is as follows:

(US\$ in millions)	Communication, transportation, energy, and logistics infrastructure	Infrastructure for productive development	Infrastructure for socio-economic development	NSG Loans	Total
Argentina.....	233.9	54.6	177.5	-	466.0
Bolivia.....	380.1	35.3	11.6	-	427.0
Brazil.....	214.2	0.0	13.1	56.0	283.3
Paraguay.....	335.2	7.9	0.0	30.0	373.1
Uruguay.....	344.3	27.2	70.5	6.5	448.5
<b>Total.....</b>	<b>1,507.7</b>	<b>125.0</b>	<b>272.7</b>	<b>92.5</b>	<b>1,997.9</b>

The composition of our gross loan portfolio by Member Country and project segment as of December 31, 2023, is as follows:

(US\$ in millions)	Communication, transportation, energy, and logistics infrastructure	Infrastructure for productive development	Infrastructure for socio-economic development	NSG Loans	Total
Argentina.....	234.6	61.1	165.1	-	460.8
Bolivia.....	392.7	35.3	12.6	-	440.6
Brazil.....	192.3	-	14.0	52.0	258.3
Paraguay.....	333.5	8.8	-	30.0	372.3

Uruguay .....	238.0	28.8	62.1	16.3	345.2
<b>Total .....</b>	<b>1,391.1</b>	<b>134.0</b>	<b>253.8</b>	<b>98.3</b>	<b>1,877.2</b>

The composition of our gross loan portfolio by Member Country and project segment as of December 31, 2022, is as follows:

(US\$ in millions)	Communication, transportation, energy, and logistics infrastructure	Infrastructure for productive development	Infrastructure for socio-economic development	NSG Loans	Total
Argentina .....	244.8	72.1	173.6	-	490.5
Bolivia .....	370.7	9.6	14.7	-	395.0
Brazil .....	170.4	-	8.6	30.0	209.0
Paraguay .....	331.5	10.5	-	36.0	378.0
Uruguay .....	227.1	28.8	22.4	10.0	288.3
<b>Total .....</b>	<b>1,344.6</b>	<b>121.0</b>	<b>219.2</b>	<b>76.0</b>	<b>1760.8</b>

The composition of our gross loan portfolio by Member Country and project segment as of December 31, 2021, is as follows:

(US\$ in millions)	Communication, transportation, energy, and logistics infrastructure	Infrastructure for productive development	Infrastructure for socio-economic development	NSG Loans	Total
Argentina .....	199.8	65.5	138.4	-	403.7
Bolivia .....	340.1	-	15.3	-	355.4
Brazil .....	128.9	-	14.4	36.0	179.3
Paraguay .....	263.3	12.3	-	36.0	311.6
Uruguay .....	224.0	28.8	16.8	-	269.6
<b>Total .....</b>	<b>1,156.1</b>	<b>106.6</b>	<b>184.9</b>	<b>72.0</b>	<b>1,519.6</b>

Management of Bank's financial resources involves the monitoring of the parameters established in its financial policies and an effective risk management process to allow the identification, measurement, and management of the major financial and market risks. This is intended to reduce or prevent exposures exceeding set benchmarks, helping to prevent possible mismatches or disparities that may cause funding deficiencies, income shortfalls or increases in costs and expenses and a reduction of the estimated net result, and, therefore, of the Bank's assets and liabilities.

The Bank's financial policies comprise the following parameters: (i) Lending Capacity; (ii) Allocation of Funds; (iii) Liquidity; (iv) Investment of Liquidity; (v) Assets and Liabilities Management; and (vi) Income and Finance Charges Management, each as summarized below.

The Bank's lending capacity is the limit amount that can be committed as loans or guarantees in each fiscal year. Under its current financial policies, the total of the Bank's net approved loan portfolio plus the total of guarantees and sureties may not exceed an amount equivalent to three times its net equity, calculated based on the Bank's most recent financial statements. Given the Bank's main borrowers are its Member Countries, the Bank's financial policies and lending guidelines establish limits of credit per Member Country to manage the credit risk in its loan portfolio. Under these policies, sovereign guaranteed loans per country (which is equal to the sum of approved loans—including both disbursed and non-disbursed loans—net of cancellations and principal collection) cannot exceed 25% of the Bank's lending capacity, while the total loans outstanding per country cannot exceed 30% of total assets. For non-

sovereign guaranteed loans, the maximum lending-capital available for the approval of non-sovereign guaranteed loans equates to 6% of the Bank’s total lending capacity.

The Bank seeks to allocate funds to optimize its capital resources to finance its loans, guarantees, sureties and technical cooperation activities to be granted. In that regard, in accordance with the Bank’s current financial policies, its loan portfolio must be adequately proportionate in the medium term, in terms of resources committed and to be committed for each of the Member Country.

The purpose of the Bank’s liquidity policy is to establish the amount of liquid funds to be maintained, as well as govern the use of the funds, in order to meet its obligations, commitments and contingencies resulting from its operations, thus minimizing the possibility of illiquidity or perceived illiquidity. Liquidity is defined as all liquid assets easily convertible into cash and cash equivalents to meet the Bank’s obligations as they become due. Specifically, the Bank’s liquidity policy provides that it shall maintain a minimum liquidity level, sufficient to cover all liabilities, payments, and disbursements for a 12-month period, which must be readily convertible into cash and kept in short-term investments.

The objective of the Bank’s investment liquidity policy is to efficiently invest in liquid assets to adequately respond to the need for funds and, in turn, mitigate risks. The selection of financial instruments in which we invest our liquid funds is an integral part of our financial risk management process, whose main objective is to manage liquidity risks and potential mismatches in the duration of assets and liabilities.

In terms of assets and liabilities management, the Bank seeks to minimize the negative impact of potential mismatches in the duration of its loan portfolio and of its borrowings contracted to finance the loan portfolio, as well as the mismatches caused by changes in interest rates or exchange rates.

The objective of the Bank’s income and finance charges management policy is to seek to ensure stability in operating results over time in order to continue offering long-term financing under favorable conditions to its Member Countries.

## **ASSET QUALITY**

Most of the Bank’s assets consist of loans, investments carried at fair value with changes in other comprehensive income, and investments carried at amortized cost.

The loan portfolio consists primarily of loans granted to or guaranteed by the Bank’s Member Countries, and include non-sovereign guaranteed loans to government majority-owned banks and organizations at the national and regional levels in our Member Countries. The Bank’s sovereign guaranteed loans have benefitted from what is known as “preferred creditor status,” which refers to the fact that sovereign borrowers typically continue to service their loans from multilateral development banks even when they default on obligations to other creditors. Preferred creditor status is not a legal or contractual requirement, but rather refers to a phenomenon that has historically been observed in the market, which is explained by the fact that sovereigns that are members and borrowers of a multi-lateral development bank have a strong incentive not to default on their obligations to the multi-lateral development bank. For example, although Argentina has in the past defaulted on some of its obligations to other creditors, we have always been paid in a timely manner.

To qualify for non-sovereign guaranteed loans, recipient institutions must satisfy a minimum credit risk rating requirement and comply with the Bank’s underwriting criteria. Further, the Bank’s policy is to limit non-sovereign guaranteed loans to 6% of the Bank’s lending capacity. As of June 30, 2024, the Bank has not experienced credit losses on any of our loans, with or without sovereign guarantee and, as of June 30, 2024, none of our loans were in non-accrual status.

Investments classified in the available for sale portfolio are valued at fair value with changes in other comprehensive income consist of sovereign bonds and bonds of other multilateral development institutions. Investments classified as held-to maturity are valued at amortized cost and include certificates of deposits and

investments in bonds and commercial paper of sovereigns, other multilateral development institutions, and financial entities.

The Bank investment strategy focuses on maintaining a short-term, high-rated liquidity portfolio, with a maximum duration of two years. As of June 30, 2024, the duration of our investment portfolio was 0.49 years. The investment portfolio is composed of liquid instruments with an average rating of AA as of June 30, 2024, and individual investments are capped at a five-year maturity to control long-term exposure. The Asset Liability Committee (ALCO) oversees asset and liability management. Its responsibilities include setting objectives, defining risk tolerance, advising on liquidity and market risk, monitoring capital sufficiency, and reviewing financial policies.

The table below shows the composition and credit ratings of our loan and investment portfolios as of June 30, 2024:

	As of June 30, 2024 (US\$ in millions)					
	AAA	AA	A	BBB or lower	No Rating	Total
<b>Loan portfolio</b>						
Gross loan portfolio with sovereign guarantee .....	-	-	-	1,905.4	-	1,905.4
Gross loan portfolio with non-sovereign guarantee ...	-	-	-	92.5	-	92.5
	-	-	-	1,997.9	-	1,997.9
<b>Investments at fair value with changes in other comprehensive income<sup>(1)</sup></b>						
Sovereign bonds.....	64.8	114.9	12.1	-	-	191.8
Multilateral development institutions – Bonds .....	59.8	45.1	-	-	-	105.0
Other financial institutions.....	-	-	-	-	-	-
Argentine treasury bonds .....	-	-	-	1.9	-	1.9
	124.6	160.0	12.1	1.9	-	298.7
<b>Investments at amortized cost<sup>(2)</sup> .....</b>	-	-	-	-	1.5	1.5
<b>Total by rating</b>	<u>124.6</u>	<u>160.0</u>	<u>12.1</u>	<u>1,999.8</u>	<u>1.5</u>	<u>2,298.1</u>
<b>% Total by rating</b>	<u>5.4%</u>	<u>7.0%</u>	<u>0.5%</u>	<u>87.0%</u>	<u>0.1%</u>	<u>100%</u>

Note: AAA includes AAA+, AAA, and AAA- (or equivalents); AA includes AA+, AA and AA- (or equivalents); A includes A+, A and A- (or equivalents); and BBB or lower includes BBB+ (or equivalent) or lower.

<sup>(1)</sup> Excludes accrued interest.

<sup>(2)</sup> As of June 30, 2024, cash and cash equivalents included investments in fixed term deposits and certificates of deposit with original maturities of up to three months from the date of purchase of \$370.1 million.

The table below shows the composition and credit ratings of our loan and investment portfolios as of December 31, 2023:

	As of December 31, 2023 (US\$ in millions)					
	AAA	AA	A	BBB or lower	No Rating	Total
<b>Loan portfolio</b>						
Gross loan portfolio with sovereign guarantee .....	-	-	-	1,778.9	-	1,778.9
Gross loan portfolio with non-sovereign guarantee ...	-	-	-	98.3	-	98.3
	-	-	-	1,877.2	-	1,877.2
<b>Investments at fair value with changes in other comprehensive income<sup>(1)</sup></b>						
Sovereign bonds.....	96.2	132.0	29.4	3.0	-	260.6
Multilateral development institutions – Bonds .....	82.0	32.2	-	-	-	114.2
Other financial institutions.....	-	-	-	-	-	-
Argentine treasury bonds .....	-	-	-	1.7	-	1.7
	178.2	164.2	29.4	4.7	-	376.5
<b>Investments at amortized cost<sup>(2)</sup> .....</b>	-	-	-	-	30.0	30.0
<b>Total by rating</b>	<u>178.2</u>	<u>164.2</u>	<u>29.4</u>	<u>1,881.9</u>	<u>30.0</u>	<u>2,283.7</u>
<b>% Total by rating</b>	<u>7.8%</u>	<u>7.2%</u>	<u>1.3%</u>	<u>82.4%</u>	<u>1.3%</u>	<u>100%</u>

Note: AAA includes AAA+, AAA, and AAA- (or equivalents); AA includes AA+, AA and AA- (or equivalents); A includes A+, A and A- (or equivalents); and BBB or lower includes BBB+ (or equivalent) or lower.

<sup>(1)</sup> Excludes accrued interest.

<sup>(2)</sup> As of December 31, 2023, cash and cash equivalents included investments in fixed term deposits and certificates of deposit with original maturities of up to three months from the date of purchase of \$278.9 million.

The table below shows the composition and credit ratings of our loan portfolio as of June 30, 2024:

	As of June 30, 2024 (US\$ in millions)					
	BBB	BB	B	CCC	No Rating	Total
Loan portfolio						
Gross loan portfolio with sovereign guarantee .....	442.1	570.4	-	892.9	-	1,905.4
Gross loan portfolio with non-sovereign guarantee...	6.5	86.0	-	-	-	92.5
	<u>448.6</u>	<u>656.4</u>	<u>-</u>	<u>892.9</u>	<u>-</u>	<u>1,997.9</u>
Total by rating						
% Total by rating	22.5%	32.9%	0.0%	44.7%	0.0%	100%

Note: BBB includes BBB+, BBB, and BBB- (or equivalents); BB includes BB+, BB and BB- (or equivalents); B includes B+, B and B- (or equivalents); and CCC or lower includes CCC+ (or equivalent) or lower.

The table below shows the composition and credit ratings of our loan portfolio as of December 31, 2023:

	As of December 31, 2023 (US\$ in millions)					
	BBB	BB	B	CCC	No Rating	Total
Loan portfolio						
Gross loan portfolio with sovereign guarantee .....	328.9	548.6	-	901.5	-	1,778.9
Gross loan portfolio with non-sovereign guarantee...	16.3	82.0	-	-	-	98.3
	<u>345.2</u>	<u>630.6</u>	<u>-</u>	<u>901.5</u>	<u>-</u>	<u>1,877.2</u>
Total by rating						
% Total by rating	18.4%	33.6%	0.0%	48.0%	0.0%	100%

Note: BBB includes BBB+, BBB, and BBB- (or equivalents); BB includes BB+, BB and BB- (or equivalents); B includes B+, B and B- (or equivalents); and CCC or lower includes CCC+ (or equivalent) or lower.

The Bank maintains a provision for expected losses on SGL and NSG loan portfolios. Any increase (decrease) in these provisions is recorded as a provision for loan impairment expense (income) in the income statement. To calculate the provision for loan impairment, the Bank assesses the likelihood and magnitude of potential impairment affecting either a single loan or a group of loans based on the following factors: (i) the maximum exposure to risk at default; (ii) the probability of default; and (iii) the loss given default. For more detail, please refer to Notes 4.8(v) (“Summary of Material Accounting Policies – The Bank’s business model and its effect on financial assets and liabilities – Impairment”) and 8.4(iii) (“Loan Portfolio – Impairment and exposure to risk”) to our unaudited interim financial statements and audited financial statements.

The Bank classifies a loan as in non-accrual status when the loan has been overdue for more than 180 days. As of June 30, 2024, December 31, 2023, December 31, 2022 and December 31, 2021, no loans were classified as non-accrual loans. Nonetheless, and consistent with its risk management policy, the Bank accounts for a provision to reflect the potential impairment on its loan portfolio, as explained above under “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Income statement — Provision for loan impairment.”

The table below presents the changes in its provision for potential impairment of loans for the six months ended June 30, 2024, and the years ended December 31, 2023, December 31, 2022, and December 31, 2021, respectively.

(US\$ in millions)	<b>For the Six Months Period Ended June 30</b>	<b>For the Year Ended December 31</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Loans with sovereign guarantee				
Provisions as of the beginning of the period or year ...	17.8	12.4	11.1	8.5
Increase/(decrease) on provision on SG loans .....	(0.6)	5.4	1.3	2.6
Subtotal Provision SG .....	17.2	17.8	12.4	11.1
Loans with non-sovereign guarantee				
Opening NSG provision .....	1.6	1.1	1.2	1.2
Increase/(decrease) on NSG provision .....	1.0	0.5	(0.1)	(0.0)
Subtotal NSG provision.....	2.6	1.6	1.1	1.2
Total provision for potential impairment on loan.....	19.8	19.4	13.5	12.3

## **DEBT RECORD**

The Bank has always met all of its debt obligations in full and on a timely basis and has never incurred an event of default in respect of the payment of principal of, or premium or interest on, any debt security.

## FINANCIAL RISK MANAGEMENT

The Bank is exposed to various financial risks, including risks related to foreign exchange fluctuations, interest rate changes, changes in security prices, credit risk, and liquidity risk. The Bank manages its financial risk exposures in accordance with its risk management policies, which are designed to ensure risks will remain within established limits. Those limits are formally established in the Bank's financial policies and reflect its capacity to assume risks as defined by its governance bodies. The Executive Board of Directors is responsible for reviewing and approving the Bank's financial policies, which include its risk management approach.

The following summarizes the Bank's risk management practices for its primary financial risks:

- Foreign exchange risk: The U.S. dollar is the functional currency in use by the Bank. All of its loan contracts and investments are denominated in U.S. dollars. The Bank hedges its non-U.S. dollar denominated borrowings with cross-currency swaps. As of June 30, 2024, over 99.9% of the Bank's financial assets and liabilities are denominated in U.S. dollars or hedged using cross-currency swaps.
- Interest rate risk: The Bank is exposed to risks related to changes in interest rates it receives on loans and pays on its borrowings. The Bank seeks to minimize the negative impact of interest rate changes from potential mismatches in the duration of its loan portfolio and the debt incurred to finance such loans by lending at a floating rate equal to a fixed margin plus a spread equal to compounded SOFR in arrears (or, in the case of loan contracts signed prior to January 1, 2022 that have not been converted to SOFR, 6-month USD LIBOR) and borrowing at a floating rate or hedging fixed-rate borrowings using swaps. The Bank also performs a sensitivity analysis to determine the variance in income or in net equity associated to changes in interest rates.
- Market risk: Market risk refers to the risk of losses in the value of financial assets and liabilities because of changes in market conditions. The Bank manages market risk, which primarily affects its investment portfolio, through various measures designed to ensure risk exposures remain within established policy limits. The Bank's investments consist of bonds that can either be classified as available for sale or held-to-maturity, and it does not have any investments in equity instruments, engage in trading activities or use derivative instruments other than for hedging purposes. To manage its market risk, the Bank performs a sensitivity analysis that focuses on (i) changes in interest rates for bonds classified as available for sale at fair value with changes in other comprehensive income and (ii) changes in the credit risk ratings of issuers of bonds classified as held-to-maturity, which are valued at the lower of amortized cost or fair value.
- Credit risk: As the Bank's main borrowers are the Member Countries, to manage the credit risk in its loan portfolio, the Bank's financial policies and lending guidelines establish limits of credit per Member Country. For example, under these policies, sovereign guaranteed loans per country (which is equal to the sum of approved loans—including both disbursed and non-disbursed loans—net of cancellations and principal collection) cannot exceed 25% of the lending capacity, while the total loans outstanding per country cannot exceed 30% of its total assets. For non-sovereign guaranteed loans, the maximum lending-capital available for the approval of non-sovereign guaranteed loans is equivalent of 6% of the Bank's total lending capacity. As part of the due diligence process for the approval of a financing under the non-sovereign guaranteed facility, the Bank undertakes a credit risk rating analysis of the prospective borrower based on past and expected financial performance. To manage its credit risk in its investment portfolio, the Bank has established internal guidelines governing the investment of liquid assets, which establish a portfolio approach through prudential investment limits by each asset class, sector and issuers, to guarantee an adequate diversification and mix of investment sources and maturities. The Bank's investment portfolio comprises exclusively securities with a minimum credit rating of BBB-, and no more than 20% of the total portfolio can be allocated to securities with a BBB rating. Furthermore, the investment portfolio must maintain an average credit rating of at least AA-. The Bank also diversifies its bank deposits, which are held in several banks that allows diversification without increasing operational risks.

- **Liquidity risk:** Liquidity risk refers to the risk we are unable to meet our financial obligations of our liabilities without incurring losses on our assets. The Bank's liquidity policy requires it to maintain a minimum level of liquidity for a 12-months period, which is defined as the level to meet all of its financial commitments, including loan disbursements, debt service, liabilities with special funds, the payment of administrative expenses, and capital expenditure requirements.

See Note 6 ("Financial Risk Management") of the unaudited interim financial statements and of the annual audited financial statements for additional details regarding the Bank's financial risk management.

### ***Internal Control***

The Bank has established a framework of policies, resolutions, regulations, manuals, guides, protocols, and methods designed to achieve its objectives and mitigate risks across the organization.

The Bank has implemented a three lines of defense model, where the different sectors and areas (Operations, Finance, Human Resources) constitute the first line of defense, the Risk and Compliance area (which includes information security) is the second line of defense, and Internal Audit is the third line of defense. The Bank's internal control policies are approved by the Board of Executive Directors and provide overarching guidelines, such as financial and procurement policies. These policies are further detailed in resolutions, regulations, and manuals approved by the Executive President, which elaborate on policy provisions, such as investment regulations for liquid assets, human resources management, and anti-money laundering and counter-terrorism financing regulations.

To help ensure segregation of functions, tasks are duly segregated between front office and back office sectors and areas. Critical systems like Enterprise Resource Planning (ERP), the loan system, and the SWIFT system strictly adhere to the "four eyes" principle for the authorization of transactions and their payment. Standardized financial transaction accounting in these systems maintains record consistency over time.

In addition, the Bank conducts self-assessments of operational risks coordinated by the Risk and Compliance area, led by the Head of Risk Management and Compliance, who reports directly to the Executive President. Depending on transaction types, these self-assessments occur annually, every 18, or every 24 months. Any deviations detected, whether during control application or in special cases, are required to be documented in an operational occurrences record. This record includes incident nature, risk assessment (severity and impact), and a remediation plan. These occurrences are reported to the Bank's Executive Committee.

## MANAGEMENT AND ORGANIZATION

### Governing bodies

Pursuant to its Charter, the Bank has a Board of Governors, an Executive Board of Directors and an Executive President.

#### *Board of Governors*

As of the date of this Offering Memorandum, the Board of Governors is composed of five Governors. Each Member Country appoints one Head Governor and an Alternate Governor. The Board of Governors holds an ordinary meeting once a year, and may hold extraordinary meetings to discuss any matter submitted for its consideration by the Chairperson, the Executive Board of Directors, or the Executive President. The Chairperson of the Board of Governors is appointed annually at each ordinary meeting on a rotating basis, following the alphabetical order of the Member Countries. As of the date of this Offering Memorandum, the Chairperson is the Governor representing Brazil.

All of the powers of the Bank are vested in the Board of Governors. Resolutions of the Board of Governors are adopted by the absolute majority of votes of Class A and Class B shareholders who, at the same time, represent the absolute majority of the countries present, provided that a special majority of four-fifths of the Class C shares is required for the approval of the certain issues as set forth in the Charter, including for the approval of amendments to the Charter or the Bank's Regulations, the interpretation of the Charter and the Bank's Regulations, capital increases or reductions, and decisions on the accession of other countries or agencies as non-founding members of the Bank, and decisions on the Bank's dissolution and determination of the form of dissolution. The Board of Governors may delegate its powers to the Executive Board of Directors or, where appropriate, on the Executive President, provided that the Board of Governors may not delegate:

- (i) approval of amendments to the Charter and the Regulations of the Bank and its amendments;
- (ii) approval of the Bank's annual budget;
- (iii) interpretation of the Bank's Charter and Regulations;
- (iv) capital increases or reductions;
- (v) appointment of external auditors and fixing of their remuneration;
- (vi) consideration of the Bank's audit report, annual report, and audited financial statements;
- (vii) decision on the accession of other countries or agencies as non-founding members of the Bank;
- (viii) relocation of the Bank's headquarters;
- (ix) appointment, evaluation of performance, and dismissal of the Executive President, and fixing of his or her remuneration;
- (x) suspension of any member due to commission of a serious offense at the discretion of the Board of Governors; and
- (xi) decision on the Bank's dissolution and determination of the form of dissolution.

As of the date of this Offering Memorandum, the Board of Governors consists of:

<b>Board of Governors</b>		
<b>Argentina</b>	Governor	Luis Andrés Caputo
	Alternate	Pablo Quirno Magrane
<b>Bolivia</b>	Governor	Sergio Armando Cusicanqui Loayza
	Alternate	Marcelo Alejandro Montenegro Gómez García
<b>Brazil</b>	Governor	Renata Amaral
	Alternate	João Luís Rossi
<b>Paraguay</b>	Governor	Carlos Fernández Valdovinos
	Alternate	Carlos Javier Charotti
<b>Uruguay</b>	Governor	Azucena Arbeleche
	Alternate	Alejandro Irastorza

*Executive Board of Directors*

As of the date of this Offering Memorandum, our Executive Board of Directors consists of five Directors. Each of the five founding Member Country appoints one Head Director and an Alternate Director, and up to four Directors may be elected by Class B shareholders. The Presidency of the Executive Board of Directors is held for periods of one year, following the alphabetical order of the Member Countries. As of the date of this Offering Memorandum, the Presidency of the Executive Board of Directors is held by the Director representing Brazil.

The Executive Board of Directors is responsible for the management of the Bank. In particular, in addition to the powers delegated to it by the Board of Governors, pursuant to the Charter, the Executive Board of Directors is responsible for:

- (i) to comply with, and to enforce the Charter, the Regulations, and the resolutions and decisions of the Board of Governors;
- (ii) to approve strategic guidelines and policies of the Bank;
- (iii) to deal with and decide on the granting of loans, sureties, other guarantees, technical cooperation by means of reimbursable or non-reimbursable operations, in all cases where such assignment has not been delegated to the Executive President;
- (iv) to approve the Bank's borrowing program;
- (v) to examine the Bank's annual budget presented by the Executive President and recommend, where appropriate, its approval by the Board of Governors;
- (vi) to submit for consideration of the Board of Governors on an annual basis the annual report and the audited financial statements presented by the Executive President;
- (vii) to deal with and follow up risk exposure based on the information submitted by the Executive President;
- (viii) to examine and submit to the Board of Governors the documents produced by the Executive President for such purposes;
- (ix) to convene extraordinary meetings of the Board of Governors upon the vote of the majority of the Directors including, at least, three of the founding Member Countries;

- (x) to propose to the Board of Governors the amendments to the Charter and Regulations;
- (xi) to approve the Bank’s operating, financial and human resources policies;
- (xii) to evaluate the performance of the Executive President in accordance with previously agreed criteria and to submit the evaluation for consideration of the Board of Governors;
- (xiii) to consider and approve amendments to the Bank’s management structure;
- (xiv) to request the Board of Governors to construe any provisions of the Charter or the Regulations as deemed necessary; and
- (xv) to delegate to the Executive President the powers conferred by the Charter or the Regulations in matters deemed appropriate.

The Executive Board of Directors meets and makes decisions in accordance with the provisions of the Charter and The Bank’s Regulations. Pursuant to the Charter, the Board of Directors meets at least three times a year and may validly convene a session where the majority of its members are present, including, at least, three members from the founding Member Countries. Each Director has one vote and the Executive Board of Directors makes decisions by a majority of the Directors, where such majority must include at least three Directors from the founding Member Countries.

As of the date of this Offering Memorandum, the Executive Board of Directors consists of:

<b>Executive Board of Directors</b>		
<b>Argentina</b>	Director	Matías Javier Mana
	Alternate	Silvia Beatriz Perez
<b>Bolivia</b>	Director	Antonio Mullisaca Díaz
	Alternate	Juana Patricia Jiménez Soto
<b>Brazil</b>	Director	Fabio Marvulle Bueno
	Alternate	-
<b>Paraguay</b>	Director	Oscar Antonio Pérez López
	Alternate	Francisco Katsuki Ogura Kono
<b>Uruguay</b>	Director	Fernando Luis Scelza Martínez
	Alternate	-

*Executive President*

The Bank’s Executive President is the most senior official and acts as the Bank’s legal representative. The Executive President is elected by the Board of Governors for a five-year term and may be re-elected for one additional consecutive term. As of the date of this Offering Memorandum, Luciana Botafogo Brito is the Bank’s Executive President.

The Executive President has the powers necessary to direct and manage the Bank, as well as to conduct and manage all funded operations. The Charter grants the Executive President the following powers and duties:

- (i) to comply with and enforce the Charter, the Regulations, and the decisions and resolutions of the Board of Governors and the Executive Board of Directors, and to report regularly on the compliance thereof;

- (ii) to sign contracts and agreements, either public or private in nature, as well as to engage in administrative and judicial processes in the Bank's headquarters or elsewhere;
- (iii) to manage The Bank's assets in accordance with the policies established by the Executive Board of Directors;
- (iv) to manage the Bank in accordance with the policies and strategies approved by the Board of Governors and the Executive Board of Directors;
- (v) to actively promote The Bank's institutional strategic plan, institutional policies, and operations;
- (vi) to grant loans, sureties, other guarantees, technical cooperation loans by means of reimbursable or non-reimbursable operations, in accordance with the amounts, terms and conditions approved by the Executive Board of Directors;
- (vii) to manage the granting of loans and other borrowings within the framework of the borrowing program approved by the Executive Board of Directors;
- (viii) to measure and manage risk exposure and to inform the Executive Board of Directors;
- (ix) to submit The Bank's annual budget and the financial statements for consideration of the Executive Board of Directors, and subsequently refer them to the Board of Governors;
- (x) to prepare and submit the annual management report, the annual report, and the audited financial statements to the Executive Board of Directors, and subsequently refer them to the Board of Governors;
- (xi) to submit for consideration of the Executive Board of Directors those documents that need to be submitted to the Board of Governors;
- (xii) to propose the agenda for the meetings of the Executive Board of Directors and call said meetings;
- (xiii) to participate in the meetings of the Board of Governors and the Executive Board of Directors with the right to speak, but without the right to vote;
- (xiv) to propose amendments to The Bank's management structure to the Executive Board of Directors;
- (xv) to approve The Bank's administrative and operating procedures;
- (xvi) to carry out the necessary steps in order to select and recruit The Bank's human resources, in accordance with the policies approved by the Executive Board of Directors;
- (xvii) to conduct, supervise and evaluate the executive, technical and administrative staff;
- (xviii) to delegate powers deemed convenient to the officials of the Bank;
- (xix) to grant general and special powers leading to a better management of the Bank;
- (xx) to decide and be responsible for all and any issues not expressly bestowed on the Board of Governors or the Executive Board of Directors; and
- (xxi) in general, to take all steps and to enter into and subscribe any act and contract deemed necessary for the best fulfillment of his/her duties pursuant to the Charter, the Regulations, and the decisions and resolutions of the Board of Governors and the Executive Board of Directors.

## Other senior management positions

### *Executive Vice President*

The Bank's Executive Vice President supports the relations between the Executive President and the Governance Bodies and other international and regional cooperation and development organizations, promoting opportunities for strategic alliances.

### *Operations and Countries Vice President*

The Bank's Operations and Countries Vice President is in charge of developing a portfolio of sovereign and non-sovereign guaranteed projects eligible for the Bank, monitoring their execution, and ensuring that they are in line with the Member Countries' development priorities.

### *Finance Vice President*

The Bank's Finance Vice President oversees its financial resources (both assets and liabilities), the planning and direction of its financial policies, liquidity planning, accounting and financial records of its operations, and the management of relationships with the markets and financial agents.

### *Strategic Development Vice President*

The Bank's Strategic Development Vice President assist and advise in the development of the strategic actions contemplated in the Bank's Institutional Strategic Plan, medium-term business plans and short-term action plans, as well as in the management of actions for the implementation of new financial and non-financial products, strategic planning and the supervision of economic studies.

The following table sets forth the names of the individuals holding the management positions described above as of the date of this Offering Memorandum:

<b>Position</b>	<b>Name</b>
Executive President	Luciana Botafogo Brito
Executive Vice President	Mariana Prado
Operations and Countries Vice President	Eliana Dam
Finance Vice President	Rafael Robles
Strategic Development Vice President	Viviana María González Bogarín

Set forth below is a brief biography of The Bank's Executive Management.

Luciana Botafogo Brito was appointed as Executive President of the Bank in April 2023. She holds a bachelor's degree in humanities from the University of Maryland and a master's degree in project management from George Washington University. She has more than 25 years of experience in Latin America and the Caribbean structuring and supervising economic and social development projects in the public and private sectors with an emphasis on innovation, competitiveness, economic integration, and sustainability. Between 2006 and 2018 she served as a sector specialist at the Inter-American Development Bank. Previously, she served as international advisor to the Presidency of SEBRAE Nacional for more than 10 years. Prior to being appointed Executive President of the Bank, she served as its Interim Executive President between September 2022 and April 2023, and prior to that as its Manager of Operations and Countries since 2018.

Mariana Prado has been the Executive Vice President of the Bank since May 2023. She holds a degree in business administration from the Universidad Católica Boliviana and a master's degree in governance from the Instituto Ortega y Gasset of the Universidad Complutense de Madrid. She has held various positions in the Ministry of Labor and the Ministry of Public Works, Services and Housing of Bolivia. In addition, she has served as Chief of Staff of the Vice-Presidency and Minister of Development Planning of Bolivia. She has chaired the board of directors

of Boliviana de Aviación and has served organizations such as Terre des Hommes Suisse, the German Development Agency and the International Labor Organization. Prior to being appointed as the Bank's Executive Vice President, she served as its Director of Secretariat and Institutional Relations since February 2022.

Eliana Dam has been the Vice President of Operations and Countries since she joined the Bank in July 2024. She holds a bachelor's degree in international relations from the "Universidad del Salvador" in Buenos Aires, a master's degree in Local Development Internationalization from the University of Bologna in Italy and is currently pursuing a Ph.D. in International Studies at the Universidad Torcuato Di Tella (UTDT) in Buenos Aires. With 18 years of professional experience in various multilateral organizations, including the European Union, the World Bank, the Inter-American Development Bank, the Development Bank of Latin America, the Central American Bank for Economic Integration, and the Inter-American Institute for Cooperation on Agriculture, she specializes in portfolio analysis and operational support at all stages of the project cycle. Her experience also encompasses operational support to project executing units in Argentina, particularly in the public sector at the national and subnational levels.

Rafael Robles has been the Finance Vice President of the Bank since May 2023. He holds a degree in economics from Universidad de Buenos Aires and a master's degree in finance from Universidad Torcuato di Tella. Prior to being appointed as Finance Vice President, and since he joined the Bank in January 2019, he served as Manager of Finance, and was appointed as Operations and Countries Vice President a.i. since May 2023 and through June 2024. Prior to joining the Bank, he served as Director and CFO of *Banco de Inversión y Comercio Exterior* in Argentina and as Vice President of Capital Markets at BBVA. He specializes in banking and finance and has extensive experience in capital markets transactions, advisory services to large companies, mergers and acquisitions and portfolio management.

Viviana María González Bogarín has been the Vice President of Strategic Development since October 2024. She holds a degree in business administration and is a Certified Public Accountant from the Catholic University "Nuestra Señora de la Asunción." She also obtained a master's degree in business administration from the same institution, in collaboration with INCAE, and completed an International Diploma in Public Management for Senior Executives at the Getulio Vargas Foundation. With over 20 years of experience in Paraguay's public sector, she held the position of General Director of the Technical Cabinet at the Ministry of Economy and Finance from August 2023 to September 2024. Between 2018 and 2023, she was the Coordinator of Special Programs and General Director of the Cabinet at the Management Unit of the Office of the President of the Republic of Paraguay. Prior to such position, she served as an Advisor to the Inter-American Development Bank in Washington D.C., representing Bolivia, Paraguay, and Uruguay.

## Committees

The Bank operates with both permanent committees and ad-hoc committees. These committees fulfill their respective roles in accordance with the Regulations. Additionally, each committee has the flexibility to establish specific regulations based on certain directives. These regulations come into play when defining essential aspects related to the committee's operation. To maintain consistency, these regulations must be agreed upon and formally approved through an express resolution by the Executive President. Each committee has a Coordinator responsible for ensuring compliance with their specific regulations and overseeing the organization of information and documentation for discussion during committee meetings.

Each committee's decisions are determined by an absolute majority of all its members. However, there may be cases where specific regulations require either an enhanced majority or unanimity.

### *Permanent Committees*

- (i) Executive Coordination Committee (ECC). The ECC coordinates operational plans, reviews compliance, recommends actions, evaluates policies, and stays informed about programming results and new project financing requests.
- (ii) Operating Committee (OPC). The OPC approves project profiles, operational proposals, and contract modifications. It also provides advisory functions for policy and procedural proposals.

- (iii) Finance Committee (FCO). The FCO monitors financial metrics, manages performance limits, analyzes strategies, reports investments, and oversees special funds. It also carries out other assigned tasks.
- (iv) The Risk and Compliance Committee (RCC). The RCC plays a crucial role in overseeing strategy compliance, risk management, integrity cases, and internal audit reports. Its responsibilities ensure effective governance and adherence to best practices.
- (v) The Information Technology Committee (ITC). The ITC oversees information technology strategy, policies, resource allocation, and efficiency improvement.
- (vi) The Non-Sovereign Risk Credit Committee (NSRC). The NSRC approves credit profiles and credit proposals for non-sovereign operations, among other responsibilities.
- (vii) The Asset Liability Committee (ALCO). The ALCO oversees asset and liability management. Its responsibilities include setting objectives, defining risk tolerance, advising on liquidity and market risk, monitoring capital sufficiency, and reviewing financial policies.
- (viii) The Ethics and Conduct Committee (ECCO). The ECCO is responsible for overseeing the Bank's personnel's adherence to the Code of Ethics and Conduct. It handles inquiries, recommends sanctions, and proposes modifications related to professional ethics.
- (ix) Committee for Monitoring and Control of the Shared Savings Plan (SSP). The Committee is responsible for overseeing SSP compliance, promotes awareness, suggests improvements, and manages SSP resources.
- (x) The Advisory Committee for Acquisitions and Procurement (APC). The APC selects the best offer and recommends procurement or acquisition for the Bank.
- (xi) The Sustainability Committee. The Committee oversees the development of a comprehensive Sustainability Framework, approves eligible projects for financing, and is responsible for overseeing transparent resource management, and reviews sustainability-related policies.

*Ad-hoc Committees*

- (i) The Loan Fiduciary Committee (LFCO). The LFCO handles non-compliance issues, advises on ineligible expenses, and addresses complex decisions.
- (ii) The Personnel Selection Committee. The Committee pre-selects candidates, assesses knowledge, conducts competency interviews, and proposes candidates for hiring.



## RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

This section presents a reconciliation of Non-GAAP financial measures to the financial information presented under IFRS included or incorporated by reference in this Offering Memorandum.

### Net interest income:

Net interest income is calculated as: “Loan portfolio—Interest” plus “Investments—Interest” minus “Interest expense.” The Bank believes that net interest income is meaningful because it is a measure that the Bank uses to assess income from interest-earning assets net of expenses from interest-bearing liabilities.

This additional financial information has been presented because the Bank believes this measure may assist in the understanding of its results of operations by providing additional information on what it considers to be a significant driver of its results of operations. Non-GAAP financial measures have important limitations as analytical tools, and prospective investors should not consider them in isolation or as a basis or substitute for analysis of the Bank’s results of operations or as an indicator of the Bank’s operating performance or liquidity. Non-GAAP financial measures should be viewed as supplemental to, and not substitutive for, the financial statements included elsewhere in this Offering Memorandum. Because this financial information is not prepared in accordance with IFRS, investors are cautioned not to place undue reliance on this information.

The table below presents a reconciliation of net interest income to the figures presented in the financial statements and their accompanying notes.

	For the Six Months Period Ended June 30		For the Year Ended December 31		
	2024	2023	2023	2022	2021
<b>(US\$ in millions)</b>					
Loan portfolio					
Interest .....	81.8	66.1	139.4	69.6	35.6
Investments					
Interest .....	9.3	12.5	28.9	2.1	4.8
Less: Interest expense .....	(36.0)	(29.7)	(65.3)	(25.2)	(11.0)
Net interest income	<u>55.1</u>	<u>48.9</u>	<u>103.0</u>	<u>46.5</u>	<u>29.4</u>

## ECONOMIC AND DEMOGRAPHIC DATA FOR MEMBER COUNTRIES

The following tables summarize selected economic and demographic annual data for our Member Countries during the period between 2021 and 2023. The sources for this information are the International Monetary Fund (IMF) and the central banks of our Member Countries.

### Argentina

	2023	2022	2021
<b>Gross Domestic Product and Population</b>			
Real GDP (annual percentage change) .....	(2.5)	5.2	10.4
Nominal GDP (US\$ in millions) <sup>(1)</sup> .....	621,830	630,610	486,702
Nominal GDP (PPP US\$ in millions) <sup>(1)</sup> .....	1,239,515	1,226,204	1,088,147
Per capita nominal GDP (US\$) <sup>(1)</sup> .....	13,297	13,619	10,617
Population (millions) <sup>(1)</sup> .....	46.7	46.3	45.84
Area (sq. km) .....	2,791,810	2,791,810	2,791,810
<b>Inflation</b>			
CPI Inflation Rate (% Annual Rate) .....	135.7	94.8	50.9
<b>Exchange Rates</b>			
Nominal Exchange Rate (local currency units per US\$, eop) <sup>(2)</sup> .....	296.52	172.90	102.75
Annual variation (%) .....	71.50	72.4	14.3
Real Effective Exchange Rate (Index, January 2015 = 100) <sup>(1)</sup> .....	100.8	93.9	102.2
Annual variation (%) .....	(7.35)	(8.1)	(11.8)
<b>Fiscal Indicators – Non-Financial Public Sector</b>			
Overall Balance (% of GDP) .....	(4.0)	(3.8)	(2.1)
Public Debt (% of GDP) <sup>(1)</sup> .....	89.51	84.5	80.9
<b>Interest Rates</b>			
Lending local currency <sup>(2)</sup> .....	126.10	72.64	35.56
Lending foreign currency <sup>(2)</sup> .....	3.80	5.44	3.47
Deposit local currency <sup>(2)</sup> .....	85.03	57.46	33.55
Deposit foreign currency <sup>(2)</sup> .....	0.31	0.32	0.38
<b>International Reserves</b>			
Central Bank International Reserves (US\$ in millions) <sup>(2)</sup> .....	26,860	44,598	39,662
Annual variation (%) .....	(48.26)	12.4	0.6
<b>Bank System Loans to the Private Sector</b>			
Banking system loans (US\$ in millions) <sup>(2)</sup> .....	37,511	43,116	44,858
Annual variation (%) .....	(13.0)	65.7	41.6

Source: Central Bank of Argentina and IMF.

(1) IMF

(2) Central Bank of Argentina

## Bolivia

	2023	2022	2021
<b>Gross Domestic Product and Population</b>			
Real GDP (annual percentage change) <sup>(1)</sup> .....	1.8	3.5	6.1
Nominal GDP (US\$ in millions) <sup>(1)</sup> .....	46,800	44,320	40,703
Nominal GDP (PPP US\$ in millions) <sup>(1)</sup> .....	125,428	118,840	107,328
Per capita nominal GDP (US\$) <sup>(1)</sup> .....	3,857	3,705	3,449
Population (millions) <sup>(1)</sup> .....	12.13	11.96	11.80
Area (sq. km) .....	1,098,581	1,098,581	1,098,581
<b>Inflation</b>			
CPI Inflation Rate (% Annual Rate) .....	3.6	3.1	0.9
<b>Exchange Rates</b>			
Nominal Exchange Rate (local currency units per US\$, eop) <sup>(2)</sup> .....	6.96	6.96	6.96
Annual variation (%) .....	0.0	0.0	0.0
Real Effective Exchange Rate (Index, January 2015 = 100) <sup>(1)</sup> .....	148.21	151.04	152.41
Annual variation (%) .....	(1.9)	(0.9)	(4.1)
<b>Fiscal Indicators – Non-Financial Public Sector</b>			
Overall Balance (% of GDP) .....	(5.7)	(7.1)	(9.3)
Public Debt (% of GDP) <sup>(1)</sup> .....	80.78	80.01	81.4
<b>Interest Rates</b>			
Lending local currency <sup>(2)</sup> .....	6.78	7.76	8.02
Lending foreign currency <sup>(2)</sup> .....	7.16	9.59	9.22
Deposit local currency <sup>(2)</sup> .....	1.18	3.21	3.16
Deposit foreign currency <sup>(2)</sup> .....	0.01	1.05	0.82
<b>International Reserves</b>			
Central Bank International Reserves (US\$ in millions) <sup>(2)</sup> .....	1,907	3,796	4,752
Annual variation (%) .....	(49.8)	(15.3)	(9.9)
<b>Bank System Loans to the Private Sector</b>			
Banking system loans (US\$ in millions) <sup>(2)</sup> .....	3,793	4,462	4,150
Annual variation (%) .....	(14.9)	7.5	3.8

Source: Central Bank of Bolivia and IMF.

(1) IMF

(2) Central Bank of Bolivia

## Brazil

	2023	2022	2021
<b>Gross Domestic Product and Population</b>			
Real GDP (annual percentage change) <sup>(1)</sup> .....	4.5	2.90	4.99
Nominal GDP (US\$ in millions) <sup>(1)</sup> .....	2,126,809	1,920,023	1,648,699
Nominal GDP (PPP US\$ in millions) <sup>(1)</sup> .....	4,101,022	3,837,215	3,484,931
Per capita nominal GDP (US\$) <sup>(1)</sup> .....	10,413	9,455	7,755
Population (millions) <sup>(1)</sup> .....	204.2	203.06	212.6
Area (sq. km) .....	8,510,418	8,510,418	8,510,418
<b>Inflation</b>			
CPI Inflation Rate (% Annual Rate) <sup>(1)</sup> .....	4.9	5.8	10.1
<b>Exchange Rates</b>			
Nominal Exchange Rate (local currency units per US\$, eop) <sup>(2)</sup> ..	4.85	5.22	5.58
Annual variation (%) .....	(8.25)	(6.50)	7.39
Real Effective Exchange Rate (Index, January 2015 = 100) <sup>(1)</sup> ..	90.35	84.33	78.69
Annual variation (%) .....	7.1	4.7	3.7
<b>Fiscal Indicators – Non-Financial Public Sector</b>			
Overall Balance (% of GDP) <sup>(1)</sup> .....	(7.1)	(3.1)	(4.3)

	2023	2022	2021
Public Debt (% of GDP) <sup>(1)</sup> .....	88.1	85.9	90.7
<b>Interest Rates</b>			
Lending local currency <sup>(2)</sup> .....	54.1	39.4	30.0
Lending foreign currency <sup>(2)</sup> .....	N/A	N/A	N/A
Deposit local currency <sup>(2)</sup> .....	12.2	12.0	4.3
Deposit foreign currency <sup>(2)</sup> .....	N/A	N/A	N/A
<b>International Reserves</b>			
Central Bank International Reserves (US\$ in millions) <sup>(2)</sup> .....	355,034	324,703	362,204
Annual variation (%) .....	9.3	(10.3)	1.8
<b>Bank System Loans to the Private Sector</b>			
Banking system loans (US\$ in millions) <sup>(2)</sup> .....	1,061,479	1,017,718	828,003
Annual variation (%) .....	4.3	22.91	5.95

Source: Central Bank of Brazil and IMF.

(1) IMF

(2) Central Bank of Brazil

## Paraguay

	2023	2022	2021
<b>Gross Domestic Product and Population</b>			
Real GDP (annual percentage change) .....	4.5	0.1	4.02
Nominal GDP (US\$ in millions) <sup>(1)</sup> .....	44,142	41,722	39,951
Nominal GDP (PPP US\$ in millions) <sup>(1)</sup> .....	117,349	108,337	101,168
Per capita nominal GDP (US\$) <sup>(1)</sup> .....	5,842	5,597	5,433
Population (millions) <sup>(1)</sup> .....	7.5	7.4	7.4
Area (sq. km) .....	406.752	406.752	406.752
<b>Inflation</b>			
CPI Inflation Rate (% Annual Rate) <sup>(1)</sup> .....	4.1	8.1	6.8
<b>Exchange Rates</b>			
Nominal Exchange Rate (local currency units per US\$, eop) <sup>(2)</sup> .....	7298.0	7238.7	6815.5
Annual variation (%) .....	0.82	6.21	(1.85)
Real Effective Exchange Rate (Index, January 2015 = 100) <sup>(1)</sup> .....	105.91	109.76	107.75
Annual variation (%) .....	(3.51)	1.87	(1.01)
<b>Fiscal Indicators – Non-Financial Public Sector</b>			
Overall Balance (% of GDP) <sup>(1)</sup> .....	(3.8)	(4.2)	(6.1)
Public Debt (% of GDP) <sup>(1)</sup> .....	40.68	40.76	37.5
<b>Interest Rates</b>			
Lending local currency <sup>(2)</sup> .....	14.86	14.81	12.21
Lending foreign currency <sup>(2)</sup> .....	6.52	7.99	5.39
Deposit local currency <sup>(2)</sup> .....	4.65	5.45	3.53
Deposit foreign currency <sup>(2)</sup> .....	3.34	2.94	1.38
<b>International Reserves</b>			
Central Bank International Reserves (US\$ in millions) <sup>(2)</sup> .....	10,196	9,825	9,947
Annual variation (%) .....	3.87	(1.22)	4.81
<b>Bank System Loans to the Private Sector</b>			
Banking system loans (US\$ in millions) <sup>(2)</sup> .....	20,257	18,281	17,213
Annual variation (%) .....	10.81	6.20	12.06

Source: Central Bank of Paraguay and IMF.

(1) IMF

(2) Central Bank of Paraguay

## Uruguay

	2023	2022	2021
<b>Gross Domestic Product and Population</b>			
Real GDP (annual percentage change) .....	1.0	4.89	4.40
Nominal GDP (US\$ in millions) <sup>(1)</sup> .....	76,244	71,177	59,321
Nominal GDP (PPP US\$ in millions) <sup>(1)</sup> .....	103,372	98,719	86,238
Per capita nominal GDP (US\$) <sup>(1)</sup> .....	21,377	20,022	16,743
Population (millions) <sup>(1)</sup> .....	3.56	3.55	3.5
Area (sq. km) .....	176,215	176,215	176,215
<b>Inflation</b>			
CPI Inflation Rate (% Annual Rate) <sup>(1)</sup> .....	5.4	8.29	7.97
<b>Exchange Rates</b>			
Nominal Exchange Rate (local currency units per US\$, cop) <sup>(2)</sup> .....	39.0	40.1	44.7
Annual variation (%) .....	(2.57)	(10.35)	5.56
Real Effective Exchange Rate (Index, January 2015 = 100) <sup>(1)</sup> .....	126.45	118.0	106.2
Annual variation (%) .....	7.16	11.10	(2.15)
<b>Fiscal Indicators – Non-Financial Public Sector</b>			
Overall Balance (% of GDP) <sup>(1)</sup> .....	(3.2)	(2.5)	(2.7)
Public Debt (% of GDP) <sup>(1)</sup> .....	61.61	59.31	65.6
<b>Interest Rates</b>			
Lending local currency <sup>(2)</sup> .....	13.11	10.85	7.45
Lending foreign currency <sup>(2)</sup> .....	6.21	3.70	3.16
Deposit local currency <sup>(2)</sup> .....	7.80	6.24	3.80
Deposit foreign currency <sup>(2)</sup> .....	2.80	0.25	0.06
<b>International Reserves</b>			
Central Bank International Reserves (US\$ in millions) <sup>(2)</sup> .....	16,217	15,120	16,953
Annual variation (%) .....	7.26	(10.81)	4.54
<b>Bank System Loans to the Private Sector</b>			
Banking system loans (US\$ in millions) <sup>(2)</sup> .....	22,501	20,737	16,655
Annual variation (%) .....	8.51	24.51	8.79

Source: Central Bank of Uruguay and IMF.

(1) IMF

(2) Central Bank of Uruguay

## DESCRIPTION OF THE NOTES

*This section summarizes the material provisions of the Fiscal and Paying Agency Agreement and the Notes. This summary is subject to and qualified in its entirety by reference to all the provisions of the Fiscal and Paying Agency Agreement and the Notes.*

This section summarizes the material terms that will apply generally to the Notes. Each particular Note will have financial and other terms specific to it, and the specific terms of each Note will be described in a Pricing Supplement, in the form attached as Annex A-1 to this Offering Memorandum. The terms of any Notes may, subject to our approval, vary from the terms described here.

As you read this section, please remember that the specific terms of your Note as described in the applicable Pricing Supplement will complete and may modify or replace the general terms described in this Offering Memorandum. To the extent the applicable Pricing Supplement is inconsistent with this Offering Memorandum, that Pricing Supplement will prevail with regard to your Note. Thus, the statements we make in this section may not apply to your Note.

Unless otherwise indicated, in this section entitled “Description of the Notes”, references to “Holders” mean those persons who own Notes registered in their own names, on the books that the Issuer or the Registrar (as defined below) maintains for this purpose, and not those persons who own beneficial interests in Notes registered in street name or in Notes issued in book-entry form through DTC, Euroclear, Clearstream, Luxembourg or another depository (the “Depository”). Notwithstanding the foregoing, with respect to Notes issued in book-entry form for which Euroclear and/or Clearstream, Luxembourg acts as Depository, the Issuer (but not any Agent) may treat those persons who own beneficial interests in a nominal amount of such Notes which are credited in book-entry form to their accounts in Euroclear, or Clearstream, Luxembourg (“Accountholders”) as a “Holder” or “Holders” for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes (for which purposes, the Issuer shall treat the person or persons in whose names the Notes are registered as aforesaid, as the Holder or Holders, as the case may be).

Owners of beneficial interests in the Notes should read the section below entitled “Book-Entry Clearance Systems.” When we refer to the “applicable Pricing Supplement” or the “relevant Pricing Supplement”, we mean the Pricing Supplement describing the specific terms of the Note you purchase and “your Note” means the Note in which you are investing. The terms we use in any applicable Pricing Supplement that we also use in this Offering Memorandum will have the meanings we give them herein, unless we say otherwise in such Pricing Supplement.

### **This section is only a summary**

The Fiscal and Paying Agency Agreement and its associated documents, including your Note and the relevant Pricing Supplement, contain the full legal text of the matters described in this section. The Fiscal and Paying Agency Agreement and the Notes are governed by New York law. See “General Information — Documents Available” for information on how to obtain a copy of the Fiscal and Paying Agency Agreement.

This section and the relevant Pricing Supplement summarize all the material terms of the Fiscal and Paying Agency Agreement and your Note. They do not, however, describe every aspect of the Fiscal and Paying Agency Agreement and your Note.

### **The Notes will be issued under the Fiscal and Paying Agency Agreement**

The Notes are issued subject to, and the Holders benefit from and are deemed to be bound by, the provisions of a Fiscal and Paying Agency Agreement applicable to them. The Fiscal and Paying Agency Agreement is a contract among the Issuer, The Bank of New York Mellon, which will initially act as fiscal agent and paying agent (the “Fiscal and Paying Agent”), Registrar and Transfer Agent (as defined below) and The Bank of New York Mellon, London Branch, as paying agent in London (the “London Paying Agent”). The Fiscal and Paying Agent performs administrative duties for the Issuer such as sending interest payments and notices to the relevant persons, as described below under “— Payment mechanics for Notes” and “— Notices.”

References in this Offering Memorandum to the “Fiscal and Paying Agent” includes any successor fiscal and paying agent. References in this Offering Memorandum to the “Agents” include the Fiscal and Paying Agent, the London Paying Agent, the Registrar, the Transfer Agents, the Paying Agents and any Exchange Agent, Calculation Agent and/or any other agent appointed by the Issuer with respect to the Notes, as applicable.

### **The Issuer may issue other series of debt securities**

The Fiscal and Paying Agency Agreement permits the Issuer to issue different series of debt securities from time to time. Notes may be issued in such amounts, at such times and on such terms as the Issuer determines. The Notes will differ from one another, and from other series, in their terms.

When we refer to the “Notes” or “these Notes”, we mean all debt securities issued under the Issuer’s Program. When we refer to a “series” of debt securities, we mean Notes of a series designated as such under the Fiscal and Paying Agency Agreement.

### **Amounts that the Issuer may issue**

The Program provides for the offering and issuance by the Issuer of Notes, in one or several series, each having a term as determined from time to time by the Issuer and as set out in the applicable Pricing Supplement, subject to a maximum aggregate principal amount outstanding in the amount specified on the cover of this Offering Memorandum. The Fiscal and Paying Agency Agreement does not limit the number of series or the aggregate amount of any particular series that the Issuer may issue. Also, if the Issuer issues Notes having the same terms in a particular offering (or the same terms except for their issue dates and, in certain circumstances, interest commencement dates and/or issue prices), it may “reopen” that offering at any later time and offer additional Notes having those terms. Such additional debt securities will be consolidated and form a single series with, have the same CUSIP number, Common Code and/or ISIN as and trade interchangeably with such previously issued Notes, though temporary CUSIP numbers, Common Codes and/or ISINs may be assigned for regulatory purposes. However, the Issuer will not issue any such additional debt securities with the same CUSIP number, Common Code and/or ISIN unless such additional debt securities are fungible with the outstanding Notes of the applicable series for U.S. federal income tax purposes.

The Issuer intends to issue Notes from time to time, in one or more series, subject to a maximum aggregate principal amount outstanding in the amount specified on the cover of this Offering Memorandum. However, the Issuer may issue additional Notes in amounts that exceed the amount on the cover at any time, without your consent and without notifying you.

The Fiscal and Paying Agency Agreement and the Notes do not limit our ability to incur other indebtedness or to issue other securities. Also, we are not subject to financial or similar restrictions by the terms of the Notes or the Fiscal and Paying Agency Agreement.

### **Ranking**

All Notes will be direct, senior, unsecured obligations of the Issuer and will rank *pari passu* in right of payment with all other senior unsecured indebtedness of the Issuer, will be senior in right of payment to any of the Issuer’s future indebtedness that is expressly subordinated to the Notes, and will be effectively subordinated to all of the Issuer’s existing and future indebtedness that is secured, to the extent of the value of the assets securing such indebtedness. The Notes are subject to a negative pledge of the Issuer. See “— Covenants of the Issuer — Negative Pledge.” As of the date of this Offering Memorandum the Bank does not have any secured debt or any subsidiaries.

### **Principal amount, stated maturity and maturity**

The principal amount of a Note means the principal amount payable at its stated maturity, unless that amount is not determinable, in which case the principal amount of a Note is its face amount or as otherwise determinable in accordance with the relevant Pricing Supplement. The term “stated maturity” with respect to any Note means the day on which the principal amount of that Note is scheduled to become due, as specified in the relevant Pricing Supplement. The principal may become due sooner, by reason of redemption or acceleration after a default or

otherwise in accordance with the terms of the Note. The day on which the principal actually becomes due, whether at the stated maturity or earlier, is called the maturity date of the principal.

We also use the terms “stated maturity” and “maturity date” to refer to the days when other payments become due. For example, we may refer to a regular interest payment date when an installment of interest is scheduled to become due as the “stated maturity” of that installment.

When we refer to the “stated maturity” or the “maturity date” of a Note without specifying a particular payment, we mean the stated maturity or maturity date, as the case may be, of the principal.

## **Currency of Notes**

Amounts that become due and payable on your Note in cash will be payable in U.S. dollars, euro, another currency other than U.S. dollars or in a composite currency, as may be specified in the relevant Pricing Supplement. We refer to this currency or composite currency as the “Specified Currency.” The Specified Currency for your Note will be U.S. dollars, unless the relevant Pricing Supplement states otherwise. Some Notes may have different Specified Currencies for principal, premium and interest. You will have to pay for your Notes by delivering the requisite amount of the Specified Currency for the principal to any of the Dealers that we name in the relevant Pricing Supplement, unless other arrangements have been made between you and the Issuer or you and any such Dealers. See “Currency Conversions — Payments for Notes” below.

The Issuer will make payments on your Notes in the Specified Currency or, as the case may be, Specified Currencies, except as described below and in “Currency Conversions — Payments on Notes.” See “Risk Factors — Risks Relating to the Notes — Notes denominated and payable in a currency other than the investor’s currency are subject to exchange rate and exchange control risks.” above for more information about risks of investing in Notes of this kind.

If, on or after the date of the issuance of a series of Notes, the Specified Currency of such Note is unavailable to us due to the cessation of use of (i) such Specified Currency (other than the euro) both by the government of the country that issued such Specified Currency and for the settlement of transactions by a central bank or other public institutions of or within the international banking community, (ii) the euro by the then member states of the European Monetary Union that have adopted the euro as their currency or for the settlement of transactions by public institutions of or within the international banking community, or (iii) any currency unit (or composite currency) other than the euro for the purposes for which it was established, then all payments in respect of the Notes will be made in U.S. dollars until such Specified Currency is again available to us or so used. The amount payable on any date in the applicable Specified Currency will be converted into U.S. dollars on the basis of the market exchange rate for the applicable Specified Currency most recently available on, or prior to, the second business day before the relevant payment date. Any payment in respect of the Notes so made in U.S. dollars will not constitute an Event of Default under the Notes or the Fiscal and Paying Agency Agreement. No Agent shall have any responsibility for any calculation or conversion in connection with the forgoing.

## **Types of Notes**

The Issuer may issue any of the following types of Notes and any other types of Notes that may be described in a supplement to, or other form of update of, this Offering Memorandum or in the relevant Pricing Supplement:

### ***Fixed Rate Notes***

A Note of this type (a “Fixed Rate Note”) will bear interest at a fixed rate described in the relevant Pricing Supplement, including Notes which bear no interest and are instead issued at a price lower than the principal amount (each, a “Zero Coupon Note”). See “— Original Issue Discount Notes” below for more information about Zero Coupon Notes and other Original Issue Discount Notes.

Each Fixed Rate Note, except any Zero Coupon Note, will bear interest from its issue date or from the most recent date to which interest on the Note has been paid or made available for payment. Interest will accrue on the

principal of a Fixed Rate Note at the fixed rate stated in the relevant Pricing Supplement, until the principal is paid or made available for payment or the Note is converted or exchanged. Each payment of interest due on an interest payment date or at maturity will include interest accrued from and including the last date to which interest has been paid, or made available for payment, or from the issue date if none has been paid or made available for payment, to but excluding the interest payment date or the maturity date.

Unless otherwise specified in the applicable Pricing Supplement, interest on Fixed Rate Notes denominated in U.S. dollars will be computed on the basis of a 360-day year of twelve 30-day months and, in the case of a Note denominated in a Specified Currency other than U.S. dollars on the following basis:

- In the case of Notes where the number of days in the relevant period from (and including) the most recent interest payment date (or, if none, the interest commencement date) to (but excluding) the relevant interest payment date (the “Accrual Period”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (a) the number of days in such Determination Period and (b) the number of Determination Dates (as defined in the applicable Pricing Supplement) that would occur in one calendar year; or
- In the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of: (a) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and (b) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such next Determination Period and (y) the number of Determination Dates that would occur in one calendar year.

For purposes of this subsection, “Determination Period” means each period from (and including) a Determination Date to but excluding the next Determination Date (including, where either the interest commencement date or the final interest payment date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date). For any interim period, the rate of interest applicable to the Fixed Rate Notes may be computed on the basis of a 360-day year, a 365-day year or such other length of year, as applicable.

Interest will be payable on each interest payment date and on the maturity date as described below under “— Payment mechanics for Notes.”

### ***Floating Rate Notes***

A Note of this type (a “Floating Rate Note”) will bear interest at rates that are determined by reference to an interest rate formula. In some cases, the rates may also be adjusted by adding or subtracting a Spread or multiplying by a Spread Multiplier (each as defined herein) and may be subject to a minimum rate or a maximum rate. The various interest rate formulas and these other features are described below in “— Interest Rates — Floating Rate Notes.” If your Note is a Floating Rate Note, the formula and any adjustments that apply to the interest rate may be specified in the relevant Pricing Supplement.

Each Floating Rate Note will bear interest from its issue date or from the most recent date to which interest on the Note has been paid or made available for payment. Unless otherwise specified in the applicable Pricing Supplement, interest on Floating Rate Notes will be computed on the basis of the actual number of days in the relevant interest period divided by 360 (or, in the case of a Floating Rate Note bearing interest at a rate determined by reference to the Treasury Rate, EURIBOR or SONIA, by the actual number of days in the year or by 365 for EURIBOR or SONIA). Notwithstanding the previous sentence, and unless specified otherwise in the applicable Pricing Supplement, interest on SOFR Notes and SONIA Rate Notes will be calculated as described below under “— Interest Rates — Floating Rate Notes — SOFR Notes” and “— Interest Rates — Floating Rate Notes — SONIA Rate Notes,” respectively. Interest will accrue on the principal of a Floating Rate Note at the rate set out in the relevant Pricing Supplement or as determined according to the interest rate formula stated in the relevant Pricing Supplement, until the

principal is paid or made available for payment or until it is converted or exchanged. Interest will be payable on each interest payment date and on the maturity date as described below under “— Payment mechanics for Notes.” Unless otherwise stated in the relevant Pricing Supplement, the minimum rate of interest will be zero.

For any interim period, the rate of interest applicable to the Floating Rate Notes may be computed on the basis of a 360-day year, a 365-day year or such other length of year, as applicable.

### ***Original Issue Discount Notes***

A Note of this type (an “Original Issue Discount Note”) may be a Fixed Rate Note or a Floating Rate Note. An Original Issue Discount Note is issued at a price lower than its principal amount, provided that a Fixed Rate Note or a Floating Rate Note is not an Original Issue Discount Note unless expressly identified as such in the applicable Pricing Supplement. An Original Issue Discount Note may be a Zero Coupon Note. A Note may, for U.S. federal income tax purposes, be considered as having been issued with “original issue discount,” regardless of the amount payable upon redemption or acceleration of maturity. See “Tax Considerations — United States Federal Income Tax Considerations — U.S. Holders — Original Issue Discount” below for a brief description of the U.S. federal income tax consequences of owning a Note issued with “original issue discount.”

If a Note is an Original Issue Discount Note, unless the applicable Pricing Supplement specifies otherwise, the amount payable (the “Default Amount”) in the event of redemption or repayment prior to its maturity date, or in the event of acceleration of its maturity, will be the amortized face amount, or the applicable percentage thereof specified in the Pricing Supplement, on the redemption, repayment or acceleration date, as the case may be and, in the case of an interest-bearing Note issued as an Original Issue Discount Note, any accrued but unpaid qualified stated interest payments. The amortized face amount of an Original Issue Discount Note will be equal to (i) the issue price of the Note plus (ii) that portion of the difference between the issue price and the principal amount of the Note that has accrued at the stated yield of the Note. However, for this purpose, in no case will the amortized face amount of an Original Issue Discount Note exceed the principal amount of the Note at its maturity date. As used in this paragraph, issue price means the principal amount of the Original Issue Discount Note due at the maturity date of the Note, less the original issue discount of the Note specified on its face and in the applicable Pricing Supplement, computed in accordance with the rules set forth in the Internal Revenue Code of 1986, as amended (the “Code”), and applicable Treasury regulations, at the date as of which the amortized face amount is calculated. See “Tax Considerations — United States Federal Income Tax Considerations — U.S. Holders — Original Issue Discount.” The term stated yield of the Original Issue Discount Note means the yield to maturity specified on the face of the Note and in the applicable Pricing Supplement for the period from the Note’s original issue date to its maturity date based on its issue price and its stated redemption price at maturity.

### **Information in the Pricing Supplement**

The relevant Pricing Supplement will describe one or more of the following terms of your Notes:

- the aggregate principal amount of your Notes;
- the stated maturity;
- the Specified Currency or currencies for principal, premium and interest;
- the price at which we originally issue your Note, expressed as a percentage of the principal amount, and the issue date;
- whether your Note is a Fixed Rate Note, a Floating Rate Note, an Original Issue Discount Note (which may be a Zero Coupon Note) or any combination of the foregoing;
- if your Note is a Fixed Rate Note, the rate at which your Note will bear interest, if any, and the interest payment dates, if different from those stated below under “— Interest Rates — Fixed Rate Notes;”

- if your Note is a Floating Rate Note, the interest rate basis; any applicable index currency or Index Maturity (each, as defined herein), Spread or Spread Multiplier or initial, maximum or minimum rate; the interest reset, determination, calculation and interest payment dates; the day count used to calculate interest payments for any period; and the Calculation Agent, all of which we describe under “— Interest Rates — Floating Rate Notes” below;
- if your Note is an Original Issue Discount Note, the yield to maturity;
- if applicable, the circumstances under which your Note may be redeemed at the Issuer’s option or repaid at the Holder’s option before the stated maturity, including any redemption commencement date, repayment date(s), redemption price(s) and redemption period(s), all of which we describe under “— Redemption and repayment” below;
- the authorized denominations, if other than denominations of U.S.\$200,000 and multiples of U.S.\$1,000 in excess thereof;
- whether your Note will be issued in the form of a Global Note or a Certificated Note, and, if a Global Note, the Depositary for your Global Note;
- the name of each offering Dealer;
- the price of the Notes to the offering Dealer or Dealers;
- the discount or commission to be received by the offering Dealer or Dealers;
- the net proceeds to the Issuer;
- the names and duties of any co-agents, depositaries, Paying Agent(s), Transfer Agent(s), Exchange Agent(s), Calculation Agent(s) or Registrar(s) for your Note; and
- any other terms of your Note, which could be different from those described in this Offering Memorandum.

### **Form of Notes**

Each Note will be issued in the form of Certificated Notes or in global (i.e., book-entry) form, as specified in the relevant Pricing Supplement. Notes in book-entry form will be represented by a Global Note registered in the name of a Depositary or a nominee of a Depositary, which will be the Holder for all purposes of all the Notes represented by the Global Note, except with respect to any Notes deposited with, and registered in the name of a nominee for, a common depositary for Euroclear and/or Clearstream, Luxembourg, for which purposes the Accountholders (as defined above) shall be deemed to be “Holders” by the Issuer (but not any Agent) for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes for which purposes the person or persons in whose name the Notes are registered shall, as aforesaid, be treated as the Holder.

Those who own beneficial interests in a Global Note (as defined under “General Terms of the Notes — Form and Denomination”) will do so through participants in the Depositary’s securities clearance system, and the rights of these indirect owners will be governed solely by the applicable procedures of the Depositary and its participants. We describe Global Notes above under “General Terms of the Notes — Form and Denomination.”

In addition, each Note will be issued in registered form, without coupons.

### **Interest Rates**

This subsection describes the different kinds of interest rates that may apply to your Note, if it bears interest.

### ***Fixed Rate Notes***

Interest on a Fixed Rate Note will be payable annually, semi-annually or quarterly on the date or dates specified in the relevant Pricing Supplement and at maturity. Any payment of principal, premium and interest for any Fixed Rate Note required to be made on an interest payment date that is not a business day (as defined herein) will be postponed to the next succeeding business day as if made on the date that payment was due, and no interest will accrue on that payment for the period from and after the interest payment date to the date of that payment on the next succeeding business day. For each Fixed Rate Note that bears interest, interest will accrue, and the Issuer will compute and pay accrued interest, as described under “— Types of Notes — Fixed Rate Notes” above and “— Payment mechanics for Notes” below.

### ***Floating Rate Notes***

In this subsection, we use several specialized terms relating to the manner in which floating interest rates are calculated. We define these terms in “— Special Rate Calculation Terms” at the end of this subsection. For each Floating Rate Note, interest will accrue, and the Issuer will compute and pay accrued interest, as described under “— Types of Notes — Floating Rate Notes” above and “— Payment mechanics for Notes” below. In addition, the following will apply to Floating Rate Notes.

### ***Base Rates***

The Issuer may issue Floating Rate Notes that bear interest at rates based on one or more of the following “Base Rates”:

- CMT Rate;
- Commercial Paper Rate;
- EURIBOR;
- SONIA (based on a weighted average or compounding);
- Federal Funds Rate;
- SOFR (based on compounding or a simple or weighted average);
- Prime Rate;
- Treasury Rate; and/or
- Any other rate specified in the applicable Pricing Supplement.

We describe each of the Base Rates in further detail below in this subsection.

If you purchase a Floating Rate Note, the applicable Pricing Supplement will specify the type of Base Rate that applies to your Note.

Unless otherwise specified in the applicable Pricing Supplement, each Floating Rate Note will be issued as described below. The applicable Pricing Supplement will specify certain terms with respect to which each Floating Rate Note is being delivered, including: if applicable, Base Rate, initial interest rate, if any, initial Interest Reset Date, interest reset period and dates, interest period and dates, record dates, Index Maturity, maximum interest rate and/or minimum interest rate, if any, and Spread and/or Spread Multiplier, if any, as such terms are defined below. If the applicable Base Rate is the CMT Rate, the applicable Note and any applicable Pricing Supplement will also specify the index currency and the Designated CMT Refinitiv Page, as applicable, as such term is defined below.

Floating Rate Notes will bear interest at the rate determined by reference to the applicable Base Rate (a) plus or minus the applicable Spread, if any, and/or (b) multiplied by the applicable Spread Multiplier, if any. Commencing on the first Interest Reset Date (as defined below) occurring after the issue date (the “initial Interest Reset Date”), the rate at which interest on such Floating Rate Note will be payable will be reset as of each Interest Reset Date; provided, however, that the interest rate in effect for the period, if any, from the issue date to the initial Interest Reset Date will be the initial interest rate.

*Initial Base Rate.* For any Floating Rate Note, the Base Rate in effect from the issue date to the first Interest Reset Date will be the Initial Base Rate. The Initial Base Rate will be specified in the applicable Pricing Supplement.

*Spread or Spread Multiplier.* In some cases, the Base Rate for a Floating Rate Note may be adjusted:

- by adding or subtracting a specified number of basis points, called the “Spread”, with one basis point being 0.01%; or
- by multiplying the Base Rate by a specified percentage, called the “Spread Multiplier.”

If you purchase a Floating Rate Note, the applicable Pricing Supplement will specify whether a Spread or Spread Multiplier will apply to your Note and, if so, the amount of the Spread or Spread Multiplier.

*Maximum and Minimum Rates.* The actual interest rate on Floating Rate Notes, after being adjusted by the Spread or Spread Multiplier, may also be subject to either or both of the following limits:

- a maximum rate—*i.e.*, a specified upper limit that the actual interest rate in effect at any time may not exceed; and/or
- a minimum rate—*i.e.*, a specified lower limit that the actual interest rate in effect at any time may not fall below.

If you purchase a Floating Rate Note, the applicable Pricing Supplement will specify whether a maximum rate and/or minimum rate will apply to your Note and, if so, what those rates are.

Whether or not a maximum rate applies, the interest rate on a Floating Rate Note will in no event be higher than the maximum rate permitted by New York law, as it may be modified by United States federal law of general application. In no event shall any Agent be liable or responsible for determining whether or not the interest rate on a Floating Rate Note is higher than the maximum rate permitted by New York law, as it may be modified by United States federal law of general application.

In addition, the minimum rate will be zero unless otherwise specified in the relevant Pricing Supplement.

The rest of this subsection describes how the interest rate and the interest payment dates will be determined, and how interest will be calculated, on a Floating Rate Note.

*Interest Reset Dates.* The rate of interest on a Floating Rate Note will be reset by the Calculation Agent daily, weekly, monthly, quarterly, semi-annually, annually or at some other interval as may be specified in the applicable Pricing Supplement. The date on which the interest rate resets and the reset rate becomes effective is called the Interest Reset Date. For Compounded SOFR Notes or SONIA Rate Notes, the interest rate will be reset as set forth below under “—SOFR Notes” and “—SONIA Rate Notes,” respectively. Except for any Compounded SOFR Notes or SONIA Rate Notes or as otherwise specified in the applicable Pricing Supplement, the Interest Reset Date will be as follows:

- for Floating Rate Notes that reset daily and are not Non-Compounded SOFR Notes or Weighted Average (ISDA) SOFR Notes, each business day;

- for Non-Compounded SOFR Notes or Weighted Average (ISDA) SOFR Notes that reset daily, each day or U.S. Government Securities Business Day, as the case may be;
- for Floating Rate Notes that reset weekly and are not Treasury Rate Notes, the Wednesday of each week;
- for Treasury Rate Notes that reset weekly, the Tuesday of each week, except as otherwise described in the next to last paragraph under “— Interest Determination Dates” below;
- for Floating Rate Notes that reset monthly, the third Wednesday of each month;
- for Floating Rate Notes that reset quarterly, the third Wednesday of March, June, September and December of each year;
- for Floating Rate Notes that reset semi-annually, the third Wednesday of each of two months of each year as specified in the applicable Pricing Supplement; and
- for Floating Rate Notes that reset annually, the third Wednesday of one month of each year as specified in the applicable Pricing Supplement.

For a Floating Rate Note, the interest rate in effect on any particular day will be the interest rate determined with respect to the latest Interest Reset Date that occurs on or before that day. There are several exceptions to the reset provisions, however, as described above.

The Base Rate in effect from the issue date to the first Interest Reset Date will be the Initial Base Rate. Except as otherwise provided within the terms of a particular rate or as otherwise specified in the applicable Pricing Supplement, for Floating Rate Notes that reset daily or weekly, the Base Rate in effect for each day following the second business day before an interest payment date to, but excluding, the interest payment date, and for each day following the second business day before the maturity date to, but excluding, the maturity date, will be the Base Rate in effect on that second business day, except for SOFR and SONIA Notes and except as otherwise provided in the applicable Pricing Supplement.

If any Interest Reset Date for a Floating Rate Note would otherwise be a day that is not a business day, the Interest Reset Date will be postponed to the next day that is a business day. For a EURIBOR Note, however, if that business day is in the next succeeding calendar month, the Interest Reset Date will be the immediately preceding business day.

*Interest Determination Dates.* The interest rate that takes effect on an Interest Reset Date will be determined by the Calculation Agent by reference to a particular date called an Interest Determination Date. Except as otherwise specified in the applicable Pricing Supplement:

- For all Floating Rate Notes other than SOFR Notes, SONIA Rate Notes, EURIBOR Notes and Treasury Rate Notes, the Interest Determination Date relating to a particular Interest Reset Date will be the second business day before the Interest Reset Date.
- For all Compounded SOFR Notes except for Compounded SOFR Notes with Payment Delay and Compounded SOFR Index Notes with Payment Delay, the Interest Determination Date relating to a particular Interest Payment Date, which we refer to as a SOFR Interest Determination Date, will be the number of U.S. Government Securities Business Days preceding the related Interest Payment Date specified in the applicable Pricing Supplement.
- For Non-Compounded SOFR Notes or Weighted Average (ISDA) SOFR Notes, the Interest Determination Date relating to a particular Interest Reset Date will be the first U.S. Government Securities Business Day immediately preceding the related Interest Reset Date or, if a “Lag Period”

is specified in the applicable Pricing Supplement, the number of U.S. Government Securities Business Days preceding the related Interest Reset Date specified in that Pricing Supplement.

- For EURIBOR Notes, the Interest Determination Date relating to a particular Interest Reset Date will be the second euro business day (as defined herein) preceding the Interest Reset Date. We refer to an Interest Determination Date for a EURIBOR Note as a EURIBOR Interest Determination Date.
- For SONIA Rate Notes, the Interest Determination Date relating to a particular Interest Reset Date, which we refer to as a SONIA Interest Determination Date, will be the fifth (or other number specified under the definition of “Observation Look-Back Period” below) London Banking Day prior to the end of each interest period.
- For Treasury Rate Notes, the Interest Determination Date relating to a particular Interest Reset Date, which we refer to as a Treasury Interest Determination Date, will be the day of the week on which the Interest Reset Date falls on which treasury bills—*i.e.*, short-term direct obligations of the U.S. government—would normally be auctioned. Treasury bills are usually sold at auction on the Monday of each week, unless that day is a legal holiday in the United States, in which case the auction is usually held on the following Tuesday, except that the auction may be held on the preceding Friday. If, as the result of a legal holiday an auction is held on the preceding Friday, that Friday will be the Treasury Interest Determination Date relating to the Interest Reset Date occurring in the next succeeding week. If the auction is held on a day that would otherwise be an Interest Reset Date, then the Interest Reset Date will instead be the first business day following the auction date.

The “Interest Determination Date” pertaining to a Floating Rate Note the interest rate of which is determined by reference to two or more Base Rates will be the most recent business day which is at least two business days prior to the applicable Interest Reset Date for such Floating Rate Note on which each Base Rate is determinable. Each Base Rate will be determined as of such date, and the applicable interest rate will take effect on the applicable Interest Reset Date.

*Interest Calculation Dates.* As described above, the interest rate that takes effect on a particular Interest Reset Date will be determined by reference to the corresponding Interest Determination Date. Except for SOFR Notes, SONIA Rate Notes, and EURIBOR Notes, however, the determination of the rate will actually be made on a day no later than the corresponding interest calculation date. The interest calculation date will be the earlier of the following:

- the tenth calendar day after the Interest Determination Date or, if that tenth calendar day is not a business day, the next succeeding business day; and
- the business day immediately preceding the interest payment date or the maturity date, whichever is the day on which the next payment of interest will be due.

The Calculation Agent need not wait until the relevant interest calculation date to determine the interest rate if the rate information it needs to make the determination is available from the relevant sources sooner.

*Interest Payment Dates.* The interest payment dates for a Floating Rate Note will depend on when the interest rate is reset and, unless otherwise specified in the applicable Pricing Supplement, will be as follows:

- for Floating Rate Notes that reset daily, weekly or monthly, the third Wednesday of each month or the third Wednesday of March, June, September and December of each year, as specified in the applicable Pricing Supplement;
- for Floating Rate Notes that reset quarterly, the third Wednesday of March, June, September and December of each year;
- for Floating Rate Notes that reset semi-annually, the third Wednesday of the two months of each year specified in the applicable Pricing Supplement; or

- for Floating Rate Notes that reset annually, the third Wednesday of the month specified in the applicable Pricing Supplement.

Regardless of these rules, if a Note is originally issued after the Regular Record Date and before the date that would otherwise be the first interest payment date, the first interest payment date will be the date that would otherwise be the second interest payment date. We have defined the term “Regular Record Date” under “—Payment mechanics for Notes” below.

If any interest payment date other than the maturity date for any Floating Rate Note would otherwise be a day that is not a business day, that interest payment date will be postponed to the next succeeding business day, except that in the case of a EURIBOR Note or a Compounded SOFR Note where that business day falls in the next succeeding calendar month, that interest payment date will be the immediately preceding business day, in each case, unless otherwise indicated in the applicable Pricing Supplement. Unless otherwise indicated in the applicable Pricing Supplement, if the maturity date of a Floating Rate Note falls on a day that is not a business day, the required payment of principal, premium and interest will be made on the next succeeding business day as if made on the date that payment was due, and no interest will accrue on that payment for the period from and after the maturity date to the date of that payment on the next succeeding business day.

*Calculation of Interest.* Calculations relating to Floating Rate Notes will be made by the “Calculation Agent”, an institution that the Issuer appoints as its agent for this purpose. That institution may include us or any affiliate of ours. The relevant Pricing Supplement for a particular Floating Rate Note will name the institution that has been appointed to act as the Calculation Agent for that Note as of its issue date. The Issuer may appoint a different institution to serve as Calculation Agent from time to time after the issue date of the relevant Notes without your consent and without notifying you of the change. In addition, we or an affiliate of ours may assume the duties of the Calculation Agent for the Floating Rate Notes.

For each Floating Rate Note, the Calculation Agent will determine, on or before the corresponding interest calculation or determination date, the interest rate that takes effect on each Interest Reset Date. In addition, the Calculation Agent will calculate the amount of interest that has accrued during each interest period—i.e., the period from and including the issue date, or the last date to which interest has been paid or made available for payment, to but excluding the payment date (except in the case of Compounded SOFR Notes with Payment Delay and Compounded SOFR Index Notes with Payment Delay). For Floating Rate Notes other than Compounded SOFR Notes or unless otherwise specified in the applicable Pricing Supplement, for each interest period, the Calculation Agent will calculate the amount of accrued interest by multiplying the face or other specified amount of the Floating Rate Note by an accrued interest factor for the interest period. This factor will equal the sum of the interest factors calculated for each day during the interest period.

Unless otherwise specified in the applicable Pricing Supplement, the interest factor for each day will be calculated by dividing the interest rate, expressed as a decimal, applicable to that day by the following:

- 360, in the case of Commercial Paper Rate Notes, Prime Rate Notes, CMT Rate Notes and Federal Funds Rate Notes;
- 365, for EURIBOR Notes; or
- the actual number of days in the year, in the case of Treasury Rate Notes;

and will be made without any liability on the part of the Calculation Agent.

Unless otherwise specified in the applicable Pricing Supplement, the interest factor for Floating Rate Notes whose interest rate is calculated by reference to two or more Base Rates will be calculated in each period in the same manner as if only one of the applicable Base Rates applied as specified in the applicable Note and any applicable Pricing Supplement.

Upon the request of the Holder of any Floating Rate Note, the Calculation Agent will provide for that Note, if determined, the interest rate then in effect and, if determined, the interest rate that will become effective on the next Interest Reset Date. The Calculation Agent's determination of any interest rate, and its calculation of the amount of interest for any interest period, will be final and binding in the absence of manifest or proven error, and will be made without any liability on the part of the Calculation Agent.

All percentages resulting from any calculation relating to a Note will be rounded upward or downward, if necessary, to the nearest one hundred-thousandth of a percentage point, with five one millionths of a percentage point rounded upward. For example, 9.876541% (or .09876541) would be rounded down to 9.87654% (or .0987654) and 9.876545% (or .09876545) would be rounded up to 9.87655% (or .0987655). All amounts used in or resulting from any calculation relating to a Floating Rate Note will be rounded upward or downward, as appropriate, to the nearest cent, in the case of U.S. dollars, or to the nearest corresponding hundredth of a unit, in the case of a currency other than U.S. dollars, with one-half cent or one-half of a corresponding hundredth of a unit or more being rounded upward.

In determining the Base Rate that applies to a Floating Rate Note during a particular interest period, the Calculation Agent or another quotation agent appointed for such purpose may obtain rate quotes from various banks or dealers active in the relevant market selected by the Issuer. Those reference banks and dealers may include the Calculation Agent itself and its affiliates, as well as any underwriter, dealer or agent participating in the distribution of the relevant Floating Rate Notes and its affiliates.

If a Benchmark Transition Event and its related Benchmark Replacement Date occur with respect to SOFR at any time when Compounded SOFR Notes are outstanding, then the foregoing provisions concerning the calculation and payment of interest on Compounded SOFR Notes will be modified in accordance with the benchmark transition provisions described below under “— Effect of a Benchmark Transition Event for Compounded SOFR Notes.” Similarly, if a Benchmark Event occurs with respect to EURIBOR Notes with respect to EURIBOR at any time when EURIBOR Notes, respectively, are outstanding, then the foregoing provisions concerning the calculation of payment of interest on the EURIBOR Notes, to the extent applicable, will be modified in accordance with the Benchmark Discontinuation Provisions described below.

#### *CMT Rate Notes*

If you purchase a CMT Rate Note, your Note will bear interest at a Base Rate equal to the CMT Rate as adjusted by the Spread or Spread Multiplier, if any, specified in the applicable Pricing Supplement.

Unless otherwise specified in the applicable Pricing Supplement, the CMT Rate will be either:

1) any of the following rates displayed on the Designated CMT Refinitiv Page under the heading “... Treasury Constant Maturities ...” for the designated CMT Index Maturity:

- if the Designated CMT Refinitiv Page is the Refinitiv Page FRBCMT, the rate for the relevant Interest Determination Date; or
- if the Designated CMT Refinitiv Page is the Refinitiv Page FEDCMT, the weekly or monthly average, as specified in the applicable Pricing Supplement, for the week that ends immediately before the week in which the relevant Interest Determination Date falls, or for the month that ends immediately before the month in which the relevant Interest Determination Date falls, as applicable; or

2) the “ISDA Designation”, which is the rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2021 ISDA Interest Rate Derivatives Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the issue date of the applicable Notes (the “ISDA Definitions”) and under which:

- the Floating Rate Option is as specified in the applicable Pricing Supplement;

- the Designated Maturity is a period specified in the applicable Pricing Supplement; and
- the relevant Reset Date is the day specified in the applicable Pricing Supplement.

For the purposes of this sub-paragraph (2) only, “Floating Rate”, “Calculation Agent”, “Floating Rate Option”, “Designated Maturity” and “Reset Date” have the meanings given to those terms in the ISDA Definitions.

If the Designated CMT Refinitiv Page is specified in the applicable Pricing Supplement, in which case (1) above applies, and the CMT Rate cannot be determined in the manner specified in (1) above, the following procedures will apply.

- If the applicable rate described above is not displayed on the relevant Designated CMT Refinitiv Page at 3:00 P.M., New York City time, on the relevant interest calculation date (unless the calculation is made earlier and the rate is available from that source at that time), then the CMT Rate will be the applicable treasury constant maturity rate described above—*i.e.*, for the designated CMT Index Maturity and for either the relevant Interest Determination Date or the weekly or monthly average, as applicable—as published in H.15 daily update under the heading “Treasury Constant Maturities.”
- If the applicable rate described above does not appear in H.15 daily update at 3:00 P.M., New York City time, on the relevant interest calculation date (unless the calculation is made earlier and the rate is available from one of those sources at that time), then the CMT Rate will be the Treasury constant maturity rate, or other U.S. Treasury Rate, for the designated CMT Index Maturity and with reference to the relevant Interest Determination Date, that:
  - is published by the Board of Governors of the Federal Reserve System, or the U.S. Department of the Treasury, and
  - is determined by us or our Designee to be comparable to the applicable rate formerly displayed on the Designated CMT Refinitiv Page and published in H.15 daily update.
- If the rate described in the prior paragraph does not appear at 3:00 P.M., New York City time, on the relevant interest calculation date (unless the calculation is made earlier and the rate is available from one of those sources at that time), then the CMT Rate will be the yield to maturity of the arithmetic mean of the following secondary market offered rates for the most recently issued Treasury Notes (as defined below) having an original maturity of approximately the designated CMT Index Maturity and a remaining term to maturity of not less than the designated CMT Index Maturity minus one year, and in a representative amount: the offered rates, as of approximately 3:30 P.M., New York City time, on the relevant Interest Determination Date, of three primary U.S. government securities dealers in New York City selected by the Issuer and notified to the Calculation Agent. In selecting these offered rates, the Issuer will request quotations from five of these primary dealers selected by us and will disregard the highest quotation—or, if there is equality, one of the highest—and the lowest quotation—or, if there is equality, one of the lowest. “Treasury Notes” are direct, non-callable, fixed rate obligations of the U.S. government.
- If the Issuer is unable to obtain three quotations of the kind described in the prior paragraph, the CMT Rate will be the yield to maturity of the arithmetic mean of the following secondary market offered rates for Treasury Notes with an original maturity longer than the designated CMT Index Maturity, with a remaining term to maturity closest to the designated CMT Index Maturity and in a representative amount: the offered rates, as of approximately 3:30 P.M., New York City time, on the relevant Interest Determination Date, of three primary U.S. government securities dealers in New York City selected by the Issuer and notified to the Calculation Agent. In selecting these offered rates, the Issuer will request quotations from five of these primary dealers selected by us and will disregard the highest quotation—or, if there is equality, one of the highest—and the lowest quotation—or, if there is equality, one of the lowest. If two Treasury Notes with an original maturity

longer than the designated CMT Index Maturity have remaining terms to maturity that are equally close to the designated CMT Index Maturity, the Issuer will obtain quotations for the Treasury Note with the shorter remaining term to maturity.

- If fewer than five but more than two of these primary dealers are quoting as described in each of the prior two paragraphs, then the CMT Rate for the relevant Interest Determination Date will be based on the arithmetic mean of the offered rates so obtained, and neither the highest nor the lowest of those quotations will be disregarded.
- If two or fewer primary dealers selected by us are quoting as described in the prior paragraph, the CMT Rate in effect for the new interest period will be the CMT Rate in effect for the prior interest period. If the Initial Base Rate has been in effect for the prior interest period, however, it will remain in effect for the new interest period.

#### *Commercial Paper Rate Notes*

If you purchase a Commercial Paper Rate Note, your Note will bear interest at a Base Rate equal to the Commercial Paper Rate as adjusted by the Spread or Spread Multiplier, if any, specified in the applicable Pricing Supplement.

The Commercial Paper Rate for each interest period will be the Money Market Yield of the rate for the relevant Interest Determination Date and for commercial paper having the Index Maturity specified in the applicable Pricing Supplement, as published in H.15 daily update under the heading “Commercial Paper— Financial” (or in another recognized electronic source determined by the Issuer in its sole discretion). If the Commercial Paper Rate cannot be determined as described above, the following procedures will apply:

- If the rate described above does not appear in H.15 daily update or another recognized electronic source at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from one of those sources at that time, then the Commercial Paper Rate will be calculated by the Calculation Agent and will be the Money Market Yield of the arithmetic mean of the following offered rates for U.S. dollar commercial paper that has the relevant Index Maturity and is placed for an industrial issuer whose bond rating is “AA”, or the equivalent, from a nationally recognized rating agency: the rates offered as of 11:00 A.M., New York City time, on the relevant Interest Determination Date, by three leading U.S. dollar commercial paper dealers in New York City selected by the Issuer.
- If fewer than three dealers selected by us are quoting as described above, the Commercial Paper Rate for the new interest period will be the Commercial Paper Rate in effect for the prior interest period. If the Initial Base Rate has been in effect for the prior interest period, it will remain in effect for the new interest period.

#### *EURIBOR Notes*

If you purchase a EURIBOR Note, your Note will bear interest at a Base Rate equal to the interest rate for deposits in euros designated as “EURIBOR”, which rate is published by the European Money Markets Institute (“EMMI”). In addition, the EURIBOR Base Rate will be adjusted by the Spread or Spread Multiplier, if any, specified in the applicable Pricing Supplement. EURIBOR will be determined in the following manner:

- EURIBOR will be the offered rate for deposits in euros having the Index Maturity specified in the applicable Pricing Supplement, beginning on the relevant Interest Reset Date, as that rate appears on Refinitiv Page EURIBOR01 as of 11:00 A.M., Brussels time, on the relevant EURIBOR Interest Determination Date.
- If the rate described in the prior paragraph does not appear on Refinitiv Page EURIBOR01, EURIBOR will be determined on the basis of the rates, at approximately 11:00 A.M., Brussels time,

on the relevant EURIBOR Interest Determination Date, at which deposits of the following kind are offered to prime banks in the euro-zone interbank market by the principal euro-zone office of each of four major banks in that market selected by the Issuer: euro deposits having the relevant Index Maturity, beginning on the relevant Interest Reset Date, and in a representative amount. The Calculation Agent or quotation agent appointed for such purpose will request the principal euro-zone office of each of these banks, as identified by us, to provide a quotation of its rate. If at least two quotations are provided, EURIBOR for the relevant EURIBOR Interest Determination Date will be the arithmetic mean of the quotations.

- If fewer than two quotations are provided as described in the prior paragraph, EURIBOR for the relevant EURIBOR Interest Determination Date will be the arithmetic mean of the rates for loans of the following kind to leading euro-zone banks quoted, at approximately 11:00 A.M., Brussels time on that EURIBOR Interest Determination Date, by four major banks in the euro-zone selected by us: loans of euros having the relevant Index Maturity, beginning on the relevant Interest Reset Date, and in a representative amount determined by the Issuer.
- If fewer than four banks selected by us are quoting as described in the prior paragraph, EURIBOR for the new interest period will be EURIBOR in effect for the prior interest period. If the Initial Base Rate has been in effect for the prior interest period, however, it will remain in effect for the new interest period.

EURIBOR Notes are subject to the provisions described below under “— Benchmark Discontinuation — Reference Rate Replacement — EURIBOR.”

#### *Federal Funds Rate Notes*

If you purchase a Federal Funds Rate Note, your Note will bear interest at a Base Rate equal to the Federal Funds Rate as adjusted by the Spread or Spread Multiplier, if any, specified in the applicable Pricing Supplement.

Unless otherwise specified in the applicable Pricing Supplement, the Federal Funds Rate will be the rate for U.S. dollar federal funds for the relevant Interest Determination Date, as published in H.15 daily update opposite the heading “Federal Funds (Effective)”, as that rate is displayed on Refinitiv Page FEDFUNDS1 under the heading “EFFECT.” If the Federal Funds Rate cannot be determined in this manner, the following procedures will apply.

- If the rate described above is not displayed on Refinitiv Page FEDFUNDS1 at 3:00 P.M., New York City time, on the relevant interest calculation date (unless the calculation is made earlier and the rate is available from that source at that time), then the Federal Funds Rate, for the relevant Interest Determination Date, will be the rate described above as published in H.15 daily update, or another recognized electronic source used for displaying that rate, under the heading “Federal funds (effective).”
- If the rate described in the prior paragraph is not displayed on Refinitiv Page FEDFUNDS1 and does not appear in H.15 daily update or another recognized electronic source at 3:00 P.M., New York City time, on the relevant interest calculation date (unless the calculation is made earlier and the rate is available from one of those sources at that time), the Federal Funds Rate will be the arithmetic mean of the rates for the last transaction in overnight, U.S. dollar federal funds arranged, before 9:00 A.M., New York City time, on the business day following the relevant Interest Determination Date, by three leading brokers of U.S. dollar federal funds transactions in New York City selected by us.
- If fewer than three brokers selected by us are quoting as described in the prior paragraph, the Federal Funds Rate in effect for the new interest period will be the Federal Funds Rate in effect for the prior interest period. If the Initial Base Rate has been in effect for the prior interest period, however, it will remain in effect for the new interest period.

### *Prime Rate Notes*

If you purchase a Prime Rate Note, your Note will bear interest at a Base Rate equal to the Prime Rate as adjusted by the Spread or Spread Multiplier, if any, specified in the applicable Pricing Supplement.

Unless otherwise specified in the applicable Pricing Supplement, the Prime Rate for each interest period will be the rate, for the relevant Interest Determination Date, published in H.15 daily update under the heading “Bank Prime Loan” (or in another recognized electronic source determined by the Issuer in its sole discretion). If the Prime Rate cannot be determined as described above, the following procedures will apply.

- If the rate described above does not appear in H.15 daily update or another recognized electronic source at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from one of those sources at that time, then the Prime Rate will be the arithmetic mean, as determined by the Calculation Agent, of the following rates as they appear on the Refinitiv Page US PRIME1: the rate of interest publicly announced by each bank appearing on that page as that bank’s prime rate or base lending rate, as of 11:00 A.M., New York City time, on the relevant Interest Determination Date.
- If fewer than four of these rates appear on the Refinitiv Page US PRIME1, the Prime Rate will be the arithmetic mean of the prime rates or base lending rates, as of the close of business on the relevant Interest Determination Date, of three major banks in New York City selected by the Issuer. For this purpose, the Calculation Agent will use rates quoted on the basis of the actual number of days in the year divided by a 360-day year, unless otherwise specified in the applicable Pricing Supplement.
- If fewer than three banks selected by the Issuer are quoting as described above, the Prime Rate for the new interest period will be the Prime Rate in effect for the prior interest period. If the Initial Base Rate has been in effect for the prior interest period, it will remain in effect for the new interest period.

### *SOFR Notes*

If you purchase a SOFR Note, your Note will bear interest at a Base Rate equal to SOFR (as defined below) as adjusted by the Spread or Spread Multiplier, if any, specified in the applicable Pricing Supplement.

SOFR Notes will be either Compounded SOFR Notes with Lookback, Compounded SOFR Notes with Observation Period Shift, Compounded SOFR Notes with Payment Delay, Compounded SOFR Index Notes with Observation Period Shift, Compounded SOFR Index Notes with Payment Delay, Non-Compounded SOFR Notes or Weighted Average (ISDA) SOFR Notes, each as indicated in the applicable Pricing Supplement and as described below.

The Interest Rate applicable for an interest period will be determined on the applicable SOFR Interest Determination Date, except that the Interest Rate for Compounded SOFR Notes with Payment Delay or Compounded SOFR Index Notes with Payment Delay will be determined on the applicable Interest Accrual Period End Date, with the Interest Rate for the final Interest Accrual Period being determined on the Rate Cut-off Date.

The amount of interest accrued and payable on the SOFR Notes for each interest period will be calculated by the Calculation Agent and will be equal to the product of (i) the outstanding principal amount of the SOFR Notes multiplied by (ii) the product of (a) the Base Rate plus the applicable Spread or Spread Multiplier for the relevant interest period multiplied by (b) the quotient of the actual number of calendar days in such interest period divided by 360. For Compounded SOFR Notes with Payment Delay or Compounded SOFR Index Notes with Payment Delay, this calculation will be made in respect of each Interest Accrual Period, rather than each interest period.

The Day Count Convention for all Compounded SOFR Notes is Actual/360.

The SOFR Interest Determination Date for Compounded SOFR Notes with Lookback, Compounded SOFR Notes with Observation Period Shift and Compounded SOFR Index Notes with Observation Period Shift means the day that is the number of U.S. Government Securities Business Days prior to the Interest Payment Date in respect of the relevant interest period, as specified in the applicable Pricing Supplement. The Interest Payment Determination Date for Compounded SOFR Notes with Payment Delay or Compounded SOFR Index Notes with Payment Delay is the Interest Accrual Period End Date at the end of each Interest Accrual Period; provided that the SOFR Interest Determination Date with respect to the final Interest Accrual Period will be the Rate Cut-off Date.

*Compounded SOFR Notes with Lookback*

“Compounded SOFR with Lookback,” with respect to any interest period, means the rate of return computed in accordance with the following formula:

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{SOFR_{i-yUSBD} \times n_i}{360} \right) - 1 \right] \times \frac{360}{d}$$

where:

“ $d_o$ ”, for any Interest Period, means the number of U.S. Government Securities Business Days in the relevant interest period;

“ $i$ ” means a series of whole numbers from one to  $d_o$ , each representing the relevant U.S. Government Securities Business Day in chronological order from, and including, the first U.S. Government Securities Business Day in the relevant interest period;

“ $SOFR_{i-yUSBD}$ ”, for any U.S. Government Securities Business Day “ $i$ ” in the relevant interest period, is equal to SOFR in respect of the U.S. Government Securities Business Day that is “ $y$ ” (the Lookback Number of U.S. Government Securities Business Days) U.S. Government Securities Business Days prior to that day “ $i$ ”;

“ $n_i$ ”, for any U.S. Government Securities Business Day “ $i$ ” in the relevant interest period, is the number of calendar days from, and including, such U.S. Government Securities Business Day “ $i$ ” to, but excluding, the following U.S. Government Securities Business Day (“ $i+1$ ”); and

“ $d$ ” means the number of calendar days in the relevant interest period.

“SOFR”, with respect to any U.S. Government Securities Business Day, means:

- (1) the Secured Overnight Financing Rate published for such U.S. Government Securities Business Day as such rate appears on the SOFR Administrator’s Website at 3:00 p.m. (New York time) on the immediately following U.S. Government Securities Business Day (the “SOFR Determination Time”) provided that, in the case of SOFR Index, the SOFR Determination Time shall be 3:00 p.m. (New York time) on the relevant U.S. Government Securities Business Day; or
- (2) if the rate specified in (1) above does not so appear, unless both a Benchmark Transition Event and its related Benchmark Replacement Date (as each such term is defined below under “— Effect of a Benchmark Transition Event for Compounded SOFR Notes”) have occurred, the Secured Overnight Financing Rate as published in respect of the first preceding U.S. Government Securities Business Day for which the Secured Overnight Financing Rate was published on the SOFR Administrator’s Website; or
- (3) If a Benchmark Transition Event and its related Benchmark Replacement Date have occurred, the Benchmark Replacement, subject to the provisions described, and as defined, below under “— Effect of a Benchmark Transition Event for Compounded SOFR Notes”.

where:

“Lookback Number of U.S. Government Securities Business Days” has the meaning specified in the applicable Pricing Supplement and represented in the formula above as “y”.

“SOFR Administrator” means FRBNY (or a successor administrator of the Secured Overnight Financing Rate); and

“SOFR Administrator’s Website” means the website of FRBNY, or any successor source.

#### *Compounded SOFR Notes with Observation Period Shift*

“Compounded SOFR with Observation Period Shift”, with respect to any interest period, means the rate of return of a daily compound interest investment computed in accordance with the following formula, with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, 0.000005 being rounded upwards to .00001:

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{SOFR_i \times n_i}{360} \right) - 1 \right] \times \frac{360}{d}$$

where:

“ $d_o$ ”, for any Observation Period, means the number of U.S. Government Securities Business Days in the relevant Observation Period;

“ $i$ ” means a series of whole numbers from one to  $d_o$ , each representing the relevant U.S. Government Securities Business Day in chronological order from, and including, the first U.S. Government Securities Business Day in the relevant Observation Period;

“ $SOFR_i$ ”, for any U.S. Government Securities Business Day “ $i$ ” in the relevant Observation Period, is equal to SOFR (as defined above under “— *Compounded SOFR Notes with Lookback*”) in respect of that day “ $i$ ”;

“ $n_i$ ”, for any U.S. Government Securities Business Day “ $i$ ” in the relevant Observation Period, is the number of calendar days from, and including, such U.S. Government Securities Business Day “ $i$ ” to, but excluding, the following U.S. Government Securities Business Day (“ $i+1$ ”); and

“ $d$ ” means the number of calendar days in the relevant Observation Period.

“Observation Period” means, in respect of each interest period, the period from, and including, the date that is the number of U.S. Government Securities Business Days specified in the applicable Pricing Supplement preceding the first date in such interest period to, but excluding, the date that is the same number of U.S. government securities Business Days so specified and preceding the Interest Payment Date for such interest period.

#### *Compounded SOFR Notes with Payment Delay*

“Compounded SOFR with Payment Delay” with respect to any Interest Accrual Period means the rate of return of a daily compound interest investment computed in accordance with the following formula, with the resulting

percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, 0.000005 being rounded upwards to .00001:

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{SOFR_i \times n_i}{360} \right) - 1 \right] \times \frac{360}{d}$$

where:

“ $d_o$ ”, for any Interest Accrual Period, means the number of U.S. Government Securities Business Days in the relevant Interest Accrual Period;

“ $i$ ” means a series of whole numbers from one to  $d_o$ , each representing the relevant U.S. Government Securities Business Day in chronological order from, and including, the first U.S. Government Securities Business Day in the relevant Interest Accrual Period;

“ $SOFR_i$ ”, for any U.S. Government Securities Business Day “ $i$ ” in the relevant Interest Accrual Period, is equal to SOFR (as defined above under “— *Compound SOFR Notes with Lookback*”) in respect of that day “ $i$ ”;

“ $n_i$ ”, for any U.S. Government Securities Business Day “ $i$ ” in the relevant Interest Accrual Period, is the number of calendar days from, and including, such U.S. Government Securities Business Day “ $i$ ” to, but excluding, the following U.S. Government Securities Business Day (“ $i+1$ ”); and

“ $d$ ” means the number of calendar days in the relevant Interest Accrual Period.

“Interest Accrual Period” means each quarterly period, or such other period as specified in the applicable Pricing Supplement, from, and including, an Interest Accrual Period End Date (or, in the case of the first Interest Accrual Period, the issue date) to, but excluding, the next Interest Accrual Period End Date (or, in the case of the final Interest Accrual Period, the maturity date or, if we elect to redeem the Compounded SOFR Notes with Payment Delay on any earlier redemption date, the redemption date).

“Interest Accrual Period End Dates” means the dates specified in the applicable Pricing Supplement, ending on the maturity date or, if we elect to redeem the Compounded SOFR Notes with Payment Delay on any earlier redemption date, the redemption date.

“Interest Payment Date” means the second Business Day, or such other Business Day as specified in the applicable Pricing Supplement, following each Interest Accrual Period End Date; provided that the Interest Payment Date with respect to the final Interest Accrual Period will be the maturity date or, if we elect to redeem the Compounded SOFR Notes with Payment Delay on any earlier redemption date, the redemption date.

“Interest Payment Determination Date” means the Interest Accrual Period End Date at the end of each Interest Accrual Period; provided that the Interest Payment Determination Date with respect to the final Interest Accrual Period will be the Rate Cut-off Date.

“Rate Cut-Off Date” means the second U.S. Government Securities Business Day, or such other U.S. Government Securities Business Day as specified in the applicable Pricing Supplement, prior to the maturity date or redemption date, as applicable. For purposes of calculating Compounded SOFR with respect to the final Interest Accrual Period, the level of SOFR for each U.S. Government Securities Business Day in the period from and including the Rate Cut-Off Date to but excluding the maturity date or any earlier redemption date, as applicable, shall be the level of SOFR in respect of such Rate Cut-Off Date.

*Compounded SOFR Index Notes with Observation Period Shift*

“SOFR Index,” with respect to any U.S. Government Securities Business Day, means:

- (1) the SOFR Index value as published by the SOFR Administrator as such index appears on the SOFR Administrator’s Website at the SOFR Determination Time; provided that:
- (2) if a SOFR Index value does not so appear as specified in (1) above at the SOFR Determination Time, then:
  - (i) if a Benchmark Transition Event and its related Benchmark Replacement Date (each as defined below under “— Effect of a Benchmark Transition Event for Compounded SOFR Notes”) have not occurred with respect to SOFR, then Compounded SOFR shall be the rate determined pursuant to the “SOFR Index Unavailable” provisions below; or
  - (ii) if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to SOFR, then Compounded SOFR shall be the rate determined pursuant to the “— Effect of a Benchmark Transition Event for Compounded SOFR Notes” provisions below.

where:

“SOFR” means the daily secured overnight financing rate as provided by the SOFR Administrator on the SOFR Administrator’s Website.

“Compounded SOFR,” with respect to any interest period, means the rate computed in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point e.g., 9.876541% (or .09876541) being rounded down to 9.87654% (or .0987654) and 9.876545% (or .09876545) being rounded up to 9.87655% (or .0987655)):

$$\left( \frac{SOFR\ Index_{End}}{SOFR\ Index_{Start}} - 1 \right) \times \frac{360}{d_c}$$

where:

“SOFR Index<sub>Start</sub>” is the SOFR Index value for the day which is two U.S. Government Securities Business Days, or such other number of U.S. Government Securities Business Days as specified in the applicable Pricing Supplement, preceding the first date of the relevant interest period;

“SOFR Index<sub>End</sub>” is the SOFR Index value for the day which is two, or such other number of U.S. Government Securities Business Days as specified in the applicable Pricing Supplement, U.S. Government Securities Business Days preceding the Interest Payment Date relating to such interest period; and

“*d<sub>c</sub>*” is the number of calendar days from (and including) SOFR Index<sub>Start</sub> to (but excluding) SOFR Index<sub>End</sub> (the number of calendar days in the applicable Observation Period).

“SOFR Index Unavailable” means, if a SOFR Index<sub>Start</sub> or SOFR Index<sub>End</sub> is not published on the associated SOFR Interest Determination Date and a Benchmark Transition Event and its related Benchmark Replacement Date (each as defined below under “— Effect of a Benchmark Transition Event for Compounded SOFR Notes”) have not occurred with respect to SOFR, “Compounded SOFR” means, for the applicable interest period for which such index is not available, the rate of return on a daily compounded interest investment calculated in accordance with the formula for SOFR Averages, and definitions required for such formula, published on the SOFR Administrator’s Website at <https://www.newyorkfed.org/markets/reference-rates/additional-information-about-reference-rates>, or any successor site or publication. For the purposes of this provision, references in the SOFR Averages compounding formula and related definitions to “calculation period” shall be replaced with “Observation Period” and the words “that is, 30-, 90-,

or 180- calendar days” shall be removed. If the daily SOFR (“SOFR<sub>*i*</sub>”) does not so appear for any day, “*i*” in the Observation Period, SOFR<sub>*i*</sub> for such day “*i*” shall be SOFR published in respect of the first preceding U.S. Government Securities Business Day for which SOFR was published on the SOFR Administrator’s Website.

*Compounded SOFR Index Notes with Payment Delay*

“Compounded SOFR,” with respect to any Interest Accrual Period, means the rate computed in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point e.g., 9.876541% (or .09876541) being rounded down to 9.87654% (or .0987654) and 9.876545% (or .09876545) being rounded up to 9.87655% (or .0987655)):

$$\left( \frac{SOFR\ Index_{End}}{SOFR\ Index_{Start}} - 1 \right) \times \frac{360}{d_c}$$

where:

“SOFR Index<sub>Start</sub>” is the SOFR Index value for the applicable Interest Accrual Period End Date;

“SOFR Index<sub>End</sub>” is the SOFR Index value for the following Interest Accrual Period End Date; and

“*d<sub>c</sub>*” is the number of calendar days from (and including) SOFR Index<sub>Start</sub> to (but excluding) SOFR Index<sub>End</sub> (the number of calendar days in the applicable Interest Accrual Period).

The terms “SOFR Index” and “SOFR” are each as defined above under “— Compounded SOFR Index Notes with Observation Period Shift.”

Notwithstanding the formulation above, for the purpose of calculating Compounded SOFR for the final Interest Accrual Period:

- “SOFR Index<sub>End</sub>” is the SOFR Index value for the Rate Cut-Off Date;
- The level of SOFR for each U.S. Government Securities Business Day in the period from and including the Rate Cut-Off Date to but excluding the maturity date or any earlier redemption date, as applicable (the “Rate Cut-Off Period”), shall be the level of SOFR in respect of such Rate Cut-Off Date;
- “Compounded SOFR” with respect to the Rate Cut-Off Period means the rate of return of a daily compound interest investment computed in accordance with the following formula, with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, 0.000005 being rounded upwards to .00001:

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{SOFR_i \times n_i}{360} \right) - 1 \right] \times \frac{360}{d}$$

where:

“*d<sub>o</sub>*”, for the Rate Cut-Off Period, means the number of U.S. Government Securities Business Days in the Rate Cut-Off Period;

“ $i$ ” means a series of whole numbers from one to  $d_o$ , each representing the relevant U.S. Government Securities Business Day in chronological order from, and including, the first U.S. Government Securities Business Day in the Rate Cut-Off Period;

“ $n_i$ ”, for any U.S. Government Securities Business Day “ $i$ ” in the Rate Cut-Off Period, is the number of calendar days from, and including, such U.S. Government Securities Business Day “ $i$ ” to, but excluding, the following U.S. Government Securities Business Day (“ $i+1$ ”); and

“ $d$ ” means the number of calendar days in the Rate Cut-Off Period.

Compounded SOFR for the final Interest Accrual Period shall be calculated as specified under “—Compounded SOFR Notes with Payment Delay”.

“Interest Accrual Period” means each quarterly period, or such other period as specified in the applicable Pricing Supplement, from, and including, an Interest Accrual Period End Date (or, in the case of the first Interest Accrual Period, the issue date) to, but excluding, the next Interest Accrual Period End Date (or, in the case of the final Interest Accrual Period, the maturity date or, if we elect to redeem the Compounded SOFR Index Notes with Payment Delay on any earlier redemption date, the redemption date).

“Interest Accrual Period End Dates” means the dates specified in the applicable Pricing Supplement, ending on the maturity date or, if we elect to redeem the Compounded SOFR Index Notes with Payment Delay on any earlier redemption date, the redemption date.

“Interest Payment Date” means the second Business Day, or such other Business Day as specified in the applicable Pricing Supplement, following each Interest Accrual Period End Date; provided that the Interest Payment Date with respect to the final Interest Accrual Period will be the maturity date or, if we elect to redeem the Compounded SOFR Index Notes with Payment Delay on any earlier redemption date, the redemption date.

“Interest Payment Determination Date” means the Interest Accrual Period End Date at the end of each Interest Accrual Period; provided that the Interest Payment Determination Date with respect to the final Interest Accrual Period will be the Rate Cut-off Date.

“Rate Cut-Off Date” means the second U.S. Government Securities Business Day, or such other U.S. Government Securities Business Day as specified in the applicable Pricing Supplement, prior to the maturity date or redemption date, as applicable.

#### *Effect of a Benchmark Transition Event for Compounded SOFR Notes*

If the Issuer or our Designee determines on or prior to the relevant Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the then-current Benchmark, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the SOFR Notes in respect of all determinations on such date and for all determinations on all subsequent dates.

In connection with the implementation of a Benchmark Replacement, the Issuer or our Designee will have the right to make Benchmark Replacement Conforming Changes from time to time.

Any determination, decision or election that may be made by the Issuer or our Designee pursuant to this section, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection:

- (1) will be conclusive and binding absent manifest error;
- (2) will be made in the sole discretion of the Issuer or our Designee, as applicable; and

- (3) notwithstanding anything to the contrary in the documentation relating to the SOFR Notes, shall become effective without consent from the Holders or any other party.

“Benchmark” means, initially, the Base Rate (Compounded SOFR or Weighted Average (ISDA) SOFR, as applicable) as specified in the applicable Pricing Supplement, as such terms are defined above; provided that if we or our Designee determines on or prior to the Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the Base Rate (or the published daily SOFR used in the calculation thereof) or the then-current Benchmark, then “Benchmark” means the applicable Benchmark Replacement.

“Benchmark Replacement” means the first alternative set forth in the order below that can be determined by us or our Designee as of the Benchmark Replacement Date.

- (1) the sum of: (a) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark and (b) the Benchmark Replacement Adjustment;
- (2) the sum of: (a) the ISDA Fallback Rate and (b) the Benchmark Replacement Adjustment; or
- (3) the sum of: (a) the alternate rate of interest that has been selected by the Issuer or our Designee as the replacement for the then-current Benchmark giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. dollar-denominated floating rate notes at such time and (b) the Benchmark Replacement Adjustment.

“Benchmark Replacement Adjustment” means the first alternative set forth in the order below that can be determined by us or our Designee as of the Benchmark Replacement Date:

- (1) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;
- (2) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or
- (3) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer or our Designee giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated floating rate notes at such time.

“Benchmark Replacement Conforming Changes” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) that we or our Designee decide may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if we or our Designee decide that adoption of any portion of such market practice is not administratively feasible or if we or our Designee determines that no market practice for use of the Benchmark Replacement exists, in such other manner as we or our Designee determines is reasonably necessary).

“Benchmark Replacement Date” means the earliest to occur of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

- (1) in the case of clause (1) or (2) of the definition of “Benchmark Transition Event,” the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark (or such component); or

- (2) in the case of clause (3) of the definition of “Benchmark Transition Event,” the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event that gives rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination.

“Benchmark Transition Event” means the occurrence of one or more of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

- (1) a public statement or publication of information by or on behalf of the administrator of the Benchmark (or such component) announcing that such administrator has ceased or will cease to provide the Benchmark (or such component), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or
- (2) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component), the central bank for the currency of the Benchmark (or such component), an insolvency official with jurisdiction over the administrator for the Benchmark (or such component), a resolution authority with jurisdiction over the administrator for the Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark (or such component) has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or
- (3) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative.

“ISDA Definitions” means the 2021 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time.

“ISDA Fallback Adjustment” means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark.

“ISDA Fallback Rate” means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment.

“Reference Time” with respect to any determination of the Benchmark means (1) if the Benchmark is Compounded SOFR or Weighted Average (ISDA) SOFR, the SOFR Determination Time, and (2) if the Benchmark is not Compounded SOFR or Weighted Average (ISDA) SOFR, the time determined by the Issuer or our Designee after giving effect to the Benchmark Replacement Conforming Changes.

“Relevant Governmental Body” means the Federal Reserve Board and/or FRBNY, or a committee officially endorsed or convened by the Federal Reserve Board and/or FRBNY or any successor thereto.

“Unadjusted Benchmark Replacement” means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

### *Non-Compounded SOFR Notes*

With respect to Non-Compounded SOFR Notes, “SOFR” means with respect to any Interest Reset Date:

- The Secured Overnight Financing Rate in respect of the Interest Determination Date as provided by the SOFR Administrator on the SOFR Administrator’s Website on or about 5:00 p.m. (New York time) on that Interest Reset Date (or, if such Reset Date is not a U.S. Government Securities Business Day, on the first U.S. Government Securities Business Day following such Interest Reset Date); provided, however, if the applicable Pricing Supplement specifies a “Lag Period,” then the Secured Overnight Financing Rate will be the rate on a U.S. Government Securities Business Day specified in the applicable Pricing Supplement that will be greater than one U.S. Government Securities Business Day prior to the Interest Reset Date; or
- If the Secured Overnight Financing Rate cannot be determined with respect to that Interest Reset Date as specified in the preceding paragraph, unless both a SOFR Index Cessation Event and a SOFR Index Cessation Effective Date have occurred, the Secured Overnight Financing Rate in respect of the first preceding U.S. Government Securities Business Day for which such Rate was published on the SOFR Administrator’s Website; or
- If a SOFR Index Cessation Event and SOFR Index Cessation Effective Date have occurred, the rate (inclusive of any spreads or adjustments) that was recommended as the replacement for the Secured Overnight Financing Rate by the Federal Reserve Board and/or the SOFR Administrator or a committee officially endorsed or convened by the Federal Reserve Board and/or the SOFR Administrator for the purpose of recommending a replacement for the Secured Overnight Financing Rate (which rate may be produced by a Federal Reserve Bank or other designated administrator), provided that, if no such rate has been recommended within one U.S. Government Securities Business Day of the SOFR Index Cessation Effective Date, then the rate for each Interest Reset Date occurring on or after the SOFR Index Cessation Effective Date will be determined as if (i) references to SOFR were references to OBFR, (ii) references to U.S. Government Securities Business Day were references to New York City Banking Day, (iii) references to SOFR Index Cessation Event were references to OBFR Index Cessation Event and (iv) references to SOFR Index Cessation Effective Date were references to OBFR Index Cessation Effective Date; and provided further that, if no such rate has been recommended within one U.S. Government Securities Business Day of the SOFR Index Cessation Effective Date and an OBFR Index Cessation Event has occurred, then the rate for each Interest Reset Date occurring on or after the SOFR Index Cessation Effective Date will be determined as if (x) references to SOFR were references to FOMC Target Rate, (y) references to U.S. Government Securities Business Day were references to New York City Banking Day and (z) references to the New York Fed’s Website were references to the Federal Reserve’s Website.

For Non-Compounded SOFR Notes, the rate for each Interest Reset Date in the period from, and including, the Rate Cut-Off Date to, but excluding, the corresponding Interest Payment Date of an interest period, shall be the rate in effect on the Interest Reset Date coinciding with the Rate Cut-Off Date for such interest period.

For Non-Compounded SOFR Notes, the “Rate Cut-Off Date” is the day that is no more than the fourth U.S. Government Securities Business Day (as specified in the applicable pricing supplement) prior to the Interest Payment Date in respect of the relevant interest period.

Where:

“Federal Reserve’s Website” means the website of the Board of Governors of the Federal Reserve System currently at [www.federalreserve.gov](http://www.federalreserve.gov), or any or any successor website of the Board of Governors of the Federal Reserve System.

“FOMC Target Rate” means the short-term interest rate target set by the Federal Open Market Committee and published on the Federal Reserve’s Website or, if the Federal Open Market Committee does not target a single

rate, the mid-point of the short-term interest rate target range set by the Federal Open Market Committee and published on the Federal Reserve’s Website (calculated as the arithmetic average of the upper bound of the target range and the lower bound of the target range, rounded in accordance with the ISDA Definition).

“New York City Banking Day” means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in New York City.

“New York Fed’s Website” means the website of the FRBNY currently at <http://www.newyorkfed.org>, or any successor website of the FRBNY.

“OBFR” means, with respect to any Reset Date, the daily Overnight Bank Funding Rate in respect of the New York City Banking Day immediately preceding such Reset Date as provided by the FRBNY, as the administrator of such Rate (or a successor administrator) on the New York Fed’s Website on or about 5:00 p.m. (New York time) on such Reset Date.

“OBFR Index Cessation Effective Date” means, in respect of a OBFR Index Cessation Event, the date on which the FRBNY (or any successor administrator of the Overnight Bank Funding Rate), ceases to publish the Overnight Bank Funding Rate, or the date as of which the Overnight Bank Funding Rate may no longer be used.

“OBFR Index Cessation Event” means the occurrence of one or more of the following events:

- A public statement by the FRBNY (or a successor administrator of the OBFR) announcing that it has ceased or will cease to provide OBFR permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to provide OBFR; or
- The publication of information that reasonably confirms that the FRBNY (or a successor administrator of OBFR) has ceased or will cease to provide OBFR permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide OBFR; or
- A public statement by a U.S. regulator or other U.S. official sector entity prohibiting the use of OBFR that applies to, but need not be limited to, all Swap Transactions, including existing Swap Transactions.

“SOFR Index Cessation Effective Date” means, in respect of a SOFR Index Cessation Event, the date on which the FRBNY (or any successor administrator of the Secured Overnight Financing Rate), ceases to publish the Secured Overnight Financing Rate, or the date as of which the Secured Overnight Financing Rate may no longer be used.

“SOFR Index Cessation Event” means the occurrence of one or more of the following events:

- A public statement by the FRBNY (or a successor administrator of the Secured Overnight Financing Rate) announcing that it has ceased or will cease to provide the Secured Overnight Financing Rate permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to provide a Secured Overnight Financing Rate; or
- The publication of information that reasonably confirms that the FRBNY (or a successor administrator of the Secured Overnight Financing Rate) has ceased or will cease to provide the Secured Overnight Financing Rate permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to provide the Secured Overnight Financing Rate; or
- A public statement by a U.S. regulator or U.S. other official sector entity prohibiting the use of the Secured Overnight Financing Rate that applies to, but need not be limited to, all Swap Transactions, including existing Swap Transactions.

“Swap Transaction” has the meaning given that term in the ISDA Definitions.

If a SOFR Index Cessation Event occurs, the Issuer will notify the Calculation Agent of such occurrence.

The applicable Pricing Supplement will specify whether SOFR Notes will have a compounded interest calculation (Compounded SOFR Notes), a non-compounded interest calculation (Non-Compounded SOFR Notes) or use a weighted average ISDA calculation (Weighted Average (ISDA) SOFR Notes).

*Weighted Average (ISDA) SOFR Notes Interest Calculation:*

If the applicable Pricing Supplement specifies “Weighted Average,” interest on the Weighted Average (ISDA) SOFR Notes will be calculated as a “Weighted Average” (as defined in the ISDA Definitions).

*SONIA Rate Notes*

If you purchase a SONIA Rate Note, your Note will bear interest at a Base Rate equal to Compounded Daily SONIA (as defined below) as adjusted by the Spread or Spread Multiplier, if any, specified in the applicable Pricing Supplement.

- the rate of interest for each Interest Accrual Period shall, subject as provided below, be Compounded Daily SONIA plus or minus (as indicated in the applicable Pricing Supplement) the Spread.
- If, in respect of any London Banking Day, the applicable SONIA Reference Rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorized distributors, then the SONIA Reference Rate in respect of such London Banking Day shall be: (A) (1) the Bank of England’s Bank Rate (the “Bank Rate”) prevailing at 5:00 PM (or, if earlier, close of business) on such London Banking Day plus (2) the mean of the spread of the SONIA Reference Rate to the Bank Rate over the previous five London Banking Days on which a SONIA Reference Rate has been published, excluding the highest spread (or, if there are more than one highest spread, then only one of those highest spreads) and the lowest spread (or, if there are more than one lowest spread, then only one of those lowest spreads) to the Bank Rate; or (B) if the Bank Rate is not available on the relevant London Banking Day, the most recent SONIA Reference Rate in respect of a London Banking Day.
- Notwithstanding the previous paragraph, in the event the Bank of England publishes guidance as to: (1) how the SONIA Reference Rate is to be determined or (2) any rate that is to replace the SONIA Reference Rate, then the Calculation Agent shall, to the extent that is reasonably practicable and as set forth in a direction from the Issuer in writing, follow such guidance in order to determine the SONIA Reference Rate for any London Banking Day “i” for the purposes of the Notes and for so long as the SONIA Reference Rate is not available or has not been published by the relevant authorized distributors.
- If the Notes become due and payable pursuant to an Event of Default, as described under “—Default, remedies and waiver of default — Events of Default” below, then the final rate of interest shall be calculated for the Interest Accrual Period to (but excluding) the date on which such Notes become due and payable and such rate of interest on the Notes shall apply for so long as such Notes remain outstanding.

As used herein:

“Compounded Daily SONIA” means, with respect to an Interest Accrual Period, the rate of return of a daily compound interest investment (with the daily SONIA rate as reference rate for the calculation of interest) and will be calculated by the Calculation Agent on the relevant SONIA Interest Determination Date, as follows, and the resulting percentage shall be rounded if necessary to the fifth decimal place (with .000005 being rounded upwards),

### Observation Period Shift

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{r_i \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

“*d*” is, for a relevant Observation Period, the number of calendar days in such Observation Period;

“*d<sub>o</sub>*” is, for a relevant Observation Period, the number of Relevant Business Days in such Observation Period;

“*i*” is a series of whole numbers from one to *d<sub>o</sub>*, each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in the relevant Observation Period;

“London Banking Day” or “LBD” means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

“*n<sub>i</sub>*”, for any London Banking Day “*i*”, means the number of calendar days from and including such London Banking Day “*i*” up to but excluding the following London Banking Day;

“Observation Period” means, in respect of a relevant Interest Period, the period from (and including) the date falling “*p*” London Banking Days prior to the first day of such Interest Period to (but excluding) the date which is “*p*” London Banking Days prior to the Interest Payment Date for such Interest Period (or the date falling “*p*” London Banking Days prior to such earlier date, if any, on which the Notes become due and payable);

“*p*”, for any Interest Accrual Period, is the number of London Banking Days included in the Observation Look-Back Period, as specified in the applicable Pricing Supplement, which shall not be specified in the applicable Pricing Supplement as less than five London Banking Days without the prior agreement of the Calculation Agent;

“*r*” means, in respect of any London Banking Day, the applicable SONIA rate in respect of such London Banking Day; and

“*r<sub>i</sub>*” means, for any London Banking Day, the applicable SONIA rate as set out in the definition of “*r*” above in respect of such London Banking Day.

### Lag

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{SONIA_{i-pLBD} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

“*d*” is the number of calendar days in the relevant Interest Accrual Period,

“*d<sub>o</sub>*” is the number of London Banking Days in the relevant Interest Accrual Period,

“*i*” is a series of whole numbers from one to *d<sub>o</sub>*, each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in the relevant Interest Accrual Period,

“Interest Accrual Period” means: (a) any given interest period or (b) in the event the SONIA Rate Notes become due and payable on a date other than an interest payment date, the period beginning on and including the last

interest payment date and ending on but excluding the date on which the relevant payment of interest and principal on the SONIA Rate Notes falls due,

“London Banking Day” or “LBD” means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London,

“ $n_i$ ”, for any London Banking Day “ $i$ ”, means the number of calendar days from and including such London Banking Day “ $i$ ” up to but excluding the following London Banking Day,

“Observation Look-Back Period” is as specified in the applicable Pricing Supplement,

“ $p$ ”, for any Interest Accrual Period, is the number of London Banking Days included in the Observation Look-Back Period, as specified in the applicable Pricing Supplement, which shall not be specified in the applicable Pricing Supplement as less than five London Banking Days without the prior agreement of the Calculation Agent;

“SONIA Reference Rate,” in respect of any London Banking Day, is a reference rate equal to the daily Sterling Overnight Index Average (“SONIA”) rate for such London Banking Day as provided by the administrator of SONIA to authorized distributors and as then published on the Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorized distributors, in each case on the London Banking Day immediately following such London Banking Day, and

“SONIAi-pLBD” means, in respect of any London Banking Day “ $i$ ”, the SONIA Reference Rate for the London Banking Day falling “ $p$ ” London Banking Days prior to the relevant London Banking Day “ $i$ .”

#### *Treasury Rate Notes*

If you purchase a Treasury Rate Note, your Note will bear interest at a Base Rate equal to the Treasury Rate as adjusted by the Spread or Spread Multiplier, if any, specified in the applicable Pricing Supplement.

Unless otherwise specified in the applicable Pricing Supplement, “Treasury Rate” means the rate for the auction held on the relevant Interest Determination Date of direct obligations of the United States (Treasury Bills) having the Index Maturity specified in the applicable Pricing Supplement as that rate appears on Refinitiv Page US AUCTION10 or Refinitiv Page US AUCTION11 under the heading “INVEST RATE.”

If the Treasury Rate cannot be determined in the manner described in the prior paragraph, the following procedures will apply:

- If the rate described above does not appear on either page by 3:00 P.M., New York City time, on the relevant interest calculation date (unless the calculation is made earlier and the rate is available from that source at that time), the Treasury Rate will be the bond equivalent yield of the auction rate, for the relevant Interest Determination Date and for treasury bills of the kind described above, as announced by the U.S. Department of the Treasury.
- If the auction rate described in the prior paragraph is not so announced by 3:00 P.M., New York City time, on the relevant interest calculation date, or if no such auction is held for the relevant week, then the Treasury Rate will be the bond equivalent yield of the rate, for the relevant Interest Determination Date and for treasury bills having a remaining maturity closest to the specified Index Maturity, as published in H.15 daily update, or another recognized electronic source used for displaying that rate, under the heading “U.S. government securities/Treasury bills (secondary market).”
- If the rate described in the prior paragraph does not appear in H.15 daily update or another recognized electronic source by 3:00 P.M., New York City time, on the relevant interest calculation date (unless the calculation is made earlier and the rate is available from one of those sources at that time), the Treasury Rate will be the bond equivalent yield of the arithmetic mean of the following

secondary market bid rates for the issue of treasury bills with a remaining maturity closest to the specified Index Maturity: the rates bid as of approximately 3:30 P.M., New York City time, on the relevant Interest Determination Date, by three primary U.S. government securities dealers in New York City selected by the Issuer.

- If fewer than three dealers selected by us are quoting as described in the prior paragraph, the Treasury Rate in effect for the new interest period will be the Treasury Rate in effect for the prior interest period. If the Initial Base Rate has been in effect for the prior interest period, however, it will remain in effect for the new interest period.

#### *Benchmark Discontinuation - Reference Rate Replacement –EURIBOR*

##### *(a) Independent Adviser*

If a Benchmark Event occurs in relation to an Original Reference Rate when any rate of interest (or any component part(s) thereof) remains to be determined by reference to such Original Reference Rate, then we shall use reasonable endeavors to appoint and consult with an Independent Adviser, as soon as reasonably practicable, with a view to determining a Successor Rate, failing which an Alternative Rate (in accordance with paragraph (b) below) and, in each case, an Adjustment Spread, if any (in accordance with paragraph (c) below) and any other required Benchmark Amendments (in accordance with paragraph (d) below).

An Independent Adviser appointed pursuant to this provision shall act in good faith and in a commercially reasonable manner and (in the absence of bad faith or fraud) shall have no liability whatsoever to us or the Holders for any determination made by it or for any advice given to us in connection with any determination made by us pursuant to this provision.

##### *(b) Successor Rate or Alternative Rate*

Notwithstanding the provisions of “— EURIBOR Notes” above, if the Issuer, following consultation with an Independent Adviser pursuant to paragraph (a) above and acting in good faith and in a commercially reasonable manner, determine that a Benchmark Event has occurred and that:

- there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in paragraph (c) below) subsequently be used in place of the Original Reference Rate to determine the rate of interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the subsequent operation of, and adjustment as provided in, this provision), or
- there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in paragraph (c) below) subsequently be used in place of the Original Reference Rate to determine the rate(s) of interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the subsequent operation of, and adjustment as provided in, this provision).

##### *(c) Adjustment Spread*

If we, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determine: (i) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) that has been determined in accordance with paragraph (b) above and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Issuer is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or the Alternative Rate (as the case may be) will be used as described in paragraph (b) above without application of any Adjustment Spread (subject to the subsequent operation of, and to adjustment as provided in, this provision).

(d) *Benchmark Amendments*

If any Successor Rate, Alternative Rate and/or Adjustment Spread, as the case may be, is determined in accordance with the foregoing provisions of this provision and the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determine: (i) that additional amendments to these conditions and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the “Benchmark Amendments”) and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with paragraph (e) below, without any requirement for the consent or approval of Holders, vary these conditions and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

In connection with any such variation in accordance with this paragraph (d), the Issuer shall comply with the rules of any stock exchange or other relevant authority on or by which the Notes are for the time being listed or admitted to trading.

(e) *Notices, etc.*

Any Successor Rate or Alternative Rate, Adjustment Spread (if any) and the specific terms of any Benchmark Amendments, each as determined under this provision, will be notified promptly by the Issuer to the Calculation Agent and the Fiscal and Paying Agent and, in accordance with the provisions of “— Notices” below, the Holders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

Prior to any Benchmark Amendments taking effect and no later than one London Business Day following the date of notifying the Calculation Agent of the same, the Issuer shall deliver to the Calculation Agent and the Fiscal and Paying Agent a certificate signed by two authorized signatories of the Issuer:

- (i) confirming: (A) that a Benchmark Event has occurred, (B) the Successor Rate or, as the case may be, the Alternative Rate, (C) where applicable, any Adjustment Spread, and (D) where applicable, the specific terms of any Benchmark Amendments, in each case as determined in accordance with these provisions, and
- (ii) certifying that the Benchmark Amendments are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread, if applicable.

The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any)) be binding upon the Issuer, the Calculation Agent, the Fiscal and Paying Agent and the Holders.

(f) *Survival of Original Reference Rate and Fallback Provisions*

Without prejudice to the obligations of the Issuer under paragraphs (a) through (e), the Original Reference Rate and the fallback provisions provided for in “— EURIBOR Notes” above will continue to apply unless and until a Benchmark Event has occurred in relation to the Original Reference Rate and the Calculation Agent has been notified of the Successor Rate or the Alternative Rate (as the case may be), any Adjustment Spread and any Benchmark Amendments, in each case, in accordance with paragraph (e).

If, following the occurrence of a Benchmark Event and in relation to the determination of the rate of interest on the relevant Interest Determination Date, no Successor Rate or Alternative Rate (as applicable) is determined and notified to the Calculation Agent pursuant to this provision, then the Original Reference Rate will continue to apply for the purposes of determining such rate of interest on such Interest Determination Date, with the effect that the fallback provisions provided for in “— EURIBOR Notes” above will (if applicable) continue to apply to such determination.

For the avoidance of doubt, the preceding paragraph shall apply to the determination of the rate of interest on the relevant Interest Determination Date only and the rate of interest applicable to any subsequent interest period(s) is subject to the subsequent operation of, and to adjustment as provided in, this provision.

(g) *Defined Terms*

As used in this provision:

“*Adjustment Spread*” means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in each case, that the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determine is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Holders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology that:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body,
- (ii) in the case of a Successor Rate where no such formal recommendation as described in clause (i) has been made or in the case of an Alternative Rate, the Issuer determines, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, is recognized or acknowledged as being in customary market usage in international debt capital market transactions that reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be), or
- (iii) if the Issuer determines that neither clause (i) nor clause (ii) applies, the Issuer, in our discretion, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines to be appropriate.

“*Alternative Rate*” means an alternative to the Original Reference Rate that the Issuer determines in accordance with paragraph (b) has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining floating rates of interest (or the relevant component part thereof) for a commensurate interest period and in the same Specified Currency as the Notes.

“*Benchmark Amendments*” has the meaning given to it in paragraph (d).

“*Benchmark Event*” means, with respect to an Original Reference Rate:

- (i) the Original Reference Rate ceasing to be published or administered or ceasing to exist,
- (ii) the later of: (A) the date of a public statement by the administrator of the Original Reference Rate that it will, by a specified date, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances in which no successor administrator has been appointed that will continue publication of the Original Reference Rate) and (B) the date falling six months prior to the specified date referred to in clause (A),
- (iii) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been permanently or indefinitely discontinued,
- (iv) the later of: (A) the date of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will, by a specified date, be permanently or indefinitely discontinued and (B) the date falling six months prior to the specified date referred to in clause (A),

(v) the later of: (A) the date of a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used (either generally or in respect of the Notes) or that its use will be subject to restrictions or adverse consequences, in each case on or before a specified date and (B) the date falling six months prior to the specified date referred to in clause (B),

(vi) it has, or will prior to the next Interest Determination Date, become unlawful for the Calculation Agent or us to calculate any payments due to be made to any Holder using the Original Reference Rate, or

(vii) the making of a public statement by the supervisor of the administrator of the Original Reference Rate announcing that such Original Reference Rate is no longer representative or may no longer be used.

“*Independent Adviser*” means an independent financial institution of international repute or an independent financial adviser with appropriate expertise in the international debt capital markets appointed by us, at our own expense, under paragraph (a).

“*Original Reference Rate*” means the originally-specified Base Rate used to determine the rate of interest (or any component part(s) thereof) in respect of any interest period(s) on the Notes, as specified in the applicable Pricing Supplement.

“*Relevant Nominating Body*” means, in respect of an Original Reference Rate:

(i) the central bank for the currency to which such Original Reference Rate relates, or any central bank or other supervisory authority that is responsible for supervising the administrator of such Original Reference Rate, or

(ii) any working group or committee established, approved or sponsored by, chaired or co-chaired by or constituted at the request of: (A) the central bank for the currency to which such Original Reference Rate relates, (B) any central bank or other supervisory authority that is responsible for supervising the administrator of such Original Reference Rate, (C) a group of the aforementioned central banks or other supervisory authorities or (D) the Financial Stability Board or any part thereof.

“*Successor Rate*” means a successor to or replacement of the Original Reference Rate that is formally recommended by any Relevant Nominating Body.

### *Special Rate Calculation Terms*

In this subsection entitled “— Interest Rates”, we use several terms that have special meanings relevant to calculating floating interest rates. We describe these terms as follows:

The term “bond equivalent yield” means a yield expressed as a percentage and calculated in accordance with the following formula:

$$\text{bond equivalent yield} = \frac{D \times N}{360 - (D \times M)} \times 100$$

where

- “D” means the annual rate for treasury bills quoted on a bank discount basis and expressed as a decimal;
- “N” means 365 or 366, as the case may be; and
- “M” means the actual number of days in the applicable interest reset period.

The term “business day” means, for any Note, unless otherwise specified in the applicable Pricing Supplement, either: (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial center of the country issuing the Specified Currency, or (ii) in relation to any sum payable in euro, a euro business day (as defined herein).

The term “Designated CMT Index Maturity” means the Index Maturity for a CMT Rate Note and will be the original period to maturity of a U.S. Treasury security specified in the applicable Pricing Supplement. If no such original maturity period is so specified, the designated CMT Index Maturity will be 2 years.

The term “Designated CMT Refinitiv Page” means the Refinitiv Page specified in the applicable Pricing Supplement that displays treasury constant maturities as reported in H.15 daily update. If no Refinitiv Page is so specified, then the applicable page will be Refinitiv Page FEDCMT. If Refinitiv Page FEDCMT applies but the applicable Pricing Supplement does not specify whether the weekly or monthly average applies, the weekly average will apply.

The term “euro business day” means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System, which utilizes a single platform and which was launched in November 2007 (TARGET2) or any successor system, is open for business.

The term “euro-zone” means, at any time, the region comprised of the member states of the European Economic and Monetary Union that, as of that time, have adopted a single currency in accordance with the Treaty on European Union of February 1992.

The term “H.15 daily update” the daily statistical release designated as such published by the Board of Governors of the Federal Reserve System, or its successor, available through the website of the Board of Governors of the Federal Reserve System at <https://www.federalreserve.gov/releases/h15/>, or any successor site or publication.

The term “Index Maturity” means, with respect to a Floating Rate Note, the period to maturity of the instrument or obligation on which the interest rate formula is based, as specified in the applicable Pricing Supplement.

The term “London business day” means any day on which dealings in the relevant index currency are transacted in the London interbank market.

The term “Money Market Yield” means a yield expressed as a percentage and calculated in accordance with the following formula:

$$\text{money market yield} = \frac{D \times 360}{360 - (D \times M)} \times 100$$

Where

- “D” means the annual rate for commercial paper quoted on a bank discount basis and expressed as a decimal; and
- “M” means the actual number of days in the relevant interest reset period.

The term “principal financial center” means the capital city of the country issuing the Specified Currency of the applicable Note (which where the Specified Currency is euro, will be Brussels, Belgium). However, for Australian dollars, Canadian dollars and Swiss francs, the principal financial center may be specified in the applicable Pricing Supplement as Sydney, Toronto and Zurich, respectively.

The term “representative amount” means an amount that, in our judgment, acting reasonably and in good faith, is representative of a single transaction in the relevant market at the relevant time.

The term “Refinitiv Page” means the display on Refinitiv, or any successor service, on the page or pages specified in this Offering Memorandum or the applicable Pricing Supplement, or any replacement page or pages on that service.

The term “Refinitiv Page EURIBOR01” means the display on the Refinitiv Page designated as “EURIBOR01” or any replacement page or pages on which euro-zone interbank rates of major banks for euro are displayed.

The term “Refinitiv Page FEDFUNDS1” means the display on the Refinitiv Page designated as “FEDFUNDS1” or any replacement page or pages.

The term “Refinitiv Page FEDCMT” means the display on the Refinitiv Page designated as “FEDCMT” or any replacement page or pages.

The term “Refinitiv Page FRBCMT” means the display on the Refinitiv Page designated “FRBCMT” or any replacement page or pages.

The term “Refinitiv Page US AUCTION10” means the display on the Refinitiv Page designated as “US AUCTION10” or any replacement page or pages.

The term “Refinitiv Page US AUCTION11” means the display on the Refinitiv Page designated as “US AUCTION11” or any replacement page or pages.

The term “Refinitiv Page US PRIME1” means the display on the Refinitiv Page designated as “US PRIME1” or any replacement page or pages on which prime rates or base lending rates of major U.S. banks are displayed.

The term “U.S. Government Securities Business Day” means any day, except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

If, when we use the terms Designated CMT Refinitiv Page, H.15 daily update, Refinitiv Page FEDFUNDS1, Refinitiv Page US AUCTION10 or Refinitiv Page US AUCTION11 we refer to a particular heading or headings on any of those pages, those references include any successor or replacement heading or headings as determined by the Issuer.

### **Payment of additional amounts**

The Issuer will make all payments in respect of the Notes to all Holders of such Notes without withholding or deduction for, or on account of, any taxes, assessments or other governmental charges (“relevant tax”) imposed or levied by or on behalf of any of the Member Countries or any political subdivision or taxing authority therein or thereof (each, a “relevant jurisdiction”) unless the withholding or deduction is required by the law of the relevant jurisdiction. In that event, the Issuer will withhold or deduct the amount required by law of the relevant jurisdiction and will pay such additional amounts as may be necessary so that the net amount received by the Holder of the Notes, after such withholding or deduction, will equal the amount that the Holder would have received in respect of the Notes without such withholding or deduction. However, the Issuer will not pay additional amounts:

- to the extent that the relevant tax is imposed or levied by virtue of the Holder, or the beneficial owner, of the Notes having some connection (whether present, past or future) with a relevant jurisdiction, other than mere receipt of such payment or being a Holder, or the beneficial owner, of the Notes;
- to the extent that the relevant tax is imposed or levied by virtue of the Holder, or the beneficial owner, of the Notes not complying with (1) any statutory, regulatory, administrative or tax treaty requirements of a relevant jurisdiction for an exemption or reduction of tax or (2) any reasonable request made by the Issuer or the Fiscal and Paying Agent for documentation to support a claim for

an exemption or reduction of tax, if, in each case, the Issuer or its agent has provided the Holder, or the beneficial owner, of the Notes with at least 30 days' prior written notice of an opportunity to comply with such statutory requirements or for such documents;

- to the extent that the relevant tax is imposed or levied by virtue of the Holder, or the beneficial owner, of the Notes having presented the Notes for payment (where required to be presented for payment) more than 30 days after the date on which the payment in respect of the Notes first became due and payable or the date on which payment thereof is duly provided for, whichever occurs later;
- to the extent that the relevant tax could have been avoided if the Holder, or the beneficial owner, of the Notes had presented the Notes for, or had made a claim for, payment to another Paying Agent in the European Union not obliged to withhold or deduct;
- with respect to any estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other similar governmental charge;
- with respect to any taxes payable otherwise than by deduction or withholding from payments under or with respect to any Note;
- with respect to any taxes imposed or levied on a Holder that is not the sole beneficial owner of the relevant Note, or that is a fiduciary or partnership, but only to the extent that the beneficial owner, a beneficiary or settlor with respect to the fiduciary, or a member of the partnership would not have been entitled to the payment of an additional amount had such beneficial owner, beneficiary, settlor or member received directly its beneficial interest or distributive share of the payment; or
- any combination of the above.

In addition, any amounts to be paid on the Notes will be paid, net of any deduction or withholding imposed or required pursuant to Sections 1471 through 1474 of the Code, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (a "FATCA Withholding"), and no additional amounts will be required to be paid on account of any such deduction or withholding.

Whenever we refer in this Offering Memorandum or any Pricing Supplement, in any context, to the payment of the principal of, or any premium on, any Note or the net proceeds received on the sale or exchange of any Note, we mean to include the payment of additional amounts to the extent that, in that context, additional amounts are, were or would be payable.

### **Redemption and repayment**

Your Note will not be entitled to the benefit of any sinking fund, and the Issuer will not deposit money on a regular basis into any separate custodial account to repay your Note. In addition, the Issuer will not be entitled to redeem your Note before its stated maturity unless the relevant Pricing Supplement specifies a redemption commencement date. You will not be entitled to require the Issuer to buy any Note from you before its stated maturity unless the relevant Pricing Supplement specifies one or more repayment dates.

If the relevant Pricing Supplement specifies a redemption commencement date or a repayment date, it will also specify one or more redemption prices or repayment prices, which may be expressed as a percentage of the principal amount of your Note. It may also specify one or more redemption periods during which the redemption prices relating to a redemption of Notes during those periods will apply.

If the relevant Pricing Supplement specifies a redemption commencement date, your Note will be redeemable at the Issuer's option at any time on or after that date or at a specified time or times as specified in the relevant Pricing Supplement. If the Issuer redeems your Note, it will do so at the specified redemption price, which may be (a) par or

may decline from a specified premium to par at a later date, or (b) equal to the principal amount of the Notes to be redeemed, plus a Make-Whole Amount (as defined below), in each case together with interest accrued to, but excluding, the redemption date. If different prices are specified for different redemption periods, the price the Issuer pays will be the price that applies to the redemption period during which your Note is redeemed.

If the relevant Pricing Supplement specifies a repayment date, your Note will be repayable at the Holder's option on the specified repayment date at the specified repayment price, together with interest accrued to, but excluding, the repayment date. In the case of any Certificated Notes, and unless stated otherwise in the relevant Pricing Supplement, in order to obtain repayment on a repayment date for a Note, you must surrender your Note to a Paying Agent not less than 30 calendar days nor more than 45 calendar days prior to the repayment date (together with the "Option to Elect Repayment Form" attached to the terms of the Notes).

If the Issuer exercises an option to redeem any Note, it will give to the Fiscal and Paying Agent written notice of such anticipated election not less than five business days (unless a shorter period shall be acceptable to the Fiscal and Paying Agent) before the applicable notice of redemption is deliverable to the holders of the Notes). If the Issuer chooses to redeem a series of Notes in part, Notes represented by a Global Note will be selected for redemption, in these circumstances, in accordance with the rules and procedures of the relevant Depository or Depositories (and, in the case of Notes represented by Global Notes deposited with a common depository for Euroclear and/or Clearstream, Luxembourg, to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in the nominal amount, at their discretion); provided, that, in the case of any Certificated Notes, the Fiscal and Paying Agent will select the Certificated Notes that will be redeemed pro rata, by lot or by such usual method as it deems fair and appropriate.

The "Make-Whole Amount" for Notes denominated in U.S. dollars means the excess of (i)(a) the sum of the present values of each remaining scheduled payment of principal and interest on the Notes to be redeemed, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus a spread to be indicated in the applicable Pricing Supplement less (b) interest accrued on the Notes to the date of redemption, over (ii) the principal amount of the Notes. The "Make-Whole Amount" for Notes denominated in a currency other than U.S. dollars will be determined in accordance with the applicable Pricing Supplement. If the Notes are callable at par on a date prior to the maturity date (the "Par Call Date"), then (i) all references to maturity date and remaining term of the Notes used in this definition of Make-Whole Amount will be deemed to refer to the Par Call Date and the remaining term until the Par Call Date and (ii) remaining scheduled payment of principal and interest will be deemed to be the remaining amounts that would be payable on such note if it were redeemed on the Par Call Date.

"Treasury Rate" means, with respect to any redemption date, the yield determined by the Issuer in accordance with the following two paragraphs.

The Treasury Rate shall be determined by the Issuer after 4:15 p.m., New York City time (or after such time as yields on U.S. government securities are posted daily by the Board of Governors of the Federal Reserve System), on the third business day preceding the redemption date based upon the yield or yields for the most recent day that appear after such time on such day in the most recent statistical release published by the Board of Governors of the Federal Reserve System designated as "Selected Interest Rates (Daily) - H.15" (or any successor designation or publication) ("H.15") under the caption "U.S. government securities—Treasury constant maturities—Nominal" (or any successor caption or heading) ("H.15 TCM"). In determining the Treasury Rate, the Issuer shall select, as applicable: (1) the yield for the Treasury constant maturity on H.15 exactly equal to the period from the redemption date to the maturity date of the notes (the "Remaining Life"); or (2) if there is no such Treasury constant maturity on H.15 exactly equal to the Remaining Life, the two yields – one yield corresponding to the Treasury constant maturity on H.15 immediately shorter than and one yield corresponding to the Treasury constant maturity on H.15 immediately longer than the Remaining Life – and shall interpolate to the maturity date of the notes on a straight-line basis (using the actual number of days) using such yields and rounding the result to three decimal places; or (3) if there is no such Treasury constant maturity on H.15 shorter than or longer than the Remaining Life, the yield for the single Treasury constant maturity on H.15 closest to the Remaining Life. For purposes of this paragraph, the applicable Treasury constant maturity or maturities on H.15 shall be deemed to have a maturity date equal to the relevant number of months or years, as applicable, of such Treasury constant maturity from the redemption date.

If on the third business day preceding the redemption date H.15 TCM is no longer published, the Issuer shall calculate the Treasury Rate based on the rate per annum equal to the semi-annual equivalent yield to maturity at 11:00 a.m., New York City time, on the second business day preceding such redemption date of the United States Treasury security maturing on, or with a maturity that is closest to, the maturity date of the Notes, as applicable. If there is no United States Treasury security maturing on the maturity date of the notes but there are two or more United States Treasury securities with a maturity date equally distant from the maturity date of the notes, one with a maturity date preceding the maturity date of the notes and one with a maturity date following the maturity date of the notes, the Issuer shall select the United States Treasury security with a maturity date preceding the maturity date of the notes. If there are two or more United States Treasury securities maturing on the maturity date of the notes or two or more United States Treasury securities meeting the criteria of the preceding sentence, the Issuer shall select from among these two or more United States Treasury securities the United States Treasury security that is trading closest to par based upon the average of the bid and asked prices for such United States Treasury securities at 11:00 a.m., New York City time. In determining the Treasury Rate in accordance with the terms of this paragraph, the semi-annual yield to maturity of the applicable United States Treasury security shall be based upon the average of the bid and asked prices (expressed as a percentage of principal amount) at 11:00 a.m., New York City time, of such United States Treasury security, and rounded to three decimal places.

The Issuer's actions and determinations in determining the redemption price shall be conclusive and binding for all purposes, absent manifest error. For the avoidance of doubt, the Fiscal and Paying Agent shall have no obligation to determine or calculate any rate, price, component or amount in respect of any redemption of the Notes.

If any Note is redeemed in part, the notice of redemption relating to such Note shall state the portion of the principal amount thereof to be redeemed; provided that no Note in an aggregate principal amount of U.S.\$200,000 (or the applicable minimum authorized denomination specified in the Pricing Supplement for such Note) or less shall be redeemed in part. A replacement Certificated Note in principal amount equal to the unredeemed portion thereof will be issued in the name of the Holder thereof upon cancellation of the original Certificated Note.

The Issuer will give the notice of redemption (including any notice of redemption as described under “— Redemption for taxation reasons”) to each Holder of Notes to be redeemed in the manner described below in “— Notices” at least 10 days but not more than 60 days before the redemption date.

If a Note represented by a Global Note is subject to repayment at the Holder's option, the Depositary (or its nominee, as applicable) as the Holder(s), will be the only person(s) that can exercise the right to repayment. Any indirect owners who own beneficial interests in the Global Note and wish to exercise a repayment right must give proper and timely instructions to their banks or brokers or participant in the relevant clearing system through which they hold their interests, requesting that they notify the Depositary (or its nominee, as applicable) to exercise the repayment right on their behalf. Different firms have different deadlines for accepting instructions from their customers, and you should take care to act promptly enough to ensure that your request is given effect by the Depositary (or, as applicable, its nominee) before the applicable deadline for exercise.

Street name and other indirect owners should contact their banks or brokers for information about how to exercise a repayment right in a timely manner.

Notwithstanding the above requirements relating to redemption of Notes, we, the Issuer or our affiliates may purchase Notes from investors who are willing to sell from time to time in private transactions at negotiated prices. Notes that we or they purchase may, at our discretion, be held, resold or canceled and, if cancellation is so elected, such Notes will be delivered to the Fiscal and Paying Agent for cancellation.

### **Redemption for taxation reasons**

The Issuer will have the right to redeem the Notes of a series in whole, but not in part, at any time following the occurrence of a tax event (as defined herein); provided, however, that prior to delivery to the Holders of notice of redemption pursuant to a tax event, the Issuer is required to deliver to the Fiscal and Paying Agent a certificate signed by two authorized signatories of the Issuer and an opinion of counsel, each confirming that the conditions that must be satisfied for such redemption have occurred and at the time of giving a notice to redeem, the Issuer's obligation to pay an additional amount remains in effect.

A “tax event” means that there has been, as a result of any amendment to, or change in, the laws or regulations of a relevant jurisdiction, or any amendment to or change in an official interpretation or application of such laws or regulations, which amendment or change is effective on or after the date of the Pricing Supplement with respect to the first tranche of any series of Notes, following which the Issuer will become obligated to pay additional amounts due to a withholding or deduction for or on account of certain taxes, assessments or other governmental charges, and such obligation cannot be avoided within 60 days of such tax event by the Issuer by filing a form, making an election or taking some reasonable measure that in the Issuer’s sole judgment will not be adverse to the Issuer and will involve no material cost to the Issuer.

If the Notes are redeemed in these circumstances, the redemption price of each Note redeemed will be equal to 100% of the principal amount of such Note plus accrued and unpaid interest up to (but excluding) the date of redemption or any other amount as specified in the relevant Pricing Supplement.

### **Covenants of the Issuer**

For so long as any amount outstanding under the Notes remains unpaid:

- **Payment When Due.** The Issuer will duly and punctually pay or cause to be paid to the Holder of every Note the principal thereof, premium, if any, and interest accrued thereon (including, in the case of default, interest on the amount in default), on the dates and at the places, in the currency and in the manner specified herein and in such Note and will duly and punctually pay or cause to be paid all other amounts required to be paid by it to the Agents and the Holders of such Note pursuant to the Fiscal and Paying Agency Agreement or such Note at the times, in the currencies and in the manner set forth therein.
- **Negative Pledge.** So long as any of the Notes shall be outstanding and unpaid, but only up to the time amounts sufficient for payment of all principal and interest and any other amounts due in respect of such Notes have been received by a Paying Agent in the manner and on the date specified in the Fiscal and Paying Agency Agreement and such Notes, the Issuer will not cause or permit to be created on any of its property or assets any mortgage, pledge or other lien or charge (each, a “lien”) as security for any bonds, notes or other evidence of indebtedness for money borrowed (which terms, for the avoidance of doubt, shall not include repurchase or reverse repurchase agreements) heretofore or hereafter issued or assumed by the Issuer (other than “permitted liens” as defined below), unless the Notes shall be secured by such lien or charge equally and ratably with such other bonds, notes or evidences of indebtedness. For purposes of this section, “permitted liens” means: (a) purchase money mortgages, pledges or liens on property purchased by the Issuer as security for all or part of the purchase price thereof, (b) any lien arising in the ordinary course of business and securing a debt maturing not more than one year after the date on which such lien is incurred, (c) any lien securing reimbursement obligations under letters of credit and similar documents given in the ordinary course of business and that do not support the payment of bonds, notes or other evidence of indebtedness for money borrowed or guarantees of such bonds, notes or other evidence of indebtedness; (d) any lien securing bonds, notes, other evidence of indebtedness and guarantees issued or assumed by the Issuer that do not exceed US\$100 million (or its foreign currency equivalent) at any time outstanding and that do not in the aggregate materially detract from the value of the property or assets subject thereto or materially impair the use of such property or assets in the business of the Bank; and (e) any lien securing obligations under hedge agreements entered into in the ordinary course of business. For purposes of this paragraph, “hedge agreements” means: any swap agreement, cap agreement, collar agreement, futures contract, forward contract, option contract or similar agreement or arrangement designed to protect against or mitigate the effect of fluctuations in interest rates or foreign exchange and entered into as bona fide hedges and not for speculative purposes.
- **Financial Reporting Requirements.** The Issuer will furnish, or cause to be furnished, to the Holders as soon as practicable and in any event within 180 days after the end of each financial year of the Issuer, the audited financial statements of the Issuer for such year and the related notes thereto,

together with the report thereon of auditors of recognized standing, prepared in accordance with IFRS Accounting Standards; it being agreed and understood that the posting of such financial statements of the Issuer's website will satisfy the requirement under this covenant to furnish such statements to the Holders.

- **Observance of Covenants.** The Issuer will in all material respects observe and perform all of the covenants, agreements, terms and conditions to be observed and performed by it in the Fiscal and Paying Agency Agreement and the Notes.
- **Notice of Event of Default.** The Issuer will deliver, or cause to be delivered, to the Holders, forthwith upon becoming aware of any Event of Default, a certificate of an authorized signatory of the Issuer specifying such Event of Default together with a statement of an authorized signatory of the Issuer setting forth details of such Event of Default and the action which has been, or is proposed to be, taken with respect thereto.
- **Actions, Proceedings.** The Issuer will forthwith notify, or cause to be notified, the Holders of any actions, suits or proceedings pending against or affecting the Issuer or any of its undertaking, property and assets of which it has knowledge and in respect of which there is a reasonable possibility of a determination adverse to the Issuer and which would, if determined adversely, materially impair the ability of the Issuer to satisfy its obligations under the Fiscal and Paying Agency Agreement or the Notes.

#### **Defeasance and Covenant Defeasance**

Unless we indicate otherwise in the applicable Pricing Supplement, the provisions for full defeasance and covenant defeasance described below apply to the Notes. In general, we expect these provisions to apply to each Note that has a Specified Currency of U.S. dollars and is not a Floating Rate Note.

**Full defeasance of Notes.** Under certain circumstances, the Issuer can legally release itself from all payment and other obligations on any series of Notes (other than those terms that expressly survive). This is called "full defeasance." For the Issuer to effect a full defeasance, each of the following must occur (in addition to other conditions set forth in the Fiscal and Paying Agency Agreement):

- The Issuer must deposit in trust with the defeasance trustee for the benefit of all Holders of those Notes money or a combination of money and U.S. government or U.S. government agency notes or bonds that will, in the opinion of a nationally recognized accounting firm, generate enough cash to make interest, principal and any other payments on those Notes on their various due dates;
- There either (i) must be a change in current U.S. federal tax law or an U.S. Internal Revenue Service ruling that lets the Issuer make the above deposit without causing the Holders to be taxed in accordance with U.S. tax laws on those Notes any differently than if the Issuer did not make the deposit and just repaid those Notes itself in accordance with the terms thereof, or (ii) the notes must be repayable at final maturity within one year following the deposit in trust referred to above, or irrevocable provision must have been made to call the notes for redemption within such period. Under current U.S. federal tax law, the deposit and the Issuer's legal release from your Note would be treated generally as though the Issuer took back your Note and gave you your share of the cash and notes or bonds deposited in trust. In that event, you could recognize gain or loss on your Note; and
- The Issuer must deliver to the defeasance trustee and Fiscal and Paying Agent a legal opinion of our counsel confirming the tax law changes or tax rulings have the effect described above, in the case of a full defeasance pursuant to clause (i) above.

If the Issuer ever fully defeased your Note, you would have to rely solely on the trust deposit for payments on your Note. You would not be able to look to the Issuer for payment in the event of any shortfall.

**Covenant defeasance of Notes.** Under current U.S. federal tax law, the Issuer can make the same type of deposit described above and be released from some of the restrictive covenants in your Note with respect to such Note. This is called covenant defeasance. In that event, you would lose the protection of those restrictive covenants but would gain the protection of having money and securities set aside in trust to repay the Notes. Unless we indicate otherwise in the applicable Pricing Supplement, in order to achieve covenant defeasance for any Notes, the following conditions must be satisfied (in addition to other conditions set forth in the Fiscal and Paying Agency Agreement):

- The Issuer must deposit in trust with the defeasance trustee for the benefit of the Holders of those Notes money or a combination of money and U.S. government or U.S. government agency notes or bonds that will, in the opinion of a nationally recognized accounting firm, generate enough cash to make interest, principal and any other payments on those Notes on their various due dates;
- The Issuer must deliver to the defeasance trustee and the Fiscal and Paying Agent a legal opinion of counsel confirming that under current U.S. federal tax law, the Issuer may make the above deposit without causing the Holders to be taxed in accordance with U.S. tax laws on those Notes any differently than if the Issuer did not make the deposit;
- No Event of Default with respect to the relevant Notes shall have occurred and be continuing on the date the deposit in trust described above is made;
- The covenant defeasance must not result in a breach or violation of, or constitute a default under, any other material agreement or instrument to which the Issuer is a party or by which the Issuer is bound;
- The covenant defeasance must not result in the trust described above constituting an investment company as defined in the U.S. Investment Company Act of 1940 (the “Investment Company Act”) that is required to register as such and is not so registered;
- The Issuer must deliver to the defeasance trustee and the Fiscal and Paying Agent a certificate signed by an authorized signatory of the Issuer to the effect that the Notes, if then listed on any securities exchange, will not be delisted as a result of the deposit in trust described above; and
- The Issuer must deliver to the Fiscal and Paying Agent and the defeasance trustee a certificate signed by an authorized signatory of the Issuer and an opinion of counsel, each stating that all the conditions described above have been satisfied.

If the Issuer accomplishes covenant defeasance with regard to your Note, the following provisions of the Note would no longer apply:

- Any covenants applicable to your Note and described in this Offering Memorandum other than the Issuer’s obligations to make payments on the Notes in accordance with their respective terms.
- The Events of Default relating to breach of the defeased covenants described under the subsection entitled “—Events of Default.”

Any right the Issuer has to redeem any Notes will survive covenant defeasance with regard to those Notes.

If the Issuer accomplishes covenant defeasance on your Note, you can still look to the Issuer for repayment of your Note in the event of any shortfall in the trust deposit. Depending on the event causing the Event of Default, you may not be able to obtain payment of the shortfall.

#### **Default, remedies and waiver of default**

You will have special rights if an Event of Default with respect to your Note occurs and is continuing, as described later in this subsection.

## *Events of Default*

Unless the relevant Pricing Supplement indicates otherwise, when we refer to the term “Event of Default” with respect to the Notes of any series, we mean any of the following:

- the Issuer fails to make any payment of the principal of any Note of such series, or premium, if any, thereon when the same becomes due;
- the Issuer fails to make any payment of interest or additional amounts on any Note of such series when the same becomes due and such failure shall continue for more than 30 calendar days;
- the Issuer fails to perform or observe any term, covenant or agreement contained in any Note of such series or the Fiscal and Paying Agency Agreement with respect to such series, on its part to be performed or observed other than those referred to in the above-listed Events of Default, and such failure remains unremedied for 90 calendar days after written notice has been given to the Issuer by any Holder of a Note of such series;
- the Issuer fails to pay any amount in excess of US\$100,000,000 (or the equivalent thereof in any other currency or currencies) of principal or interest or other amount in respect of any indebtedness incurred, assumed or guaranteed by the Issuer as and when such amount becomes due and payable and the continuance of such failure until the expiration of any applicable grace period or 30 calendar days, whichever is longer; or
- any indebtedness incurred or assumed by the Issuer with an aggregate principal amount in excess of US\$100,000,000 (or the equivalent thereof in any other currency or currencies) is accelerated by any holder or holders thereof.

**We may change, eliminate, or add to the Events of Default with respect to any particular series of Note or Notes, as applicable, as indicated in the applicable Pricing Supplement. An Event of Default under one series of Notes will not necessarily be an Event of Default under any other series of Notes issued pursuant to the Fiscal and Paying Agency Agreement.**

## *Remedies If an Event of Default Occurs*

If an Event of Default under a series of Notes has occurred and is continuing, except as set out below, the Holders of not less than 25% in principal amount of the outstanding Notes of such series may, by written notice to the Issuer, declare the entire principal amount, and accrued but unpaid interest and premium, if any, of all the Notes of that series to be due and immediately payable, unless the Note is an Original Issue Discount Note, in which case the Default Amount in respect of all the Notes of that series will be due and immediately payable, unless prior to receipt of such notice by the Issuer all Events of Default in respect of such series of Notes are cured. This is called a “declaration of acceleration of maturity.”

A declaration of acceleration of maturity with respect to a series of Notes may be cancelled by the Holders of at least a majority in principal amount of the outstanding Notes of such series if:

- the Issuer has paid or deposited with the Fiscal and Paying Agent a sum sufficient to pay:
  - all overdue interest on all Notes of that series;
  - the principal of, and premium, if any, on any Notes of that series which have become due otherwise than by that declaration of acceleration of maturity and any interest thereon at the rate or rates prescribed therefor in the Notes;
  - interest upon overdue interest at the rate or rates prescribed therefor in the Notes, to the extent that payment of that interest is lawful; and

- all sums paid or advanced by the Fiscal and Paying Agent under the terms of the Fiscal and Paying Agency Agreement and the reasonable compensation, expenses, disbursements and advances of the Fiscal and Paying Agent and its agents and counsel; and
- all Events of Default with respect to the Notes of that series, other than the non-payment of the principal or premium (if any) of, and interest on, Notes of that series which have become due solely by that declaration of acceleration of maturity, are no longer continuing.

Indirect Holders should consult their banks or brokers for information on how to give notice or to make or cancel a declaration of acceleration of maturity.

The Fiscal and Paying Agent will not act as a fiduciary for the Holders of the Notes and will have no responsibility for the enforcement of remedies following an Event of Default.

### ***Waiver of Default***

If an Event of Default with respect to any series of Notes has occurred, the Holders of the Notes of such series may (i) with respect to an Event of Default (other than any Event of Default relating to the non-payment of the principal or premium (if any) of, and interest on, Notes of that series or any Event of Default relating to a provision described under “— Modification of the Fiscal and Paying Agency Agreement and waiver of covenants— Changes requiring approval by Holders pursuant to a Special Resolution”), waive the Event of Default for all Notes of that series by adopting an Extraordinary Resolution and (ii) with respect to an Event of Default relating to the non-payment of the principal or premium (if any) of, and interest on, Notes of that series or any Event of Default relating to a provision described under “— Modification of the Fiscal and Paying Agency Agreement and waiver of covenants— Changes requiring approval by Holders pursuant to a Special Resolution,” waive the Event of Default for all Notes of that series by adopting a Special Resolution.

An “Extraordinary Resolution” means a resolution:

- (i) approved by the Holders of Notes of such series representing not less than 66 $\frac{2}{3}$ % of the aggregate principal amount of outstanding Notes of such series represented and voted at a meeting of Holders of Notes of such series properly convened and held in accordance with the provisions of the Fiscal and Paying Agency Agreement at which Holders of Notes of such series representing not less than 50% of the aggregate principal amount of the outstanding Notes of such series were present in person or by proxy; or
- (ii) approved by a resolution in writing signed by Holders of Notes of such series representing not less than 66 $\frac{2}{3}$ % of the aggregate principal amount of the outstanding Notes of such series.

A “Special Resolution” means a resolution:

- (i) approved by the Holders of Notes of a relevant series representing not less than 75% of the aggregate principal amount of outstanding Notes of such series represented and voted at a meeting of Holders of Notes of such series properly convened and held in accordance with the provisions of the Fiscal and Paying Agency Agreement at which Holders of Notes of such series representing not less than 75% of the aggregate principal amount of the outstanding Notes of such series were present in person or by proxy; or
- (ii) approved by a resolution in writing signed by Holders of Notes of such series representing not less than 75% of the aggregate principal amount of the outstanding Notes of such series.

If an Extraordinary Resolution or Special Resolution, as applicable, is duly adopted, the Event of Default will be treated as if it has not occurred.

## **Modification of the Fiscal and Paying Agency Agreement and waiver of covenants**

The Fiscal and Paying Agency Agreement contains provisions for convening meetings of the Holders of Notes to consider matters affecting their interests. There are three types of changes, as listed below, that the Issuer can make to the Fiscal and Paying Agency Agreement and the Notes, and these changes may have U.S. federal tax consequences for Holders.

### ***Calling of meeting, notice and quorum***

A meeting of Holders of a series of Notes may be called at any time and from time to time to make, give or take any request, demand, authorization, direction, notice, consent, waiver or other action provided by the Fiscal and Paying Agency Agreement or the Notes of such series to be made, given or taken by Holders of Notes of such series or to modify, amend or supplement the terms of the Notes of such series or the Fiscal and Paying Agency Agreement as provided in the Fiscal and Paying Agency Agreement.

The Issuer may at any time call a meeting of Holders of Notes of a series for any such purpose to be held at such time and at such place as the Issuer shall determine.

Notice of every meeting of Holders of Notes of a series, setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting, shall be given as provided in the terms of the Notes of such series, not less than 30 nor more than 60 days prior to the date fixed for the meeting. In case at any time the Issuer or the Holders of at least 25% in aggregate principal amount of the outstanding Notes of a series request the Issuer to call a meeting of the Holders of Notes of such series for any such purpose, by written request setting forth in reasonable detail the action proposed to be taken at the meeting, the Issuer shall call such meeting for such purposes by giving notice thereof.

To be entitled to vote at any meeting of Holders of Notes of a series, a person must be a Holder of outstanding Notes of such series or a person duly appointed by an instrument in writing as proxy for such a Holder. The persons entitled to vote not less than 50% in principal amount of the outstanding Notes of a series shall constitute a quorum. At the reconvening of any meeting adjourned for a lack of a quorum, the persons entitled to vote 35% in principal amount of the outstanding Notes of a series shall constitute a quorum for the taking of any action set forth in the notice of the original meeting, except as otherwise provided with respect to Special Resolutions and Extraordinary Resolutions above. The Issuer may make such reasonable and customary regulations as it shall deem advisable for any meeting of Holders of Notes of a series with respect to the appointment of proxies in respect of Holders of Notes of such series, the establishment of a record date for determining the registered owners of registered Notes of such series who are entitled to vote at such meeting (which date shall be set forth in the notice calling such meeting hereinabove referred to and which shall be not less than 30 nor more than 60 days prior to such meeting), the determination of the adjournment and chairmanship of such meeting, the appointment and duties of inspectors of votes, the procedures for the submission and examination of proxies, certificates and other evidence of the right to vote, and determinations as to such other matters concerning the conduct of the meeting as it shall deem appropriate.

### ***Changes requiring approval by Holders pursuant to a Special Resolution***

Certain changes to the Fiscal and Paying Agency Agreement can only be made with the written consent or the affirmative vote or approval of a special supermajority of Holders of outstanding Notes of each affected series pursuant to a Special Resolution (as defined above under “— Waiver of Default”). Certain changes to the Notes of a particular series can only be made with the written consent or the affirmative vote or approval of a special supermajority of Holders of outstanding Notes of such series pursuant to a Special Resolution. In the absence of an appropriate Special Resolution, the Issuer may not:

- change the due date for the payment of principal of, or premium, if any, or any installment of interest on any Note;

- reduce the principal amount of any Note, the portion of any principal amount that is payable upon acceleration of the stated maturity of such Note after a default, the interest rate on such Note or any premium payable upon redemption;
- permit redemption of a Note if not previously permitted;
- change the currency of any payment on a Note;
- change the Issuer's obligation to pay additional amounts pursuant to terms of the Notes of such series;
- shorten the period during which redemption of the Notes is not permitted or permit redemption during a period not previously permitted;
- change the place of payment on a Note;
- impair a Holder's legal right to sue for payment of any amount due on its Notes;
- reduce the percentage of principal amount of the Notes outstanding necessary to modify, amend or supplement the terms and conditions of the Notes or to waive past defaults or future compliance;
- reduce the percentage of principal amount of the Notes outstanding required to adopt a resolution or the required quorum at any meeting of Holders of Notes at which a resolution is adopted; or
- change any provision in a Note with respect to redemption at the Holders' option in any manner adverse to the interests of any Holder of the Notes of such series.

***Changes not requiring approval***

With respect to each series of Notes, a second type of change to such Notes or the Fiscal and Paying Agency Agreement with respect to such series of Notes does not require any approval by the Holders of such Notes. These changes are limited to changes for the purposes of:

- adding to our covenants for the benefit of the Holders of such Notes;
- surrendering any right or power conferred upon us with respect to such Notes;
- curing any ambiguity in, or correcting or supplementing, any defective provision contained in such Note or the Fiscal and Paying Agency Agreement;
- conforming the terms of such Note or the Fiscal and Paying Agency Agreement with the description set forth in any prospectus supplement, pricing supplement, offering memorandum, offering circular or other similar document relating to the offering of such Notes, including this Offering Memorandum;
- evidencing and providing for the acceptance of appointment under the Fiscal and Paying Agency Agreement by a successor Fiscal and Paying Agent;
- amending such Note or the Fiscal and Paying Agency Agreement in any other manner which we may determine, provided that such amendment shall not adversely affect the interest of any Holder of any Note of such series in any material respect, as confirmed by a certificate signed by an authorized signatory of the Issuer upon which certificate the Fiscal and Paying Agent may conclusively rely; or

- changes to the conditions of such Notes made by the Issuer arising from the selection of a substitute or successor Base Rate due to a benchmark being discontinued or no longer being published.

***Changes requiring approval by Holders pursuant to an Extraordinary Resolution***

With respect to each series of Notes, any other change to such Notes or the Fiscal and Paying Agency Agreement with respect to such series of Notes requires approval by the Holders of the Notes of such series pursuant to an Extraordinary Resolution (as defined above under “— Waiver of Default”).

Unless otherwise indicated in the relevant Pricing Supplement, the Issuer will be entitled to set any day as a record date for determining which Holders of book-entry Notes are entitled to make, take or give requests, demands, authorizations, directions, notices, consents, waivers or other action, or to vote on actions, authorized or permitted by the Fiscal and Paying Agency Agreement or the Notes. In addition, record dates for any Global Note may be set in accordance with procedures established by the Depositary from time to time. Therefore, record dates for Global Notes may differ from those for other Notes. Book-entry and other indirect owners should consult their banks or brokers for information on how approval may be granted or denied if we seek to change the Fiscal and Paying Agency Agreement or any Notes or request a waiver.

***Special rules for action by Holders***

When Holders take any action with respect to the Notes, such as giving a notice of default, declaring an acceleration, approving any change or waiver or giving an instruction, we will apply the following rules.

***Only outstanding Notes are eligible***

Only Holders of outstanding Notes as of the relevant record date will be eligible to participate in any action by Holders. Also, we will count only outstanding Notes in determining whether the various percentage requirements for taking action have been met. For these purposes, a Note will not be “outstanding”:

- if it has been cancelled or surrendered for cancellation;
- if the Issuer has deposited or set aside, in trust for its Holder, money for its payment or redemption;
- if the Issuer has fully defeased it as described above under “ – Full defeasances of Notes;”
- if it is a Note in lieu of or in substitution for which other Note shall have been authenticated and delivered pursuant to the Fiscal and Paying Agency Agreement;
- Notes in which claims have been prescribed; or
- if the Issuer or one of its affiliates is the owner; provided that no Member Country of the Bank shall be considered an affiliate of the Issuer for this purpose.

***Eligible principal amount of some Notes***

In some situations, we may follow special rules in calculating the principal amount of a Note that is to be treated as outstanding for the purposes described above. This may happen, for example, if the principal amount is payable in a non-U.S. dollar currency, increases over time or is not to be fixed until the maturity date.

For any Note of the kind described below, we will decide how much principal amount to attribute to the Note as follows:

- For an Original Issue Discount Note, the Issuer will use the principal amount that would be due and payable on the action date if the maturity of the Note were accelerated to that date because of a default;

- For a Note whose principal amount is not known, the Issuer will use any amount that we indicate in the relevant Pricing Supplement or that we determine pursuant to a formula described in the relevant Pricing Supplement for that Note; or
- For Notes with a principal amount denominated in one or more non-U.S. dollar currencies, the Issuer will use any amount that we indicate in the relevant Pricing Supplement or that we determine pursuant to a formula described in the relevant Pricing Supplement for that Note.

### ***Accountholders***

Where the Issuer is required to determine the nominal amount of Notes to which an Accountholder is entitled as described above, we will, subject to the foregoing, be entitled to treat and deem an Accountholder to be the Holder of such nominal amount of Notes represented by the Global Note as determined by reference to any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of such Accountholder in the clearing systems. Any such certificate or other document issued by the clearing systems as aforesaid will be conclusive and binding on ourselves, the Agents and Holders for all purposes, save in the case of manifest error.

### **Transfer and Exchange of Notes; Certificated Notes**

Unless the applicable Pricing Supplement specifies otherwise, Certificated Notes will not be issued in exchange for a beneficial interest in Global Notes, except in the following circumstances:

- (i) in the case of Global Notes registered in the name of a nominee for DTC, either DTC has notified the Issuer that it is unwilling or unable to continue to act as Depository for such Global Notes or DTC has ceased to constitute a “clearing agency” registered under the Exchange Act and, in either case, a successor is not appointed by us within 90 days after receiving notice or becoming aware that DTC is no longer so registered;
- (ii) in the case of Global Notes registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of fourteen days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is appointed by us within 90 days;
- (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were such Notes represented by Certificated Notes;
- (iv) an Event of Default has occurred and is continuing with respect to such Notes and a request for certificates has been made upon 60 days’ prior written notice given to the Fiscal and Paying Agent in accordance with the Depository’s customary procedures and a copy of such notice has been received by the Issuer from the Depository or the Fiscal and Paying Agent.

Upon the occurrence of any of the foregoing events, we will issue or cause to be issued Certificated Notes (which will be legended as set forth under “Transfer Restrictions”) to each person and in the respective proportionate amounts specified by the relevant Depository or clearing system upon surrender of such Global Note by the relevant Depository or clearing system. Each Certificated Note shall be:

- only in fully registered form;
- without interest coupons; and
- in the denominations authorized for Notes issued in registered global form.

Holders may exchange their Notes for Notes of smaller denominations (but not smaller than the specified minimum denomination) or combine them into fewer Notes of larger denominations, as long as the total principal amount is not changed. You may not exchange your Notes for Notes of a different series or having different terms, unless, the relevant Pricing Supplement says you may.

No Agent will be liable for any delay by the relevant Depositary, its nominee or any direct or indirect participant in identifying the beneficial owners of the Notes. The Agents may conclusively rely on, and will be protected in relying on, instructions from the Depositary or its nominee for all purposes, including with respect to the registration and delivery, and the respective principal amounts, of any Certificated Note to be issued.

The registrar (the “Registrar”) appointed by the Issuer for such purpose will maintain a definitive record of all Notes and of their transfer and exchange. Holders may exchange or transfer their Certificated Notes at the designated office of the relevant transfer agent(s) appointed by the Issuer for such purpose. We call each of those offices a “Transfer Agent.” They may also replace lost, stolen, destroyed or mutilated Notes at that office. The Issuer has appointed the Registrar and Transfer Agent for the purposes of registering Notes in the names of Holders and for transferring and replacing Notes. The Issuer may appoint another entity to perform these functions or perform them themselves.

Holders will not be required to pay a service charge to transfer or exchange their Notes, but they may be required to pay for any tax or other governmental charge associated with the exchange or transfer. The transfer or exchange, and any replacement, will be made only if our Transfer Agent is satisfied with the Holder’s proof of legal ownership. The Transfer Agent, and we may, require an indemnity before replacing any Notes.

If the Issuer has designated additional Transfer Agents for your Note, they will be named in the relevant Pricing Supplement. The Issuer may appoint additional Transfer Agents or cancel the appointment of any particular Transfer Agent. The Issuer may also approve a change in the office through which any Transfer Agent acts.

If any Notes are redeemable and the Issuer redeems less than all those Notes, the Issuer may block the transfer or exchange of those Notes during the period beginning 15 days before the day the Issuer gives the notice of redemption and ending on the day of that notice, in order to freeze the list of Holders to prepare the notice. The Issuer may also refuse to register transfers of or exchange any Note selected for redemption, except that the Issuer will continue to permit transfers and exchanges of the unredeemed portion of any Note being partially redeemed.

If a Note is issued as a Global Note, only the Depositary—e.g., DTC, Euroclear or Clearstream, Luxembourg—will be entitled to effect a transfer and exchange the Global Note as described in this subsection.

The rules for exchange described above apply to the transfer and exchange of Notes for other Notes of the same series and kind. If a Note is convertible, exercisable or exchangeable into or for a different kind of security, such as one that we have not issued, or for other property, the rules governing that type of conversion, exercise or exchange will be described in the relevant Pricing Supplement.

### **Consent to Service; Jurisdiction**

(a) To the extent that the Issuer has or hereafter may acquire any immunity (sovereign or otherwise) from any legal action, suit or proceeding, from jurisdiction of any court or from set-off or any legal process (whether service or notice, attachment in aid or otherwise) with respect to itself or any of its property, the Issuer will, to the fullest extent permitted by its Charter and the Immunities Agreement, irrevocably waive and agree not to plead or claim such immunity in respect of its obligations under the Notes. Notwithstanding anything in the Notes to the contrary, (i) the Issuer will reserve the right to plead sovereign immunity under the United States Foreign Sovereign Immunities Act of 1976 with respect to actions brought under United States federal securities laws or any state securities laws, and the appointment of an authorized agent for service of process in subsection (c) below and the waiver of immunity described under this heading shall not be interpreted to include actions brought under United States federal securities laws or any state securities laws; and (ii) as provided in the Immunities Agreement, no waiver of immunity shall extend to any measure of execution.

(b) The Issuer hereby irrevocably accepts and submits to the non-exclusive jurisdiction of the United States federal courts located in the Borough of Manhattan and the courts of the State of New York located in the Borough of Manhattan with respect to any suit, action or proceeding in connection with or arising out of the Notes or the Fiscal and Paying Agency Agreement.

(c) The Issuer has irrevocably designated, appointed and empowered Corporation Services Company in The City of New York as its authorized agent (the “Authorized Agent”) upon which process may be served in any action arising out of or based on the Notes or the Fiscal and Paying Agency Agreement which may be instituted in any State or federal court in The City of New York by the Holder of any Note and expressly accepts the non-exclusive jurisdiction of any such court in respect of such action. The Issuer has irrevocably waived any immunity to service of process in respect of any such action to which it might otherwise be entitled in any action arising out of or based on the Notes or the Fiscal and Paying Agency Agreement which may be instituted in any State or federal court in The City of New York. Such appointment shall be so long as any of the Notes are outstanding, except that, if for any reason the Authorized Agent ceases to be able to act as Authorized Agent or no longer has an address in the Borough of Manhattan, The City of New York, the Issuer will appoint another person in the Borough of Manhattan, The City of New York, selected in its discretion, as such Authorized Agent.

(d) Prior to the date of issuance of any Notes, the Issuer shall obtain the acceptance of the Authorized Agent to its appointment as Authorized Agent, a copy of which acceptance the Issuer shall provide to the Fiscal and Paying Agent. The Issuer shall take any and all action, including the filing of any and all documents and instruments, that may be necessary to continue such appointment or appointments in full force and effect as aforesaid. Service of process upon the Authorized Agent at its address indicated in the Fiscal and Paying Agency Agreement, as such address may be changed within the Borough of Manhattan, The City of New York by notice given by the Authorized Agent to the Issuer and the Fiscal and Paying Agent, shall be deemed, in every respect, effective service of process upon the Issuer. The Issuer agrees that the failure of such Authorized Agent to give any notice of such service to it shall not impair or affect in any way a judgment rendered in any action or proceeding based thereon.

## **Payment mechanics for Notes**

### ***Who receives payment?***

If interest is due on a Note on an interest payment date, the Issuer will pay the interest to the person in whose name the Note is registered at the close of business on the Regular Record Date relating to the interest payment date as described below under “— Payment and record dates for interest.” If interest is due at maturity, the Issuer will pay the interest to the person entitled to receive the principal of the Note. If principal or another amount besides interest is due on a Note at maturity, the Issuer will pay the amount to the Holder of the Note against surrender of the Note at a proper place of payment or, in the case of a Global Note, in accordance with the applicable rules and procedures of the Depository therefor.

### ***Payment and record dates for interest***

With respect to any DTC Note and unless otherwise specified in the relevant Pricing Supplement, interest on any Fixed Rate Note will be payable annually, semi-annually or quarterly on the date or dates set forth in the relevant Pricing Supplement and at maturity. Unless otherwise specified in the relevant Pricing Supplement, the “Regular Record Date” relating to an interest payment date for any DTC Note that is denominated in U.S. dollars will be the close of business on the day before that interest payment date (whether or not a business day), and the “Regular Record Date” relating to an interest payment date for any DTC Note denominated in a currency other than U.S. dollars will be the 15<sup>th</sup> calendar day before that interest payment date. The “Regular Record Date” relating to an interest payment date for any Certificated Note issued in exchange for any DTC Note will be the close of business on the 15<sup>th</sup> calendar day before that interest payment date. The “Regular Record Date” relating to an interest payment date for any Global Notes to be held by a common depository (“Euro Note”) will be the close of business on the first business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before that interest payment date. The “Regular Record Date” relating to an interest payment date for any Certificated Note issued in exchange for any Euro Note will be the close of business on the 15<sup>th</sup> calendar date (or, if such 15<sup>th</sup> calendar day is not a day on which banks are open for business in the city where the specified office of the applicable Paying Agent (as defined below) is located, the first such day prior to such 15<sup>th</sup> calendar day) before that interest payment date.

### ***How the Issuer will make payments due in U.S. dollars***

The Issuer will follow the practice described in this subsection when paying amounts due in U.S. dollars.

*Payments on Global Notes.* The Issuer will make payments on a Global Note in accordance with the applicable policies as in effect from time to time of the Depository. Under those policies, the Issuer will pay directly to the Depository, or its nominee, and not to any direct or indirect participants in the clearing system who own beneficial interests in the Global Note. A direct or indirect owner's right to receive those payments will be governed by the rules and practices of the clearing system and their participants, as described below in the section entitled "Book-Entry Clearance Systems."

*Payments on Certificated Notes.* The Issuer will make payments on a Note in non-global, registered form as follows. Except as set forth in the final two sentences of this paragraph, the Issuer will pay interest that is due on an interest payment date by check mailed on the interest payment date to the Holder at his or her address shown on the Registrar's records as of the close of business on the Regular Record Date. The Issuer will make all other payments by check at the office of a Paying Agent described below, against presentation and, if the final payment, surrender of the Note. All payments by check will be made in next-day funds—i.e., funds that become available on the day after the check is cashed. Upon application of the relevant Holder to the specified office of the applicable Paying Agent not less than five business days in the city where the specified office of such Paying Agent is located before the due date for any payment of interest in respect of a Note, the payment will be made by transfer on the due date in the manner provided in the paragraph below. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) in respect of the Certificated Notes which become payable to the Holder who has made the initial application until such time as such Paying Agent for such Notes is notified in writing to the contrary by such Holder.

Alternatively, if a Certificated Note has a face amount of at least U.S.\$5,000,000 (or its equivalent in respect of Notes denominated in a Specified Currency other than U.S. dollars) and the Holder asks us to do so, the Issuer will pay any amount that becomes due on the Note by wire transfer of immediately available funds to an account maintained by such Holder with any bank which processes payments in the applicable Specified Currency on the due date. To request wire payment, the Holder must give the applicable Paying Agent appropriate written wire transfer instructions at least five business days before the requested wire payment is due. In the case of any interest payment due on an interest payment date, the instructions must be given by the person or entity who is the Holder on the relevant Regular Record Date. In the case of any other payment, payment will be made only after the Note is surrendered to a Paying Agent. Any wire instructions, once properly given, will remain in effect unless and until new instructions are given in the manner described above.

Direct and other indirect owners of an interest in a Global Note denominated in a currency other than U.S. dollars should consult their banks or brokers for information on how to request payment in the Specified Currency.

*Exchange Agent.* If the Issuer issues a Note in a Specified Currency other than U.S. dollars, the Issuer may appoint a financial institution to act as the exchange agent (each such agent, an "Exchange Agent") with respect to such Note and name the institution initially appointed when the Note is originally issued in the relevant Pricing Supplement. The Issuer may change the Exchange Agent so appointed from time to time after the issue date of the Note without your consent and without notifying you of the change.

All determinations made by the Exchange Agent will be in its sole discretion unless we state in this Offering Memorandum or the relevant Pricing Supplement that any determination requires the approval of the Issuer. In the absence of manifest or proven error, those determinations will be conclusive for all purposes and binding on you and the Issuer, without any liability on the part of the Exchange Agent.

### **Payment when offices are closed**

If any payment is due on a Note on a day that is not a business day, the Issuer will make the payment on the next day that is a business day. Payments postponed to the next business day in this situation will be treated under the Fiscal and Paying Agency Agreement as described above under "—Interest Rates—Base Rates— Interest Payment

Dates”. The term business day has a special meaning, which we described above under “— Interest Rates — Floating Rate Notes — Special rate calculation terms.”

### **Paying Agents**

The Issuer may appoint one or more financial institutions to act as paying agents, at whose designated offices Certificated Notes may be surrendered for payment at their maturity. We call each of those financial institutions, including, without limitation, the Fiscal and Paying Agent and the London Paying Agent, a “Paying Agent.” The Issuer may add, replace or terminate Paying Agents from time to time, provided that for Notes denominated in U.S. dollars, at all times there will be a Paying Agent. The Issuer will ensure that a Paying Agent or sub-paying agent will be available in New York in the event payments are scheduled to be made on Certificated Notes denominated in U.S. dollars. The Issuer may also choose to act as its own Paying Agent. Initially, the Issuer has appointed the Fiscal and Paying Agent as a Paying Agent in New York with respect to DTC Notes and the London Paying Agent as Paying Agent with respect to Euro Notes. The Issuer will give notice of any such addition, replacement or termination of Paying Agents to the Holders of any affected Notes. We must also notify the Fiscal and Paying Agent of changes in the Paying Agents.

### **Unclaimed payments**

Regardless of who acts as Paying Agent, all money paid by the Issuer to a Paying Agent that remains unclaimed at the end of two years after the amount is due to a Holder will be repaid to the Issuer. After that two-year period, the Holder may look only to the Issuer for payment and not to the Fiscal and Paying Agent, any other Paying Agent or anyone else.

### **Notices**

Notices to be given to Holders of a Global Note will be given only to the relevant Depository or, as the case may be, the relevant clearing systems, in accordance with its applicable policies as in effect from time to time. Notices to be given to Holders of Certificated Notes will be sent by mail to the respective addresses of the Holders as they appear in the Registrar’s records, and will be deemed given when mailed. Neither the failure to give any notice to a particular Holder, nor any defect in a notice given to a particular Holder, will affect the sufficiency of any notice given to another Holder. Book-entry and other indirect owners should consult their banks or brokers for information on how they will receive notices.

### **Our relationship with the Fiscal and Paying Agent**

The Bank of New York Mellon is initially serving as the Fiscal and Paying Agent for the Notes of each series issued under the Fiscal and Paying Agency Agreement. The Bank of New York Mellon may in the future provide commercial banking and other services for the Issuer and its affiliates. Among other things, The Bank of New York Mellon may serve as trustee or agent with regard to other debt obligations of the Issuer.

### **Governing law**

The Notes and the Fiscal and Paying Agency Agreement will be governed by, and construed in accordance with, the laws of the State of New York. The Issuer has appointed Corporation Services Company as its Authorized Agent for service of process in The City of New York in connection with any action arising out of the Notes or the Fiscal and Paying Agency Agreement.

## BOOK-ENTRY CLEARANCE SYSTEMS

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream, Luxembourg currently in effect. The information in this section concerning the clearing systems has been obtained from sources that the management of the Issuer respectively believes to be reliable, but none of the Issuer or the Arranger or any other Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the clearing systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant clearing system. Neither the Issuer nor any other party to the Fiscal and Paying Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any clearing system or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.*

### Book-entry Systems

#### ***DTC***

DTC has advised us that it is a limited purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its direct participants (“Direct Participants”) deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Access to the DTC System is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants” and, together with Direct Participants, “Participants”).

Under the rules, regulations and procedures creating and affecting DTC and its operations (the “DTC Rules”), DTC makes book-entry transfers of Notes among Direct Participants on whose behalf it acts with respect to DTC Notes as described below and receives and transmits distributions of principal and interest on DTC Notes. The DTC Rules are on file with the SEC. Participants with which beneficial owners of DTC Notes (“Beneficial Owners”) have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Beneficial Owners. Accordingly, although Beneficial Owners who hold interests in DTC Notes through Participants will not possess Notes, the DTC Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC’s records. The ownership interest of each Beneficial Owner is in turn to be recorded on the relevant Direct Participant’s and Indirect Participant’s records. Beneficial Owners will not receive written confirmation from DTC of their purchases, but Beneficial Owners are expected to receive written confirmations providing details of each transaction, as well as periodic statements of their holdings, from the Participant through which the Beneficial Owner holds its interest in the DTC Notes. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to DTC Notes. Under its usual procedures, DTC mails an omnibus proxy to the Issuer as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the omnibus proxy).

Principal and interest payments on the DTC Notes will be made to DTC or its nominee. DTC's practice is to credit Direct Participants' accounts on the due date for payment in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the due date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers registered in "street name", and will be the responsibility of such Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC or its nominee is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Participants.

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Beneficial Owner desiring to pledge its interests in DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to effect such pledge through DTC and its Participants or, if not possible to so effect it, to withdraw its Notes from DTC as described below.

The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer an interest in Notes represented by a Global Note to such persons might depend upon the ability to exchange such Notes for Notes in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Global Note accepted by DTC to pledge such interests to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Notes may depend upon the ability to exchange such interests for Notes in definitive form. The ability of any Holder of interests in Notes represented by a Global Note accepted by DTC to resell, pledge or otherwise transfer such interests might be impaired if the proposed transferee of such interests is not eligible to hold such interests through a Participant.

### ***Clearstream, Luxembourg***

Clearstream, Luxembourg is incorporated under the laws of Luxembourg as a professional depository. Clearstream, Luxembourg holds securities for its customers and facilitates the clearance and settlement of securities transactions between Clearstream, Luxembourg customers through electronic book-entry changes in accounts of Clearstream, Luxembourg customers, thereby eliminating the need for physical movement of certificates. Transactions may be settled by Clearstream, Luxembourg in any of a number of currencies, including U.S. dollars, Japanese Yen and British Pounds sterling. Clearstream, Luxembourg provides to its customers, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream, Luxembourg also deals with domestic securities markets in several countries through established depository and custodial relationships.

Clearstream, Luxembourg is registered as a bank in Luxembourg, and as such is subject to regulation by the *Commission de Surveillance du Secteur Financier* and the *Banque Centrale du Luxembourg*, which supervise and oversee the activities of Luxembourg banks. Clearstream, Luxembourg's customers are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Clearstream, Luxembourg is available to other institutions that clear through

or maintain a custodial relationship with an Accountholder of Clearstream, Luxembourg. Clearstream, Luxembourg has established an electronic bridge with Euroclear to facilitate settlement of trades between Clearstream, Luxembourg and Euroclear.

The ability of an owner of a beneficial interest in a Note held through Clearstream, Luxembourg to pledge such interest to persons or entities that do not participate in the Clearstream, Luxembourg system, or otherwise take action in respect of such interest, may be limited by the lack of a definitive note for such interest because Clearstream, Luxembourg can act only on behalf of Clearstream, Luxembourg's customers, who in turn act on behalf of their own customers. The laws of some jurisdictions may require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests in the Notes to such persons may be limited. In addition, beneficial owners of Notes held through the Clearstream, Luxembourg system will receive payments of principal, interest and any other amounts in respect of the Notes only through Clearstream, Luxembourg Accountholders.

### ***Euroclear***

Euroclear holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between its Accountholders. Euroclear provides various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear also deals with domestic securities markets in several countries through established depository and custodial relationships. Euroclear customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear is available to other institutions that clear through or maintain a custodial relationship with Accountholders in Euroclear.

The ability of an owner of a beneficial interest in a Note held through Euroclear to pledge such interest to persons or entities that do not participate in the Euroclear system, or otherwise take action in respect of such interest, may be limited by the lack of a definitive note for such interest because Euroclear can act only on behalf of Euroclear's customers, who in turn act on behalf of their own customers. The laws of some jurisdictions may require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests in the Notes to such persons may be limited. In addition, beneficial owners of Notes held through the Euroclear system will receive payments of principal, interest and any other amounts in respect of the Notes only through Euroclear accountholders.

### **Book-entry Ownership of and Payments in respect of Global Notes**

#### ***Euroclear/Clearstream***

The Issuer may apply to each of Euroclear and Clearstream, Luxembourg to have Global Note(s) accepted in its book-entry settlement system. Upon the issue of any such Global Note, Euroclear and/or Clearstream, Luxembourg, as applicable, will credit, on its internal book-entry system, the respective nominal amounts of the interests represented by such Global Note to the accounts of persons who have accounts with Euroclear and/or Clearstream, Luxembourg, as applicable. Such accounts initially will be designated by or on behalf of the relevant Dealer or investor. Interests in such a Global Note through Euroclear and/or Clearstream, Luxembourg, as applicable, will be limited to Accountholders of Euroclear and/or Clearstream, Luxembourg, as applicable. Interests in such a Global Note will be shown on, and the transfer of such interests will be effected only through, records maintained by Euroclear and/or Clearstream, Luxembourg or its nominee (with respect to the interests of direct Euroclear and/or Clearstream, Luxembourg Accountholders) and the records of direct Euroclear and/or Clearstream, Luxembourg Accountholders (with respect to interests of indirect Euroclear and/or Clearstream, Luxembourg Accountholders).

Payments with respect to interests in the Notes held beneficially through Euroclear and Clearstream, Luxembourg will be credited to cash accounts of Euroclear and Clearstream, Luxembourg Accountholders in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg, respectively, to the extent received by each of them.

## ***DTC***

The Issuer may apply to DTC in order to have any series of Notes represented by a Global Note accepted in its book-entry settlement system. Upon the issue of any such Global Note, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Global Note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer or investor. Ownership of beneficial interests in such a Global Note will be limited to Direct Participants or Indirect Participants, including, in the case of any Note offered and sold in compliance with Regulation S, the respective depositaries of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Global Note accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants and Indirect Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Global Note accepted by DTC will be made to the order of DTC or its nominee as the registered Holder of such Note. In the case of any payment in a currency other than U.S. dollars, payment will be made to the applicable Exchange Agent on behalf of DTC or its nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Global Note in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants' account.

The Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuer also expects that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Fiscal and Paying Agent, the Registrar, any other Agent or the Issuer. Payment of principal, premium, if any, and interest, if any, on Notes to DTC is the responsibility of the Issuer.

### **Transfers of Notes Represented by Global Notes**

Transfers of any interests in Notes represented by a Global Note within DTC, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. Subject to compliance with the transfer restrictions applicable to the Notes described under "Transfer Restrictions", cross-market transfers between Participants in DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear Accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Fiscal and Paying Agent, the Transfer Agent and any custodian ("Custodian") with whom the relevant Global Notes have been deposited.

On or after the issue date for any series, transfers of Notes of such series between Accountholders in Clearstream, Luxembourg and Euroclear and transfers of Notes of such series between Participants in DTC will generally have a settlement date one business day after the trade date (T+1). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between Accountholders in Clearstream, Luxembourg or Euroclear and DTC Participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Global Notes will be effected through the Transfer Agent, the Fiscal and Paying Agent and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg Accountholders and DTC's Participants cannot be made on a delivery-versus-payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Global Notes among DTC Participants and Accountholders of

Clearstream, Luxembourg and Euroclear; *however*, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer or Agents will be responsible for any performance by DTC, Clearstream, Luxembourg or Euroclear or their respective direct or indirect Participants or Accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

## CURRENCY CONVERSIONS

### Payments for Notes

You will be required to pay for Notes in the applicable Specified Currency. Each Dealer may, under certain terms and conditions, arrange for the conversion of the currency in which your financial activities are principally denominated (the “Investor’s Currency”) into the Specified Currency to enable investors such as you, whose financial activities are denominated principally in the Investor’s Currency, to pay for the Notes in the Specified Currency. Each such conversion will be made by such Dealer (in this respect acting as principal and not as an agent of the Issuer) on such terms and subject to such conditions, limitations and charges as such Dealer may from time to time establish in accordance with its regular foreign exchange practices, and subject to any applicable laws and regulations. All costs of conversion will be borne by you and other such investors of the Notes.

### Payments on Notes

Payments in respect of such Notes will be made in the Specified Currency for principal, premium (if any) and/or interest payments as specified in the applicable Pricing Supplement. Currently, there are limited facilities in the United States for the conversion of U.S. dollars into foreign currencies and vice versa. In addition, most banks in the United States do not currently offer non-U.S. dollar denominated checking or savings account facilities in the United States. Accordingly, unless otherwise specified in the applicable Pricing Supplement, payments in respect of Notes in a Specified Currency other than U.S. dollars will be made to an account outside the United States.

If you hold an interest in a DTC Note denominated in a Specified Currency other than U.S. dollars, you will receive payments in U.S. dollars, unless you elect to receive such payments in the Specified Currency. In the event that you shall not have made such election, payments in the Specified Currency will be converted to U.S. dollars by the Exchange Agent. The U.S. dollar amount in respect of any payment to be paid to you, if you did not make a timely election to receive payment in the Specified Currency, will be based on the Exchange Agent’s spot rate for the purchase of U.S. dollars with the aggregate amount of the Specified Currency payable to all Holders of a DTC Note (“DTC Noteholders”) receiving U.S. dollar payments, for settlement on the applicable payment date, at a time and date immediately preceding such payment date, unless otherwise specified in the applicable Pricing Supplement. If such spot rate is not available, the Exchange Agent will obtain a bid quotation from a leading foreign exchange bank in London or New York City selected by the Exchange Agent for such purchase. All costs of any such conversion into U.S. dollars will be borne by the relevant DTC Noteholder by deduction from such payments. If no spot rate or bid quotation is available, the Exchange Agent will make payments in the Specified Currency to DTC Noteholders such as you who were expecting to receive U.S. dollars, provided that such payment will only be made to you or other such Noteholders if and when the Exchange Agent has been notified of the Specified Currency account to which such payment should be made.

If you are a DTC Noteholder, you may elect to receive payment of the principal and premium (if any) of, or interest with respect to, the Notes in the Specified Currency (other than U.S. dollars) by notifying DTC prior to 5:00 p.m. Eastern Time on the third DTC Business Day following the applicable Regular Record Date in the case of interest, and the twelfth calendar day prior to the payment date for the payment of principal, of (i) your election to receive all or a portion of such payment in the Specified Currency for value the relevant due date for interest payment or final redemption, as the case may be, and (ii) wire transfer instructions to an account denominated in the Specified Currency with respect to any payment to be made in the Specified Currency. Such election shall be made by you and any such election in respect of that payment shall be irrevocable. If you are an indirect DTC participant, you must notify the DTC Noteholder through which you are holding your interest in a DTC Note of such election and wire transfer instructions prior to 5:00 p.m. Eastern Time on the first DTC Business Day following the applicable Regular Record Date. DTC will notify the Exchange Agent of such election and wire transfer instructions and of the amount of the Specified Currency to be converted into U.S. dollars, prior to 5:00 p.m. Eastern Time on the fifth DTC Business Day following the applicable Regular Record Date in the case of interest and the tenth calendar day prior to the payment date for the payment of principal. If complete instructions are received by the DTC participant and forwarded by the DTC participant to DTC, and by DTC to the Exchange Agent, on or prior to such dates, you will receive payment in the Specified Currency outside DTC. Otherwise, only U.S. dollar payments will be made by the Exchange Agent. Payments in the Specified Currency (other than U.S. dollars) outside DTC will be made by wire transfer of same day funds in accordance with the relevant wire transfer instructions for value the relevant payment date.

**Conversion Event**

If at the time that any payment is due in respect of any Note denominated in a Specified Currency other than U.S. dollars the Specified Currency is unavailable to us due to the imposition of exchange controls or other circumstances beyond our control or if the Specified Currency is no longer being used by the government of the country issuing such Specified Currency (or, in the case of the euro, the then member states of the European Monetary Union that have adopted the euro as their currency) or for the settlement of transactions by public institutions of or within the international banking community, then all payments in respect of Notes denominated in such Specified Currency will be made in U.S. dollars until the Specified Currency is again available to us or so used. The amount payable on any date in such Specified Currency will be converted into U.S. dollars on the basis of the market exchange rate for the Specified Currency most recently available on, or prior to, the second business day before the relevant payment date. Any payment in respect of the Notes so made in U.S. dollars will not constitute an Event of Default under the Notes denominated in the Specified Currency or the Fiscal and Paying Agency Agreement.

## TRANSFER RESTRICTIONS

*Because of the following restrictions, you are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Notes offered hereby.*

The Notes have not been registered, and will not be registered, under the Securities Act or any other applicable securities laws, and the securities may not be offered or sold except pursuant to an effective registration statement or pursuant to transactions exempt from, or not subject to, registration under the Securities Act. Accordingly, the Notes are being offered and sold only:

- to Qualified Institutional Buyers in reliance on Rule 144A under the Securities Act; and
- to non-U.S. persons, in offshore transactions meeting the requirements of Rule 903 or Rule 904 of Regulation S under the Securities Act.

### Representations of Purchasers

Each purchaser of Notes (other than the Dealers in connection with the initial issuance and sale of Notes) and each owner of any beneficial interest therein will be deemed, by its acceptance or purchase thereof, to have represented and agreed as follows:

1. Either:
  - (A) It is a Qualified Institutional Buyer; is aware the sale of Notes to it is being made in reliance on Rule 144A under the Securities Act; is acquiring such Notes for its own account or the account of a Qualified Institutional Buyer, as the case may be; and is not acquiring the Notes with a view to any resale or distribution thereof other than in accordance with the restrictions set forth herein; or
  - (B) It is a non-U.S. person that is acquiring Notes or a beneficial interest therein in an offshore transaction in accordance with Rule 903 or 904 of Regulation S under the Securities Act.
2. If the purchaser is a purchaser of Notes in an offer and sale being made in reliance on Rule 144A under the Securities Act, it understands that the Notes have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except (i) to the Issuer, (ii) to a person who the purchaser reasonably believes is a Qualified Institutional Buyer in a transaction meeting the requirements of Rule 144A, (iii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S, (iv) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), or (v) pursuant to an effective registration statement under the Securities Act, and in each of such cases in accordance with any applicable securities laws of any state of the United States.
3. If the purchaser is a purchaser of Notes outside the United States pursuant to Regulation S, or is a subsequent purchaser of such Notes in resales prior to the expiration of the distribution compliance period:
  - (I) It is, or at the time Notes are purchased will be, the beneficial owner of such Notes and (a) it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S) and (b) it is not an affiliate of the Issuer or a person acting on behalf of such affiliate; and
  - (II) It understands that such Notes have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period, it will not offer, sell, pledge or otherwise transfer such Notes except (a) in accordance with Rule 144A under the Securities Act to a person that it and any person acting on its behalf reasonably

believe is a Qualified Institutional Buyer purchasing for its own account or for the account of a Qualified Institutional Buyer or (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any state of the United States.

4. Notes initially offered in the United States to Qualified Institutional Buyers will be represented by one or more “Rule 144A Global Notes,” and that Notes offered outside the United States in reliance on Regulation S will be represented by one or more “Regulation S Global Notes.”
5. The following is the form of restrictive legend which will appear on the face of each Rule 144A Global Note, and which will be used to notify transferees of the foregoing restrictions on transfer. This legend can only be removed with our consent:

“THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY OTHER SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES THAT THIS NOTE OR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (I) TO FONDO FINANCIERO PARA EL DESARROLLO DE LA CUENCA DEL PLATA (THE “ISSUER”), (II) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”), TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A) IN ACCORDANCE WITH RULE 144A, (III) IN AN OFFSHORE TRANSACTION TO A NON-U.S. PERSON IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT, (IV) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (IF AVAILABLE) OR (V) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, AND IN EACH OF SUCH CASES IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER APPLICABLE JURISDICTION. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES THAT IT WILL NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE. THE FOREGOING LEGEND MAY BE REMOVED FROM THIS NOTE ONLY WITH THE CONSENT OF THE ISSUER.”

6. The following is the form of restrictive legend which will appear on the face of each Regulation S Global Note and which will be used to notify transferees of the foregoing restrictions on transfer:

“THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY OTHER SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES THAT NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE FOREGOING LEGEND MAY BE REMOVED FROM THIS NOTE AFTER 40 DAYS BEGINNING ON AND INCLUDING THE LATER OF (A) THE DAY ON WHICH THE NOTES ARE OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) AND (B) THE ORIGINAL ISSUE DATE OF THIS NOTE. BY ITS ACQUISITION HEREOF, THE HOLDER HEREOF REPRESENTS THAT IT IS NOT A U.S. PERSON NOR IS IT PURCHASING FOR THE ACCOUNT OF A U.S. PERSON AND IS ACQUIRING THIS NOTE IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT.”

7. It understands and acknowledges that Notes (or any interest therein) may be held, purchased, sold, pledged or otherwise transferred only in minimum principal amounts of at least U.S.\$200,000 (or, with respect to Notes denominated in another currency, the specified minimum authorized

denomination that is equal to or greater than U.S.\$200,000) and integral multiples of U.S.\$1,000 (or, with respect to Notes denominated in another currency, the specified authorized denomination that is equal to or greater than U.S.\$1,000) in excess thereof.

8. It acknowledges that neither any Agent nor DTC (or other applicable clearing system, if any) will be required to accept for registration of transfer any Notes except upon presentation of evidence satisfactory to the Issuer that the restrictions set forth herein have been complied with.
9. It understands that no representation can be made as to the availability of the exemption provided by Rule 144 under the Securities Act for resales of the Notes offered hereby.
10. It (and its fiduciary, as applicable) (a) represents and warrants that either (i) it is not an “employee benefit plan” as defined in Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”) that is subject to ERISA, a “plan” as defined in and subject to Section 4975 of the Code or an entity deemed to hold plan assets of the foregoing (each, a “Benefit Plan Investor”), or a governmental plan (as defined in Section 3(32) of ERISA), church plan (as defined in Section 3(33) of ERISA) or non-U.S. plan (as described in Section 4(b)(4) of ERISA) (collectively, with Benefit Plan Investors, referred to as “Plans”) and it is not purchasing the Notes (or interest therein) with the assets of any such Plan; or (ii) the acquisition and holding of the Notes (or interest therein) will not give rise to a nonexempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, or result in a violation of any applicable law that is similar to ERISA or Section 4975 of the Code (“Similar Law”) and (b) acknowledges and agrees that the Notes (or interest therein) are not eligible for acquisition by Benefit Plan Investors or Plans that are subject to Similar Law at any time that such Note is not rated investment grade by a nationally recognized statistical rating organization in the United States. Please see “Certain Considerations for ERISA and Other U.S. Benefit Plans” in this Offering Memorandum for additional deemed representations.
11. It acknowledges that the Issuer, the Dealers and other persons will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of the acknowledgements, representations and agreements deemed to have been made by its purchase of the Notes are no longer accurate, it will promptly notify the Issuer and the relevant Dealers. If it is acquiring the Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations, and agreements on behalf of each account.

For further discussion of the requirements (including the presentation of transfer certificates) under the Fiscal and Paying Agency Agreement to effect exchanges or transfers of interest in Global Notes and Certificated Notes, see “Description of the Notes — Transfer and Exchange of Notes; Certificated Notes.”

## TAX CONSIDERATIONS

### Member Country Taxation

Under the terms of the Immunities Agreement, in any Member Country, the Bank and its assets are exempt from all direct taxes and customs duties, prohibitions and restrictions on imports and exports with respect to goods imported or exported by the Bank for official use. As a general rule, the Bank will not claim exemption from consumption taxes, sale taxes or other indirect taxes. Nevertheless, when the Bank makes important purchases for official use of property on which such duties and taxes have been charged, the Member Countries will, whenever possible, make appropriate administrative arrangements for the exemption or reimbursement of such taxes and duties. The Bank shall not claim exemption from taxes which are charges for public utility services.

All amounts payable under the Notes (whether in respect of principal, redemption amount, interest or otherwise) shall be made free and clear of and without deduction or withholding for or on account of any and all present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any of the Member Countries or any political subdivision therein or any authority therein or thereof having power to tax (“Relevant Taxing Authority”), unless the withholding or deduction or such taxes, duties, assessments, or governmental charges is required by law. If any such taxes, duties, assessments or governmental charges shall be imposed by or on behalf of any Relevant Taxing Authority, by way of deduction, withholding or otherwise, on any payment payable under the Notes, the Bank shall pay to the Holders of Notes such additional amounts as may be necessary in order that every net payment of such amount payable under the Notes after deduction, withholding or payment otherwise for or on account of such taxes, duties, assessments or governmental charges will be equal to the amount payable under the Notes that would otherwise be payable in respect thereof. The Bank shall not, however, be liable to pay such additional amounts in respect of any Note held by a Holder of Note who is subject to such taxes, duties, assessments or governmental charges by reason of it having some connection with any of the Member Countries other than by reason only of the ownership of any Notes or the receipt of the amount payable under the Notes.

All references in this Offering Memorandum (other than in this section) to the principal of or interest on the Notes shall be deemed also to refer to any additional amount in respect thereof which may be payable under this section. All expenses necessary for the procedures under this section shall be borne by the Bank.

### United States Federal Income Tax Considerations

#### *General*

This section describes the material U.S. federal income tax consequences related to the acquisition, ownership and disposition of the Notes. It applies to you only if you acquire Notes in an offering pursuant to the Program and you hold your Notes as capital assets for U.S. federal income tax purposes (generally, property held for investment). This section addresses only U.S. federal income taxation and does not discuss all of the tax consequences that may be relevant to you in light of your individual circumstances, including U.S. state, local and non-U.S. tax consequences, and tax consequences arising under the Medicare contribution tax on net investment income or the alternative minimum tax. This section does not apply to you if you are a member of a class of holders subject to special rules, such as:

- a dealer in securities or currencies;
- a trader in securities that elects to use a mark-to-market method of accounting for your securities holdings;
- a bank;
- a life insurance company;
- a tax-exempt organization;

- a person that owns Notes that are a hedge or that are hedged against interest rate or currency risks;
- a person that owns Notes as part of a straddle or conversion transaction for tax purposes;
- a person that purchases or sells Notes as part of a wash sale for tax purposes; or
- a U.S. Holder (as defined below) whose functional currency for tax purposes is not the U.S. dollar.

This section deals only with Notes that are treated as debt for U.S. federal income tax purposes and that are due to mature 30 years or less from the date on which they are issued. An applicable Pricing Supplement may include a summary of additional or alternative U.S. federal income tax considerations that are not described herein and that may be relevant to a particular series of Notes.

This section is based on the Code, its legislative history, existing and proposed regulations under the Code, published rulings and court decisions, all as currently in effect. These laws are subject to change, possibly on a retroactive basis.

If an entity or arrangement that is treated as a partnership for U.S. federal income tax purposes holds the Notes, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. A partner in a partnership holding the Notes should consult its tax advisor with regard to the U.S. federal income tax treatment of an investment in the Notes.

*Please consult your own tax advisor concerning the consequences of acquiring, owning and disposing of these Notes in your particular circumstances under the Code and the laws of any other taxing jurisdiction.*

### **U.S. Holders**

This subsection describes the tax consequences to a U.S. Holder. You are a U.S. Holder if you are a beneficial owner of a Note and you are, for U.S. federal income tax purposes:

- (1) a citizen or resident of the United States;
- (2) a corporation (including an entity treated as a corporation for U.S. federal income tax purposes) that is created or organized in or under the laws of the U.S., any state thereof or the District of Columbia;
- (3) an estate the income of which is subject to U.S. federal income tax regardless of its source; or
- (4) a trust if a court within the U.S. is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust.

If you are not a U.S. Holder, this subsection does not apply to you and you should refer to “— Non-U.S. Holders” below.

### *Payments of Interest.*

Except as provided below in the case of interest on a Discount Note that is not qualified stated interest, each as defined below under “— Original Issue Discount,” you will be taxed on any interest on your Note, whether payable in U.S. dollars or a foreign currency, as ordinary income at the time you receive the interest or when it accrues, depending on your method of accounting for tax purposes. Interest paid by us on the Notes and original issue discount, if any, accrued with respect to the Notes (as described below under “— Original Issue Discount”) and any additional amounts paid with respect to withholding tax on the Notes, including withholding tax on payments of such additional amounts, is generally income from sources outside the U.S. and will generally be “passive” income for purposes of the rules regarding the foreign tax credit allowable to a U.S. Holder.

*Foreign Currency Notes – Cash Basis Taxpayers.* If you are a taxpayer that uses the cash receipts and disbursements method of accounting for tax purposes and you receive an interest payment that is denominated in, or determined by reference to, a foreign currency, you would recognize income equal to the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether you actually convert the payment into U.S. dollars.

*Foreign Currency Notes – Accrual Basis Taxpayers.* If you are a taxpayer that uses an accrual method of accounting for tax purposes, you may determine the amount of income that you recognize with respect to an interest payment denominated in, or determined by reference to, a foreign currency by using one of two methods. Under the first method, you would determine the amount of income accrued based on the average exchange rate in effect during the interest accrual period or, with respect to an accrual period that spans two taxable years, that part of the period within the taxable year.

If you elect the second method, you would determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period, or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year. Additionally, under this second method, if you receive a payment of interest within five business days of the last day of your accrual period or taxable year, you may instead translate the interest accrued into U.S. dollars at the exchange rate in effect on the day that you actually receive the interest payment. If you elect the second method, it would apply to all debt instruments that you hold at the beginning of the first taxable year to which the election applies and to all debt instruments that you subsequently acquire. You may not revoke this election without the consent of the Internal Revenue Service (“IRS”).

When you actually receive an interest payment, including a payment attributable to accrued but unpaid interest upon the sale or retirement of your Note, denominated in, or determined by reference to, a foreign currency for which you accrued an amount of income, you will recognize ordinary income or loss measured by the difference, if any, between the exchange rate that you used to accrue interest income and the exchange rate in effect on the date of receipt, regardless of whether you actually convert the payment into U.S. dollars.

#### *Original Issue Discount.*

*General.* If you own a Note, other than a short-term Note with a term of one year or less, it would be treated as a Note issued at an original issue discount if the amount by which the Note’s stated redemption price at maturity exceeds its issue price is more than a de minimis amount (such Note issued at an original issue discount, a “Discount Note”). Generally, a Note’s issue price will be the first price at which a substantial amount of Notes included in the issue of which the Note is a part is sold to persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers. A Note’s stated redemption price at maturity is the total of all payments provided by the Note that are not payments of qualified stated interest. Generally, an interest payment on a Note is qualified stated interest if it is one of a series of stated interest payments on a Note that are unconditionally payable at least annually at a single fixed rate, with certain exceptions for lower rates paid during some periods, applied to the outstanding principal amount of the Note. There are special rules for variable rate Notes that are discussed under “—Variable Rate Notes.”

In general, your Note is not a Discount Note if the amount by which its stated redemption price at maturity exceeds its issue price is less than the de minimis amount of  $\frac{1}{4}$  of 1 percent of its stated redemption price at maturity multiplied by the number of complete years to its maturity. Your Note would have de minimis original issue discount if the amount of the excess is less than the de minimis amount. If your Note has de minimis original issue discount, you would include the de minimis amount in income as stated principal payments are made on the Note, unless you make the election described below under “— Election to Treat All Interest as Original Issue Discount.” You can determine the includible amount with respect to each such payment by multiplying the total amount of your Note’s de minimis original issue discount by a fraction equal to:

- the amount of the principal payment made

divided by

- the stated principal amount of the Note.

Generally, if your Discount Note matures more than one year from its date of issue, you would include original issue discount (“OID”) in income before you receive cash attributable to that income. The amount of OID that you would include in income is calculated using a constant-yield method, and generally you would include increasingly greater amounts of OID in income over the life of your Note. More specifically, you can calculate the amount of OID that you would include in income by adding the daily portions of OID with respect to your Discount Note for each day during the taxable year or portion of the taxable year that you hold your Discount Note. You can determine the daily portion by allocating to each day in any accrual period a pro rata portion of the OID allocable to that accrual period. You may select an accrual period of any length with respect to your Discount Note and you may vary the length of each accrual period over the term of your Discount Note. However, no accrual period may be longer than one year and each scheduled payment of interest or principal on the Discount Note must occur on either the first or final day of an accrual period.

You can determine the amount of OID allocable to an accrual period by:

- multiplying your Discount Note’s adjusted issue price at the beginning of the accrual period by your Note’s yield to maturity, and then
- subtracting from this figure the sum of the payments of qualified stated interest on your Note allocable to the accrual period.

You must determine the Discount Note’s yield to maturity on the basis of compounding at the close of each accrual period and adjusting for the length of each accrual period. Further, you determine your Discount Note’s adjusted issue price at the beginning of any accrual period by:

- adding your Discount Note’s issue price and any accrued OID for each prior accrual period, and then
- subtracting any payments previously made on your Discount Note that were not qualified stated interest payments.

If an interval between payments of qualified stated interest on your Discount Note contains more than one accrual period, then, when you determine the amount of OID allocable to an accrual period, you would allocate the amount of qualified stated interest payable at the end of the interval, including any qualified stated interest that is payable on the first day of the accrual period immediately following the interval, pro rata to each accrual period in the interval based on their relative lengths. In addition, you would increase the adjusted issue price at the beginning of each accrual period in the interval by the amount of any qualified stated interest that has accrued prior to the first day of the accrual period but that is not payable until the end of the interval. You may compute the amount of OID allocable to an initial short accrual period by using any reasonable method if all other accrual periods, other than a final short accrual period, are of equal length.

The amount of OID allocable to the final accrual period is equal to the difference between:

- the amount payable at the maturity of your Note, other than any payment of qualified stated interest, and
- your Note’s adjusted issue price as of the beginning of the final accrual period.

*Acquisition Premium.* If you purchase your Note for an amount that is less than or equal to the sum of all amounts, other than qualified stated interest, payable on your Note after the purchase date but is greater than the amount of your Note’s adjusted issue price, as determined above under “— General,” the excess is acquisition

premium. If you do not make the election described below under “— Election to Treat All Interest as Original Issue Discount,” then you would reduce the daily portions of OID by a fraction equal to:

- the excess of your adjusted basis in the Note immediately after purchase over the adjusted issue price of the Note

divided by

- the excess of the sum of all amounts payable, other than qualified stated interest, on the Note after the purchase date over the Note’s adjusted issue price.

*Pre-Issuance Accrued Interest.* An election may be made to decrease the issue price of your note by the amount of pre-issuance accrued interest if:

- a portion of the initial purchase price of your Note is attributable to pre-issuance accrued interest,
- the first stated interest payment on your Note is to be made within one year of your Note’s issue date; and
- the payment would equal or exceed the amount of pre-issuance accrued interest.

If this election is made, a portion of the first stated interest payment would be treated as a return of the excluded pre-issuance accrued interest and not as an amount payable on your Note.

*Notes Subject to Contingencies Including Optional Redemptions.* Your Note is subject to a contingency if it provides for an alternative payment schedule or schedules applicable upon the occurrence of a contingency or contingencies, other than a remote or incidental contingency, whether such contingency relates to payments of interest or of principal. In such a case, you would determine the yield and maturity of your Note by assuming that the payments would be made according to the payment schedule most likely to occur if:

- the timing and amounts of the payments that comprise each payment schedule are known as of the issue date and
- one of such schedules is significantly more likely than not to occur.

If there is no single payment schedule that is significantly more likely than not to occur, other than because of a mandatory sinking fund, you would include income on your Note in accordance with the general rules that govern contingent payment obligations. These rules will be discussed in the applicable Pricing Supplement.

Notwithstanding the general rules for determining yield and maturity, if your Note is subject to contingencies, and either you or we have an unconditional option or options that, if exercised, would require payments to be made on the Note under an alternative payment schedule or schedules, then:

- in the case of an option or options that we may exercise, we would be deemed to exercise or not exercise an option or combination of options in the manner that minimizes the yield on your note and
- in the case of an option or options that you may exercise, you would be deemed to exercise or not exercise an option or combination of options in the manner that maximizes the yield on your Note.

If both you and we hold options described in the preceding sentence, those rules would apply to each option in the order in which they may be exercised. You would determine the yield on your Note for the purposes of those calculations by using any date on which your Note may be redeemed or repurchased as the maturity date and the amount payable on such date in accordance with the terms of your Note as the principal amount payable at maturity.

If a contingency, including the exercise of an option, actually occurs or does not occur contrary to an assumption made according to the above rules then, except to the extent that a portion of your Note is repaid as a result of this change in circumstances and solely to determine the amount and accrual of OID, you would redetermine the yield and maturity of your Note by treating your Note as having been retired and reissued on the date of the change in circumstances for an amount equal to your Note's adjusted issue price on that date.

*Election to Treat All Interest as Original Issue Discount.* You may elect to include in gross income all interest that accrues on your Note using the constant-yield method described above under “— General,” with the modifications described below. For purposes of this election, interest will include stated interest, OID, de minimis original issue discount, market discount, de minimis market discount and unstated interest, as adjusted by any amortizable bond premium, described below under “— Notes Purchased at a Premium,” or acquisition premium.

If you make this election for your Note, when you apply the constant-yield method:

- the issue price of your Note would equal your cost,
- the issue date of your Note would be the date you acquired it, and
- no payments on your Note would be treated as payments of qualified stated interest.

Generally, this election will apply only to the Note for which you make it; however, if the Note has amortizable bond premium, you would be deemed to have made an election to apply amortizable bond premium against interest for all debt instruments with amortizable bond premium, other than debt instruments the interest on which is excludible from gross income, that you hold as of the beginning of the taxable year to which the election applies or thereafter. Additionally, if you make this election for a market discount Note, you would be treated as having made the election discussed below under “— Market Discount” to include market discount in income currently over the life of all debt instruments having market discount that you acquire on or after the first day of the first taxable year to which the election applies. You may not revoke any election to apply the constant-yield method to all interest on a Note or the deemed elections with respect to amortizable bond premium or market discount Notes without the consent of the IRS.

*Variable Rate Notes.* Your Note would be a variable rate Note if:

- your Note's issue price does not exceed the total noncontingent principal payments by more than the lesser of:
  1. 0.015 multiplied by the product of the total noncontingent principal payments and the number of complete years to maturity from the issue date, or
  2. 15 percent of the total noncontingent principal payments; and
- your Note provides for stated interest, compounded or paid at least annually, only at:
  1. one or more qualified floating rates,
  2. a single fixed rate and one or more qualified floating rates,
  3. a single objective rate, or
  4. a single fixed rate and a single objective rate that is a qualified inverse floating rate; and
- the value of any variable rate on any date during the term of your Note is set no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

Your Note would have a variable rate that is a qualified floating rate if:

- variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which your Note is denominated; or
- the rate is equal to such a rate either:
  1. multiplied by a fixed multiple that is greater than 0.65 but not more than 1.35 or
  2. multiplied by a fixed multiple greater than 0.65 but not more than 1.35, and then increased or decreased by a fixed rate.

If your Note provides for two or more qualified floating rates that are within 0.25 percentage points of each other on the issue date or can reasonably be expected to have approximately the same values throughout the term of the Note, the qualified floating rates together constitute a single qualified floating rate.

Your Note would not have a qualified floating rate, however, if the rate is subject to certain restrictions (including caps, floors, governors, or other similar restrictions) unless such restrictions are caps, floors or governors that are fixed throughout the term of the Note or such restrictions are not reasonably expected to significantly affect the yield on the Note.

Your Note would have a variable rate that is a single objective rate if:

- the rate is not a qualified floating rate, and
- the rate is determined using a single, fixed formula that is based on objective financial or economic information that is not within the control of or unique to the circumstances of the issuer or a related party.

Your Note would not have a variable rate that is an objective rate, however, if it is reasonably expected that the average value of the rate during the first half of your Note's term would be either significantly less than or significantly greater than the average value of the rate during the final half of your Note's term.

An objective rate as described above is a qualified inverse floating rate if:

- the rate is equal to a fixed rate minus a qualified floating rate, and
- the variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the cost of newly borrowed funds.

Your Note would also have a single qualified floating rate or an objective rate if interest on your Note is stated at a fixed rate for an initial period of one year or less followed by either a qualified floating rate or an objective rate for a subsequent period, and either:

- the fixed rate and the qualified floating rate or objective rate have values on the issue date of the Note that do not differ by more than 0.25 percentage points or
- the value of the qualified floating rate or objective rate is intended to approximate the fixed rate.

In general, if your variable rate Note provides for stated interest at a single qualified floating rate or objective rate, or one of those rates after a single fixed rate for an initial period, all stated interest on your Note is qualified stated interest. In this case, the amount of OID, if any, is determined by using, in the case of a qualified floating rate or qualified inverse floating rate, the value as of the issue date of the qualified floating rate or qualified inverse floating rate, or, for any other objective rate, a fixed rate that reflects the yield reasonably expected for your Note.

If your variable rate Note does not provide for stated interest at a single qualified floating rate or a single objective rate, and also does not provide for interest payable at a fixed rate other than a single fixed rate for an initial period, you generally would determine the interest and OID accruals on your Note by:

- determining a fixed rate substitute for each variable rate provided under your variable rate Note,
- constructing the equivalent fixed rate debt instrument, using the fixed rate substitute described above,
- determining the amount of qualified stated interest and OID with respect to the equivalent fixed rate debt instrument, and
- adjusting for actual variable rates during the applicable accrual period.

When you determine the fixed rate substitute for each variable rate provided under the variable rate note, you generally will use the value of each variable rate as of the issue date or, for an objective rate that is not a qualified inverse floating rate, a rate that reflects the reasonably expected yield on your Note.

If your variable rate Note provides for stated interest either at one or more qualified floating rates or at a qualified inverse floating rate, and also provides for stated interest at a single fixed rate other than at a single fixed rate for an initial period, you generally would determine interest and OID accruals by using the method described in the previous paragraph. However, your variable rate Note would be treated, for purposes of the first three steps of the determination, as if your Note had provided for a qualified floating rate, or a qualified inverse floating rate, rather than the fixed rate. The qualified floating rate, or qualified inverse floating rate, that replaces the fixed rate must be such that the fair market value of your variable rate Note as of the issue date approximates the fair market value of an otherwise identical debt instrument that provides for the qualified floating rate, or qualified inverse floating rate, rather than the fixed rate.

*Short-Term Notes.* In general, if you are an individual or other cash basis U.S. Holder of a short-term Note, you are not required to accrue OID, as specially defined below for the purposes of this paragraph, for U.S. federal income tax purposes unless you elect to do so (although it is possible that you may be required to include any stated interest in income as you receive it). If you are an accrual basis taxpayer, a taxpayer in a special class, including, but not limited to, a regulated investment company, common trust fund, or a certain type of pass-through entity, or a cash basis taxpayer who so elects, you would be required to accrue OID on short-term Notes on either a straight-line basis or under the constant-yield method, based on daily compounding. If you are not required and do not elect to include OID in income currently, any gain you realize on the sale or retirement of your short-term Note would be ordinary income to the extent of the accrued OID, which would be determined on a straight-line basis unless you make an election to accrue the OID under the constant-yield method, through the date of sale or retirement. However, if you are not required and do not elect to accrue OID on your short-term Notes, you would be required to defer deductions for interest on borrowings allocable to your short-term Notes in an amount not exceeding the deferred income until the deferred income is realized.

When you determine the amount of OID subject to these rules, you must include all interest payments on your short-term Note, including stated interest, in your short-term Note's stated redemption price at maturity.

*Foreign Currency Discount Notes.* If your Discount Note is denominated in, or determined by reference to, a foreign currency, you would determine OID for any accrual period on your Discount Note in the foreign currency and then translate the amount of OID into U.S. dollars in the same manner as stated interest accrued by an accrual basis United States holder, as described under "— U.S. Holders — Payments of Interest." You may recognize ordinary income or loss when you receive an amount attributable to OID in connection with a payment of interest or the sale or retirement of your Note.

### *Market Discount*

You would be treated as if you purchased your Note, other than a short-term note, at a market discount, and your Note would be a market discount Note if:

- you purchase your Note for less than its issue price as determined above under “— Original Issue Discount — General” and
- the difference between the Note’s stated redemption price at maturity or, in the case of a Discount Note, the Note’s revised issue price, and the price you paid for your note is equal to or greater than  $\frac{1}{4}$  of 1 percent of your note’s stated redemption price at maturity multiplied by the number of complete years to the Note’s maturity. To determine the revised issue price of your Note for these purposes, you generally add any OID that has accrued on your Note to its issue price.

If your Note’s stated redemption price at maturity or, in the case of a Discount Note, its revised issue price, exceeds the price you paid for the Note by less than  $\frac{1}{4}$  of 1 percent of the Note’s stated redemption price at maturity multiplied by the number of complete years to the Note’s maturity, the excess constitutes de minimis market discount, and the rules discussed below are not applicable to you.

You must treat any gain you recognize on the maturity or disposition of your market discount Note as ordinary income to the extent of the accrued market discount on your Note. Alternatively, you may elect to include market discount in income currently over the life of your Note. If you make this election, it would apply to all debt instruments with market discount that you acquire on or after the first day of the first taxable year to which the election applies. You may not revoke this election without the consent of the IRS. If you own a market discount Note and do not make this election, you would generally be required to defer deductions for interest on borrowings allocable to your Note in an amount not exceeding the accrued market discount on your Note until the maturity or disposition of your Note.

If you own a market discount Note, the market discount would accrue on a straight-line basis unless an election is made to accrue market discount using a constant-yield method. If you make this election, it would apply only to the Note with respect to which it is made and you may not revoke it. You would, however, not include accrued market discount in income unless you elect to do so as described above.

### *Notes Purchased at a Premium*

If you purchase your Note for an amount in excess of its principal amount (or, in the case of a Discount Note, in excess of the sum of all amounts payable on the Note after the acquisition date (other than payments of qualified stated interest)), you may elect to treat the excess as amortizable bond premium. If you make this election, you would reduce the amount required to be included in your income each accrual period with respect to interest on your Note by the amount of amortizable bond premium allocable to that accrual period, based on your Note’s yield to maturity.

If the amortizable bond premium allocable to an accrual period exceeds your interest income from your Note for such accrual period, such excess is first allowed as a deduction to the extent of interest included in your income in respect of the Note in previous accrual periods and is then carried forward to your next accrual period. If the amortizable bond premium allocable and carried forward to the accrual period in which your Note is sold, retired or otherwise disposed of exceeds your interest income for such accrual period, you would be allowed an ordinary deduction equal to such excess.

If your Note is denominated in, or determined by reference to, a foreign currency, you would compute your amortizable bond premium in units of the foreign currency and your amortizable bond premium would reduce your interest income in units of the foreign currency. Gain or loss recognized that is attributable to changes in exchange rates between the time your amortized bond premium offsets interest income and the time of the acquisition of your Note is generally taxable as ordinary income or loss.

If you make an election to amortize bond premium, it would apply to all debt instruments, other than debt instruments the interest on which is excludible from gross income, that you hold at the beginning of the first taxable

year to which the election applies or that you thereafter acquire, and you may not revoke it without the consent of the IRS. See also “— Original Issue Discount — Election to Treat All Interest as Original Issue Discount.”

#### *Purchase, Sale and Retirement of the Notes*

Your tax basis in your Note will generally be the U.S. dollar cost, as defined below, of your Note, adjusted by:

- adding any OID or market discount previously included in income with respect to your Note, and then
- subtracting any payments on your Note that are not qualified stated interest payments and any amortizable bond premium to the extent that such premium either reduced interest income on your Note or gave rise to a deduction on your Note.

If you purchase your Note with foreign currency, the U.S. dollar cost of your Note would generally be the U.S. dollar value of the purchase price on the date of purchase. However, if you are a cash basis taxpayer, or an accrual basis taxpayer if you so elect, and your Note is traded on an established securities market, as defined in the applicable Treasury regulations, the U.S. dollar cost of your Note would be the U.S. dollar value of the purchase price on the settlement date of your purchase.

You will generally recognize gain or loss on the sale or retirement of your Note equal to the difference between the amount you realize on the sale or retirement, excluding any amounts attributable to accrued but unpaid interest (which will be treated as interest payments), and your tax basis in your Note. If your Note is sold or retired for an amount in foreign currency, the amount you realize would be the U.S. dollar value of such amount on the date the Note is disposed of or retired, except that in the case of a Note that is traded on an established securities market, as defined in the applicable Treasury regulations, a cash basis taxpayer, or an accrual basis taxpayer that so elects, would determine the amount realized based on the U.S. dollar value of the foreign currency on the settlement date of the sale.

You will recognize capital gain or loss when you sell or retire your Note, except to the extent:

- described above under “— Original Issue Discount — Short-Term Notes” or “— Market Discount,” or
- attributable to changes in exchange rates as described below.

Capital gain of a noncorporate U.S. Holder is generally taxed at preferential rates where the property is held for more than one year.

You must treat any portion of the gain or loss that you recognize on the sale or retirement of a Note as ordinary income or loss to the extent attributable to changes in exchange rates. However, you take exchange gain or loss into account only to the extent of the total gain or loss you realize on the transaction.

#### *Exchange of Amounts in Other Than U.S. Dollars*

If you receive foreign currency as interest on your Note or on the sale or retirement of your Note, your tax basis in the foreign currency would equal its U.S. dollar value when the interest is received or at the time of the sale or retirement. If you purchase foreign currency, you generally would have a tax basis equal to the U.S. dollar value of the foreign currency on the date of your purchase. If you sell or dispose of a foreign currency, including if you use it to purchase Notes or exchange it for U.S. dollars, any gain or loss recognized generally would be ordinary income or loss.

### *Contingent Payment Obligations*

The applicable Pricing Supplement will discuss any special U.S. federal income tax rules with respect to Notes that are subject to the rules governing contingent payment obligations.

### *Information with Respect to Foreign Financial Assets*

A U.S. Holder that owns “specified foreign financial assets” with an aggregate value in excess of \$50,000 (and in some circumstances, a higher threshold) may be required to file an information report with respect to such assets with its tax returns. “Specified foreign financial assets” may include financial accounts maintained by foreign financial institutions, as well as the following, but only if they are held for investment and not held in accounts maintained by financial institutions: (i) stocks and securities issued by non-U.S. persons, (ii) financial instruments and contracts that have non-U.S. issuers or counterparties, and (iii) interests in foreign entities. U.S. Holders are urged to consult their tax advisors regarding the application of this reporting requirement to their ownership of the Notes.

### ***Non-U.S. Holders***

This subsection describes the tax consequences to a Non-U.S. Holder.

You are a Non-U.S. Holder if you are the beneficial owner of a Note and you are, for U.S. federal income tax purposes:

- a nonresident alien individual,
- a foreign corporation, or
- an estate or trust that in either case is not subject to U.S. federal income tax on a net income basis on income or gain from a Note.

If you are a U.S. Holder, this subsection does not apply to you.

*Payments of Interest.* Under U.S. federal income tax law, and subject to the discussion of backup withholding below, if you are a Non-U.S. Holder of a Note, interest on a Note paid to you is exempt from U.S. federal income tax, including withholding tax, whether or not you are engaged in a trade or business in the U.S., unless:

- you are an insurance company carrying on a U.S. insurance business to which the interest is attributable, within the meaning of the Code, or
- you both
  1. have an office or other fixed place of business in the U.S. to which the interest is attributable and
  2. derive the interest in the active conduct of a banking, financing or similar business within the U.S., or are a corporation with a principal business of trading in stocks and securities for its own account.

*Purchase, Sale and Retirement of the Notes.* Subject to the discussion of backup withholding below, if you are a Non-U.S. Holder of a Note, you generally would not be subject to U.S. federal income tax on gain realized on the sale, exchange, retirement or other taxable disposition of a Note unless:

- the gain is effectively connected with your conduct of a trade or business in the U.S. or
- you are an individual, you are present in the U.S. for 183 or more days during the taxable year in which the gain is realized and certain other conditions exist.

### ***Treasury Regulations Requiring Disclosure of Reportable Transactions***

Treasury regulations require U.S. taxpayers to report certain transactions that give rise to a loss in excess of certain thresholds (a “Reportable Transaction”). Under these regulations, if the Notes are denominated in a foreign currency, a U.S. Holder (or a Non-U.S. Holder that holds the Notes in connection with a U.S. trade or business) that recognizes a loss with respect to the Notes that is characterized as an ordinary loss due to changes in currency exchange rates (under any of the rules discussed above) would be required to report the loss on IRS Form 8886 (Reportable Transaction Statement) if the loss exceeds the thresholds set forth in the regulations. For individuals and trusts, this loss threshold is \$50,000 in any single taxable year. For other types of taxpayers and other types of losses, the thresholds are higher. You should consult with your tax advisor regarding any tax filing and reporting obligations that may apply in connection with acquiring, owning and disposing of Notes.

### ***Foreign Account Tax Compliance Withholding***

Under Sections 1471 through 1474 of the Code (“FATCA”), certain non-U.S. financial institutions must comply with information reporting requirements or certification requirements in respect of their direct and indirect U.S. shareholders and/or U.S. accountholders to avoid becoming subject to withholding on certain payments. We believe and take the position that we are currently an “exempt beneficial owner” and thus not subject to withholding or reporting requirements under FATCA, but the availability of this exemption depends on the nature of our activities, and there can be no assurances that we will be eligible for this exemption in any particular taxable year. If we were to fail to qualify for an exemption, we and other non-U.S. financial institutions may be required to report information to the IRS regarding the holders of Notes and to withhold on a portion of payments under the Notes to certain holders that fail to comply with the relevant information reporting requirements (or hold Notes directly or indirectly through certain non-compliant intermediaries). However, under proposed Treasury regulations, such withholding will not apply to payments made before the date that is two years after the date on which final regulations defining the term “foreign passthru payment” are enacted. Moreover, such withholding would only apply to Notes issued at least six months after the date on which final regulations defining the term “foreign passthru payment” are enacted. Holders are urged to consult their own tax advisors and any banks or brokers through which they will hold Notes as to the consequences (if any) of these rules to them.

### ***Backup Withholding and Information Reporting***

If you are a noncorporate U.S. Holder, information reporting requirements, on IRS Form 1099, generally would apply to payments of principal and interest on a Note within the U.S., and the payment of proceeds to you from the sale of a Note effected at a U.S. office of a broker (unless you are an exempt recipient). Information reporting may also apply in respect of any OID that accrues on a Note (unless you are an exempt recipient).

Additionally, backup withholding may apply to such payments if you fail to comply with applicable certification requirements or (in the case of interest payments) are notified by the IRS that you have failed to report all interest and dividends required to be shown on your federal income tax returns.

If you are a Non-U.S. Holder, you are generally exempt from backup withholding and information reporting requirements with respect to payments of principal and interest made to you outside the U.S. by us or another non-U.S. payor. You are also generally exempt from backup withholding and information reporting requirements in respect of payments of principal and interest made within the U.S. and the payment of the proceeds from the sale of a Note effected at a U.S. office of a broker, as long as either (i) the payor or broker does not have actual knowledge or reason to know that you are a U.S. person and you have furnished a valid IRS Form W-8 or other documentation upon which the payor or broker may rely to treat the payments as made to a non-U.S. person, or (ii) you otherwise establish an exemption.

Payment of the proceeds from the sale of a Note effected at a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, a sale effected at a foreign office of a broker could be subject to information reporting in the same manner as a sale within the U.S. (and in certain cases may be subject

to backup withholding as well) if (i) the broker has certain connections to the U.S., (ii) the proceeds or confirmation are sent to the U.S. or (iii) the sale has certain other specified connections with the U.S.

You generally may obtain a refund of any amounts withheld under the backup withholding rules that exceed your income tax liability by filing a refund claim with the IRS.

## **CERTAIN CONSIDERATIONS FOR ERISA AND OTHER U.S. BENEFIT PLANS**

A fiduciary of a Benefit Plan Investor should consider the fiduciary standards of ERISA in the context of the Benefit Plan Investor's particular circumstances before authorizing an investment in the Notes. Accordingly, among other factors, the fiduciary should consider whether the investment would satisfy the prudence and diversification requirements of ERISA and would be consistent with the documents and instruments governing the Benefit Plan Investor, and whether the investment would involve a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code.

Section 406 of ERISA and Section 4975 of the Code prohibit Benefit Plan Investors from engaging in certain transactions with persons that are "parties in interest" under ERISA or "disqualified persons" under the Code with respect to such Benefit Plan Investor. A violation of these "prohibited transaction" rules may result in an excise tax and/or other penalties and liabilities under ERISA and the Code for such persons and/or the fiduciaries of such Benefit Plan Investor. Certain employee benefit plans and arrangements including those that are governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and non-U.S. plans (as described in Section 4(b)(4) of ERISA) (collectively, with Benefit Plan Investors, referred to as "Plans") are not subject to the requirements of ERISA or Section 4975 of the Code but may be subject to Similar Law.

The acquisition or holding of Notes by or on behalf of a Benefit Plan Investor could be considered to give rise to a prohibited transaction if the Issuer, the Dealers, or any of their affiliates is or becomes a party in interest or a disqualified person with respect to such Benefit Plan Investor. Certain exemptions from the prohibited transaction rules could be applicable to the acquisition and holding of the Notes by a Benefit Plan Investor depending on the type and circumstances of the plan fiduciary making the decision to acquire such Notes and the relationship of the party in interest or disqualified person to the Benefit Plan Investor. Included among these exemptions are: Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code for certain transactions between a Benefit Plan Investor and persons who are parties in interest or disqualified persons solely by reason of providing services to the Benefit Plan Investor or being affiliated with such service providers where none of the parties in interest or disqualified persons or any of their affiliates have or exercise any discretionary authority or control or render any investment advice with respect to the assets of the Benefit Plan Investor involved in the transaction and the Benefit Plan Investor pays no more and receives no less than "adequate consideration" in connection with the transaction; Prohibited Transaction Class Exemption ("PTCE") 96-23, regarding transactions effected by "in-house asset managers;" PTCE 95-60, regarding investments by insurance company general accounts; PTCE 91-38, regarding investments by bank collective investment funds; PTCE 90-1, regarding investments by insurance company pooled separate accounts; and PTCE 84-14, regarding transactions effected by "qualified professional asset managers." Even if the conditions specified in one or more of these exemptions are met, the scope of the relief provided by these exemptions might or might not cover all acts which might be construed as prohibited transactions. There can be no assurance that any of these, or any other exemption, will be available with respect to any particular transaction involving the Notes, and prospective purchasers that are Benefit Plan Investors should consult with their legal advisors regarding the applicability of any such exemption.

By acquiring a Note (or interest therein), each purchaser and transferee (and its fiduciary, as applicable) (a) is deemed to represent and warrant that either (i) it is not a Plan and it is not acquiring the Note (or interest therein) with the assets of a Plan; or (ii) the acquisition and holding of the Note (or interest therein) will not give rise to a nonexempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or result in a violation of Similar Law and (b) acknowledges and agrees that the Notes (or interest therein) are not eligible for acquisition by Benefit Plan Investors or Plans that are subject to Similar Law at any time that such Note is not rated investment grade by a nationally recognized statistical rating organization in the United States.

A Plan fiduciary considering the acquisition of Notes should consult its legal advisors regarding the matters discussed above and other applicable legal requirements.

## PLAN OF DISTRIBUTION

The Issuer, on the one hand, and J.P. Morgan Securities LLC, Banco Bilbao Vizcaya Argentaria, S.A., BBVA Securities Inc., BofA Securities, Inc., BNP Paribas, BNP Paribas Securities Corp., Crédit Agricole Corporate and Investment Bank, Deutsche Bank Aktiengesellschaft, Deutsche Bank Securities, Inc., HSBC Securities (USA) Inc. and Santander US Capital Markets LLC, on the other hand, have entered into a dealer agreement, dated as of November 11, 2024 (the “Dealer Agreement”), with respect to the Notes, setting out the arrangements under which the Notes may from time to time be agreed to be sold by the Issuer to or through the Dealers. Subject to certain conditions, each of J.P. Morgan Securities LLC, Banco Bilbao Vizcaya Argentaria, S.A., BBVA Securities Inc., BofA Securities, Inc., BNP Paribas, BNP Paribas Securities Corp., Crédit Agricole Corporate and Investment Bank, Deutsche Bank Aktiengesellschaft, Deutsche Bank Securities, Inc., HSBC Securities (USA) Inc. and Santander US Capital Markets LLC, and any dealers appointed from time to time by the Issuer (collectively, the “Dealers”) have agreed, or will be deemed to agree in the case of further Dealers appointed by the Issuer, to use their reasonable efforts to solicit purchases of Notes. The Dealer Agreement provides for the resignation or termination of appointment of the Dealers and for the appointment of additional or other Dealers either generally in respect of the Program or in relation to a particular tranche of Notes. The Issuer has the right to accept offers to purchase Notes and may reject any proposed purchase of Notes. Each Dealer may also, in its discretion reasonably exercised, reject any offer received by it in whole or in part. Any agreement for the sale of Notes will, inter alia, make provision for the form and terms and conditions of the relevant Notes, whether the placement of the Notes is underwritten or sold on an agency basis only, the price at which such Notes will be purchased by the Dealer, the commissions or other agreed deductibles (if any) which are payable or allowable by the Issuer in respect of such purchase and the form of any indemnity to the Dealer against certain liabilities in connection with the offer and sale of the relevant Notes. In connection with an offering where the Dealers are acting as initial purchasers, such offers by the Dealers are, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the Notes, and other conditions contained in the applicable Terms Agreement, such as the receipt by the initial purchasers of officers’ certificates and legal opinions. In the case of a syndicated sale, the obligations of the Dealers will be several.

The Issuer may also sell Notes to a Dealer who will purchase the Notes as principal for its own account. In that case, either the Dealer will purchase the Notes at a price equal to the issue price specified in the applicable Pricing Supplement and the Issuer will pay such Dealer a commission, or the Dealer will purchase the Notes at a price equal to the issue price specified in the applicable Pricing Supplement, less a discount. The discount will equal the applicable commission on an agency sale of the Notes with the same stated maturity. If a series of Notes is purchased by a Dealer as principal, then such sale is subject to approval of legal matters by the Dealer’s counsel, including the validity of the Notes, and other conditions contained in the Dealer Agreement and applicable Terms Agreement, such as receipt by the Dealers of officer’s certificates and legal opinions. The Dealers reserve the right to withdraw, cancel or modify offers and to reject orders in whole or in part.

A Dealer may resell any Notes it purchases as principal to other brokers or dealers at a discount, which may include all or part of the discount the Dealer received from the Issuer. If all the Notes are not sold at the initial offering price, the Dealer may change the offering price and the other selling terms.

The Issuer may also sell Notes directly to investors. The Issuer will not pay commissions on Notes that it sells directly.

During the period commencing on the date of a Terms Agreement and ending at the Time of Delivery (or such other period as may be specified in the relevant Terms Agreement), we may agree not to, without the prior consent of the applicable Dealer, issue or agree to issue any other listed notes, bonds or other debt securities of whatever nature where such notes, bonds or other debt securities would have the same maturity and currency as the Securities to be issued at the relevant Time of Delivery.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act. The Dealer Agreement provides that the Dealers may, directly or through their respective U.S. broker-dealer affiliates, arrange for the offer and resale of Notes within the United States in reliance on Rule 144A only to a “qualified institutional buyer”, or “QIB”, within the meaning of Rule 144A under the Securities Act.

In connection with an offering of Notes, the Dealers may purchase and sell Notes in the open market. These transactions may include over-allotment, syndicate covering transactions and stabilizing transactions. Over-allotment involves syndicate sales of Notes in an aggregate principal amount exceeding that set forth in the relevant Pricing Supplement, which creates a syndicate short position. Syndicate covering transactions involve purchases of the Notes in the open market after a distribution has been completed in order to cover syndicate short positions. Stabilizing transactions consist of certain bids or purchases of Notes made for the purpose of preventing or retarding a decline in the market price of the Notes while an offering is in progress.

Any of these activities may have the effect of preventing or retarding a decline in the market price of the Notes. They may also cause the price of the Notes to be higher than the price that otherwise would exist in the open market in the absence of these transactions. The Dealers may conduct these transactions in the over-the-counter market or otherwise. If the Dealers commence any of these transactions, they may discontinue them at any time.

The Dealers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities.

Certain of the Dealers and their respective affiliates may have performed, and may in the future perform, investment banking, commercial banking and advisory services for the Issuer from time to time for which they have received customary fees and expenses.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. If any of the Dealers or their affiliates have a lending relationship with the Issuer, certain of those Dealers or their affiliates routinely hedge, and certain other of those Dealers or their affiliates may hedge, their credit exposure to the Issuer, consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the securities of the Issuer, including potentially the Notes. Any such credit default swaps or short positions could adversely affect future trading prices of the Notes. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

The Issuer may from time to time purchase debt securities issued under this debt issuance program in the open market, in privately negotiated transactions or any combination thereof.

The Issuer has agreed to indemnify each Dealer against certain liabilities, including certain liabilities under the Securities Act, or to contribute to payments the Dealers may be required to make because of any of those liabilities.

Each Dealer has agreed it will not offer, sell or deliver any of the Notes in any jurisdiction except under circumstances that will result in compliance with the applicable laws thereof, and that it will take at its own expense whatever action is required to permit its offer and sale of the Notes.

Persons who receive this Offering Memorandum, any Pricing Supplement or other offering materials in respect of the Notes are, and each Holder of Notes is, required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or have in their possession or distribute such offering material, in all cases at their own expense.

## **United States**

The Notes have not been registered under the Securities Act or the securities laws of any other jurisdiction. Unless they are registered, the Notes may be offered only in transactions that are exempt from registration under the Securities Act or the securities laws of any other jurisdiction. Accordingly, the Notes are being initially offered in the

United States only to Qualified Institutional Buyers and outside the United States to non-U.S. persons in compliance with Regulation S of the Securities Act. The minimum principal amount of Notes which may be purchased for any account is U.S.\$200,000, or such larger principal amounts as shall be specified in the relevant Pricing Supplement as the minimum denomination for the Notes to which such Pricing Supplement relates (or, in either case, the equivalent thereof in another currency). Prior to any issuance of Notes in reliance on Regulation S, each relevant Dealer will be deemed to represent and agree that it will send to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from them during the distribution compliance period (as defined in Regulation S) a confirmation or notice substantially to the following effect:

“The Notes have not been registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”) or the securities laws of any other jurisdiction. Unless they are registered, the Notes may be offered only in transactions that are exempt from registration under the Securities Act or the securities laws of any other jurisdiction. Accordingly, the Notes are being initially offered in the United States only to “qualified institutional buyers” (as defined in Rule 144A under the Securities Act) (“Qualified Institutional Buyers” or “QIBs”) and outside the United States to non-U.S. persons in compliance with Regulation S of the Securities Act.”

Until the expiration of the period ending 40 days after the later of the date on which the completion of the distribution of the Notes has occurred and the issue date of the Notes, an offer or sale of the Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act or pursuant to another exemption from registration under the Securities Act.

There is no undertaking to register the Notes hereafter and they cannot be resold except pursuant to an effective registration statement or an exemption from the registration requirements of the Securities Act. Each purchaser of the Notes offered hereby in making its purchase shall be deemed to have made the acknowledgments, representations and agreements as set forth under “Transfer Restrictions.”

### **European Economic Area**

Unless the Pricing Supplement in respect of any Securities specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of an offering contemplated by the Offering Memorandum as completed by the Pricing Supplement in relation thereto to any retail investor in the EEA.

For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
  - (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

### **United Kingdom**

This document is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Order”); (ii) are persons falling within Article 49(2)(a) to (d) (“high net worth entities, companies, unincorporated associations etc.”) of the Order; or (iii) are outside the UK (all such persons together being referred to as “relevant persons”). This document is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, as amended (the “FSMA”)) received by it in connection with the issue or sale of any securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any securities in, from or otherwise involving the UK.

## **Japan**

Each Dealer will be deemed to represent and agree that the Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended, the “FIEL”), and the Notes have not been offered or sold, directly or indirectly, and may not be offered or sold, directly or indirectly, in Japan or to, or for the account or benefit of, any Japanese Person or to, or for the account or benefit of, others for re-offering or resale, directly or indirectly, in Japan or to, or for the account or benefit of, a Japanese Person, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and any other applicable laws, regulations and ministerial guidelines promulgated by the relevant Japanese governmental or regulatory authorities in effect at the relevant time. For purposes of this paragraph “Japanese Person” means any person resident in Japan, including any corporation or other entity incorporated or organized under the laws of Japan.

## **Hong Kong**

The Notes may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong) or which do not constitute an offer to the public within the meaning of the Ordinance. No advertisement, invitation or document relating to the Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong S-44 5 6 (except if permitted to do so under the laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

## **Singapore**

This Offering Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Offering Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of any Notes, may not be circulated or distributed nor may any Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than:

- (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA;
- (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or
- (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where any Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor.

Securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired any Notes pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

## **Taiwan**

The Notes have not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be sold, issued or offered within Taiwan through a public offering or in circumstances which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorized to offer, sell, give advice regarding or otherwise intermediate the offering and sale of the Notes in Taiwan.

## **Canada**

The Notes have not been and will not be qualified for sale under the securities laws of any province or territory of Canada. The Notes will not be offered, sold or distributed, directly or indirectly, in Canada or to or for the benefit of any resident of Canada, other than in compliance with applicable securities laws. This Offering Memorandum, or any other offering material in connection with any offering of Notes in Canada, will not be distributed or delivered other than in compliance with applicable securities laws.

If the Notes are offered, sold or distributed in Canada or to or for the benefit of a resident of Canada, the distribution of the Notes will be subject to such additional selling restrictions. Each Dealer will be required to agree that it will offer, sell and distribute such Notes only in compliance with such additional Canadian selling restrictions.

## **Chile**

Any Notes being offered will not be registered under the Chilean Securities Market Law (*Ley de Mercado de Valores*) in the Chilean Securities Registry (*Registro de Valores*) or in the Foreign Securities Registry (*Registro de Valores Extranjeros*), each maintained by the Chilean Financial Market Commission (*Comisión para el Mercado Financiero*, the "CMF") and, therefore, any Notes are not subject to the oversight of the CMF. As the offered securities are unregistered securities in Chile, the Issuer is not required to disclose public information about the notes in Chile. Accordingly, the Notes cannot and will not be offered or sold in Chile, directly or indirectly, by means of a "Public Offer" (as defined under Law 18.045 and regulations from the CMF), unless they are registered in the Chilean Securities Registry (*Registro de Valores*) or in the Foreign Securities Registry (*Registro de Valores*

*Extranjeros*) or they are offered in reliance of General Rule No. 452, dated February 22, 2021 issued by the CMF (the “General Rule No. 452”). Considering that the definition of public offering is quite broad, even an offering addressed to a small group of investors may be considered to be addressed to a certain specific category or group of the public and therefore be considered public under applicable law and, as such, subject to registration in Chile. The Notes may only be offered in Chile in circumstances that do not constitute a public offering under Chilean law or in compliance with CMF Rule 336 or General Rule No. 452. Pursuant to Chilean law, a public offering of securities is an offering that is addressed to the general public or to certain specific categories or groups thereof, except pursuant to the private placement exemption set forth under the Chilean Securities Market Law and CMF Rule 336 applicable to private offerings of securities in Chile made to certain “qualified investors” (*Inversionistas Calificados*) identified as such in CMF Rule 336 (which in turn are further described in General Rule No. 216, dated June 12, 2008 and General Rule No. 410, dated July 27, 2016, both issued by the CMF, as amended). Certain institutional investors (such as banks, pension funds and insurance companies) may be required to comply with specific restrictions relating to the purchase of any Notes.

## **Mexico**

The Notes have not been, and will not be, registered with the National Securities Registry (*Registro Nacional de Valores*) maintained by the Mexican National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*, or the CNBV) and, therefore the Notes may not be publicly offered or sold nor be the subject of intermediation in Mexico, publicly or otherwise, except that the Notes may be offered in Mexico to institutional and qualified investors pursuant to the private placement exception set forth in Article 8 of the Mexican Securities Market Law.

## **Peru**

The Notes and the information contained in this Offering Memorandum are not being publicly marketed or offered in Peru and will not be distributed or caused to be distributed to the general public in Peru. Peruvian securities laws and regulations on public offerings will not be applicable to the offering of the Notes and therefore, the disclosure obligations set forth therein will not be applicable to the Issuer of the Notes or the sellers of the Notes before or after their acquisition by prospective investors. The Notes and the information contained in this Offering Memorandum have not been and will not be reviewed, confirmed, approved or in any way submitted to the Peruvian Superintendency of Capital Markets (*Superintendencia del Mercado de Valores*, or “SMV”) nor have they been registered under the Securities Market Law (*Ley del Mercado de Valores*) or any other Peruvian regulations. Accordingly, the Notes cannot be offered or sold within Peruvian territory except to the extent any such offering or sale qualifies as a private offering under Peruvian regulations and complies with the provisions on private offerings set forth therein.

## **Uruguay**

The Notes have not been registered under Law No. 18.627 of December 2, 2009 with the Superintendency of Financial Services of the Central Bank of Uruguay. The Notes are not available publicly in Uruguay and are offered only on a private basis. No action may be taken in Uruguay that would render any offering of the Notes a public offering in Uruguay. No Uruguayan regulatory authority has approved the Notes or passed on our solvency. In addition, any resale of the Notes must be made in a manner that will not constitute a public offering in Uruguay.

## **Panama**

The Notes have not been, and will not be, registered for public offering in Panama with the Panamanian Superintendency of the Securities Market (*Superintendencia del Mercado de Valores*, previously the National Securities Commission of Panama) under Decree-Law 1 of July 8, 1999, as reformed by Law 67 of 2011 (the “Panamanian Securities Act”). Accordingly, the Notes may not be offered or sold in Panama or to persons domiciled in Panama, except in certain limited transactions exempted from the registration requirements of the Panamanian Securities Act. The notes do not benefit from tax incentives

accorded by the Panamanian Securities Act, and are not subject to regulation or supervision by the Panamanian Superintendency of the Securities Market.

### **Colombia**

The Notes have not been and will not be authorized by the Colombian Superintendency of Finance (Superintendencia Financiera de Colombia) and will not be registered with the Colombian National Registry of Securities and Issuers (Registro Nacional de Valores y Emisores) or on the Colombian Stock Exchange (Bolsa de Valores de Colombia). Therefore, the notes may not be offered, sold or negotiated in Colombia, except under circumstances which do not constitute a public offering of securities under applicable Colombian securities laws and regulations. Furthermore, foreign financial entities must abide by the terms of Part 4 of Decree No. 2555 of 2010 and Regulation No. 029 of 2014 issued by the Colombian Superintendency of Finance, as modified, complemented or substituted from time to time, to privately market and offer the notes to their Colombian clients.

### **Brazil**

The offer and sale of the Notes have not been and will not be registered with the Brazilian Securities Commission (Comissão de Valores Mobiliários, or “CVM”) and, therefore, will not be carried out by any means that would constitute a public offering in Brazil under CVM Resolution No 160, dated 13 July 2022, as amended (“CVM Resolution 160”) or unauthorized distribution under Brazilian laws and regulations.

## **DOCUMENTS INCORPORATED BY REFERENCE**

We “incorporate by reference” into this Offering Memorandum certain information contained in documents that are available on our website. By doing so, we are disclosing important information to you by referring you to those documents. The information incorporated by reference is an important part of this Offering Memorandum. The following documents related to us referred to below are incorporated herein by reference:

- any financial statements of the Issuer (whether audited or unaudited) that become publicly available subsequent to the financial statements included herein from time to time; and
- all amendments and supplements to this Offering Memorandum prepared by the Issuer from time to time.

The following documents related to us referred to below are included in this Offering Memorandum:

- our unaudited interim financial statements as of and for the six-month period ended June 30, 2024, including the notes thereto and the independent auditor’s report on review of interim financial information thereon, attached as Annex A-2 to this Offering Memorandum.
- our audited financial statements as of and for the years ended December 31, 2023, December 31, 2022 and December 31, 2021, including the notes thereto and the independent auditors’ reports thereon, attached as Annex A-3 to this Offering Memorandum.

“Incorporation by reference” means that the incorporated documents are considered part of this Offering Memorandum and that we can disclose important information to you by referring you to those documents.

Copies of documents incorporated by reference into this Offering Memorandum are available on our website at: <https://www.fonplata.org/>. The information contained on or accessible from our website (other than those documents specifically incorporated by reference herein), including any references to such website in this Offering Memorandum or any documents incorporated herein, does not constitute a part of this Offering Memorandum or any other document incorporated by reference and is not incorporated by reference herein. As a general matter, no information other than the information specifically designated in a supplement to this Offering Memorandum is incorporated by reference in or otherwise deemed to be a part of this Offering Memorandum.

Any statement contained in this Offering Memorandum or in a document incorporated by reference in this Offering Memorandum will be deemed to be modified or superseded for purposes of this Offering Memorandum to the extent that a statement contained in any subsequent document modifies or supersedes that statement. Any statement that is modified or superseded in this manner will no longer be a part of this Offering Memorandum, except as modified or superseded.

## **VALIDITY OF THE NOTES**

The validity under New York law of the Notes will be passed upon for the Issuer by Sullivan & Cromwell LLP and for the Dealers by Paul Hastings LLP. Certain legal matters governed by the Charter will be passed on by Andrés Uslenghi, Legal Counsel of the Issuer. Sullivan & Cromwell LLP and Paul Hastings LLP may rely as to certain matters on the opinion of Mr. Uslenghi. The opinions of Sullivan & Cromwell LLP and Paul Hastings LLP will be conditioned upon, and subject to certain assumptions regarding, future action required to be taken by the Issuer and the Fiscal and Paying Agent in connection with the issuance and sale of any particular Note, the specific terms of Notes and other matters which may affect the validity of Notes but which cannot be ascertained on the date of such opinions.

## **INDEPENDENT AUDITORS**

The financial statements of the Issuer as of and for the six-month period ended June 30, 2024, included in this Offering Memorandum have been reviewed by Mancera, S.C., independent auditors, as stated in their report appearing herein. Mancera, S.C. is a member of Ernst & Young Global Limited.

The financial statements of the Issuer as of and for the year ended December 31, 2023, included in this Offering Memorandum have been audited by Mancera, S.C., independent auditors, as stated in their report appearing herein. Mancera, S.C. is a member of Ernst & Young Global Limited.

The financial statements of the Issuer as of and for the year ended December 31, 2022, included in this Offering Memorandum have been audited by Ernst & Young Ltda., independent auditors, as stated in their report appearing herein.

The financial statements of the Issuer as of and for the year ended December 31, 2021, included in this Offering Memorandum have been audited by PricewaterhouseCoopers S.R.L., independent accountants, as stated in their report appearing herein.

## GENERAL INFORMATION

### *Authorization*

The establishment of the program and the issue of Notes have been duly authorized by resolutions of the Board of the Issuer dated March 8, 2017, November 26, 2019 and October 7, 2021.

### *Admission to trading of Notes*

Application has been made to the London Stock Exchange for the Notes to be admitted to trading on the ISM or to any other stock exchange and/or quotation system as may be agreed between the Issuer and the relevant Dealer. Application may also be made for any Notes specified as Social Debt Instruments, Green Debt Instruments, or Sustainability Debt Instruments in the applicable Pricing Supplement to be displayed on the SBM.

### *Documents Available*

For as long as any Notes are outstanding, copies of the following documents will be available in physical form for inspection from the registered office of the Issuer:

- the Charter, the Regulations of the Issuer and the Immunities Agreement;
- the independent auditors' audit reports on our IFRS financial statements as of and for the years ended December 31, 2023, 2022 and 2021;
- when published, our most recently published audited annual financial statements together with any audit reports prepared in connection therewith;
- the Fiscal and Paying Agency Agreement;
- a copy of this Offering Memorandum; and
- any future offering memoranda, base prospectuses, prospectuses, information memoranda, supplements, and Pricing Supplement (except that Pricing Supplements which relate to series of Notes which are not admitted for trading on the ISM will only be made available to Holders of the relevant series of Notes on the production of evidence satisfactory to the Issuer and the Fiscal and Paying Agent as to the identity and holdings of such Holders of Notes) to this Offering Memorandum and any other documents incorporated herein or therein by reference.

This Offering Memorandum and the documents incorporated by reference herein will be available free of charge.

### *Clearing Systems*

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg, which are the entities in charge of keeping the records. The appropriate Common Code and ISIN (if any) for each series of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Pricing Supplement. In addition, the Issuer may make an application for any Notes in registered form to be accepted for trading in book-entry form by DTC. The CUSIP and/or CINS numbers (if applicable) for each series of such Notes, together with the relevant ISIN and (if applicable) Common Code, will be specified in the applicable Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system, then the appropriate information will be specified in the applicable Pricing Supplement.

Through DTC's accounting and payment procedures, DTC will, in accordance with its customary procedures, credit interest payments received by DTC on any Interest Payment Date based upon DTC Participants' holdings of the Notes on the close of business on the New York Business Day immediately preceding each such Interest Payment

Date. A “New York Business Day” is a day other than a Saturday, a Sunday or any other day on which banking institutions in New York, New York are authorized or required by law or executive order to close.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of DTC is 55 Water Street, New York, New York 10041, United States of America.

### ***Conditions for Determining Price***

The price and amount of Notes to be issued under the Program will be determined by the Issuer and the relevant Dealer(s) or investor(s) at the time of issue in accordance with prevailing market conditions.

### ***Significant or Material Change***

Since December 31, 2023 (a) there has been no significant change in the financial performance or financial position of the Issuer and (b) there has been no material adverse change in the financial position or prospects of the Issuer.

### ***Litigation***

The Issuer is not or has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), during a period covering at least the previous 12 months, which may have, or have had in the recent past, significant effects on the Issuer’s financial position or profitability.

### ***Interests of Natural and Legal Persons Involved in the Issue***

Except with respect to the fees to be paid to the Dealers, so far as we are aware, no natural or legal person involved in the issue of the Notes has an interest, including a conflicting interest, material to the issue of the Notes.

### ***Issuer***

Our headquarters are in Santa Cruz de la Sierra, Bolivia. We were established in 1974 and began operations in 1977. The address of our registered office is San Martín Avenue N° 155, Equipetrol, Ambassador Business Center Building, 4th Floor, Santa Cruz de la Sierra, Bolivia.

### ***Independent Auditors***

The financial statements of the Issuer as of and for the six-month period ended June 30, 2024, included in this Offering Memorandum have been reviewed by Mancera, S.C., as independent auditors. Mancera S.C. is located at Ejército Nacional Avenue, 843-B Antara Polanco, Mexico, D.F. 11520. Mancera, S.C. is a member of Ernst & Young Global Limited.

The financial statements of the Issuer as of and for the year ended December 31, 2023 included in this Offering Memorandum have been audited by Mancera, S.C., as independent auditors. Mancera S.C. is located at Ejército Nacional Avenue, 843-B Antara Polanco, Mexico, D.F. 11520. Mancera, S.C. is a member of Ernst & Young Global Limited.

Ernst & Young Ltda. was the independent auditor that audited the financial statements of the Issuer as of and for the year ended December 31, 2022 included in this Offering Memorandum. Ernst & Young Ltda. is located at Cristo Redentor 4to Anillo Avenue, Torre Empresarial MSC Building, Floor 13, Santa Cruz de la Sierra, Bolivia.

PricewaterhouseCoopers S.R.L. was the independent auditor that audited the financial statements of the Issuer as of and for the year ended December 31, 2021 included in this Offering Memorandum.

PricewaterhouseCoopers S.R.L. is located at Calle I - Esq. Viador Pinto Equipetrol Norte, Edif, Omnia Dei - Primer Piso, Santa Cruz de la Sierra, Bolivia.

***Paying Agents***

The Bank of New York Mellon will act as Paying Agent with respect to DTC Notes. The Bank of New York Mellon's address is 240 Greenwich Street, Floor 7E, New York, New York 10286.

The Bank of New York Mellon, London Branch will act as London Paying Agent with respect to Euro Notes held through Euroclear/Clearstream. The Bank of New York Mellon's London branch's address is 160 Queen Victoria Street, London EC4V 4LA, United Kingdom.

## ANNEX A-1: FORM OF PRICING SUPPLEMENT

### [PROHIBITION OF SALES TO EEA RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]<sup>1</sup>

#### [MiFID II Product Governance / Eligible Counterparties and Professional Clients Only Target Market

Solely for the purposes of [each][the] manufacturer[‘s/s’] product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (a) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, “MiFID II”)] [MiFID II], and (b) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the manufacturer[‘s/s’] target market assessment; *however*, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels.]<sup>2</sup>

### PROHIBITION OF SALES TO UK RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the “UK”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “EUWA”); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the “FSMA”) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the notes or otherwise making them available to any retail investor in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

#### [UK MiFIR Product Governance / Eligible Counterparties and Professional Clients Only Target Market –

Solely for the purposes of [the/each] manufacturer[‘s/s’] product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (a) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“COBS”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018 (“UK MiFIR”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any [person subsequently offering, selling or recommending

<sup>1</sup> Only applicable where paragraph 26 of the Pricing Supplement is marked as “Applicable.”

<sup>2</sup> Delete where none of the Agents are MiFID II investment firms that are manufacturers pursuant to MiFID II for the purposes of the offering of the relevant series of Notes, or revise where the relevant manufacturers have determined that an alternative target market is appropriate for the offering of the relevant series of Notes (or beneficial interests therein). If this paragraph is included but the paragraph regarding the PRIIPs Regulation is not included, then include the MiFID II definition in this paragraph.

the Notes (a “distributor”)/[distributor] should take into consideration the manufacturer[‘s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “UK MiFIR Product Governance Rules”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels.]<sup>3</sup>

[FOR SINGAPORE RESIDENTS ONLY

The Notes may not be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (as amended or modified from time to time, the “SFA”) or (ii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.]<sup>4</sup>

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<sup>3</sup> Delete where none of the Agents are UK MiFIR investment firms that are investment firms that are manufacturers pursuant to UK MiFIR for the purposes of the offering of the relevant series of Notes, or revise where the relevant manufacturers have determined that an alternative target market is appropriate for the offering of the relevant series of Notes (or beneficial interests therein).

<sup>4</sup> Only applicable where sales in Singapore are contemplated.

Pricing Supplement No. []

Pricing Supplement Dated []

# US\$[ ]

## Fondo Financiero para el Desarrollo de la Cuenca del Plata

Legal Entity Identifier (LEI): 254900GFRCPNS88N4K89

[Title of Notes] under the  
Medium Term Note Program

[Dealer Name(s)]

This Pricing Supplement supplements the Offering Memorandum, dated November 11, 2024, relating to Fondo Financiero para el Desarrollo de la Cuenca del Plata's Medium Term Note Program, (together, the "Offering Memorandum"), and should be read in conjunction with the Offering Memorandum. Terms used but not defined herein have the same meaning as in the Offering Memorandum.

[Include whichever of the following apply:]

1. Series number: []
2. (a) Aggregate principal amount: []  
(b) Stated maturity: []
3. (a) Issue date: []  
(b) Issue price: [generally, % of principal amount]  
(c) Price to Dealer(s): [generally, % of principal amount]  
(d) Trade date: []  
(e) Settlement date: []
4. Authorized denomination(s): []
5. Specified Currency: []
6. Interest/payment basis: [Fixed Rate Notes/Floating Rate Notes/Zero Coupon Notes/[Currency Indexed Notes/Indexed Notes/]Foreign Currency Notes/Original Issue Discount Notes] [Other] (further particulars specified below)
7. Fixed Rate Notes: [Applicable]  
(a) Fixed rate of interest: [[ ]% per annum] [Not Applicable]  
(b) Interest payment date(s): [ ] [Not Applicable]  
(c) Other terms for computing interest: [ ]  
(d) Day count fraction: [ ] [Not Applicable]  
(e) Determination Date(s): [ ] [Not Applicable]  
(f) Regular Record Date(s): [ ]
8. Floating Rate Notes: [ ]  
(a) Base Rate [Commercial Paper Rate/Prime Rate/SOFR/EURIBOR/SONIA/Treasury Rate/CMT Rate/Federal Funds Rate/Other interest rate formula (provide details) (if SOFR, specify whether Compounded SOFR Notes with Lookback, Compounded SOFR Notes with Observation Period Shift, Compounded SOFR Notes with Payment Delay, Compounded SOFR Index Notes with Observation Period Shift, Compounded SOFR Index Notes with Payment Delay, Non-Compounded SOFR Notes or Weighted Average (ISDA) SOFR Notes]

- (b) Spread:  +/-  \_\_\_ basis points  [% per annum
- (c) Spread Multiplier:
- (d) Index currency:  [*Include if Base Rate is CMT Rate.*]
- (e) Designated CMT Refinitiv Page:  [*If Designated CMT Refinitiv Page is Refinitiv Page FEDCMT, specify weekly or monthly average.*]
- (f) ISDA Designation:  
 - Floating Rate Option:   
 - Designated Maturity:   
 - Reset Date:
- (g) Index Maturity:
- (h) Interest Determination Date(s):
- (i) Minimum rate of interest:  [% per annum
- (j) Maximum rate of interest:  [% per annum
- (k) Calculation Agent:
- (l) Initial Base Rate:
- (m) Initial interest rate:
- (n) Interest Payment Date(s):
- (o) Regular Record Date(s):
- (p) Calculation Date(s):
- (q) Interest period(s):
- (r) Interest period date(s):
- (s) Initial Interest Reset Date:
- (t) Interest Reset Period:
- (u) Interest Reset Dates:
- (v) Day count fraction:  [*Actual/360 [If Base Rate is SOFR]*]
- (w) Rate Cut-Off Date:  [*The  U.S. Government Securities Business Day prior to the relevant Interest Payment Date [Include for Compounded SOFR Notes with Payment Delay, Compounded SOFR Index Notes with Payment Delay or for Non-Compounded SOFR Notes][N/A]*]
- (x) Method of averaging:  [*Weighted Average (as defined in the ISDA Definitions)] [Compound Average] [Include if Base Rate is SOFR][N/A]*]
- (y) Observation Lookback Period:  [N/A]
- (z) SOFR Interest Determination Date:  [*U.S. Government Securities Business Days prior to the Interest Payment Date [Include for Compounded SOFR Notes with Lookback, Observation Period Shift or Payment Delay]*]
- (aa) Look Back Number of U.S. Government Securities Business Days:  [*Include for Compounded SOFR Notes with Lookback]*]
- (bb) Observation Period:  [*U.S. Government Securities Business Days prior to the first date of the relevant Interest Period or the related Interest Payment Date [Include for Compounded SOFR Notes with Observation Period Shift or Compounded SOFR Index Notes with Observation Period Shift]*]
- (cc) Interest Accrual Period:  [*quarterly, monthly, other] [Include for Compounded SOFR Notes with Payment Delay or Compounded SOFR Index Notes with Payment Delay]*]
- (dd) Interest Accrual Period End Dates:  [*Include for Compounded SOFR Notes with Payment Delay]*]
- (ee) Interest Payment Dates:  [*The  Business Day following each Interest Accrual Period End Date [Include for Compounded SOFR Notes with Payment Delay or Compounded SOFR Index Notes with Payment Delay]*]

- (ff) SOFR Index Start and End Dates:  U.S. Government Securities Business Days [*Include for Compounded SOFR Index Notes with Observation Period Shift or Compounded SOFR Index Notes with Payment Delay of other than two U.S. Government Securities Business Days*]
- (gg) Lag Period:  U.S. Government Securities Business Days prior to the Interest Reset Date [*Include if Base Rate is Non-Compounded SOFR*] [N/A]
- (hh) Additional provisions for calculating interest on Floating Rate Notes:
9. Zero Coupon Notes:
- (a) Formula/basis of determining amount:  payable at maturity:
10. Foreign Currency Notes:
- (a) Exchange Agent:
11. Original Issue Discount Notes:  [Yes/No]
- (a) Total amount of OID:  per [US\$] 1,000 principal amount]
- (b) Yield to maturity:
- (c) Method used to determine yield:
- (d) Initial accrual period of OID:  per [US\$] 1,000 principal amount]
- (e) Formula/basis for determining amount payable upon redemption or acceleration of maturity:
12. Redemption at the Issuer's and/or Noteholders' option — [Yes/No], if yes:  [*specify*]
- (a) Redemption commencement date:
- (b) Redemption price(s):  [% of principal amount]
- (c) Redemption period(s):
- (d) Redemption date(s):
- (e) Repayment date(s):
- (f) Repayment price(s):
13. Additional selling restrictions:  [*give details*]
14. Other terms or special conditions or modifications:
15. Applicable definition of Business Day:
16. As applicable:
- Euroclear and Clearstream, Luxembourg common code:
- CUSIP number:
- ISIN number:
17. Notes to be admitted to trading on the London Stock Exchange's International Securities Market:  [Yes/No]
18. Form of Notes:  [Certificated Note][DTC Note][Euro Note]
- [*Specify any alternative form of Notes.*]
- [*Specify any modified/additional circumstances under which the Holder of a Global Note is entitled to receive Certificated Notes.*]
- [*Specify any circumstances under which the Notes may be exchanged.*]
- [*Specify any rules governing conversion, exercise or exchange of Notes*]

- |  |   |
|--|---|
| 19. Depository:  | [DTC/Euroclear/Clearstream]   |
| 20. Net proceeds:  | [ ]   |
| 21. Selling commission or discount:  | [ ]   |
| 22. Registrar, Transfer Agent, Paying Agent(s), co-agents, Exchange Agent(s) (if any):                     | [ ]   |
| 23. Intended use of proceeds of the Notes (if other than general purposes):                                | [ ] [Social Debt Instruments, Green Debt Instruments, or Sustainability Debt Instruments] |
| 24. Method of distribution (syndicated/non-syndicated):  | [ ]   |
| 25. Prohibition of sales to EEA Retail Investors:  | [Applicable/Not Applicable] <sup>5</sup>  |
| 26. Name(s) of the Dealer(s) or syndicates of dealer(s) that are to offer and sell the Notes to be issued: | [ ]   |
| 27. Stabilization Manager(s) (if any):   | [Not Applicable][Yes: <i>[Provide name(s)]</i> ]  |
| 28. Ratings covenant of the Issuer:  | [Not Applicable][Yes: <i>[Specify ratings agencies]</i> ]                                 |

Responsibility

Fondo Financiero para el Desarrollo de la Cuenca del Plata accepts responsibility for the information contained in this Pricing Supplement, which, when read together with the Offering Memorandum referred to above, contains all information that is material in the context of the issue of the Notes.

Signed on behalf of Fondo Financiero para el Desarrollo de la Cuenca del Plata:

By: \_\_\_\_\_

Duly authorized signatory

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<sup>5</sup> If the offer of the Notes clearly do not constitute “packaged” products, “Not Applicable” should be specified. If the offer of the Notes may constitute “packaged” products and no key information document will be prepared, “Applicable” should be specified.

**ANNEX A-2: JUNE 30, 2024 FINANCIAL STATEMENTS**

(Free translation from the original issued in Spanish)

**FONPLATA - BANCO MULTILATERAL DE DESARROLLO**

**Interim financial statements**

June 30, 2024  
with the independent auditor's report

(Free translation from the original issued in Spanish)

FONPLATA - BANCO MULTILATERAL DE DESARROLLO

**Interim Financial statements**

June 30, 2024

**Content:**

Independent auditor's report on review on interim financial information

Unaudited interim financial statements:

Interim statement of financial position

Interim statement of profit or loss and other comprehensive income

Interim statement of cash flows

Interim statement of changes in equity

Notes to the interim financial statements

## REPORT ON REVIEW IN INTERIM FINANCIAL INFORMATION

To the Assembly of Governors  
FONPLATA - Banco Multilateral de Desarrollo

### Introduction

We have reviewed the attached interim financial statements of FONPLATA - Banco Multilateral de Desarrollo (the "Bank") as at June 30, 2024, and the related interim statements of financial position, profit or loss and other comprehensive income, cash flows, and changes in equity for the six-month period then ended and the material explanatory notes. The Bank's Management is responsible for the preparation and presentation of these interim financial statements in accordance with International Accounting Standard No. 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim financial statements based on our review.

### Scope of the Review

We have conducted our review in accordance with the International Standard on Review Engagements (ISRE 2410) - "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, as well as applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the attached interim financial information does not present fairly, in all material respects, the financial position of FONPLATA - Development Multilateral Bank as of June 30, 2024, as well as its results and its cash flows for the six-month period ended on that date, in accordance with International Accounting Standard No. 34 "Interim Financial Reporting".

Mancera, S.C.  
Integrante de  
Ernst & Young Global Limited

C.P.C. Gabriel Alejandro Baroccio Pompa

México City,  
August 16, 2024

(Free translation from the original issued Spanish)  
**FONPLATA – Multilateral Development Bank**  
**INTERIM STATEMENTS OF FINANCIAL POSITION<sup>1</sup>**  
 (All amounts expressed in millions of U.S. dollars)

	<u>As of June, 2024</u>	<u>As of December, 2023</u>
<b>ASSETS</b>		
Cash and cash equivalents – Notes 8.1 and 8.3	440.1	324.2
<b>Investments</b>		
At fair value with changes in other comprehensive income – Note 8.2	298.7	376.4
At amortized cost	<u>1.5</u>	<u>30.0</u>
<b>Loan portfolio – Note 8.4</b>	1,973.6	1,853.3
<b>Accrued interest</b>		
On investments– Note 8.2 and 8.3	2.7	3.3
On loans – Note 8.4	<u>44.5</u>	<u>39.5</u>
<b>Other assets</b>		
Fair value hedge derivatives– Note 8.5 (ii)	--	6.8
Property and equipment, net – Note 9.1	5.0	5.2
Miscellaneous – Note 9.2	<u>1.4</u>	<u>1.4</u>
<b>Total assets</b>	<u><u>2,767.5</u></u>	<u><u>2,640.1</u></u>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
Fair value hedge derivatives– Note 8.5 (ii)	2.4	--
Borrowings – Note 8.5	1,103.1	1,050.0
Other liabilities – Note 9.3	15.9	16.0
Special funds – Note 8.6	<u>23.5</u>	<u>24.5</u>
<b>Total liabilities</b>	<u><u>1,144.9</u></u>	<u><u>1,090.5</u></u>
<b>Equity</b>		
<b>Capital – Note 10.1</b>		
Authorized	3,014.2	3,014.2
Less callable portion	<u>(1,665.0)</u>	<u>(1,665.0)</u>
Paid-in capital	1,349.2	1,349.2
Paid-in capital pending integration	<u>(107.6)</u>	<u>(138.8)</u>
General reserve – Note 10.3	246.9	246.9
Other reserves – Note 10.2	2.0	0.2
Retained earnings – Note 10.3	<u>132.1</u>	<u>92.1</u>
<b>Total equity</b>	<u><u>1,622.6</u></u>	<u><u>1,549.6</u></u>
<b>Total liabilities and equity</b>	<u><u>2,767.5</u></u>	<u><u>2,640.1</u></u>

<sup>1</sup>The information as of June 30, 2024, and 2023, has been subject to a limited review, which, as indicated in the independent auditors' report, involves a scope of work less than that of a financial statement audit.

Luciana Botafogo Brito  
 EXECUTIVE PRESIDENT

Antonio Mullisaca Díaz  
 CHAIRPERSON BOARD OF EXECUTIVE DIRECTORS

Fernando A, Fernandez Mantovani  
 CHIEF ACCOUNTING AND BUDGET

Rafael Robles  
 VICEPRESIDENT OF FINANCE

(Free translation from the original issued in Spanish)

**FONPLATA – Multilateral Development Bank**

**INTERIM STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME<sup>1</sup>**

(All amounts expressed in millions of U.S. dollars)

	<b>January 1 through June 30,</b>	
	<b>2024</b>	<b>2023</b>
<b>INCOME – Note 11</b>		
<b>Loan portfolio</b>		
Interest	81.8	66.1
Other loan income	3.0	2.8
	<u>84.8</u>	<u>68.9</u>
<b>Investments</b>		
Interest	9.3	12.5
Other	0.3	0.4
	<u>9.6</u>	<u>12.9</u>
<b>Income from financial assets</b>	<u>94.4</u>	<u>81.8</u>
 <b>EXPENSES</b>		
Interest expense	(36.0)	(29.7)
<b>Income from financial assets, net</b>	<u>58.4</u>	<u>52.1</u>
Other income/expenses	(11.9)	(10.5)
Income before provision and administrative expenses	46.5	41.6
Provision for loan impairment	(0.4)	(4.4)
<b>Income after provision for loan impairment</b>	<u>46.1</u>	<u>37.2</u>
Administrative expenses – Note 12	(6.1)	(6.4)
<b>Net income</b>	<b>40.0</b>	<b>30.8</b>
<b>Items that may be reclassified to profit or loss:</b>		
Changes in fair value of investments	1.8	(0.1)
<b>Items that will be not reclassified to profit or loss:</b>		
Technical appraisal of property	-.-	-.-
<b>Comprehensive income</b>	<u>41.8</u>	<u>30.7</u>

<sup>1</sup>The information as of June 30, 2024, and 2023, has been subject to a limited review, which, as indicated in the independent auditors' report, involves a scope of work less than that of a financial statement audit.

Luciana Botafogo Brito  
EXECUTIVE PRESIDENT

Antonio Mullisaca Díaz  
CHAIRPERSON BOARD OF EXECUTIVE  
DIRECTORS

Fernando A, Fernandez Mantovani  
CHIEF ACCOUNTING AND BUDGET

Rafael Robles  
VICEPRESIDENT OF FINANCE

(Free translation from the original issued in Spanish)

**FONPLATA – Multilateral Development Bank**

**INTERIM STATEMENTS OF CASH FLOWS<sup>1</sup>**

(All amounts expressed in millions of U.S. dollars)

	<b>January 1 through June 30,</b>	
	<b>2024</b>	<b>2023</b>
<b>Cash Flows from Operating Activities</b>		
Lending		
Disbursements	(230.4)	(67.1)
Cash received from loan principal amortizations	109.8	83.8
Net disbursements	(120.6)	16.7
Cash received from interest and other loan charges	79.8	62.0
<b>Net flows in lending activities</b>	<b>(40.8)</b>	<b>78.7</b>
<b>Other operating flows:</b>		
Payment of salaries, benefits, and other personnel expenses	(3.6)	(3.8)
Payment of administrative expenses	(2.6)	(1.7)
Increase in trade accounts payable and with special funds	0.3	(1.3)
<b>Net flows used in other operating activities</b>	<b>(5.9)</b>	<b>(6.8)</b>
<b>Net flows from operating activities</b>	<b>(46.7)</b>	<b>71.9</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from borrowings	316.4	54.0
Derivatives – Collateral received/deposited at counterparts	(46.1)	11.5
Repayment of borrowings and debt service	(256.0)	(111.1)
<b>Net flows from financing from third parties</b>	<b>14.3</b>	<b>(45.6)</b>
Collection of paid-in capital subscriptions	31.2	97.5
<b>Net flows from financing activities</b>	<b>45.5</b>	<b>51.9</b>
<b>Cash flows from investing activities</b>		
Collection of investment income	9.1	12.7
Net sales/(purchase) of investments	108.1	(48.5)
Capital expenditures	(0.1)	-
<b>Net flows from investment activities</b>	<b>117.1</b>	<b>(35.8)</b>
<b>Increase in cash and equivalents during the year</b>	<b>115.9</b>	<b>88.0</b>
<b>Cash and Cash equivalents at the beginning of the year</b>	<b>324.2</b>	<b>217.6</b>
<b>Cash and Cash equivalents at the end of the year</b>	<b>440.1</b>	<b>305.6</b>

<sup>1</sup>The information as of June 30, 2024, and 2023, has been subject to a limited review, which, as indicated in the independent auditors' report, involves a scope of work less than that of a financial statement audit.

Luciana Botafogo Brito  
EXECUTIVE PRESIDENT

Antonio Mullisaca Díaz  
CHAIRPERSON BOARD OF EXECUTIVE DIRECTORS

Fernando A, Fernandez Mantovani  
CHIEF ACCOUNTING AND BUDGET

Rafael Robles  
VICEPRESIDENT OF FINANCE

(Free translation from the original issued in Spanish)  
**FONPLATA – Multilateral Development Bank**  
**INTERIM STATEMENTS OF CHANGES IN EQUITY<sup>1</sup>**  
 (All amounts expressed in millions of U.S. dollars)

	<u>Paid-in Capital</u>	<u>General Reserve</u>	<u>Reserve for changes in the value of investments at fair value</u>	<u>Reserve for revaluation of property</u>	<u>Retained Earnings</u>	<u>Total</u>
<b>Balance as of January 1, 2023</b>	1,081.7	203.6	(4.6)	0.6	47.6	1,328.9
Capital increase – Paid-in portion	97.5	-	-	-	-	97.5
Allocated by the Assembly of Governors to:						
General Reserve	-	-	-	-	-	-
Fund for the Compensation of Interest Rate (FOCOM)	-	-	-	-	-	-
Technical Cooperation Program (PCT)	-	-	-	-	-	-
Net income for the year	-	-	-	-	30.8	30.8
Other comprehensive income for the year	-	-	-	-	-	-
<b>Balance as of June 30, 2023</b>	<u>1,179.2</u>	<u>203.6</u>	<u>(4.6)</u>	<u>0.6</u>	<u>78.4</u>	<u>1,457.2</u>
<b>Balance as of January 1, 2024</b>	1,210.4	246.9	(0.4)	0.6	92.1	1,549.6
Capital increase – Paid-in portion	31.2	-	-	-	-	31.2
Allocated by the Assembly of Governors to:						
General Reserve	-	-	-	-	-	-
Fund for the Compensation of Interest Rate (FOCOM)	-	-	-	-	-	-
Net income for the year	-	-	-	-	40.0	40.0
Other comprehensive income for the year	-	-	1.8	-	-	1.8
<b>Balance as of June 30, 2024</b>	<u>1,241.6</u>	<u>246.9</u>	<u>1.4</u>	<u>0.6</u>	<u>132.1</u>	<u>1,622.6</u>

<sup>1</sup>The information as of June 30, 2024, and 2023, has been subject to a limited review, which, as indicated in the independent auditors' report, involves a scope of work less than that of a financial statement audit.

Luciana Botafogo Brito  
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Antonio Mullisaca Díaz  
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 CHIEF ACCOUNTING AND BUDGET

Rafael Robles  
 VICEPRESIDENT OF FINANCE

(Free translation from the original issued in Spanish)

**FONPLATA – Multilateral Development Bank  
NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**FOR THE INTERIM PERIOD ENDED JUNE 30, 2024, AND FOR THE YEAR ENDED DECEMBER 31, 2023**

(All amounts expressed in millions of U.S. dollars)

**NOTE 1 – BACKGROUND**

The “Fondo Financiero para el Desarrollo de la Cuenca del Plata,” hereinafter and for all intent and purposes denominated as “FONPLATA,” or “the Bank,” is an international legal entity of indefinite life, which is governed by the covenants contained in its Charter and on its Regulations as a multilateral development bank. The Bank is headquartered in the city of Santa Cruz de la Sierra, Estado Plurinacional de Bolivia and has liaison offices in Asuncion, Republic of Paraguay, since 1989, in Buenos Aires, Republic of Argentina since June 2018, in Montevideo, Uruguay, since December 2019, and on March 15, 2021, opened an office in Brasilia, Brazil, consolidating its presence in all five member countries. Liaison offices are an integral part of the Bank’s strategy to strengthen the working relationship with its member countries.

The Bank is formed by the governments of Argentina, Bolivia, Brazil, Paraguay and Uruguay, hereinafter “founding members”, based on the River Plate Basin Treaty, subscribed on April 23, 1969, which gave rise to its consolidation and recognition as a legal entity on October 14, 1976, when its Charter was approved and put into force.

The Bank was established by its founding members, within a spirit of cooperation and solidarity, persuaded that only cooperation and joint action could lead to harmonized, inclusive, and sustainable development to foster a better insertion of its member countries within the regional and global economy.

The Bank’s founding members maintain a close relationship among themselves sharing the same ecosystems, such as the hydrographic and energy systems, air, river and road transportation networks and other communication systems.

Among the main functions of the Bank, are the granting of loans and guarantees, obtaining external financing with the guarantee of the Bank’s net assets; the financing of pre-investment studies with the purpose of identifying investment opportunities or projects of interest to enhance the development and integration of its member countries at regional and global levels; the financing and contracting of technical assistance; and to undertake any other functions that are considered conducive to the attainment of its objectives.

On November 9, 2018, reaffirming its support to management and the continuous growth of its portfolio of operations, the Board of Governors approved modifications to the Charter pursuing the purpose of modernizing and enhancing the institution’s overall capacity and relevance to perform as an effective partner in the development of its member countries and their integration at a regional and global level. The modifications approved encompass: (i) FONPLATA’s transformation from a “fund” into a “development bank”; (ii) a change in its name to be formally recognized as “FONPLATA”, or “The Bank”; (iii) expansion of its scope of work from an strictly geographic focus based on the countries, to one encompassing the region of its member countries and their integration in the global market; (iv) the expansion of its membership beyond its founding members, recognizing the possibility of incorporating non-founding members that could consist of either countries or institutions, to its capital base; (v) the

redenomination of capital as “authorized capital” for an initial amount of \$3,014.2, consisting of 301,420 class “A” shares, to be allocated to founding members only, with a par value of \$0.01 each, and with a voting right of one vote per share. Furthermore, the modifications approved stipulate that the authorized capital shall also include shares class - 6 - “B”, to be allocated to non-founding members. The initial authorized capital consists in its entirety of class “A” shares, consisting of 134,920 shares of paid-in capital for a total amount of \$1,349.2, and 166,500 shares of callable capital for an amount of \$1,665.0. Class “B” shares would be issued after the authorized capital has been increased and in the number of shares corresponding to the percentage of participation at the time new members are admitted.

Both series of shares were issued from the moment the amendments to the Constitutive Agreement became fully effective for the founding member countries, on January 27, 2024, the date on which the new Constitutive Agreement came into effect, after its ratification was completed by Brazil and officially informed to the Bank on December 27, 2023 (see Notes 10 and 18)

On June 12, 2024, while meeting in the City of Sucre, Plurinational State of Bolivia, the Assembly of Governors, as part of the commemoration of the 50th anniversary of FONPLATA’s founding, instructed the Administration in coordination with the Executive Board to prepare a proposal for a new capital increase. In that opportunity the Assembly of Governors also approved the guidelines to be followed for the increase, as well as the criteria for the admission of new members. This decision preceded the increase in the amount of authorized capital from \$3,014.2 to \$6,500.0, which was approved by the Assembly of Governors on February 5, 2024.

The Bank Administration is characterized by a keen focus on strategic planning and results-based management. The Strategic Institutional Plan 2013 – 2022 (a.k.a. PEI for its Spanish acronym), constitutes the main instrument designed to manage, supervise, and ensure accountability for the attainment of expected results. The PEI and its updates of 2017, covering the period 2018 – 2022, and its most recent update covering the period 2022 – 2026, were approved by the Board of Governors in September 2021. Complementing the PEI, the Bank prepares the Programs and Budget Document (a.k.a. DPP for its Spanish acronym). The DPP integrates the business plan with the expected results to be attained for the next three years, as well as the activities required and their related costs, which make the basis for the administrative and capital budgets. The DPP for period 2024-2026, was approved by the Board of Governors on December 1, 2023. On February 21, 2024, as provided in the DPP, the Board of Executive Directors by delegation of the Board of Governors, approved the amount for the 2024 budget reflecting the growth scenario that includes the Republic of Argentina as a full member of the Bank.

On April 10, 2023, the Assembly of Governors appointed Luciana Botafogo Brito as the Executive President of FONPLATA, Development Bank for the period 2023 – 2028, and on April 12, 2024, the Assembly of Governors approved the financial statements for the year ended December 31, 2023.

## **NOTE 2 – SIGNIFICANT CHANGES IN THE CURRENT YEAR**

The following paragraphs provide a description of the relevant operational and financial activities of the Bank that have directly contributed to the growth of its net earning assets and to the generation of net income during the interim period ended as of June 30, 2024:

- Loan income was mainly determined by the increase in interest rates, which remained constant during the interim period between January 1st and June 30, 2024, and to a lesser extent (6.4%) because of the excess of disbursements over principal amortizations in the amount of \$120.6, as

shown in the statement of cash flows. As indicated in Note 6.2 “Interest Rate Risk”; and Note 7.1.1 “Expected Change from the 6 Month USD Libor Interest Rate to the SOFR Interest Rate, since July 1, 2023, date on which publication of the LIBOR rate discontinued, the reference rate for loans operations is The SOFR rate (“Secured Overnight Financing Rate”), published by the United States Federal Reserve Bank (“FED”). This reference rate has not experienced material changes since December 2023, however it is expected to undertake some curtailment adjustments to the extent observations provide evidence for a slowdown in the underlying inflation rate, towards the 2% target level set by the FED. As of June 30, 2024, the Bank migrated all their loans contracts to SOFR in arrears rate. The average annualized SOFR rate accrued during the interim period ended as of June 30, 2024, was 844 basis points, sensibly higher than that registered in 2023, of 691 basis points. Although the reference rate remained materially unchanged between December 2023 and June 2024, this increase is explained by the fact that as of December 31, 2023, the loan contracts with Bolivia and two loans to municipalities in Brazil were still pending conversion. These contracts were converted by the end of the first quarter of 2024.

- As of June 30, 2024, all loan contracts approved before January 1<sup>st</sup>, 2022, have been converted to the SOFR in arrears. Prior to the Libor rate being discontinued, and in mutual agreement with its member countries, the Bank replaced this rate as its loan reference rate in all its loan contracts with Argentina, Paraguay and Uruguay (December 31, 2022 – 64 loan contracts had already been migrated to the SOFR rate in arrears for a total amount of \$1,040.6, while 52 loan contracts amounting to \$712.3, remained on the 6-month Libor rate). On December 31, 2023, the Plurinational State of Bolivia as part of the approval of its annual budget approved by Law No. 1546, approved the required amendments on all loan contracts, which made it possible to adopt the SOFR in arrears rate in the contracts maintained with the Bank. As a result of this, on January 10, 2024, 15 of the 16 contracts in force on that date were migrated to the expired SOFR rate, and the remaining contract was migrated on March 14, 2024. As of December 31, 2023, current loan portfolio with the Plurinational State of Bolivia amounted to \$440.6, which on average accrued interest at a synthetic 6-month Libor rate of 830 basis points. This portfolio balance included a transaction for an amount of \$35.3 that accrued interest under the 6-month Libor and which was converted at the SOFR in arrears rate on January 10, 2024. Regarding the current portfolio in Brazil, it consisted of 22 operations for an amount of \$258.3. 91% of loan contracts in Brazil had been converted to the SOFR rate under the overdue modality. The remaining 9% corresponding to two operations for an amount of \$6.9, for financing granted to prefectures and municipalities, were converted at the SOFR in arrears rate during the first quarter of 2024. During the interim period ended on June 30, 2024, the Bank approved 10 sovereign guaranteed financing operations for an amount of \$490.0 (December 31, 2023 - \$534.3 in 10 sovereign guaranteed operations); and no operations without sovereign guarantee (December 31, 2023 - \$44). Likewise, \$230.4 was disbursed, including \$16.0 without sovereign guarantee (2023 -\$291.7 including \$59.5 in loans without sovereign guarantee); and received \$109.8 in principal repayments, of which \$21.8 correspond to non-sovereign guaranteed loans (December 31, 2023 - \$175.5 in principal repayments, including \$37.2 in non-sovereign guaranteed loans).
- Financial costs slightly increased on average by 57 basis points compared to the interim period ended as of June 30, 2023, which explains the drop of 8 basis points in the return on net financial assets during the interim period ended June 30, 2024, compared to the same period in 2023. The investment return shown in the table under Note 3 “How Income is Generated”, it excludes unrealized gains associated to changes in fair value of investments classified as available for sale as of June 30, 2024, which are maintained in other comprehensive income through the actual sale or maturity of the investments, whichever comes first. Had unrealized gains and losses been included in the computation of the annualized investment return as of June 30, 2024, it would have been of 522 basis points compared to 274 basis points as shown under Note 3 (June 30, 2023 – 392 basis points compared to 439 basis points).

- In compliance with its policies and procedures for the maintenance of liquid assets and borrowings, during the interim period ended as of June 30, 2024, the Bank carried out the following redemption and issuance bond transactions:

Bond	Details
March 11, 2024- FONPLATA 24- Redemption upon maturity	CHF 150.0 was received from the counterparty plus CHF 0.9 in interest and \$148.8 in principal. \$5.3 in interest were paid to the counterparty.
May 15, 2024- FONPLATA 27 – Issuance	Bonds were issued in the Swiss capital market for CHF 145.0 maturing on November 15, 2027, under the Sustainable Debt Framework with an annual payment coupon at a fixed rate. In accordance with its policy for the management of financial risks, the Bank contracted a cross-currency swap with BBVA to exchange the CHF debt by a US dollar denominated debt in the amount of \$158.6 at the SOFR in arrears on November 15, 2027.
June 20, 2024 - Issuance	Two new series of bonds were issued in the Japanese capital market through a private issuance within the Sustainable Debt Framework (third and fourth series). The third series consisted of two tranches, the first for JPY 6,200.0 due and the second one for JPY 100.0, both with maturity on June 18, 2027; and the fourth series for JPY 1,100.0 maturing on June 20, 2029. The two series pay a fixed annual rate with semiannual interest coupons. In accordance with the financial risk management policy, the Bank contracted a cross-currency swap with Sumitomo (SMBC) that provide for the exchange of flows in such a way that the Bank will pay USD 40.2 at the maturity of the third series of bonds in 2027, and \$7.0 at maturity of the fourth series bonds in 2029, with semiannual interest payments based on the SOFR in arrears.

- Additionally, the Bank took funds under existing credit lines for \$80.7, and signed a credit line with CDP - Cassa Depositi e Prestiti S.P.A., on May 23, 2024, receiving \$30.0, for a total of \$110.7, raised under lines of credit. Furthermore, it amortized principal outstanding under existing lines of credit in the amount of \$70.6 (December 2023 - \$60.3 drawn-down on new lines of credit for a cumulative amount drawn-down of \$114.4, on new and existing lines of credit and loans; and repaid principal outstanding under lines of credit and loans in the amount of \$104.6, respectively).

The following chart depicts outstanding borrowing amounts as of the interim period ended June 30, 2024, and for the year ended December 31, 2023, respectively, under the various lines of credit, loans and the amount owed to the Bank's bondholders for bond issuances:

<u>Creditor</u>	<u>Outstanding as of December 31, 2023</u>	<u>Principal repaid</u>	<u>Fair value adjustments and exchange differences</u>	<u>Funds received in 2024</u>	<u>Outstanding debt as of June 30, 2024</u>
	\$	\$	\$	\$	\$
Banco de Desarrollo de América Latina (CAF)	100.0	(50.0)		75.0	125.0
Inter-American Development Bank (IDB)	133.0	(2.5)	-.	5.7	136.2
French Development Agency (AFD) <sup>1</sup>	26.9	(0.9)	(0.5)	-.	25.5
European Investment Bank (BEI)	60.0	-.	-.	-.	60.0
Official Credit Institute E.P.E. (ICO)	15.5	(0.6)	-.	-.	14.9
Banco Bilbao Vizcaya Argentaria (BBVA)	83.3	(16.6)	-.	-.	66.7
KfW – Euros at Euribor rate <sup>1</sup>	24.1	-.	(1.0)	-.	23.1
CDP Cassa Depositi	-.	-.	-.	30.0	30.0
<b>Subtotal before deferred charges</b>	<b>442.8</b>	<b>(70.6)</b>	<b>(1.5)</b>	<b>110.7</b>	<b>481.4</b>
Deferred loan charges	(0.7)	-.	-.	(0.2)	(0.9)
<b>Subtotal multilaterals and other</b>	<b>442.1</b>	<b>(70.6)</b>	<b>(1.5)</b>	<b>110.5</b>	<b>480.5</b>
Bond issuance of CHF FONPLATA 24 <sup>2</sup>	177.6	(148.8)	(28.8)	-.	-.
Bond issuance of CHF FONPLATA 26 <sup>2</sup>	223.8	-.	(8.6)	-.	215.2
Bond issuance of CHF FONPLATA 27 <sup>2</sup>	-.	-.	4.8	158.6	163.4
Bond issuance of CHF FONPLATA 28 <sup>2</sup>	158.2	-.	(1.4)	-.	156.8
Bond issuance of JPY Serie 1 <sup>2</sup>	21.1	-.	(2.7)	-.	18.4
Bond issuance of JPY Serie 2 <sup>2</sup>	29.3	-.	(3.7)	-.	25.6
Bond issuance of JPY Serie 3 <sup>2</sup>	-.	-.	(1.0)	40.1	39.1
Bond issuance of JPY Serie 4 <sup>2</sup>	-.	-.	(0.2)	7.0	6.8
<b>Subtotal before deferred charges</b>	<b>610.0</b>	<b>(148.8)</b>	<b>(41.6)</b>	<b>205.7</b>	<b>625.3</b>
Deferred loan charges	(2.1)	(0.3)	-.	(0.2)	(2.7)
<b>Subtotal bonds</b>	<b>607.9</b>	<b>(149.1)</b>	<b>(41.6)</b>	<b>205.5</b>	<b>622.6</b>
<b>Total borrowings</b>	<b>1,050.0</b>	<b>(219.7)</b>	<b>(43.1)</b>	<b>316.0</b>	<b>1,103.1</b>

<sup>1</sup>Lines of credit and borrowings contracted in currencies other than the US dollar at rates different than the loan interest reference rate are valued at their fair value (see Note 8.5 (ii) for more details). The total shown as "Fair value adjustments and exchange differences" includes exchange losses of \$0.08 and \$0.22, related to borrowings contracted with the AFD and KfW, respectively, for the interim period ended as of June 30, 2024 (2023 – \$0.3 and \$0.4 of exchange loss) (see Note 8.5 (i) (4) and (8)).

<sup>2</sup>Bonds issued in currencies other than the US dollar at rates different than the loan interest reference rate are valued at their fair value (see Note 8.5 (ii) for further information).

- Derivatives related to FONPLATA's bond issuances and lines that are hedged through cross-currency and interest rate swaps, were designated as of January 1, 2022, as fair value hedges used to finance disbursements on loans to member countries, in accordance with the framework provided by IFRS 9 (see Notes 4.10; 6; and 8(ii)). These derivative contracts are based on ISDA contracts signed with the Bank counterparts, namely Credit Suisse (CS: as of May 31, 2024, UBS had already completed the merger of CS, and replacing the CS name in all contracts outstanding as of that date); JPM; Deutsche Bank (DB); HSBC; BBVA and SMBC.

- In compliance with its financial and risk management policies, the Bank use of derivatives for the sole purpose of reducing its risk exposure to changes in (i) exchange rates of currencies different than the United States dollar, and (ii) in interest rates different from its lending reference interest rate and not for speculative purposes.
- On June 28, 2024, the Bank received from Argentina the amount of \$31.2 corresponding to the paid in subscribed contribution for 2023.
- Administrative expenditures during interim period ended as of June 30, 2024, on average represented 76 basis points of the actual return on net financial assets, showing a decrease of 12 basis points compared to June 2023. This reaffirms FONPLATA's commitment to ensuring the lowest transactional cost possible for its member countries.
- The Bank is the fiduciary agent for the management of the investment portfolio of the Structural Convergence Fund ("Fondo de Convergencia Estructural de MERCOSUR - FOCEM)."

## **GOING CONCERN**

On January 18, 2024, the Bank formally received a letter signed by the Governor of the Argentine Republic withdrawing the letter that was sent on April 21, 2023, by his predecessor in which he informed his country of his willingness to "initiate the process aimed at ceasing its membership" in FONPLATA.

Based on this official communication, the Government of the Argentine Republic ratifies that it continues to be a full member of FONPLATA.

In accordance with the transparency and prudence that characterize the management, after receiving the communication from the Governor of the Argentine Republic, the Bank's Senior Management has shared the terms of the communication with its bondholders and creditors, as well as with the risk rating agencies. This news has been welcomed and although the rating agencies have not modified their rating, Standard & Poor's which on May 5, 2023 modified FONPLATA's outlook to "negative", revised it to "stable" effective January 30, 2024.

On June 12, 2024, and within the framework of the 50th anniversary of the Bank's founding celebration, and following the decision to increase the authorized capital from \$3,014.2 to \$6,500.0, the Assembly of Governors approved the guidelines to be used for the preparation of the proposal to increase the subscribed capital, as well as the criteria for the addition of new members, instructing the Administration and the Executive Board to proceed to prepare a proposal for a new capital increase to be considered for approval by the beginning of the second quarter of 2025.

This, together with the institution's robust financial profile, confirms that FONPLATA Development Bank focused on Mercosur, is a going-concern institution financially solvent and of relevance for the development agendas of its member countries.

### NOTE 3 – HOW INCOME IS GENERATED

The Bank derives most of its income from sovereign-guaranteed loans to its member countries, and starting in 2020, approximately 5% comes from non -sovereign guaranteed loans extended to estate-owned banks at national and subnational level at its member countries'. The Bank's ability to generate loan income relates to various relevant factors directly affecting the growth of its main earning asset, its loan portfolio. The following factors directly affect loan portfolio growth and its profitability:

- The lending capacity, which is based on three-times the amount of equity.
- The amount of loan disbursements.
- The amount of principal collections received during the year; and,
- The 6-month Libor rate for legacy loans migrated to the SOFR rate during the first half of 2023, and the SOFR rate for loans approved starting on or after January 1, 2022, and for Legacy loans where the borrowers opted to convert into the SOFR rate prior to January 1, 2022; and the synthetic Libor rate for loans no converted as of June 30, 2023, plus a fix margin.

Investment income relates directly to the investment of the Bank's portfolio of liquid assets (i.e., cash and cash equivalents), for the purpose of reducing the cost of carry associated to maintaining the minimum level of liquidity required by policy. The Bank holds liquidity for the purpose of meeting expected loan disbursements, meeting its financial obligations, and to defray its operational expenses for a period of 12 months (see Note 6.5).

The following table, which is based on average financial assets and liabilities and annual administrative expenses illustrates how the Bank derives its revenues, expenses, and net income:

	June 30, 2023			June 30, 2024			December 31, 2023		
	Average balance	Income	Return %	Average balance	Income	Return %	Average balance	Income	Return %
Loans outstanding	1,752.5	68.9	7.86	1,937.6	84.8	8.75	1,819.1	146.7	8.06
Investments <sup>1</sup>	570.0	12.5	4.39	676.8	9.3	2.74	603.0	29.8	4.93
Cash at banks <sup>1</sup>	54.0	0.4	1.65	57.6	0.3	0.93	39.3	0.8	2.09
<b>Financial assets</b>	<b>2,376.5</b>	<b>81.8</b>	<b>6.88</b>	<b>2,672.0</b>	<b>94.4</b>	<b>7.07</b>	<b>2,461.4</b>	<b>177.3</b>	<b>7.20</b>
Borrowings	(973.3)	(29.7)	(6.10)	(1,079.8)	(36.0)	(6.67)	(1,015.1)	(65.4)	(6.44)
<b>Net financial assets</b>	<b>1,403.3</b>	<b>52.1</b>	<b>7.42</b>	<b>1,592.2</b>	<b>58.4</b>	<b>7.34</b>	<b>1,446.3</b>	<b>111.9</b>	<b>7.74</b>
Provisions and other charges <sup>1</sup>	--	(15.2)	(2.17)	--	(12.4)	(1.56)	--	(7.8)	(0.54)
Administrative expenses	--	(6.1)	(0.88)	--	(6.0)	(0.76)	--	(12.0)	(0.83)
<b>Net assets</b>	<b>1,403.3</b>	<b>30.8</b>	<b>4.39</b>	<b>1,592.2</b>	<b>40.0</b>	<b>5.02</b>	<b>1,446.3</b>	<b>92.1</b>	<b>6.37</b>
<b>Equity</b>	<b>1,393.0</b>	<b>30.8</b>	<b>4.42</b>	<b>1,586.1</b>	<b>40.0</b>	<b>5.04</b>	<b>1,439.2</b>	<b>92.1</b>	<b>6.40</b>

<sup>1</sup>The average balance of investments as of June 30, 2024, includes \$218.6 reclassified as cash and equivalents for presentation purposes in the Financial Statements, as they correspond to investments where the time spanned between the day of purchase and of their contractual maturity is of 90 days or less and \$151.1 of investments in sweep account (December 2023- \$264.9 and \$12.3 respectively and June 2023- \$224.8 and \$6.1 respectively).

	<u>January 1, through June 30</u>		<u>As of December 31,</u>
	<u>2024</u>	<u>2023</u>	<u>2023</u>
	\$	\$	\$
Provision for loan impairments – Note 8.4	(0.4)	(4.4)	(5.8)
Depreciation	(0.3)	(0.3)	(0.6)
Exchange differences - Gain/(loss)	0.2	0.1	0.3
Interest received on investment lending operations	--	0.7	--
Special funds participation in investment income	(0.6)	(0.4)	(0.9)
Unrealized (losses)/gains on borrowings and on their related cross-currency and interest rate swaps classified as fair-value hedges and valued at their fair value with changes in the income statement – Nota 8.5	(12.2)	(10.7)	(1.4)
Other income	0.9	(0.2)	0.6
Total provisions and other charges	<u>(12.4)</u>	<u>(15.2)</u>	<u>(7.8)</u>

<sup>2</sup> Returns are calculated based on actual income/expense line items at year-end divided by the average balance for each category of financial assets and liabilities. These averages are calculated by adding up the prior year-end balance plus the current year-end balance, divided by 2, for which they may differ from the actual average.

#### NOTE 4 – SUMMARY OF MATERIAL ACCOUNTING POLICES

Below is a summary of the main accounting policies used in the preparation of these financial statements. Except when expressly noted, these accounting policies have been consistently applied during the periods and year presented.

##### 4.1 Basis for presentation

###### (i) Compliance with International Financial Reporting Standards

The financial statements are presented in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretation Committee (IFRIC), applicable to entities that report under IFRS and comply with the standards issued by the International Accounting Standards Board (IASB).

The interim financial statements for the six-month period ended as of June 30, 2024, have been prepared in accordance with IAS 34.

Interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Bank's annual financial statements as of December 31, 2023.

The Bank presents a statement of financial position classifying assets and liabilities in accordance with their expected liquidity. Assets and liabilities are shown based on their expected recovery or repayment within a 12- month period, following the date of the financial statements (current), and those for which their expected recovery or repayment is expected to take more than a 12-month period following the date of the financial statements (non-current), as per Note 13.

## **(ii) Historical cost**

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

- Investments available for sale valued at fair value with changes in other comprehensive income (OCI).
- Investments held-to-maturity and valued at amortized cost, which are adjusted through a provision to their fair value in those cases where there has been an impairment.
- Debt contracted in currencies other than the U.S. dollar or at interest rates other than the interest reference rate adopted by the Bank for its loans to member countries and the related swaps contracted by the Bank with its counterparts, which are valued initially at fair value with changes in income.
- Property valued at fair value.

## **(iii) New standards and modifications adopted by the Bank**

The Bank applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023 (unless otherwise stated). The Bank has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective as of June 30, 2024.

The accounting policies adopted in the preparation of these interim financial statements are consistent with those applied in the preparation of the Bank's annual financial statements for the year ended December 31, 2023, except for the adoption of new accounting standards that became effective on January 1, 2024.

The Bank has not resorted to early adoption of any standard, interpretation or modification already published by the IASB but not yet effective, and it has not applied other modifications that while effective for financial years beginning January 1, 2024, have no impact in its interim financial statements.

The following paragraphs provide a summary of the standards that would become effective in future years and that the Bank is currently evaluating for adoption:

On April 9, 2024, the International Accounting Standards Board (IASB) issued IFRS 18 "Presentation and Disclosure in Financial Statements." This new standard replaced IAS 1, and results from a project aimed at improving the comparability and transparency of information disclosed in financial statements. This new standard becomes effective for financial statements on or after January 1, 2027.

IFRS 19 "Subsidiaries without Public Accountability", allows eligible entities to opt for applying reduced disclosure requirements while continue applying required disclosures for recognition, valuation and presentation of other accounting standards. This new standard will become effective for years beginning or after January 1, 2027.

Modifications to the IAS 21 “The Effects of Changes in Foreign Exchange Rates”, require disclosure of information allowing financial statement users to understand the potential impact of a non-convertible currency. This new standard will become effective for financial statements beginning on or after January 1, 2025, with early adoption permitted

Amendments to IFRS 9 and IFRS 7 for the classification and measurement of financial instruments.

The amendments clarify that a financial liability is derecognized on the "settlement date" and introduce an accounting policy choice to derecognize financial liabilities settled through an electronic payment system before the settlement date. Other clarifications include the classification of financial assets with environmental, social, and governance (ESG) linked features, with additional guidance on the assessment of contingent features. Clarifications have been made regarding non-recourse loans and contractually linked instruments. Additional disclosures are introduced for financial instruments with contingent features and equity instruments classified at fair value through other comprehensive income.

The amendments will come into effect for annual periods beginning on or after 1 January 2026. Early adoption is permitted, with the option to early adopt the amendments only for contingent features.

The Bank’s Management is still in the process of assessing the potential impacts of these new standards and amendments.

#### **4.2 Information relevant operation**

Based on an analysis of its operations, the Bank has determined that its core business only has a single operating segment, which consists of the financing of the development needs of its member countries which corresponds to its single reportable segment.

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

#### **4.3 Foreign currency translation**

##### **(i) Functional and reporting currency**

Account balances presented in the financial statements, as well as the underlying transactions that conform them, are measured using the United States dollar, which is the primary currency of the economic environment in which operates (“functional currency”).

##### **(ii) Account balances and transactions**

Foreign currency transactions are converted to the functional currency using the exchange rate prevailing at the date of each transaction. Exchange gains or losses on foreign currency transactions result from payments effected in currencies other than the United States dollar, related to administrative expenses incurred either at the Bank’s headquarters or at its liaison offices in Asuncion, Paraguay, Buenos Aires Argentina, Montevideo, Uruguay, and Brasilia, Brazil. Exchange gains and losses associated with administrative expenses are presented on a net basis as part of administrative expenses, in the income statement.

Financial assets and liabilities, such as investments and loans are denominated in U.S. dollars, and except for the Swiss Francs, and Japanese Yens denominated bonds, and the disbursements denominated in Euros under the lines of credit obtained in December 2022 with AFD and August 2023 with the KfW, which were swapped to U.S. dollars, the Bank does not have other financial liabilities in other currency. Consequently, there is no exchange rate risk exposure related to the Bank's financial assets and liabilities.

With the exception of a small number of goods and services related to administrative expenses denominated in currencies other than the functional currency, the majority of the Bank's operational expenses are incurred in the functional currency and recorded at their fair value. The Bank keeps available a small amount of local currency both at its headquarters and country offices to pay for the cost of goods and services required at those locations. Amounts involved are translated into the functional currency using the exchange rate of the date in which the fair value of those expenditures is established. Exchange differences in assets and liabilities measured at fair value are shown together with gains and losses in fair value.

#### **4.4 Revenue recognition**

Interest on loans and investments at amortized cost is recognized using the effective interest rate method.

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

##### **(i) Commissions Income**

Other loan income consists of the administrative commission and the commitment fee. These commissions relate to the Bank's service provided to its borrowers for inspection and supervision of loans and to ensure the availability of funds for borrowers to disbursed at any time during the contractually agreed upon disbursement period, and as such are recognized ratably in income in accordance with IFRS 15.

#### **4.5 Leases**

Lease contracts for terms of up to 12 month or less and that do not include a purchase option are recognized as an expense on a straight-line basis throughout the contract.

Lease contracts for terms greater than 12 months are initially recognized based on the right of use of the asset and as a lease liability. The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred. After lease commencement, the Bank measures the right-of-use asset using a cost model.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The right-of-use assets are also subject to impairment.

#### **4.6 Cash and cash equivalents**

For presentation purposes in the statement of cash flows, cash and its equivalents include both cash at hand and highly liquid bank deposits and investments, with an original maturity of three months or less, that can be converted into determinable amounts, and which are not subject to significant risks affecting their value.

#### **4.7 Loan portfolio**

A loan portfolio is initially recorded at its fair value and subsequently measured at its amortized cost using the effective interest rate method, net of the provision for loan impairment. For additional information on how the Bank accounts for its loan portfolio, refer to Note 8.4.

#### **4.8 The Bank's business model and its effect on financial assets and liabilities**

Classification, measurement, recognition and disclosure of the Bank's financial assets and liabilities in the financial statements is driven by its business model. The Bank's business model architecture is designed with the purpose of helping its member countries in their efforts to improve their people's quality of life by financing projects designed to improve regional integration and socioeconomic development. The Bank, like any other multilateral development bank (MDB), finances its lending program through a combination of paid-in capital subscriptions; its retained earnings; and, by borrowing from capital markets; MDBs; cooperation agencies and private and governmental international financial institutions. The Bank's capital consists of paid-in and callable capital. Callable capital is subscribed and committed by member countries and can be called upon in case of a financial emergency such as a catastrophic event that would preclude the Bank from either accessing capital markets or borrowing directly from other institutions to comply with its financial obligations.

One of the key elements of the Bank's business model is its capacity to remain relevant. The Bank's relevance is measured through its ability to mobilize a sizable volume of fresh financial resources, through both on-lent and technical cooperation activities, sufficient to assist its member countries in their development needs.

To achieve its mission, MDBs are required to continuously grow their capital base, to increase their lending capacity over time. For this purpose, every 5 to 7 years, MDBs may go through a capital replenishment that consists of an increase of both paid-in and callable capital or in some cases may also involve the addition of new members.

Lending capacity is determined through either the callable capital of investment grade members, like it is the case in the oldest and most mature MDBs that have a global membership, or based on a multiplier of their equity, as it is the case with younger and regional institutions, such as the Bank.

In the case of the Bank, lending capacity is measured based on a multiplier of 3-times its equity.

Based on its capital structure, which by the end of the current replenishment should consist of approximately 45% paid-in capital and 55% callable capital, the Bank needs to borrow funds to finance disbursements for a portion of its lending portfolio. Borrowing capacity is also determined based on 2-times the equity plus liquid assets.

The main financial earning asset of the Bank is its loans to member countries. All financial assets and liabilities are contracted and denominated in U.S. dollars and bear interest based on reference interest rate plus a margin. As part of its prudential risk-management philosophy and policies, the Bank uses derivatives for the sole purpose of hedging the underlying cash-flows associated to borrowings contracted in currencies different than the U.S. dollars or that bear interest at a rate different than the loan reference rate. Derivatives are not used for speculative purposes. These derivatives are designated as fair value hedges. By way of these derivatives, the Bank changes the currency in which the original debt is denominated and its reference interest rate to the currency and reference interest rate in which all Bank loans are denominated. This way, the Bank mitigates the economic and financial exposure to changes in currency and interest rates.

According to Bank's financial policies, liquidity is maintained for the purpose of ensuring the ability to meet all planned loan disbursements, debt service requirements, and to pay for all planned and approved operating expenditures and capital investments expected to occur during the next 12 month following the end of the Bank's fiscal year. Liquidity is invested with the sole purpose of reducing the cost of carrying the required level of liquidity in compliance with the Bank's policies.

The main disclosures that follow form an integral part of these financial statements and provide specific information on each of the Bank's relevant financial assets and liabilities, as well as additional information on the Bank's business model, and how it determines manner and opportunity in which they are classified, measured, recognized, and disclosed.

#### **(i) Classification**

Classification of financial assets depends on the Bank's business model that contemplates the nature and purpose at the time of their acquisition and recognition. The Bank has two distinct investment portfolios, one where investments can be sold at any time prior to their contracted maturity, and the other one where investments are purchased with the intent to be held through their contractual maturity. Classification of investments on either portfolio is determined based on planned liquidity requirements and other factors.

Investments held to their contractual maturity are accounted for at the lower of their amortized cost or fair value. Investments available for sale are valued at their fair value with changes in value recognized in other comprehensive income (OCI). Note 8, provides further details on the recognition, measurement, and disclosure of investments.

The bank classifies its financial assets in the following categories:

- **Financial assets at amortized cost - Loan and investment portfolios (FAVAC):** are assets generated or purchased with the objective of collecting contractual cash flows resulting from principal amortization and accrued interest. These financial assets are not designated as “financial assets at fair value with changes in income,” and are measured at their amortized cost. The value of these financial assets is adjusted by the provision for estimated losses, which is calculated and recognized as stated in this note.
- **Financial assets at fair value with changes in other comprehensive income (FVOCI):** are assets purchased with the purpose of collecting contractual cash flows resulting from principal amortization and accrued interest, as well as from the sale of the underlying assets. These assets are designated as “financial assets at fair value with changes in the Income Statement,” and are measured at their fair value with changes recognized in other comprehensive income.
- The Bank does not have financial assets at fair value with changes in income.
- Derivatives resulting from the cross-currency and interest rate swaps entered into as an integral part of the Bank’s risk management strategy designed to hedge the interest rate and foreign exchange risk associated to borrowings contracted in currencies other than the U.S. dollar or at interest rates other than the 6-month Libor, which is the Bank’s reference rate for its loans, have been designated as a Fair value hedges, and are considered completely effective. The reference interest rate for loans approved through December 31, 2021, and that have not been converted to the compounded SOFR in arrears is the 6-month Libor rate. For all loans that have been converted under the voluntary conversion program and for all loans approved on or after January 1, 2022, the reference interest rate is the compounded SOFR in arrears. Changes in fair value of these derivatives, given the Bank’s right to offset and be compensated in the event of counterparty’s default, are shown forming part of Other Assets, as derivatives, together with the resulting collateral in the statement of financial position. Bonds issued and outstanding are valued at their amortized cost and shown under borrowings in the statement of financial position. Changes in the fair value of the cross-currency swaps are accounted for in other income (see Notes 2; 4.10 and 8.5-(ii)).

## **(ii) Reclassification**

Financial assets other than loans could be reclassified under a different category of “investments at fair value with changes in other comprehensive income,” based on the business model in use to manage them or according to the characteristics of their contractual cash flows.

The Bank reclassifies financial assets only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent, and none occurred during the period.

### **(iii) Recognition and disposal**

Normal origination purchases or contracting and sales of financial assets and liabilities are recognized on the date on which they are transacted, which is the date on which the Bank generates them or commits/contracts to their purchase or sale. Financial assets and liabilities are disposed-off or extinguished upon expiration of the rights to receive or the obligation to pay a flow of funds or upon transferring their risk of ownership.

Financial assets and liabilities are valued according to their classification as amortized cost or at their fair value with changes in income or changes in other comprehensive income.

### **(iv) Measurement**

Initially, the Bank measures financial assets at their fair value plus those transaction costs directly attributable to their acquisition.

Loans and investments held to maturity are subsequently valued at their amortized cost using the effective interest rate method.

Investments which will be maintained at fair value with changes in other comprehensive income, are subsequently valued at their corresponding reasonable value. Gains and losses resulting from changes in fair value are recognized in other comprehensive income. Interest resulting from financial assets carried either at reasonable value through other comprehensive income or at amortized cost and loans, calculated based on the effective interest rate method, is recognized in the income statement as part of operating income.

Note 8.7 includes details pertaining to the determination of fair values of financial instruments.

### **(v) Impairment**

The Bank assesses the likelihood of potential impairment affecting either a financial asset or a group of financial assets. The Bank determines the adequacy of the provision for potential impairment on its loans by applying a standard methodology also adopted by the leading MDBs, considered as a best practice. The methodology used assesses the expected loss based on the following factors: (i) the maximum exposure to risk at default; (ii) the probability of default; and (iii) the loss given default. Although the Bank uses the same formulae, the values used in connection with each factor are different for sovereign guaranteed loans than those used for non-sovereign guaranteed loans.

For sovereign loans, the Bank assesses the probability of default by its member countries using the most recent sovereign credit risk rating assigned to each country, by three of the internationally recognized credit rating agencies, adjusted by the Bank's preferred creditor status.

For non-sovereign guaranteed loans, the Bank assesses the probability of default, using the most recent credit risk rating developed and maintained by the Bank's.

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 will be included in the income statement.

The accrual of interest on loans is discontinued for loans balances that have been in arrears for more than 180 days. The amount of loan interest accrued receivable on loans declared on non-accrual status is recognized at the time of collection until such date when those loans are in accrual status. Accrual status requires the borrower to pay in-full, the amount of principal and interest or commissions in arrears, as well as the assurance that the borrowing member country has resolved the financial difficulties that caused it to fall behind on meeting its obligations on a timely basis.

Note 8.4-(iii), has a detailed explanation of this methodology as well as the determination of the provision for loan impairment.

Expected impairment of the value of investments carried at fair value with changes in other comprehensive income (FVOCI), is already embedded in the market value.

For investments carried at amortized cost, the Bank assesses expected impairment by comparing the dirty price and the bid market price of each investment held in the portfolio to their respective carrying amount and recognizing a potential impairment based on the difference between the carrying amount and the bid market price, whenever the latter is lower than the carrying amount at amortized cost.

For investments held-to-maturity and valued at amortized cost, the Bank assesses any potential impairments by reviewing any downgrades in the credit risk rating of issuers and using valuation models to assess if the potential impairment is other than temporary. Should a potential impairment be deemed to be permanent then the Bank proceeds to value it at its impaired value through a provision for loan impairment.

Except for determining the adequacy of the amount of provision for expected losses on loans with sovereign guarantee and non-sovereign guarantee, and for purposes of estimating the expected credit loss (ECL) on other - 18 - financial assets, in accordance with its internal policies the Bank classifies its financial instruments measured at amortized cost or fair value through OCI, in one of the following categories:

**Stage 1:** includes all instruments that have not experienced a significant increase in credit risk since their initial purchase and recognition, where the ECL equals the impairment expected in the next 12 months.

**Stage 2:** includes all instruments that have experienced significant increases in credit risk since initial recognition but are not yet deemed credit impaired.

**Stage 3:** includes financial instruments, close to overdue, which are credit impaired. Likewise, loan commitments or financial guarantees whose payment is probable and their recovery doubtful.

**Classification into stages:** Following immediate recognition of the financial asset, determination of whether an asset credit quality is impaired and of the degree to which it is impaired is based on the following relevant criteria:

- Contractual payments of either principal or interest are past due for more than 180 days.
- Significant decrease of the credit rating of the assets; and
- Whether the financial asset is credit impaired.

#### **(vi) Revenue recognition**

Interest revenues are recognized based on the effective interest rate method. Should there be loans in nonaccrual status, they are considered impaired loans. A loan is impaired when the analysis of available information and current events are indicative of the probability that the Bank could not recover the full amount of principal and interest accrued, based on the agreed upon loan agreements. When a loan is impaired, the Bank reduces the carrying amount of such loan to its net realizable value, based on the discounted cash flows using the loan's original effective interest rate, and reverts the discounted amount against loan revenues. Interest revenues on impaired loans are recognized using the original effective interest rate.

#### **4.9 Property and equipment**

Property is carried at fair value, which includes revaluations. Increases to the carrying amount of property resulting from revaluations are included in other comprehensive income and shown as part of the accumulated balance of revaluation reserves within equity. Subsequent increases to the carrying amount due to revaluations should be recognized affecting income to the extent that revaluation increases had been previously reverted affecting the income statement. Any decreases reverting revaluation increases of the same assets are initially recognized in other comprehensive income to the extent there are revaluation surpluses attributable to those assets. All other decreases are reflected in the income statement.

Equipment is carried at their historical cost less depreciation. The historical cost includes all 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. Repair and maintenance expenses are included in the income statement during the period in which they are incurred.

Note 9.1 shows the depreciation methods and useful lives used by the Bank. Assets' residual values and useful lives are reassessed and adjusted as appropriate at year end. In those instances, where the carrying amount of assets exceeds their recoverable value, carrying amounts are adjusted to their recoverable value.

Gains and losses on the sale of fixed assets are determined by comparing the carrying amount with the sale price and accounted for in the income statement. In the case of the sale of revalued assets, it is the Bank's policy to transfer the amounts carried in revaluation reserves into retained earnings.

#### 4.10 Financial liabilities

Financial liabilities consist of borrowings and derivative financial instruments that are an integral part of the Bank's hedging activities designed to effectively manage interest rate and exchange rate risks in connection with bond issuances. The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 8.5.

At inception of the hedge relationship, the Bank documents its risk management objective and strategy and the economic relationship between hedging instruments and hedged items, including whether changes in the fair value of the hedging instruments are expected to offset changes in the fair value of hedged items.

The following is an explanation of borrowing and derivative financial instruments, hedging activities and accounting policies used in connection with these instruments.

**Borrowings:** Borrowings contracted in currencies other than the US dollar, which is the Bank's functional currency, and at interest rates different from the loan reference interest rate are initially recognized at their cost, net of transaction expenses and subsequently valued at their fair value. The difference between the fair value and the amortized cost basis is included in the Income Statement together with the net difference between the receivable and payable swaps which are also at fair value. These net differences correspond to changes in exchange and interest rates which are not expected to affect future cashflows nor to result in realized gains and losses, since they will converge to zero at the maturity of the original debt. Upon maturity, the Bank will exchange the contracted amounts with its counterparts, thereby cancelling the original debt and the related receivable and payable swaps.

Borrowings contracted in US dollars and at the loans interest reference rate 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 over the contractual term of the loan.

**Derivative financial instruments and hedging activities:** Derivatives are solely used for hedging interest and exchange rate risk associated with its three bond issuances in the Swiss capital market on 2021, namely FONPLATA26; FONPLATA28, and on May 2024, namely FONPLATA 27, and the bonds issued in the Japanese market in March 2023 namely Japón I and Japón II, and on June 2024 namely Japón III and Japón IV, as well as other liabilities originally contracted in currencies other than the dollar or in dollars at a fixed rate (see notes 2 and 8.5-(ii)).

Derivatives carry inherent market and credit risks. The inherent market risk on a financial instrument is the potential fluctuation in the interest rate, currency exchange rate or other factors, and it is a function of the type of product, the volume of the transactions, the tenor and other terms of each contract and the underlying volatility.

The inherent credit risk is the counterparty's possible non-compliance in the delivery of collateral to recover the balance due.

The Bank mitigates the credit risk in derivative financial instruments through transactions with highly qualified counterparties with investment grade credit rating, and by signing an ISDA master netting agreement coupled with a credit support annex (CSA), with its derivatives counterparties.

The Bank formally documents the hedging relationship and its risk-management objective and strategy for undertaking the hedge, how the hedging instrument's effectiveness in offsetting the hedged risk will be assessed prospectively and retrospectively, and a description of the method of measuring ineffectiveness.

This process includes linking all derivatives that are designated as fair-value, cash flow, or foreign-currency hedges to specific assets and liabilities on the balance sheet or to specific firm commitments or forecasted transactions.

The Bank also monitors, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values of hedged items, or to specific firm commitments or forecasted transactions, as applicable.

Changes in the fair value of a derivative financial instrument together with the changes in the fair value of the original debt that is the subject of the hedges are included in other income, as gains or losses in the determination of net income for the year.

The master ISDA agreements signed with its counterparts confer the Bank the possibility to exchange the contracted flows upon maturity of the original debt, and the Bank is fully intent in doing so. Furthermore, the Bank expects its counterparts to fully comply with their obligations under the swaps and it does not anticipate noncompliance on their part.

The ineffective portion of the change in the fair value of a derivative instrument that qualifies as a hedge is reported in the income statement.

The Bank discontinues hedge accounting when it is determined that the derivative instrument is no longer effective in offsetting changes in fair value of the hedged item; the derivative expires, is sold, terminated, or exercised; the hedge asset or liability expires, is sold, terminated, or exercised; the derivative is not designated as a hedging instrument because it is unlikely that a forecasted transaction will occur; or management determines that designation of the derivative as a hedging instrument is no longer appropriate.

#### **4.11 Other liabilities and commitments**

These amounts represent outstanding liabilities for goods and services received by the Bank prior to the date of the financial statements. Other liabilities do not include guarantees and are usually paid within 30 days of their initial recognition. These liabilities are initially recognized at their fair value and subsequently measured at amortized cost.

#### **4.12 Special funds**

These balances represent liabilities equaling the investment amount administered on behalf of special funds. These liabilities do not represent guarantees and are usually paid based upon fund requests to settle the liabilities of special Funds. These liabilities are initially recognized at their fair value and subsequently measured at amortized cost using the effective interest rate method. Note 8.6), contains a detailed explanation of the special funds and their purpose, and the balance owed to each one as of June 30, 2024, and December 31, 2023, respectively.

#### **4.13 Other benefits to employees**

The amount included under “Other benefits to employees,” represent accrued liabilities associated to benefits granted to the Bank’s staff under a joint savings program “Programa de Ahorro Compartido” or PAC, by its name in Spanish. PAC liabilities are paid to the staff upon termination of their employment. The Bank’s matching contribution on the amount of an employee’s voluntary saving is subject to a withholding percentage based on the years of service required for full vesting under the program. Withheld amounts are deferred and subsequently expensed as employees accumulate the required years of service for full vesting under the PAC. Note 8.6 – c), provides a detailed explanation and breakdown of the PAC liability as of June 30, 2024, and December 31, 2023, respectively.

#### **4.14 Capital**

The authorized capital consists of paid-in shares and callable shares. Paid-in capital consists of the amount of capital subscriptions paid to the Bank by its member countries.

### **NOTE 5 – SIGNIFICANT ESTIMATES AND JUDGEMENTS**

The financial statements are prepared in accordance with International Financial Reporting Standards, which require the Bank’s Management to make assumptions and estimates affecting the amounts shown for assets and liabilities, as well as revenues and expenses during the fiscal year. The estimates and judgements are continuously assessed and are based on legal requirements and other prevailing factors, including the expectation of future events considered reasonable within the current circumstances.

This note provides a general overview of the areas that entail more management judgment or inherent complexity to each estimate, and the items that are more likely to be materially adjusted because actual results could differ from those estimates. Detailed information pertaining to each estimate and judgement made are included in Notes 6 and 7, respectively, together with the information regarding the basis used for computing each item affecting the financial statements.

The most relevant estimates affecting the preparation of the Bank’s financial statements relate to:

- Degree of uncertainty pertaining the estimate of the probability of borrowers disbursing the amount approved for financing during the contractually agreed upon disbursement period which determines recognition of the commitment fee on a straight-line basis – Note 4.4,
- Potential impairment of investments carried at amortized cost – Note 8.3,
- Potential impairment of the loan portfolio – Note 8.4 – (iii).
- Overall effectiveness of derivatives to ensure adequate hedging of loan disbursements under the Flexible Financing Facility (FFF), and of borrowings, denominated in currencies other than the US dollar and at rates other than the SOFR in arrears – Note 8.5 (ii).

### Climate-related issues

The Bank and its operations are not exposed to a relevant risk in the judgments and estimates it makes as an issuer as a result of climate change. As a Multilateral Development Bank, FONPLATA adheres to and complies with internationally accepted best practices for the management of environmental risks in the projects it finances, while since 2021 it has implemented a sustainable debt framework and promotes, through direct subsidies, projects that contribute to the preservation of the environment and reduce the impact of climate change.

### Macroeconomic and geopolitical uncertainty

In relation to these issues, the prices in the valuations of investments and derivative financial instruments are considered as a component of evaluating them at market value.

### NOTE 6 – FINANCIAL RISK MANAGEMENT

This note explains the Bank’s financial risk exposures and how they could potentially affect its future financial performance.

Risk	Source of Exposure	Measurement	Risk Management
Market risk – foreign exchange	Apart from the Swiss Franc issuances and yen, and the loans denominated in Euros contracted in 2022, a second line of credit with the French Development Agency (AFD), and KfW, which were effectively hedged through cross-currency swaps as discussed in Notes 2; 4.10; and 8.5 – (ii), 99,9% of financial assets are denominated in U.S. dollars (functional currency). 59% of the bank’s debt has been contracted in currencies other than the Bank’s functional currency and are hedged through cross-currency swaps.	Cash flow budget.	<p>All loan and investment transactions, as well as the most relevant liabilities shown in the financial statements have been transacted in U.S. dollars.</p> <p>The Bank signed enforceable ISDA master netting agreements with the right to offset with JPM, CS, DB, HSBC, BBVA and SMBC.</p> <p>Based on these agreements, the Bank contracted cross-currency swaps to offset both the interest rate and foreign currency exchange risks associated to its bond issuances in the Swiss.</p> <p>A disbursement of Euro 8.0 received in December 2022 under a Euro denominated line of credit in the amount of EUR 30.0, the private issuance of four series of Japanese sustainable bonds: two in March 2023 and the</p>

Risk	Source of Exposure	Measurement	Risk Management
			<p>other two in June 2024, and the line of credit in the amount of EUR 37.0 contracted with the KfW in December 2022, in Euros of which \$21.0 were received in August 2023.</p> <p>These derivatives are an integral part of the Bank's risk management process designed to minimize exposure to financial risks in the financing of loan disbursements and as such were designated as a fair value hedge.</p>
Market risk – Interest rate risk	<p>Risk of experiencing fluctuations in lending and borrowing rates applicable to the Bank's loans, and debt.</p> <p>As explained in Notes 2; 4.10; and 8.5 – (ii), on March 13, 2019, on March 3, 2021, and on November 1, 2021, the Bank issued a 5-year, a 5 ½ - year and a 7-year Swiss Franc denominated bonds at fixed rate. Moreover, in March 2024, the Bank redeemed the bond issued in 2021 and in May 2024, issued another bond with a 3.5-year maturity for CHF 145.0. To hedge both the interest and exchange risk, the Bank contracted a cross-currency swap with Credit Suisse (CS), JPM, and BBVA, respectively. The Bank has signed ISDA Master Settlement Agreements and Credit Support Agreements (ARCs) that provide for the right of setoff. In addition,</p>	Sensitivity analysis.	<p>The Bank has established policies for the determination of interest rates, allowing it to mitigate the potential effects of interest rate fluctuations. The Bank seeks to minimize the negative impact associated with potential mismatches in the duration of the loan portfolio and the debt incurred to finance such loans.</p> <p>Potential exposures from the issuance of the bonds denominated in currencies other than the US dollar and at interest rates other than the reference rate, are effectively managed through the cross-currency swaps, and the potential exposure related to two disbursements received from CAF which are based on the Term SOFR interest rate, and of a Euro denominated disbursement received from the AFD and KfW, respectively. These currency and interest rate hedges were designed to replace the currency and interest rate in which the original debt was contracted,</p>

Risk	Source of Exposure	Measurement	Risk Management
	<p>the Bank contracted with DB, an interest rate swap to change from the SOFR Term rate applicable to the two disbursements received in December 2022 in the line of credit maintained with CAF, for the SOFR in arrears, which is the reference rate of the Bank's loan operations. In March 2023, the Bank issued two series in the Japanese market with a 5 and a 6 ½ years maturity, respectively, and contracted a cross-currency swaps with HSBC. In June 2024, the Bank issued two series of Sustainable Bonds in the Japanese market with 3 and 5 year maturity. To cover both interest and exchange rate risk, the Bank entered into two cross-currency swap contracts with SMBC. In December 2022, the Bank drew down EUR 8.0 under a line of credit contracted with the AFD at the Euribor rate. This operation is hedged through a cross-currency swap contracted with JPM. In August 2023, the Bank drew down EUR 21.0 under a line of credit contracted with KfW at the Euribor rate. This transaction was hedged through a cross-currency swap contracted with BBVA.</p>		<p>by a debt denominated in US dollar that bears interest on the compounded SOFR in arrears, which is the Bank loan interest reference rate, effectively eliminating currency and interest rate risks.</p>
Market risk – Security prices	The Bank does not have investments in equity instruments that might be exposed to price risk. All	Sensitivity analysis based on changes in interest rate for bonds classified as	The Bank does not have investment in equity instruments that might be exposed to price risk.

Risk	Source of Exposure	Measurement	Risk Management
	investments consist of bonds that according to the Bank's business model can either be classified as available for sale or held-to-maturity.	available for sale, valued at fair value with changes in OCI. The analysis also focuses on changes in the credit risk rating of issuers of bonds classified as held-to-maturity, which are valued at the lower of amortized cost or fair value.	Bonds classified in the available for sale portfolio are monitored on a regular basis. The Bank does not engage in trading book and trading activities.
Credit risk	Cash and cash equivalents, investments valued at fair value with changes in OCI, investments valued at amortized cost, and derivative financial instruments designated as fair value hedges of specific borrowings.	<ul style="list-style-type: none"> <li>- Arrears analysis based on aging of loans, derivatives, bonds, and other instruments.</li> <li>- Credit ratings</li> <li>- Loan loss provision</li> </ul>	<p>Diversification of bank deposits and applicable loan limits.</p> <p>Investment policies and guidelines and credit rating of counterparts.</p> <p>Limits for concentration of credit risk applied to member countries and non-sovereign loans.</p> <p>No private sector loans.</p>
Liquidity risk	Borrowings, other liabilities, and obligations with special funds.	Rolling cash flow forecasts.	Availability of funds required to meet obligations and commitments, at least for a 12-month period following the date of the financial statements.

The Bank manages its risks exposures in accordance with its enterprise-wide risk management policy. This policy encompasses the management of market and interest rate risks, operational and strategic risks. The focus of the Bank's enterprise-wide risk management is to ensure risks will remain within established limits. Those limits are formally established in the Bank's financial policies and reflect its capacity to assume risks as defined by its governance bodies. Within the scope of its enterprise-wide risk management policy, risk management is oriented to avoid risks that may exceed its tolerable risk level, and to mitigate all financial, operational, and strategic risks in accordance with the limits established for each risk related to its operations.

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

The Bank's integrated risk management rests upon a cash flow forecast model covering the short, medium, and long-term and a set of projected statements of financial position and income, which is constantly adjusted to actuals and closely monitored to forecast loan approvals; loan disbursements; borrowings; commitments and obligations as well as administrative expenditures, in order to meet expected income and to maintain liquidity requirements.

### **6.1 Currency risk**

All financial assets and approximately 99.9% of liabilities after considering existing cross-currency swap agreements, are denominated in U.S. dollars, which constitutes the Bank's functional currency. Consequently, the Bank's financial statements are not exposed to significant levels of risk resulting from potential changes in exchange rates.

### **6.2 Interest rate risk**

As of June 30, 2024, all loan contracts that make up the loan portfolio pending collection have been converted at the SOFR in arrears rate modality plus a fixed margin. As of June 30, 2023, and December 31, 2023, the loan contracts signed with Bolivia were pending conversion, which were temporarily expressed at the synthetic Libor rate, and three loan contracts in municipalities in Brazil that continued at the 6-month Libor rate until its conversion to the SOFR in arrears rate in the first quarter of 2024. Loans that have been converted, at the option of the borrower to the SOFR in arrears rate, in addition to the fixed operating margin, have a margin of SOFR correction. Loans approved since January 1, 2022, have the SOFR in arrears rate, plus a fixed margin, as the reference rate.

The Bank's fixed margin is reviewed annually for new loans based on the Bank's policy guidelines for income management and financial charges. The objective of this policy is to achieve a balance between the accumulation of a level of capital in the long-term to ensure its self-sustainability and to ensure obtaining the best financial terms for the benefit of its member countries. The Bank applies a financial income model as a tool to achieve results over a planning horizon covering the medium and long-term. The Bank's income model allows through the management of various parameters and assumptions to ensure the relative stability and sufficiency of loan charges to cover the Bank's financial costs and operating expenses as stated in its financial policies, and to make timely adjustments that might be required from time to time to its fixed lending margin in response to sudden and significant changes in relevant assumptions used. The Bank regularly reassess the reasonableness of its underlying assumptions and the model to ensure the proper management of exposure to interest rate risk.

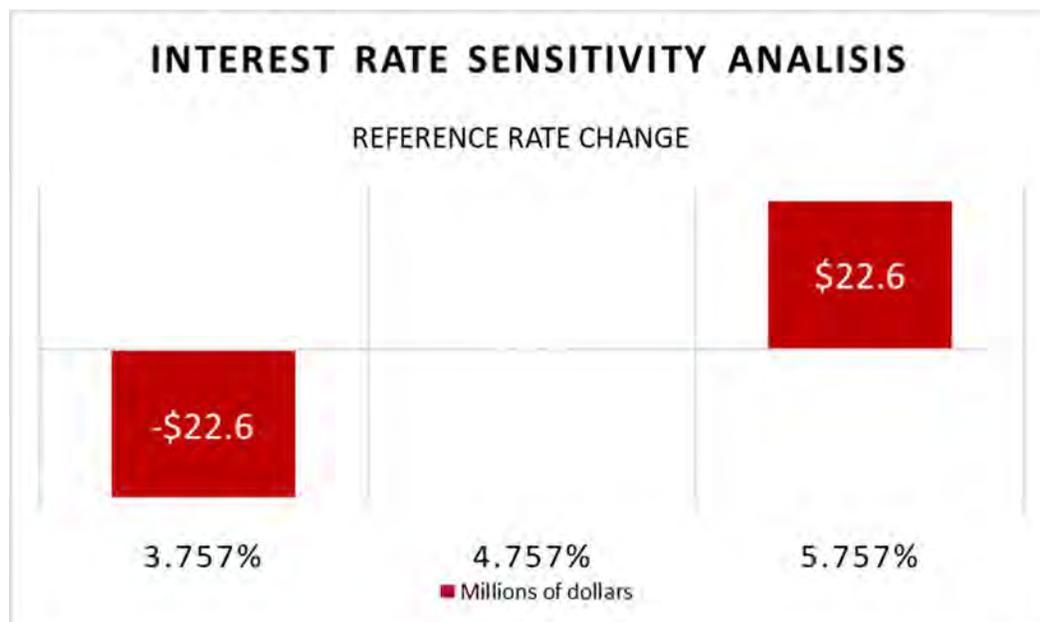
In compliance with its income management and financial charges policy, the Bank annually establishes a fixed margin applicable to new loans to be granted in the upcoming year (Operating Lending Rate or "TOR"). For non-sovereign loans approved after March 3, 2023, the Board of Executive Directors approved maintaining the current lower threshold and a reduction of 25 basis points to the upper threshold for the fixed-margin or TOR (RES/DEJ-1532/24), maintaining unchanged all financial conditions approved for sovereign guaranteed loans on March 15, 2022 (RES/DEJ1490/22).

The Executive President was authorized to set lending rates applicable to loan maturities for periods shorter than 15 years, approving operating lending rates as an incentive for member countries to borrow at shorter terms.

The Bank’s interest rate risk is limited to the risk associated with the variable component of its lending rate. The Bank performs sensitivity analysis to determine the variance in income or in net equity associated to changes in interest rates.

The sensitivity analysis was performed based on future projections of SOFR rate, which is the reference rate of the Bank’s lending operations, which equals 476 basis points.

Accordingly, the analysis yields a maximum and a minimum for the weighted average reference rate of 576 – 376 basis points, respectively. Should the positive or negative variation of the weighted average reference rate of 100 basis points were to materialize, future net income could be increased or decreased by \$22.6, respectively.



**6.3 Market risk**

Market risk is the risk of losses in the value of financial assets and liabilities because of changes in market conditions. The Bank manages market risks affecting its investment and loan portfolios through various measures to ensure risk exposures would remain within established policy limits (see Notes 4.8, 8.2; and 8.3, for further details).

Bank investments pursue the objective of reducing the cost of carrying the required liquidity comply with expected loan disbursements, service the debt, and defray Bank operational costs. The Bank classifies its liquid investments according to specific objectives in the following two portfolios:

- **Investments available for sale:** valued at their fair value with changes in other comprehensive income (FVOCI).
- **Investments held to maturity:** consisting of time-deposits and commercial paper valued at the lower of their amortized cost or fair value (FVAC).

As stated in Note 8.7, the Bank adopts a methodology for the determination of fair value based on three distinct levels, associated with the availability of objective market value information for each type of investment. Based on this methodology, the Bank performs a sensitivity analysis of its investment portfolios to gauge the maximum loss in the event of price changes because of changes in interest rate for investments classified as available for sale and valued at FVOCI, and for changes in credit rating of investments classified as held-to maturity and valued at amortized cost or lowered to their fair value through a provision, when applicable.

The following chart shows the maximum exposure to losses related to price changes for investments classified as available for sale valued at fair value with changes in other comprehensive income assuming a 100 basis points change in interest rates, and the maximum exposure to losses associated to one notch downgrade in the credit risk rating of investments classified as held-to-maturity and valued at amortized cost as of June 30, 2024 and December 31, 2023, respectively:

Portfolio	Sensitivity analysis of investments					
	As of June 30, 2024			As of December 31, 2023		
	Book value <sup>1</sup> \$	Maximum loss exposure \$	Variation %	Book value <sup>1</sup> \$	Maximum loss exposure \$	Variation %
Available for sale investments up to 12-months – FVOCI <sup>2</sup>	131.7	0.5	0.4	199.6	3.8	1.89
Available for sale investments greater than 12-months – FVOCI	167.0	2.8	1.7	176.8	0.7	0.42
<b>Total</b>	<b>298.7</b>	<b>3.4</b>	<b>1.13</b>	<b>376.4</b>	<b>4.5</b>	<b>1.20</b>

<sup>1</sup> Book value amounts for investments are based on the fair value for investments classified as available for sale and valued at their fair value with changes in other comprehensive income, and on the amortized cost for investments classified as held-to-maturity. All investment instruments valued at their fair value with changes in other comprehensive income, and the majority of those included in the held-to-maturity investment portfolio quote on the market, for which their fair value can be established objectively as of the date of the financial statements (Level 1). For those investment instruments classified at amortized cost that do not register at least one market transaction a month, there are recent market transactions that provide reasonable basis for estimating their fair value as of the date of the financial statements for purposes of comparing it to their amortized cost (Level 2). The Bank does not hold any investment for which their fair value could not be established and hence requires use of a valuation model (Level 3).

<sup>2</sup>As of June 30, 2024, the held-to maturity investment portfolio includes fixed-term certificates of deposit and commercial paper for an amount of \$218.6 (December 2023-\$264.9) and investment in sweep accounts of \$151.1 (December 2023-\$12.3). These investments are included in cash and equivalent balance, since the time spanned from their date of purchase to their contractual maturity is up to 90 days or less. The Bank periodically assesses its portfolio of held-to-maturity investments valued at their amortized cost for potential impairment due to changes in the credit rating of issuers that might be indicative of a permanent impairment in their value (see Note 4.8).

#### **6.4 Credit risk**

Credit risk is the risk resulting from non-compliance with contract terms by the borrower. Financial policies establish individual limits of credit by member country, with the objective of reducing excessive risk exposures and complying with an equitable distribution of the lending capacity. The capital adequacy coefficient which relates the risk-weighted financial assets with the amount of equity ensures a reasonable coverage against potential exposure to credit risk, both for the lending portfolio and at the level of each borrowing member country.

As of June 30, 2024, 95% of the balance of loans outstanding correspond to loan contracts with the sovereign guarantee of the member government (December 2023- 95%). The Bank started lending without the sovereign guarantee of the member country in 2020, with the approval of its Board of Executive Directors. This new line targets development banks and enterprises where the central or local government is the majority owner. Since the creation of this line and through June 30, 2024, the Bank has approved \$164.0 in six operations. From this total, as of June 30, 2024, \$157.5 have been disbursed (December 2023- \$141.5), \$65.0 have been received in principal amortizations (December 2023- \$43.2), and \$92.5 remain outstanding (December 2023- \$98.3). See Notes 2, and 8.4 (i), for more detail.

The Bank's financial policies and lending guidelines provide for the actions to be taken in connection with overdue loan balances and non-compliance. These policies and regulations form an integral part of loan agreements included in all loan contracts and uses a methodology for determining the adequacy of the provision for potential impairment in loans that provide for different factors for its sovereign guaranteed and non-sovereign guaranteed loan portfolios, as explained in Note 4.8.

The credit risk associated to the investment of liquid assets is based on internal guidelines governing the investment of liquid assets, which establish the prudential investment limits by each asset class, sector, and issuers, to guarantee an adequate diversification and mix of investment sources and maturities. As of June 30, 2024 and December 31, 2023, respectively, the average credit risk rating of the investment portfolio was AA, above the AA- minimum required limit by the investment policy.

#### **6.5 Liquidity risk**

Liquidity risk is the risk related to the inability of the institution to meet its obligations without incurring unacceptable losses. The Bank has a minimum required level of liquidity which is defined by its liquidity policy as the level required to meet all its commitments, including liabilities with special funds (see Note 8.6), loan disbursements, debt service, and the payment of obligations stemming from its administrative and capital expenditure requirements for a 12-month period. For the interim period ended as of June 30, 2024 and the year ended as of December 31, 2023, respectively, the Bank did not acquire commitments and obligations that would carry liquidity risk either in the short or medium term.

The following table shows financial assets as well as liabilities, as June 30, 2024, and December 31, 2023, respectively,

	<u>As of June 30,</u> <u>2024</u>	<u>As of December</u> <u>31,2023</u>
<b>Financial Assets</b>	\$	\$
Cash and cash equivalents – Note 8.1	440.1	324.2
Investments – Notes 8.2 and 8.3	298.7	376.5
<b>Gross liquidity</b>	<u>738.8</u>	<u>700.7</u>
<b>Financial Liabilities</b>		
Borrowings – Note 8.5	1,103.1	1,050.0
Other liabilities – Note 9.3	15.1	16.0
Special funds – Note 8.6	23.5	24.5
Fair value hedge derivatives- Note 8.5 (ii)	2.4	-.-
<b>Total Liabilities</b>	<u>1,144.9</u>	<u>1,090.5</u>

Liquid assets coverage of the amount of net estimated disbursements was equivalent to 1.06 and 1.23 years, as of June 30, 2024, and December 31, 2023, respectively.

## NOTE 7 – MANAGEMENT OF OTHER NON-FINANCIAL RISKS

### 7.1 Operational risk

Operational risk is defined as the risk of an economic or financial loss resulting from a failure in internal processes or systems, due to either commission, omission, or adverse external events. The Bank has in place an organized and updated set of policies, procedures, and practices for the administration of its operations that prevent and prepare it for inherent risks associated to its day-to-day operations. The Bank has an effective governance and system of internal controls, as well as ethical and reputational standards, with clear norms to ensure compliance with applicable fiduciary, environmental, and legal matters required by both of its policies and those of its member countries.

#### 7.1.1 Expected change from the 6-month USD LIBOR interest rate to the SOFR interest rate

As explained in 6.2, the Bank's loan interest rate until December 31, 2021, is based on the 6-month USD LIBOR plus a fixed margin. The 6-month LIBOR is calculated and published daily by ICE Benchmark Administration (IBA); an organization regulated by the United Kingdom's Financial Conduct Authority (FCA). IBA has announced that following consultation to and authorization from FCA, starting on January 1<sup>st</sup>, 2022, it will discontinue the publication of 7-days and 60-days LIBOR. Additionally, IBA announced that the rest of the term-LIBORs, which includes the 6-month USD LIBOR in use by the Bank, will be discontinued on July 1, 2023, also following consultation to and authorization from FCA. Such change has implications for all transactions that have a 6-month USD LIBOR variable component; namely, the totality of the Bank's loan portfolio, borrowings from other multilaterals and agencies, and the variable leg of existing derivatives designated as fair value hedges.

The ARRC is the organization that was in charge of the alternative rate to replace the USD LIBOR. In 2017 the ARRC identified the Secured Overnight Financing Rate (SOFR) as the replacement rate for the USD LIBOR. The New York Federal Reserve Bank is the administrator of SOFR and produces and publishes the rate daily, including averages for various maturities and the SOFR index. The ARRC has issued recommendations on fallback language, the use of a USD LIBOR/SOFR margin and other topics.

As of the end of the first quarter of 2024, the Bank has completed the transition from the 6-month Libor rate to the SOFR in arrears rate in all loan agreements that were signed prior to January 1, 2022.

## 7.2 Management of strategic risks

**Strategic risk** – Is the risk derived from the adverse or incorrect application of decisions or the absence of responses to changes affecting development financial institutions. The Bank has a Strategic Institutional Plan (“ISP”) approved by its Board of Governors, which establishes the strategic objectives to be attained, as well as the indicators required to measure progress over time. Annually, the Board of Governors approves the Budget for the upcoming year, which contains a summary of all achievements attained in the previous fiscal year, as well as the objectives and results to be attained in the next fiscal year. The Bank’s budget summarizes the medium-term work plan and contains results-based indicators and their related costs, which are all based on the ISP results matrix. This ensures an adequate alignment between the long-term strategic objectives and results to be attained in the short run to move towards the attainment of those strategic objectives.

The financial statements show the compatibility and consistency between results and the strategic objectives established in the institutional mission and vision in terms of the attainment of annual goals for the approval of operations and their related costs.

**Non-compliance risk** – Is the risk derived from violations of laws, norms, regulations, prescribed practices, and ethics policies or norms. Non-compliance risk could negatively affect the institution’s reputation. The Bank is a self-regulated supra-national international institution that is governed by its Charter, policies, and regulations. The Bank has an Administrative Tribunal, an Audit Committee of the Board of Executive Directors, a Legal Counsel, a Compliance Officer, and an Internal Auditor, all of whom oversee compliance with those matters that could otherwise trigger non-compliance risks.

**Reputational risk** - – Is the risk derived from a negative public opinion. This risk affects the capacity of an organization to establish new relationships or to maintain existing ones, directly affecting current and future revenues. This risk could expose the entity to litigation or to a financial loss or jeopardize its competitiveness. The Bank periodically monitors this risk through its Office of Communications. Additionally, the Operations Department specifically follows up on each financed project under implementation. As of the date of these financial statements there is no evidence that this risk has materialized and affected the Bank.

## NOTE 8 – FINANCIAL ASSETS AND LIABILITIES

This note provides information about FONPLATA’s financial instruments, including:

- A general overview of all financial instruments held by the Bank.
- Specific information about each type of financial instrument.
- Accounting policies.
- Information on the determination of fair values of financial instruments, including the professional judgment used, and the uncertainties affecting those estimates.

The Bank maintains the following financial assets and liabilities:

	<u>Note</u>	<u>Financial assets and liabilities carried at fair value</u> \$	<u>Financial assets and liabilities carried at amortized cost</u> \$	<u>Total</u> \$
<b>June 30, 2024,</b>				
<b>Financial assets:</b>				
Cash at Banks	8.1	70.0	-.-	70.0
Cash equivalents (investments at amortized cost)	8.1 y 8.3	-.-	370.1	370.1
Investments at fair value with changes in OCI <sup>1</sup>	8.2	301.4	-.-	301.4
Investments at amortized cost <sup>2</sup>	8.3	-.-	1.5	1.5
Loan portfolio <sup>3</sup>	8.4	-.-	2,017.5	2,017.5
<b>Total financial assets</b>		<u>371.4</u>	<u>2,389.1</u>	<u>2,760.5</u>
<b>Financial liabilities:</b>				
Borrowings	8.5	(782.0)	(321.1)	(1,103.1)
Other liabilities	9.3	-.-	(15.9)	(15.9)
Special funds	8.6	-.-	(23.5)	(23.5)
<b>Subtotal</b>		<u>(782.0)</u>	<u>(360.5)</u>	<u>(1,142.5)</u>
Fair value hedge derivatives		(2.4)	-.-	(2.4)
<b>Total financial liabilities</b>		<u>(784.4)</u>	<u>(360.5)</u>	<u>(1,144.9)</u>
<b>Net financial assets</b>		<u>(413.0)</u>	<u>2,028.6</u>	<u>1,615.6</u>
<b>December 31, 2023,</b>				
<b>Financial assets:</b>				
Cash at banks	8.1	45.3	-.-	45.3
Cash equivalents (investments at amortized cost)	8.1 y 8.3	-.-	278.9	278.9
Investments at fair value with changes in OCI	8.2	379.4	-.-	379.4
Investments at amortized cost <sup>2</sup>	8.3	-.-	30.3	30.3
Loan portfolio <sup>2</sup>	8.4	-.-	1,892.8	1,892.8
<b>Subtotal</b>		<u>424.7</u>	<u>2,202.0</u>	<u>2,626.7</u>
Fair value hedge derivatives	8.5	6.8	-.-	6.8
<b>Total financial assets</b>		<u>431.5</u>	<u>2,202.0</u>	<u>2,633.5</u>

		<u>Financial assets and liabilities carried at fair value</u>	<u>Financial assets and liabilities carried at amortized cost</u>	<u>Total</u>
	<u>Note</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<b>Financial liabilities:</b>				
Borrowings	8.5	(743.7)	(306.4)	(1,050.1)
Other liabilities	9.3	-.-	(16.0)	(16.0)
Special funds	8.6	-.-	(24.5)	(24.5)
<b>Total financial liabilities</b>		<u>(743.7)</u>	<u>(346.9)</u>	<u>(1,090.6)</u>
<b>Net financial assets</b>		<u>(312.2)</u>	<u>1,855.1</u>	<u>1,542.9</u>

<sup>1</sup> Changes in fair value of investments are shown in OCI and changes in fair value of borrowings related to fair value hedges are shown in other income in the Income Statement.

<sup>2</sup> Includes interest and other investment income.

<sup>3</sup> Includes interest and other loan income.

The exposure of the institution to the various risks related to financial instruments is disclosed in Note 8.5(ii).

The maximum exposure to credit risk as of June 30, 2024, and December 31, 2023, respectively, corresponds to the balances shown for each of the above-mentioned financial assets.

### 8.1 Cash and cash equivalents

Cash at banks and deposits with original contractual maturities of up to three months from their date of purchase, consist of:

	<u>As of June 30, 2024</u>	<u>As of December 31, 2023</u>
	<u>\$</u>	<u>\$</u>
Cash at banks	70.0	45.3
Time deposits and short-term bonds and sweep accounts <sup>1</sup>	<u>370.1</u>	<u>278.9</u>
<b>Total</b>	<u>440.1</u>	<u>324.2</u>

<sup>1</sup>The total shown under this line item as of June 30, 2024, consists of investments and accrued interest with an original maturity of up to 90 days from the date of their purchase for \$218.6 and \$0.4, respectively (December 2023- \$264.9 and \$1.8). Moreover, it includes investments held in an interest-bearing sweep account opened with the Bank for International Settlements (BIS) for \$151.1, and \$0.02 of accrued interest (December 2023- \$12.3 and \$0.001).

#### (i) Classification of cash equivalents

Time deposits and short-term bonds are considered as cash equivalents provided their contractual maturity is up to three months from their date of purchase. Note 4.6 includes a disclosure of the cash and cash equivalents policy.

## 8.2. Investments carried at fair value through other comprehensive income (OCI).

Investments classified under this category, correspond to bonds issued by high-quality issuers, and consist of:

	<u>As of June 30, 2024</u>	<u>As of December 31, 2023</u>
	\$	\$
Sovereign bonds	191.8	260.5
Multilateral development institutions – Bonds	105.0	114.2
Other financial institutions	-.-	-.-
Argentine treasury bonds	1.9	1.7
<b>Subtotal</b>	<u>298.7</u>	<u>376.4</u>
Accrued interest receivable	2.7	3.0
<b>Total</b>	<u><u>301.4</u></u>	<u><u>379.4</u></u>

The amount recognized in “reserve for changes in the value of investments at fair value through OCI” forms part of the determination of the operating income upon disposition of the underlying investment.

### (i) Investments with related parties

As of June 30, 2024, and December 31, 2023, respectively, the Bank did not maintain investments with related parties.

### (ii) Classification of investments carried at fair value with changes in other comprehensive income

Investments are designated as financial assets and carried at their respective fair value with changes in other comprehensive income when contractual cash flows are solely from principal and interest and the objective of the Bank’s business model for these assets is achieved both by collecting contractual cash flows and selling the underlying asset.

### (iii) Impairment

See Note 4.8, for further detail regarding applicable policies for the measurement and presentation of impairment of financial assets.

### (iv) Amounts recognized in the statement of Other Comprehensive Income

For the interim period ended as of June 30, 2024, the Bank has accumulated unrealized gains in the amount of \$1.4 in its statement of comprehensive income (June 2023- \$4.0 unrealized loss). These unrealized gains consist of a gain in market value adjustments of investments for \$1.8 (June 2023- \$0) and \$ 0.01 for depreciation of the property technical revaluation reserve (June 2023 - \$0.01 as a reduction of the technical revaluation reserve resulting from the sale of the offices located on the 3rd floor of the Bank's headquarters in January 2022).

### (v) Fair value, impairment, and exposure to risk

Information regarding the methods and assumptions used in the determination of fair value is disclosed in Note 8.7.

All investments carried at fair value have been and are denominated in U.S. dollars, which is the functional currency in which the financial statements are expressed.

### 8.3 Investments carried at amortized cost (included in Cash and cash equivalents)

Investments classified under this category correspond to certificates of deposit. As of June 30, 2024, these investments amount to \$220.1, consists of investments with an original maturity does not exceed of 90 days for which they were reclassified as cash and cash equivalents and investments with an original maturity more than 90 days for \$1.5. (December 2023 - \$294.9 and \$30.0 respectively). The following table shows the composition of investments prior to being reclassified:

	<u>As of June 30,</u> <u>2024</u> \$	<u>As of December 31,</u> <u>2023</u> \$
<u>Time and certificates of deposit</u>		
Sovereign	19.9	40.6
Multilateral development institutions	90.0	132.7
Financial entities	110.2	121.6
<b>Subtotal</b>	<u>220.1</u>	<u>294.9</u>
Principal invested	220.1	294.9
Accrued interest receivable	0.4	2.1
<b>Total</b>	<u>220.5</u>	<u>297.0</u>

#### (i) Investments carried at amortized cost

The Bank measures its hold-to-maturity investments at amortized cost when financial assets are held as part of a business model whose objective can be achieved by collecting contractual cash flows, and the applicable contractual covenants of those financial assets give rise, at the specified maturities, to cash flows corresponding to repayments of principal and interest.

Based on the results of the Bank's assessment of ECL on investments carried at amortized cost, no allowance was deemed necessary, since the carrying amount of investments was lower than the respective fair values based on bid market prices as of June 30, 2024, and December 31, 2023.

## 8.4 Loan portfolio

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

Country	As of June	As of December 31,
	30,2024	2023
	\$	\$
Argentina	466.0	460.8
Bolivia	426.9	440.6
Brazil	227.3	206.3
Paraguay	343.1	342.3
Uruguay	442.1	328.9
<b>Gross loan portfolio with sovereign guarantee (SG)</b>	<b>1,905.4</b>	<b>1,778.9</b>
<b>Gross loan portfolio with non-sovereign guarantee (NSG)</b>	<b>92.5</b>	<b>98.3</b>
<b>Total gross loan portfolio</b>	<b>1,997.9</b>	<b>1,877.2</b>
Less: Unaccrued administrative fee	(4.5)	(4.5)
<b>Subtotal loan portfolio</b>	<b>1,993.4</b>	<b>1,872.7</b>
Less: Provision for potential impairment on SG loans	(18.3)	(17.8)
Less: Provision for potential impairment on NSG loans	(1.5)	(1.6)
<b>Net loan portfolio</b>	<b>1,973.6</b>	<b>1,853.3</b>

Accrued loan interest and commissions receivable amounts to \$44.5 as of June 30, 2024 (December 2023-\$39.5)

During the interim period ended as of June 30, 2024, and the year ended as of 2023, respectively, all loans were classified in stage 1. The amount of provision for potential impairment of loans as of June 30, 2024, and December 31, 2023:

	As of June 30,2024	As of December 31,
	2024	2023
	\$	\$
Provision as of the beginning of the period or year SG <sup>1</sup>	17.8	12.4
Increase/(decrease) on provision of SG loans	(0.6)	5.4
<b>Subtotal Provision SG</b>	<b>17.2</b>	<b>17.8</b>
Opening NSG provision	1.6	1.1
Increase/(decrease) on NSG provision	1.0	0.5
<b>Subtotal NSG provision</b>	<b>2.6</b>	<b>1.6</b>
<b>Total provision for potential impairment on loans</b>	<b>19.8</b>	<b>19.4</b>

<sup>1</sup>The beginning balance has been adjusted by rounding to thousands.

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

<u>Maturity</u>	<u>As of June 30, 2024</u>	<u>As of December 31,</u>
	\$	<u>2023</u>
		\$
Up to one year	234.4	217.0
Greater than one and up to two years	204.8	195.6
Greater than two and up to three years	209.1	184.4
Greater than three and up to four years	217.1	189.1
Greater than four and up to five years	213.6	195.9
Greater than five years	918.9	895.2
<b>Total gross loan portfolio</b>	<u>1,997.9</u>	<u>1,877.2</u>

### (i) Loan portfolio classification

95% of the loan portfolio consists of loans granted with the sovereign guarantee of the member country. Starting in 2020, the Bank has begun extending non-sovereign guaranteed financing to government majority owned banks and enterprises at the central and local levels. The outstanding balance from those loans represents approximately 5% of gross loans outstanding as of June 30, 2024 (December 2023 – 5%).

Sovereign guaranteed loans are loans for which the member countries recognize the Bank’s preferred creditor status.

The financings conforming the loan portfolio, based on their nature and relevant terms, do not constitute derivative instruments. Collections or principal repayments are based on fixed or determinable amounts, and they do not quote on an active market. As explained in Note 13, the balance of principal repayments to be received within 12 months following year end, is classified as current, with the remaining balance classified as non-current. Notes 4.7 and 4.8 (v), describe accounting policies used in connection with the accounting of the loan portfolio and the recognition of its impairment, respectively.

The Bank’s 2022 – 2026 ISP, approved by the Board of Governors on September 17, 2021, provides for extending financing for activities such as pre-investment, investment, technical cooperation, and knowledge generation. To this end, the 2022 – 2026 ISP builds upon the approval by the Board of Governors in 2019, of an amendment to the “Policy for the Appropriation of Lending Resources,” to allow the financing of majority-owned government enterprises of member countries, at the national and subnational levels, with non-sovereign guarantee (NSG). This amendment was preceded by the approval by the Board of Executive Directors of a new line for the financing of NSG operations, in November 2019.

Under the NSG financing, the Bank is authorized to grant loans and guarantees to government majority-owned institutions and public enterprises at either the national or subnational levels. To be eligible for financing, those institutions must have a minimum credit risk rating and comply with the Bank’s financial capacity and solvency requirements.

As indicated in Note 6.4, as of June 30, 2024, the balance of non-sovereign guaranteed loans pending collection amounts to \$92.5, which represents an increase of approximately 5.9% compared to the balance as of December 31, 2023, of \$98.3.

These financings consist of revolving credit lines with up to 8-year validity and a maximum 2-year grace period and up to 8-year amortization period.

As well as sovereign loans, these loans accrue interest based on the SOFR in arrears rate plus a margin established based on the credit risk rating at the time the financing is approved. Like the sovereign guaranteed loans, these financings accrue a commitment commission on the undisbursed balance of each approved stage within the credit line, plus an administration commission based on the validity of each stage.

Furthermore, NSG operations require the borrower to pay an initial non-refundable fee intended to cover legal and credit risk costs inherent to the loan origination process.

### **(ii) Fair value of the loan portfolio**

The book value of the loan portfolio is believed to approximate its fair value. This assessment considers that future cash flows from loans approximate their stated book value.

### **(iii) Impairment and exposure to risk**

The provisions for potential impairment on sovereign guaranteed and non-sovereign guaranteed loans are maintained at a level considered adequate by the Bank to absorb potential losses related to the loan portfolio as of the date of the financial statements.

As stated in Note 4.7, "Loan Portfolio," the accrual of interest on loans is discontinued for loans balances that have been overdue for more than 180 days. Accrued interest receivable on loans placed in non-accrual status is recognized in income upon collection until the loans are reclassified to full accrual status. Reclassification to full accrual status requires the borrower to repay in full all principal, interest, and commissions in arrears, as well as providing assurance that it has overcome its financial difficulties that had prevented it to repay its obligations when they became due.

The Bank did not have, nor currently has loans balances in non-accrual status. Nonetheless, and consistent with its enterprise-wide risk management policy, the Bank accounts for a provision to reflect the potential impairment on its loan portfolio. Loan loss provisioning is an integral part of the Bank's financial policies. Under the current policy, the provision for future losses on sovereign guaranteed and non-sovereign guaranteed loans are computed differently.

Provision for loan losses is based on the loan receivable balance from each member country. The outstanding balance is then multiplied by the probability of default for each member country and by the probability of maximum expected loss. Determination of the probability of default for each member country is based on the credit rating assigned by three internationally recognized credit rating agencies. This probability is then adjusted to consider the Bank's preferred creditor status.

For non-sovereign guaranteed loans, the probability of default is based on the Bank's own credit rating process of the prospective borrower. The initial following approval of the loan, credit rating is periodically reassessed. The maximum loss probability for non-sovereign guaranteed loans is based on the risk guidance issued by the Basle Committee.

Moreover, the Bank maintains policies on risk exposure to avoid concentrating its lending on one country only, which could be affected by market conditions or other circumstances. In this regard, the Bank uses certain measurements or indicators, such as: equity and total assets. The Bank reviews the status of its loan portfolio, on a quarterly basis, to identify potential impairments affecting its collectability, in full or in part. Information about the overall credit quality of the loan portfolio, its exposure to credit risk, currency exchange and interest risk is disclosed Notes 4.7 and 6.

## 8.5 Borrowings

Borrowings include outstanding loans with multilateral development banks and other bilateral organizations; financial institutions; bond issuances and certificates of deposit from Central Banks of the member countries that were repaid on May 5, 2023. As stated in (ii) below, the Bank contracts cross-currency swaps to reduce its exposure to exchange and interest rate risk in those instances where it contracts debt in currencies other than the U.S. dollar or with a reference rate different from that of its loan portfolio. The net balance of the swaps' receivable and payable together with the amount of collateral received from JP Morgan (JPM), Credit-Suisse (CS), HSBC, BBVA, Deutsche Bank (DB) and SMBC, consists of a net payable of \$2.4, as of June 30, 2024 (December 31, 2023, net receivable of \$6.8), and is shown under "Fair value hedged derivatives", in the statement of financial position.

Total borrowings as of June 30, 2024, and December 31, 2023, are as follows:

	<u>As of June 30, 2024</u>	<u>As of December 31,</u> <u>2023</u>
	\$	\$
<b>Borrowings</b>		
Borrowings and time deposits at amortized cost <sup>1</sup>	324.7	309.1
Borrowings at fair value	156.7	133.7
Bonds at fair value <sup>2</sup>	625.3	610.0
<b>Gross portfolio</b>	<u>1,106.7</u>	<u>1,052.8</u>
Less: unamortized borrowing costs	(3.6)	(2.8)
<b>Total</b>	<u><u>1,103.1</u></u>	<u><u>1,050.0</u></u>

<sup>1</sup> Includes borrowings denominated in Euros at the Euribor rate contracted with the AFD and KfW, which has been swapped into US Dollar at the compounded SOFR in arrears rate. (see note 8.5 (i)). These borrowings as well as their corresponding hedges are valued at their fair value as of June 30, 2024, of \$8.6 and \$23.1, respectively (December 2023 - \$9.6 and \$24.1) corresponding to the borrowing contracted with the AFD) (see Note 8.5 (i)).

<sup>2</sup> Effective January 1, 2022, the Bank classified its hedging transactions designed to protect debt flows contracted in currencies other than the US dollars and at interest rates other than Bank's interest reference rate for its loan portfolio, as fair value hedges in accordance with IFRS 9. This change was made prospectively within the framework of IAS 8, in recognition that the net effect from this change in prior years is not material.

### i. Loans from MDBs and other institutions and time deposits from central banks

The outstanding balance of loans contracted by the Bank to finance disbursements on its approved loans to its member countries is as follows:

	<u>As of June 30, 2024</u>	<u>As of December 31,</u> <u>2023</u>
	\$	\$
Banco de Desarrollo de América Latina – (CAF) – See (1), below	125.0	100.0
Inter-American Development Bank (IDB) – See (2) below	136.2	133.0
French Development Agency (AFD) – See (3) below	25.5	26.9
European Investment Bank (EIB) – See (4) below	60.0	60.0
Oficial Credit Institute E.P.E. (ICO) – See (5) below	14.9	15.5
Banco Bilbao Vizcaya Argentaria (BBVA) – See (6) below	66.7	83.3
KfW – See (7) below	23.1	24.1
Cassa Depositi e Prestiti S.P.A (CDP) – See (8) below	30.0	-.-
<b>Total</b>	<u>481.4</u>	<u>442.8</u>

Outstanding borrowings contracted with MDBs, and other institutions includes lines of credit contracted with the AFD, KfW CDP and CAF, which are hedged with cross-currency swaps and hence are valued at their fair value (see Note 8.5 (ii)).

Among the contractual clauses of the debts contracted with the AFD and the KfW, is the requirement to issue compliance certificates, certified by the independent auditors.

In March 2018, the Board of Executive Directors updated its financial policies through RDE 1409. Among the changes introduced, the Bank revised its methodology to determine its lending capacity basing it on a multiple of three times the value of the Bank's equity; and also updated the methodology to determine its borrowing capacity, basing it on a multiplier of two times the value of the Bank's equity, plus the sum of liquid assets

The Bank has designed its borrowing and financial programming strategies with the objective of diversifying its funding sources and obtaining the best possible financial terms based on its credit risk rating and its preferred creditor status

(1) On June 9, 2022, the Bank canceled the amount pending payment under the line of credit maintained with the "Banco de Desarrollo de América Latina" (CAF), since November 2016. On December 1 and December 6, 2022, respectively, the Bank disbursed \$50.0, under the line of credit agreed with CAF on September 17, 2021. The first disbursement will be amortized in two equal payments of \$25.0, with maturing on June 1 and December 2, 2024, respectively, and the second disbursement will also be repaid in two equal payments, maturing on June 6 and December 6, 2024, respectively. Both loans accrue interest at SOFR term plus a fixed margin. On January 27, 2023, the Bank contracted with DB two interest rate swaps to hedge the two disbursements received from CAF, which bear interest at the Term SOFR interest rate, into the compounded SOFR in arrears interest rate which is the Bank's loan interest reference rate. These swaps are retroactive to December 1 and 6, 2022, which are the original dates of each disbursement (see Note 8.5 (ii)). On December 6 2023, the Bank and CAF agreed on a new non-committal revolving line of credit in the amount of \$75.0, based on the SOFR Term rate. On January 26, 2024, the Bank drew-down the whole amount undisbursed under this non-committal revolving line of credit. This line would be repaid in three equal semiannual installments of \$25.0, each, maturing on January 26, 2026; July 27, 2026; and, January 27, 2027.

- (2) On March 7, 2022, the Bank subscribed a second financing agreement in the amount of \$100.0 with the Inter-American Development Bank (IADB), raising the total amount to be financed with the IADB to \$200.0, of which \$100.0 were approved in 2017. The new borrowing is based on SOFR in arrears and provides for a 4-year disbursement period, and of a 25-year amortization period, with an average duration of 14.95 years. The first amortization of principal is scheduled to take place on May 15, 2027, with the last amortization of principal occurring on November 15, 2046. The terms of financing agreement, which entered into force upon signature of the loan contract, provide for recognition of prior eligible project expenditures incurred on and after December 8, 2021, and through the effective date for the last disbursement under this line of credit. Furthermore, with the purpose of optimizing cash flows under this line of credit, both parties agreed that the Bank could make disbursements on eligible loans and that the IADB would reimburse the Bank those amounts under the modality of reimbursement of expenditures. Hence, monies drawn down from the IADB under this line of credit can be used by the Bank as it sees fit. During the interim period ended as of June 30, 2024, the Bank drew-down \$5.7 against this new line of credit (December 31, 2023 - \$19.6 disbursed). During the interim period as of June 30, 2024, the Bank amortized \$2.5 against the first tranche.

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

<u>Loans</u>	As of June 30, 2024,			<u>To be financed by FONPLATA</u>
	<u>Eligible</u>	<u>Disbursed</u>	<u>To be disbursed</u>	
<b>Active line of credit 2022 \$200.0:</b>				
ARG-28/2016 Compl. Fronterizos <sup>1</sup>	18.0	11.5	6.5	2.0
ARG-40/2018 Acceso Pto. Las Palmas	10.0	-.	10.0	0.8
BOL-32/2018 Infra Urbana- Stage II	5.0	-.	5.0	29.6
BOL-33/2019-Acheral Choere	9.9	-.	9.9	32.1
BOL-34/2021-Employment generation <sup>1</sup>	40.7	-.	40.7	59.4
BRA-21/2018 Itajaí 2040	40.3	24.2	16.1	22.1
BRA-23/2019 Ponta Pora	25.0	7.9	17.1	-.
<b>Subtotal</b>	<b>148.9</b>	<b>43.6</b>	<b>105.3</b>	<b>146.0</b>
<b>Projects to be identified</b>	<b>51.1</b>	<b>-.</b>	<b>51.1</b>	<b>-.</b>
<b>Total credit line</b>	<b>200.0</b>	<b>43.6</b>	<b>156.4</b>	<b>146.0</b>

<sup>1</sup> Adjustment in the eligible amounts of loans ARG-28/2016 for \$2.0 and BRA-21/2018 for \$4.7 compared to the balances reported as of December 31, 2023.

<u>Loans</u>	As of December, 2023,			
	BID			To be financed by FONPLATA
	<u>Eligible</u>	<u>Disbursed</u>	<u>To be disbursed</u>	
<b>Active line of credit 2022:</b>				
ARG-28/2016 Compl. Fronterizos	20.0	10.4	9.6	3.3
ARG-40/2018 Acceso Pto. Las Palmas	10.0	-.	10.0	-.
BRA-21/2018 Itajaí 2040	45.0	19.6	25.3	56.3
BRA-23/2019 Ponta Pora	25.0	7.9	17.1	2.8
<b>Total credit line</b>	<b>100.0</b>	<b>37.9</b>	<b>62.0</b>	<b>62.4</b>

- (3) As of June 29, 2022, the Bank signed a new line of credit with the French Development Agency (AFD) to borrow up to EUR 30.0 with a 12-year maturity at the 6-month Euribor rate plus a margin. This credit line is added to the credit line denominated in U.S. dollars that was approved in October 2018, for \$20.0, and that was fully executed in 2021, therefore it is in repayment process. As of December 31, 2022, eligible loans were financed under this new line of credit for a total of EUR 8.0, equivalent to \$8.5. No disbursements were drawn down under this line of credit during the period January 1 – June 30, 2024.

The total amount owed to AFD under these two lines as of December 31, 2023, amounts to \$26.9, consisting of \$17.3 and EUR 8.0 (2023- \$20.0 and EUR 8.0). To hedge the currency and interest rate potential exposures related to the Euro denominated disbursement and to the Euribor, the Bank contracted a cross-currency swap with JPM (see Note 8.5 (ii)). During the interim period ended as of June 30, 2024, the bank amortized \$0.9 against the dollar line.

<u>Loans</u>	AFD Funding in Euros and USD as of June 30, 2024				
	<u>Eligible</u>	<u>Disbursed</u>	<u>Available</u>	<u>FONPLATA</u>	<u>To pay</u>
ARG-51/2021-PROSAF	3.8	3.8	-.	7.7	-.
BRA-33/2022-DOURADOS	12.0	4.2	7.8	25.4	-.
Projects to be identified	14.2	-.	14.2	-.	-.
<b>Total Euros</b>	<b>30.0</b>	<b>8.0</b>	<b>22.0</b>	<b>33.1</b>	<b>8.0</b>
<b>USD equivalent</b>	<b>32.0</b>	<b>8.5</b>	<b>23.5</b>	<b>35.4</b>	<b>8.8</b>
Line denominated in USD 2018	20.0	20.0	-.	-.	17.3
<b>Total</b>	<b>52.0</b>	<b>28.5</b>	<b>23.5</b>	<b>35.4</b>	<b>26.1</b>

<u>Loans</u>	AFD Funding in Euros and USD as of December 31, 2023 and 2022				
	<u>Eligible</u>	<u>Disbursed</u>	<u>Available</u>	<u>FONPLATA</u>	<u>To pay</u>
ARG-51/2021-PROSAF	3.8	3.8	-.	9.5	-.
BRA-33/2022-DOURADOS	11.4	4.2	7.2	28.6	-.
Projects to be identified	14.8	-.	14.8	-.	-.

<b>Total Euros</b>	30.0	8.0	22.0	38.1	8.0
<b>USD equivalent</b>	33.1	8.8	24.3	42.1	8.8
Line denominated in USD 2018	20.0	20.0	-.-	-.-	17.3
<b>Total</b>	<b>53.1</b>	<b>28.8</b>	<b>24.3</b>	<b>42.1</b>	<b>26.1</b>

- (4) On April 29 and December 6, 2022, the Bank received from the European Investment Bank (EIB), an amount of \$10.0 and \$20.0, respectively, within the framework of the financing line that was signed in August 2020, for \$60.0. This disbursement is added to the one that was executed in December 2021, for \$12.0. On July 6, 2023, the Bank drew down \$18.0, completing the total amount approved under this line of credit.
- (5) During the year ended as of December 31, 2022, the Bank received \$12.2, under the new line of credit subscribed on June 9, 2022, with the “Instituto de Crédito Oficial E.P.E. – (ICO),” in the amount of \$15.0. This line was added to the one signed in 2018, for \$15.0, of which the undisbursed balance of \$9.5 was cancelled on December 17, 2020, leaving an outstanding balance of \$5.5, of which the Bank amortized \$1.1 in 2023, leaving the outstanding balance as of year-end in \$15.5 (2022 - \$1.1 amortized leaving an outstanding balance of \$16.6). During the interim period ended June 30, 2024 no new disbursements were recorded and \$0.6 was amortized, leaving an outstanding balance of \$14.9. On May 16, 2024, the Bank signed a third line of credit in the amount of \$25.0

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

Loans	ICO			Available
	Eligible	Disbursed 2023	Disbursed 2024	
<b>June 30, 2024,</b>				
BRA-31/2021 CRICIUMA II	3.8	-.-	-.-	3.8
URU-15/2024 Universalización Saneamiento	10.0	-.-	-.-	10.0
URU-27/2024 Univ. Saneamiento Maldonado	11.2	-.-	-.-	11.2
Subtotal	25.0	-.-	-.-	25.0

Loans	ICO			Available
	Eligible	Disbursed 2022	Disbursed 2023	
<b>December 31, 2023,</b>				
ARG 23/2015 Ferrocarril Belgrano SUR	12.6	12.2	-.-	0.4
Subtotal	12.6	12.2	-.-	0.4

- (6) In June 2021, the Bank signed and drew-down in full a 5-year term credit facility in the amount of \$100.0 with Banco Bilbao Vizcaya Argentaria S.A. (BBVA). During the interim period ended as of June 30, 2024, the Bank amortized \$16.7 (December 2023- \$16.7) leaving an outstanding balance of \$66.7, under this credit facility (December 2023- \$83.3).

- (7) On December 16, 2022, the Bank signed a loan contract with the KfW intended to finance green line projects that contribute to mitigate negative impacts to the environment and climate change. This line of credit is denominated in Euros at the Euribor interest rate plus a fixed margin. This line of credit amounts to EUR 37.0. This line of credit should be disbursed by December 31, 2024, which is the date for the last disbursement. Amortization of this loan will commence on May 15, 2027, and end on May 15, 2030, based on 7 semi-annual equal installments. On August 24, 2023, the Bank disbursed EUR 21.0 equivalent to \$22.8 under this line of credit. This disbursement was hedged through a cross-currency swap to align the cashflows with the US dollar and the interest rate with the SOFR in arrears which are the currency and reference rate of the Bank's lending operations. During the interim period ended as of June 30, 2024, no disbursements or amortizations were done under this line.

The following chart shows the list of loans considered eligible for financing under this facility contracted with the KfW, the total amount to be financed, the amount disbursed as of June 30, 2024, and the amount pending disbursement:

Loans	KfW		
	Eligible	Disbursed	Available
<b>June 30, 2024</b>			
ARG23/2015 Belgrano Sur	10.5	-.-	10.5
PAR26/2018 Ande Valenzuela	21.0	21.0	-.-
PAR29/2022 Ande Chaco	5.5	-.-	5.5
<b>Total Euros</b>	<b>37.0</b>	<b>21.0</b>	<b>16.0</b>
<b>US dollar equivalent</b>	<b>39.6</b>	<b>22.5</b>	<b>17.1</b>

Loans	KfW		
	Eligible	Disbursed	Available
<b>December 31, 2023</b>			
ARG23/2015 Belgrano Sur	10.5	-.-	10.5
PAR26/2018 Ande Valenzuela	21.0	21.0	-.-
PAR29/2022 Ande Chaco	5.5	-.-	5.5
<b>Total Euros</b>	<b>37.0</b>	<b>21.0</b>	<b>16.0</b>
<b>US dollar equivalent</b>	<b>40.8</b>	<b>23.2</b>	<b>17.6</b>

- (8) On May 23, 2024, the Bank signed a \$30.0 under its first credit line with CDP - Cassa Depositi e Prestiti S.P.A., with the purpose of financing projects eligible within the Bank's Sustainable Debt Framework. This line has a maturity of 6 years and is amortizable at the SOFR in arrears rate composed of 12 semi-annual installments and was fully drawn-down on June 18, 2024.

## ii. Bonds and derivative financial instruments designated as fair value hedges

As stated in Notes 2 and 4.10, between 2019 and 2021, the Bank launched three bond issuances, a.k.a., FONPLATA 24, FONPLATA26, and FONPLATA28, according to their respective year of maturity. These bond issuances are denominated in Swiss Francs with an annual fixed rate coupon and principal payment at maturity. FONPLATA 24, consisted of CHF 150.0 and was redeemed at its maturity on March 11, 2024; FONPLATA26, consisted of CHF 200.0 with a 5 ½ - years of maturity on September 3, 2026; and FONPLATA28, CHF 150.0, with a 7-year maturity on December 1, 2028, and a fixed rate coupon. As indicated in Note 2, “Significant Changes During the Interim Period”, on May 15, 2024, the Bank issued a new bond in the Swiss capital market, called FONPLATA 27, for CHF 145.0 maturing on November 15, 2027. This bond was the first Bank’s issuance in the swiss market under its Sustainable Debt Framework. This bond was issued at a fixed rate with an annual interest coupon and exchanged for an obligation in US dollars for \$158.6 at the SOFR rate with semiannual interest payment through a rate and currency hedging operation contracted with Banco Bilbao Viscaya Argentaria (BBVA).

As of the end of March 2023, the Bank entered for the first time the Japanese capital markets and launched the issuance of its first sustainable bonds. This issuance consisted of two series, the first one with maturity in March 2028 in the amount of ¥3,000.0, equivalent to \$22.5 at fix rate with a semiannual coupon, and the second one maturing in October 2029 in the amount of ¥4,200.0, equivalent to \$31.5.

On June 20, 2024, the Bank carried out another sustainable bond issuance in the Japanese market through a private placement that consisted of two more series (i.e. third and fourth series). The third series for ¥6,300.0 with a 3-year maturity, on June 18 from 2027; and the fourth series for ¥1,100.0, maturing in 5 years on June 20, 2029. As indicated in Note 2, these issuances were the subject of two cross-currency swaps contracted with Sumitomo Banking Corporation (SMBC), for \$40.2, covering the third series maturing in 2027, and \$7.0 for the fourth series maturing in 2029, respectively.

Likewise, as indicated above in Note 8.5 (i) (1) and (4), in 2023, the Bank contracted a new non-committed and revolving line of credit with CAF, denominated in US dollars and at the SOFR Term interest rate. In August 2023, the Bank disbursed EUR 21.0, equivalent to \$22.8 (2022 – EUR 8.0 equivalent to \$8.5 disbursed under the second line of credit contracted with AFD, which is denominated in Euros at the Euribor rate).

In compliance with its financial and risk management policies, the Bank contracts derivatives to exchange obligations denominated in currencies other than the U.S. dollar, and at interest rates other than the 6-month Libor, into U.S. dollars denominated obligations bearing interest based on the 6-month Libor rate. Based on the nature of these transactions, the Bank considered the cross-currency and interest rate swaps effective to offset both the interest rate and currency exchange risks. Accordingly, the Bank designated the derivatives assumed as a fair value hedge in accordance with IFRS 9.

The following are the cross-currency swaps outstanding as of June 30, 2024, and December 31, 2023 respectively:

**June 30, 2024,**

1. SMBC – Cross-currency swaps in connection with the issuance of Sustainable Bonds series 3 ¥6,300.0, maturing in 3 years at a fixed annual rate of 1.60% with semiannual coupon exchanged for \$40.2, maturing in 3 years with interest payment based on SOFR in arrears plus a margin; and series 4 Sustainable Bonds ¥1,100.0, maturing in 5 years at a fixed annual rate of 1.79% with semiannual coupon, exchanged for \$7.0, maturing in 5 years with interest payment based on the SOFR in arrears plus a margin.
2. BBVA – Cross-currency swap in connection with the issuance of FONPLATA 27, CHF 145.0 maturing on November 15, 2027, exchanged for USD 158.6, maturing on November 15, 2027, and with semiannual interest payments under the SOFR in arrears rate.
3. JPM – This derivative expired on March 11, 2024, the original maturity date of the bonds, giving rise to the exchange of the contracted flows with which the JPM paid CHF 150.0, plus 1 basis point of paying agent commission, and the Bank paid JPM \$148.8, plus interest corresponding to the last semester.
4. HSBC – Cross-currency swap contracted on January 29, 2024, associated to the \$10.0, non-sovereign loan granted to Badesul, which exercised the option granted under the Flexible Financing Facility on Bank loans, to denominate the loan in local currency at the CDI rate (“Certificado de Deposito Interbancario” published by the Brazilian Central Bank). Under this swap the Bank will receive the original amount disbursed \$10.0, and semiannual interest payments based on the SOFR in arrears, and pay the counterpart the principal amortization and interest payments based in the CDI, in Brazilian Reais.

**December 31, 2023,**

5. HSBC – Cross-currency swap to exchange the proceeds from the issuance of sustainable bonds issued in the Japanese capital market series 1 ¥3,000.0, with a 5-year maturity at a fix annual rate of 1.21% with semiannual coupons, for a U.S. dollar denominated debt of \$22.5, with a 5-year maturity at the SOFR in arrears plus a margin; and sustainable bonds series 2 ¥4,200.0, maturing in 6 ½ years at a fix annual rate of 1.30% with semiannual coupon for a U.S. dollar denominated debt of \$31.5, with a 6 ½ year maturity at the SOFR in arrears plus a margin.
6. BBVA – Cross-currency swap to exchange EUR 21.0 drew-down on August 28, 2023 from KfW at the Euribor rate for \$22.8 at the SOFR in arrears maturing in 5 years on November 15, 2028. This hedge transaction provides for the semiannual exchange of interest by the counterpart at the 6-month Euribor rate plus a margin for semiannual interest payments based on the SOFR in arrears plus a margin to be made by the Bank.

7. JPM – Cross-currency swapping CHF 150.0, maturing in 5-years at fix rate with 0.578% annual coupon, plus 1 bps paying agent’s commission, exchanged for USD 148.8, maturing in 5-years with semiannual interest payments based on the 6-month Libor rate.
8. CS – Cross-currency swap to exchange CHF 200.0, 5 ½ year maturity at fix rate, with 0.556% annual coupon for USD 222.7, plus 1 bps paying agent fee, maturing in 5 ½ years, with semiannual payments based on the 6-month Libor rate.
9. JPM – Cross currency swap to exchange CHF 150.0, 7-year maturity at fix rate, with 0.7950% annual coupon for USD 164.5, plus 1 bps paying agent fee, maturing in 7 years, with semiannual payments based on the 6-month Libor rate.
10. JPM – Cross-currency rate to exchange EUR 8.0, corresponding to the first draw-down on the second credit line contracted with the AFD, which accrues interest based on the Euribor rate plus a fixed margin (see Note 8.5 (i) (4)). The terms of this cross-currency swap cover the period and service of the loan contracted, starting on December 23, 2022, and through its maturity on January 31, 2034. The Bank and JPM agreed to exchange EUR 8.0 for \$8.5, which accrues interest on the SOFR in arrears, which is the Bank’s reference rate on all loans starting January 1, 2022 (see Note 6.2).
11. DB- Interest rate swaps to hedge the two disbursements contracted with CAF in 2021 (see Note 8.5 (i) (1), replacing the Term SOFR interest rate by the compounded SOFR in arrears interest rate which is the Bank’s loan interest reference rate. These two interest rate swaps became effective on January 27, 2023, and retroactively cover the two disbursements down-down on December 1 and 6, 2023, respectively, amounting to \$100.0, taken together. The fair value of this debt and that of the interest rate swaps is the same as the value of the debt at amortized cost as of December 31, 2022. These interest rate hedges resulted in a reduction of interest rate expense in the amount of \$0.081, as of December 31, 2022.

The Bank has signed ISDA master netting agreements with its counterparts. Under these agreements, each party must compensate the other with collateral for any differences in credit risk resulting from daily changes in valuation of the swaps due to changes in interest and foreign exchange rates. Collateral is to be made effective, either in cash or U.S. Treasury bills by the party that is deficient when the net daily difference in valuation exceeds a given threshold. Collateral is determined based on a proprietary valuation model. The Bank closely monitors the fairness and reasonableness of those valuation models used by its counterparts through its own valuation model based on market information provided by Bloomberg financial services regarding interest and exchange rates.

In the event the collateral is satisfied in cash, the party receiving collateral from the counterpart is obliged to pay interest based on the U.S. Federal Reserve interest rate.

Interest received or paid by the Bank on the amount of collateral held by the counterparts is recognized as part of other incomes. As of June 30, 2024, the Bank has a collateral receivable position with its derivative counterparts, in the amount of \$25.5 (December 31, 2023 - \$20.6 collateral payable).

Interest paid/received in collateral deposits with derivative counterparts is based on the interest rate published by the Federal Reserve Bank of the United States of America for overnight deposits.

The total amount of interest received and paid on collateral sent and received from counterparts, amounted to \$0.7 and \$0.2, as of June 30, 2024 (December 2023- \$1.3 and \$0.2).

Financial assets and liabilities are offset, and the net amount is reported in the balance sheet where the Bank currently has a legally enforceable right to offset the recognized amounts, and there is the intention to settle on a net basis or realize the asset and settle the liability simultaneously.

The following table presents the recognized financial instruments as if all set-off rights were exercised (i.e., cross-currency and interest rate swaps and collateral), based on the set-off and netting right arising from the contract. As of December 31, 2023, neither of the parties exercised its rights to set-off and netting. The column “net amount” shows the impact on the Bank’s statement of financial position if all set-off rights were exercised.

	Gross amounts \$	Gross amounts offset in the Statement of Financial Position \$	Net amounts presented in the Statement of Financial Position \$
<b>As of June 30, 2024</b>			
<b>Credit Suisse (CS):</b>			
<b>Financial assets:</b>			
Cross-currency and interest rate swaps receivable <sup>1</sup>	223.5	(235.4)	(11.9)
Collateral receivable	11.9	--	11.9
<b>Subtotal Derivatives Receivable</b>	<b>235.4</b>	<b>(235.4)</b>	<b>--</b>
<b>Financial Liabilities:</b>			
Cross-currency and interest rate swaps payable	(235.4)	235.4	--
<b>Subtotal Derivatives Payable</b>	<b>(235.4)</b>	<b>235.4</b>	<b>--</b>
<b>Derivatives net CS</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>J.P. Morgan (JPM):</b>			
<b>Financial assets:</b>			
Cross-currency and interest rate swaps receivable	178.1	(182.9)	(4.8)
Collateral receivable	4.8	--	4.8
<b>Subtotal Derivatives Receivable</b>	<b>182.9</b>	<b>(182.9)</b>	<b>--</b>
<b>Financial Liabilities:</b>			
Cross-currency and interest rate swaps payable	(182.9)	182.9	--
<b>Subtotal Derivatives Payable</b>	<b>(182.9)</b>	<b>182.9</b>	<b>--</b>
<b>Derivatives net JPM</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Deutsche Bank (DB):</b>			
<b>Financial assets:</b>			
Interest rate swaps receivable	50.5	(50.5)	--
<b>Subtotal Derivatives Receivable</b>	<b>50.5</b>	<b>(50.5)</b>	<b>--</b>
<b>Financial Liabilities:</b>			
Interest rate swaps payable	(50.5)	50.5	--
<b>Subtotal Derivatives Payable</b>	<b>(50.5)</b>	<b>50.5</b>	<b>--</b>
<b>Derivatives net DB</b>	<b>--</b>	<b>--</b>	<b>--</b>

	Gross amounts \$	Gross amounts offset in the Statement of Financial Position \$	Net amounts presented in the Statement of Financial Position \$
<b>HSBC:</b>			
<b>Financial assets:</b>			
Cross-currency and interest rate swaps receivable	56.8	(69.4)	(12.6)
Collateral receivable	10.9	--	10.9
<b>Subtotal Derivatives Receivable</b>	<b>67.7</b>	<b>(69.4)</b>	<b>(1.7)</b>
<b>Financial Liabilities:</b>			
Cross-currency and interest rate swaps payable	(69.4)	69.4	--
<b>Subtotal Derivatives Payable</b>	<b>(69.4)</b>	<b>69.4</b>	<b>--</b>
<b>Derivatives net HSBC</b>	<b>(1.7)</b>	<b>--</b>	<b>(1.7)</b>
<b>BBVA:</b>			
<b>Financial assets:</b>			
Cross-currency and interest rate swaps receivable	178.2	(178.2)	--
<b>Subtotal Derivatives Receivable</b>	<b>178.2</b>	<b>(178.2)</b>	<b>--</b>
<b>Financial Liabilities:</b>			
Cross-currency and interest rate swaps payable	(175.5)	178.2	2.7
Collateral payable	(3.0)	--	(3.0)
<b>Subtotal Derivatives Payable</b>	<b>(178.5)</b>	<b>178.2</b>	<b>(0.3)</b>
<b>Derivatives net BBVA</b>	<b>(0.3)</b>	<b>--</b>	<b>(0.3)</b>
<b>SMBC:</b>			
<b>Financial assets:</b>			
Cross-currency and interest rate swaps receivable	48.5	(49.7)	(1.2)
Collateral receivable	0.8	--	0.8
<b>Subtotal Derivatives Receivable</b>	<b>49.3</b>	<b>(49.7)</b>	<b>(0.4)</b>
<b>Financial Liabilities:</b>			
Cross-currency and interest rate swaps payable	(49.7)	49.7	--
<b>Subtotal Derivatives Payable</b>	<b>(49.7)</b>	<b>49.7</b>	<b>--</b>
<b>Derivatives net SMBC</b>	<b>(0.4)</b>	<b>--</b>	<b>(0.4)</b>
<b>Net derivative payable position<sup>1</sup></b>	<b>(2.4)</b>	<b>--</b>	<b>(2.4)</b>

<sup>1</sup>For presentation of the outstanding balance of non-sovereign loans granted with the Flexible Financing Facility (FFF) that allows the borrower to redenominate the currency of disbursement from the US dollar into another currency, the net derivative payable excludes \$1.2 of exchange differences on cross-currency swaps contracted with HSBC. This amount is shown adding to the amount of loans outstanding.

	Gross amounts \$	Gross amounts offset in the Statement of Financial Position \$	Net amounts presented in the Statement of Financial Position \$
<b>As of December, 2023</b>			
<b>Credit Suisse (CS):</b>			
<b>Financial assets:</b>			
Cross-currency and interest rate swaps receivable <sup>1</sup>	238.5	(237.0)	1.5
Collateral receivable	5.5	-.-	5.5
<b>Subtotal Derivatives Receivable</b>	<b>244.0</b>	<b>(237.0)</b>	<b>7.0</b>
<b>Financial liabilities:</b>			
Cross-currency and interest rate swaps payable <sup>1</sup>	(237.0)	237.0	-.-
<b>Subtotal Derivatives Payable</b>	<b>(237.0)</b>	<b>237.0</b>	<b>-.-</b>
<i>Derivatives net receivable CS</i>	<u>7.0</u>	<u>-.-</u>	<u>7.0</u>
<b>J.P. Morgan (JPM):</b>			
<b>Financial assets:</b>			
Cross-currency and interest rate swaps receivable <sup>1</sup>	366.4	(366.4)	-.-
<b>Subtotal Derivatives Receivable</b>	<b>366.4</b>	<b>(366.4)</b>	<b>-.-</b>
<b>Financial liabilities<sup>2</sup>:</b>			
Cross-currency and interest rate swaps payable <sup>1</sup>	(336.2)	366.4	30.2
Collateral payable	(30.4)	-.-	(30.4)
<b>Subtotal Derivatives Payable</b>	<b>(366.6)</b>	<b>366.4</b>	<b>(0.2)</b>
<i>Derivatives net payable JPM</i>	<u>(0.2)</u>	<u>-.-</u>	<u>(0.2)</u>
<b>Deutsche Bank (DB):</b>			
<b>Financial assets:</b>			
Interest rate swaps receivable	50.5	(50.5)	-.-
<b>Subtotal Derivatives Receivable</b>	<b>50.5</b>	<b>(50.5)</b>	<b>-.-</b>
<b>Financial liabilities:</b>			
Interest rate swaps payable	(50.5)	50.5	-.-
<b>Subtotal Derivatives Payable</b>	<b>(50.5)</b>	<b>50.5</b>	<b>-.-</b>
<i>Derivatives net receivable DB</i>	<u>-.-</u>	<u>-.-</u>	<u>-.-</u>
<b>HSBC:</b>			
<b>Financial assets:</b>			
Cross-currency and interest rate swaps receivable <sup>1</sup>	55.2	(55.2)	-.-
Collateral receivable	4.8	(4.8)	-.-
<b>Subtotal Derivatives Receivable</b>	<b>60.0</b>	<b>(60.0)</b>	<b>-.-</b>
<b>Financial liabilities:</b>			
Cross-currency and interest rate swaps payable <sup>1</sup>	(60.0)	60.0	-.-
<b>Subtotal Derivatives Payable</b>	<b>(60.0)</b>	<b>60.0</b>	<b>-.-</b>
<i>Derivatives net payable HSBC</i>	<u>-.-</u>	<u>-.-</u>	<u>-.-</u>

	<u>Gross amounts</u>	<u>Gross amounts offset in the Statement of Financial Position</u>	<u>Net amounts presented in the Statement of Financial Position</u>
<b>BBVA:</b>			
<b>Financia assets:</b>			
Cross-currency and interest rate swaps receivable <sup>1</sup>	24.1	(24.1)	-.-
<b>Subtotal Derivatives Receivable</b>	<b>24.1</b>	<b>(24.1)</b>	<b>-.-</b>
<b>Financial liabilities:</b>			
Cross-currency and interest rate swaps payable <sup>1</sup>	(23.7)	24.1	0.4
Collateral payable	(0.4)	-.-	(0.4)
<b>Subtotal Derivatives Payable</b>	<b>(24.1)</b>	<b>24.1</b>	<b>-.-</b>
<b>Derivatives net payable BBVA</b>	<b>-.-</b>	<b>-.-</b>	<b>-.-</b>
<b>Net receivable as of December 31, 2023</b>	<b><u>6.8</u></b>	<b><u>-.-</u></b>	<b><u>6.8</u></b>

<sup>1</sup>Based on the contractual clauses of the contract signed in connection with the cross-currency swap with CS, which was subsequently merged with the UBS Group AG (UBS) in March 2023, during the third quarter of 2023, the interest rate was automatically modified to the SOFR in arrears. This modification is consistent with the rates applicable to the Bank's lending operations.

<sup>2</sup>As stated in Note 2-B, in December 2022, the Bank replaced the 6-month Libor for the SOFR compounded in arrears in the cross-currency swaps with JPM, which is the interest reference rate for 60% of the loan portfolio as of December 31, 2022. This replacement is for maturities as of January 1, 2023.

Derivatives are valued at their fair value using valuation techniques using reliable and observable market information whenever possible, and as such, are classified as Level 2 (see Note 8.7)

Borrowings outstanding classified based on their scheduled maturities before deferred charges of \$3.6, (December 31, 2023 - \$2.8), are as follows:

#### Maturities

	<u>As of June 30, 2024</u>	<u>As of December 31, 2023</u>
Up to one year <sup>1</sup>	70.8	318.9
More than one and up to two years	73.5	42.0
More than two and up to three years	336.4	251.7
More than three and up to four years	212.3	17.2
More than four and up to five years	197.5	201.1
More than five years	216.2	221.9
<b>Total</b>	<b><u>1,106.7</u></b>	<b><u>1,052.8</u></b>

<sup>1</sup>The "up to one year" tranche includes exchange differences and market adjustments of the debt for a total of \$20.6 for June 2024, and \$34.4 for December 2023.

### (iii) Fair value of borrowings

Time deposits from central banks and loans contracted with MDBs and other institutions are held at amortized cost. It is estimated that their book value approximates their fair value since future cash flows to be paid are like the recorded amount for the borrowing.

Bonds outstanding and cross-currency and interest rate swaps designated as a fair value hedge are valued at fair value with the effective portion of the hedge recognized in other income.

### (iv) Risk exposure

Notes 6 and 7, respectively, provide information regarding the risk exposure associated with borrowings.

## 8.6 Special funds

The balance maintained with special funds by the Bank as of June 30, 2024, and December 31, 2023, respectively, includes the following:

	<u>As of June 30</u> <u>2024</u> \$	<u>As of December 31,</u> <u>2023</u> \$
FOCOM	14.0	15.8
PAC	5.7	4.9
PCT	3.8	3.8
<b>Total</b>	<u>23.5</u>	<u>24.5</u>

The Board of Governors can create special funds for specific purposes. Special funds have their own specific rules and administrative procedures and are considered as separate and independent entities from the Bank. Special funds are directly controlled by the member countries through the Board of Governors, and their balances do not require to be consolidated by the Bank.

Special funds are funded through distribution of retained earnings maintained in the general reserve. On December 1, 2023, the Board of Governors approved a distribution of retained earnings as of December 31, 2022 (ASG-RES-200/2023) In 2014, the Board of Governors created and funded the following special funds:

- a. **“Fund for the Compensation of the Operational Rate (referred as FOCOM)”**: The scope of this fund, was expanded in 2020, from helping to reduce the financial cost incurred by Bolivia, Paraguay and Uruguay on their loans with the Bank, to also encompass projects under the “Green Financing Line” and projects financed under the “Economic Recovery Line”, through the payment of a portion of the interest to be paid semiannually for all five member countries. The payment of the part of the interest accrued on loans by FOCOM on behalf of the borrowers is contingent and determined annually. On December 1, 2023, (RAG – 200), the Board of Governors approved a contribution of \$4.3 from retained earnings as of December 31, 2022. Since the inception of this fund, in May 2014, and until June 30, 2024, it has received \$25.9 in contributions approved by the Board of Governors from retained earnings (December 31, 2023 - \$25.9).

- b. **“Technical Cooperation Program (PCT)”**: This fund was created through the restructuring and transfer of resources from the “Fondo para Desarrollo de Proyecto de Integración Regional” (FONDEPRO), to the PCT. The PCT pursues the purpose of fostering regional development and integration, through financing studies, technical knowledge exchange programs, and other initiatives that form an integral part of the Bank’s strategic focus. On December 16, 2022, the Board of Governors approved a contribution of \$0.5 from retained earnings as of December 31, 2021. No funds were allocated to the PCT in 2023. Since its inception and until June 30, 2024, the PCT has received \$5.0 in contributions approved by the Board of Governors from retained earnings (December 31, 2023 - \$5.0).
- c. **“Joint Savings Program (PAC)”**: As stated in Note 4.13, “Other benefits to employees” on August 14, 2018, the Board of Executive Directors approved the PAC, which became effective, on November 1, 2018, and has a validity of eight years counted from the first day of employment of a participant. The PAC preserves the exit payment benefit, upon termination of employment, and improves it by adding a supplemental contribution based on one-to-one matching of the voluntary amount of savings to be contributed by participating employees.

Participant’s contributions are optional and those employees who opt-out would only receive the severance payment benefit, upon termination of employment. Participant’s voluntary savings contributions are limited to either a maximum of one month of salary for year of service (8.33%) or to a minimum of one-half months of salary for year of service (4.17%).

Participant’s election of the percentage of voluntary savings contributions is performed annually prior to the beginning of each fiscal year. The PAC has a validity of eight years, counted since the date of employment of each participant. Furthermore, and as an incentive to foster personnel retention, the PAC provides a vesting period of four years. Upon termination of employment, participants are entitled to withdraw from the PAC the totality of their exit payment benefit; their voluntary savings contributions plus accumulated investment earnings, and the accumulated matching contributions made by the Bank on participant’s voluntary savings contributions plus accumulated investment earnings.

During the vesting period, the Bank applies a withholding percentage reducing the amount available for withdrawal upon termination, for participants with less than four years of service. The withholding only applies to the amount of matching contributions to be made by the Bank and to the investment income accrued on them. Applicable withholding percentages are: 75% during the first year; 50% during the second year; 25% during the third year; and 0% at the end of the fourth year, when the participant employee reaches full eligibility to withdraw the totality of funds accumulated in his/her PAC account upon termination of employment.

The following table provides a break-down of funds accumulated and total available PAC funds for the interim period ended as of June 30, 2024, and December 31, 2023, respectively:

	Severance payment contributions	Participants' voluntary savings contributions	Bank's matching contributions on voluntary savings	Accumulated total	Total amount available for termination	Deferred amount
	₪	₪	₪	₪	₪	₪
<b>June 30, 2024</b>						
Balance as of December 31, 2023 <sup>1</sup> :	2.1	1.6	1.1	4.9	4.9	--
Severance payment contributions	0.3	--	--	0.3	0.3	--
Participants' voluntary savings contribution	--	0.2	0.2	0.4	0.4	--
Additional participants' savings contributions	--	0.1	--	0.1	0.1	--
Investment income accrued	--	--	--	--	--	--
Withdrawals	0.1	--	--	0.1	0.1	--
<b>Balance due to the PAC June 30, 2024</b>	<b>2.5</b>	<b>1.9</b>	<b>1.3</b>	<b>5.8</b>	<b>5.8</b>	<b>--</b>
<b>December 31, 2023</b>						
Balance as of December 31, 2022:	1.8	1.4	1.0	4.2	4.1	0.1
Severance payment contributions	0.5	--	--	0.5	0.5	--
Participants' voluntary savings contribution	--	0.4	0.3	0.7	0.7	--
Investment income accrued	--	0.1	--	0.1	0.1	--
Withdrawals	(0.2)	(0.2)	(0.2)	(0.6)	(0.6)	--
<b>Balance due to the PAC December 31, 2023</b>	<b>2.1</b>	<b>1.6</b>	<b>1.1</b>	<b>4.9</b>	<b>4.8</b>	<b>0.1</b>

<sup>1</sup>The initial balance available for the payment of benefits has been adjusted to the nearest thousand.

Special funds' assets and liabilities are managed by the Bank independently of the management of its own affairs and their liquid funds are invested in accordance with the Bank's investment policies and all applicable guidelines. Accrued investment income attributable to each fund is calculated pro-rata based on the proportion that the amount of liquid assets of each fund bears relative to the total portfolio of liquid assets invested by the Bank, multiplied by the aggregate investment return accrued during the period or year. Investments managed by the Bank on behalf of special funds, as well as the related returns, are accounted for through accounts maintained with each special fund.

## 8.7 Recognition and measurement of fair value

This note includes information about judgments and estimates used in the determination of fair values of financial instruments in the financial statements.

Determination of fair values attributable to investment is made by obtaining values in accordance with the three levels of the fair value hierarchy. An explanation for each of these three levels follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	\$	\$	\$
<b><u>June 30, 2024</u></b>			
Investments at fair value with changes in OCI – Note 8.2	278.9	19.8	-.-
Borrowings at fair value with changes in income – Note 8.5 (i)	782.0	-	-.-
Receivable swaps at fair value with changes in income – Note 8.5 (ii)	-.-	736.0	-.-
Payable swaps at fair value with changes in income – Note 8.5 (ii)	-.-	(763.4)	-.-
<b><u>December 31, 2023</u></b>			
Investments at fair value with changes in OCI – Note 8.2	376.5	-.-	-.-
Borrowings at fair value with changes in income – Note 8.5 (i)	(743.7)	-.-	-.-
Receivable swaps at fair value with changes in income – Note 8.5 (ii)	-.-	734.7	-.-
Payable swaps at fair value with changes in income – Note 8.5 (ii)	-.-	(707.4)	-.-

The fair value of the Japanese sustainable bonds has been derived from the Bloomberg financial information platform based on the market value of similar bonds quoted in the Japanese stock exchange. Except for the valuation of these sustainable bonds, during the six-month interim period ended as of June 30, 2024, and for year ended as of December 31, 2023, respectively, the Bank did not have other holdings of financial instruments that requires valuation at fair value in accordance with the fair value measurement methodologies prescribed under either level 2 or 3. Should changes in the methodology of obtaining applicable fair values for financial investment instruments exist, it is the Bank's policy to recognize the effect from such changes.

- **Level 1**: Fair value of financial instruments transacted in an active market (such as investments carried at fair value), are based on prevailing quoted market prices at year end. The market price used for financial assets held by the institution is the quoted market price. These instruments are included under level 1.
- **Level 2**: Fair value of financial instruments not quoting in an active market is determined through valuation techniques, using as much as possible reliable and observable market information. If all information required to determine the applicable fair value for a financial instrument is observable information, then such instrument is classified under level 2.
- **Level 3**: If the information considered either significant or relevant for the determination of fair values cannot be obtained by reference to market sources, then the financial instrument is classified under level 3. The institution does not have financial instruments classified under this category.

#### **NOTE 9 – NON-FINANCIAL ASSETS AND LIABILITIES**

This note provides information about non-financial assets and liabilities of the institution, including:

- Specific information on each type of non-financial asset and liability.
- Accounting policies used.
- Information about the determination of fair values attributable to those assets and liabilities, including professional judgments used and the uncertainties of the estimates applied.

## 9.1 Property and equipment, net

The composition of property and equipment includes the following:

	<u>Property</u> \$	<u>Equipment and Furniture</u> \$	<u>Art</u> \$	<u>Vehicles</u> \$	<u>Total</u> <sup>1</sup> \$
<b><u>Book value</u></b>					
<b><i>Balance as of December 31, 2022,</i></b>	<b>4.5</b>	<b>3.3</b>	<b>0.1</b>	--	<b>7.9</b>
Additions	--	0.1	--	--	0.1
Fixed Assets in transit	--	--	--	--	--
Write-offs	--	--	--	--	--
<b><i>Balance as of December 31, 2023,</i></b>	<b>4.5</b>	<b>3.4</b>	<b>0.1</b>	--	<b>8.0</b>
Additions	--	0.1	--	--	0.1
Fixed Assets in transit	--	--	--	--	--
Write-offs	--	--	--	--	--
<b><i>Balance as of June 30, 2024,</i></b>	<b>4.5</b>	<b>3.5</b>	<b>0.1</b>	--	<b>8.1</b>
<b><u>Cumulative depreciation</u></b>					
<b><i>Balance as of December 31, 2022,</i></b>	<b>0.8</b>	<b>1.4</b>	--	--	<b>2.2</b>
Write-offs	--	--	--	--	--
Depreciation	0.1	0.5	--	--	0.6
<b><i>Balance as of December 31, 2023,</i></b>	<b>0.9</b>	<b>1.9</b>	--	--	<b>2.8</b>
Write-offs	--	--	--	--	--
Depreciation	0.1	0.2	--	--	0.3
<b><i>Balance as of June 30, 2024,</i></b>	<b>1.0</b>	<b>2.1</b>	--	--	<b>3.1</b>
<b><i>Net book value as of June 30, 2024,</i></b>	<b>3.5</b>	<b>1.4</b>	<b>0.1</b>	--	<b>5.0</b>
<b><i>Net book value as of December 31, 2023</i></b>	<b>3.6</b>	<b>1.5</b>	--	--	<b>5.2</b>

<sup>1</sup> Opening balances and partial sums include differences due to rounding.

The net book value of offices, parking, and storage spaces conforming the Bank's headquarters includes a technical revaluation in the amount of \$0.8, recognized on December 31, 2018, based on the estimated fair value resulting from an independent appraisal as of that date. This revaluation resulted in the recognition of a revaluation reserve in other comprehensive income. As of June 30, 2024, and December 31, 2023, the amount of the revaluation reserve was reduced by \$0.01 and \$0.02, respectively, because of the depreciation of the period, and in 2022, for the sale of the office space occupied by the Bank on the 3rd floor of its headquarters as explained below. The amount of the revaluation reserve is reduced by the depreciation and might be adjusted based on subsequent technical revaluations.

In January 2022, the Bank completed the opening of liaison offices in all its member countries, and reallocated part of its operational staff to those new offices. This, coupled with the adoption of a hybrid work model, allowed the Bank to optimize its physical space at its headquarters. As a result, the Bank considered it appropriate to sell the two offices occupied on the 3<sup>rd</sup> floor. The sale price amounted to \$0.5, based on the prevailing market value, and left a net profit of \$0.1, after deducting the net book value of \$0.3, and transfer taxes.

**(i) Depreciation methods, revaluation, and useful lives**

Property is recognized at its fair value based on periodic independent appraisals net of depreciation. Other assets included under this caption are carried at their historical cost net of cumulative depreciation.

Depreciation is calculated using the straight-line method either on the historical cost or on the revalued amount and based on the estimated useful live the asset. Applicable useful lives for the assets, are as follows:

Asset	Useful Live
Property:	Not amortized
Land	The lesser of 40 years or the value of the assessment, the
Buildings	least
Furniture and equipment:	
Improvements on leased property	Over lease contract
Furniture and equipment	8 to 10 years
Computer equipment and software	4 to 7 years
Vehicles	5 years
Art	Not amortized

Note 4.9 contains additional information on accounting policies applicable to property and equipment.

**(ii) Net book value that would have been recognized had property been valued at cost**

Had the value of property been determined at historical cost, the carrying amount of property would have been as follows:

	<u>As of June 30,</u> <u>2024</u> \$	<u>As of December 31,</u> <u>2023</u> \$
Cost	4.0	4.0
Cumulative depreciation	<u>(0.8)</u>	<u>(0.7)</u>
<b>Total</b>	<u><u>3.2</u></u>	<u><u>3.3</u></u>

**9.2 Miscellaneous**

This caption includes small balances owed to the Bank, resulting from loans to staff members, advances to suppliers, expenses paid in advance; deferred expenses; and guarantee deposit for the liaisons offices located in Asunción, Paraguay.

The Bank has entered medium-term leases to secure space for its liaison offices in Montevideo, Uruguay, Brasilia, Brazil and Buenos Aires, Argentina. Leases for periods longer than one year are recognized and accounted for in compliance with IFRS 16. Leasing and interest charges paid for the interim period ended as of June 30, 2024, amounted to \$0.1 (December 2023- \$0.2). The following table shows the relevant information on those leases as of June 30, 2024 and December 31,2023:

	<b>Lease Obligation</b>	
	As of June 30, 2024 \$	As of December 31, 2023 \$
Asuncion – Paraguay, a 3-year lease contract signed don January 1, 2023, and expiring on December 31, 2026. The contract provides for minimum lease payments of \$2,5 and includes two parking spaces plus a third parking space at an additional monthly cost of \$0.075, and annual escalation of 4% starting on January 1, 2024.	0.1	0.1
Montevideo – Uruguay, 3-year lease contract signed on November 20, 2020, including extension for the lease of an additional 75 m2 in June 2022. Minimum monthly payments in U.S. dollars of \$2.5, starting on February 1, 2021, and ending on January 1, 2024. In February 2024, the contract was renewed for 3 more years until January 31, 2027. Starting in 2024, the minimum payment is \$4.2 monthly. Minimum rental payments are subject to a 4% annual increase%.	0.1	--
Brazil – Brasilia, 3-year lease contract signed on March 15, 2021, with minimum lease payments denominated in Brazilian Reais, \$9.5, and subject to annual escalation adjustments based on the local inflation price index. Lease expires on March 14, 2024 and the use of the offices was extended until June 2024. The Bank has already contracted the rental of new offices starting in August 2024.	--	--
Buenos Aires – Argentina, 3-year lease signed for 36 months, from February 1, 2022, to January 31, 2025, with a minimum monthly payment of \$5.4, including value added tax and amortization of improvements.	--	0.1
<b>Total</b>	<b>0.2</b>	<b>0.2</b>

As of June 30, 2024, and December 31, 2023, the total amount of miscellaneous receivables amounts to \$1.4.

### 9.3 Other Liabilities

This caption includes interest and commissions payable accrued on borrowings, as well as small balances owed to suppliers and staff reimbursements. In addition, and as indicated in Note 9.2, it includes the recognition of the unamortized portion of the liability contracted by the lease contract in relation to the liaison offices in Montevideo, Uruguay. The composition of other liabilities as of June 30, 2024, and December 31, 2023, is as follows:

	<u>As of June 30,</u> <u>2024,</u> \$	<u>As of December 31,</u> <u>2023,</u> \$
Interest and commissions accrued on borrowings	15.3	15.1
Trade payables and accruals	0.4	0.7
Unamortized financial lease obligations	0.2	0.2
<b>Total</b>	<b>15.9</b>	<b>16.0</b>

## NOTE 10 – EQUITY

### 10.1 Capital

On January 28, 2016, the 14th Extraordinary Board of Governors approved a capital increase in the amount of \$1,375.0, raising the authorized from \$1,639.2 to \$3,014.2. The 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 \$550.0 and their commitment of the totality of their respective portion of callable capital in the amount of \$825.0.

Paid-in capital subscriptions for Argentina, Bolivia, Paraguay, and Uruguay are based in eight annual equal installments commencing in 2018 and ending in 2024, and from 2018 – 2026, for Brazil. At the end of the integration process, the total capital payable in cash will amount to \$1,349.2.

Callable capital in the amount of \$1,665.0, was subscribed and committed in its totality as of December 31, 2018. Payment of subscribed and committed callable capital will proceed when required and based on the Governors' approval should the Bank be unable to comply with its financial obligations and commitments using its own resources.

As indicated in Note 1 – “Background”, the Bank’s new Charter, which was approved by the Assembly of Governors in November 2018, and was ratified by the Bank’s five member countries on June 27, 2023, and entered into force on January 27, 2024. At that time capital would be expressed in terms of shares of \$0.01 each.

Furthermore, on 5 February 2024, the Assembly of Governors, based on a recommendation from the Board of Executive Directors, approved an increase in the amount of authorized capital from \$3,014.2 to \$6,500.0. This increase provides for the addition of new members.

On June 12, 2024, the Assembly of Governors approved the guidelines for the increase in subscribed capital as well as the criteria for the addition of new members. Additionally, the Assembly of Governors instructed the Administration, working in coordination with the Board of Executive Directors, to work on the preparation of the capital increase proposal for its consideration in the first part of the second quarter of 2025.

The following chart depicts the number of shares outstanding and of shares subscribed and to be paid-in by member countries as of June 30, 2024. The new Bank Charter that entered into force on January 27, 2024, denominates the Bank’s capital in shares of \$0.01 each.

Shares of Authorized Capital Issued as of June 30, 2024 <sup>i</sup> , (number of shares)					
Member	Paid-in Capital			Shares of callable capital subscribed and committed	Total shares issued
	Shares subscribed and paid	Shares subscribed to be paid	Total shares		
Argentina	41,858	3,116	44,974	55,501	100,475
Bolivia	13,951	1,039	14,990	18,499	33,490

Brazil	40,441	4,533	44,974	55,501	100,475
Paraguay	13,951	1,039	14,990	18,499	33,490
Uruguay	13,951	1,039	14,990	18,499	33,490
Others	-.-	-.-	-.-	-.-	348,580
	<u>124,153</u>	<u>10,767</u>	<u>134,920</u>	<u>166,500</u>	<u>650,000</u>

<sup>i</sup> For rounding reasons to thousands of US dollars, partial figures may differ from the total sum.

Composition of the Bank's capital by member country as of June 30, 2024, and December 31, 2023, is as follows:

Member country <sup>i</sup>	Subscribed capital		Authorized capital		Total	%
	Paid-in	Callable	Paid-in	Callable		
	\$	\$	\$	\$		
• Argentina	449.7	555.0	449.7	555.0	1,004.7	33.3%
• Bolivia	150.0	185.0	150.0	185.0	335.0	11.1%
• Brazil	449.7	555.0	449.7	555.0	1,004.7	33.3%
• Paraguay	149.9	185.0	149.9	185.0	334.9	11.1%
• Uruguay	149.9	185.0	149.9	185.0	334.9	11.1%
	<u>1,349.2</u>	<u>1,665.0</u>	<u>1,349.2</u>	<u>1,665.0</u>	<u>3,014.2</u>	<u>100.0%</u>

As indicated in Note 2, on January 3, 2023, and April 27, 2023, the Bank received from Brazil the amount of \$69.8 and \$27.7, corresponding to paid-in capital installments agreed for the period 2020 to 2022, and paid-in contributions subscribed for 2023. These contributions will increase the Bank's equity and its cash flows in 2023. In October 2023, the countries of Bolivia, Paraguay and Uruguay paid their respective paid-in quotas for \$10.4 each, for a total received of \$128.7. During the six-month interim period ended as of In June 2024, the Bank received \$31.2, from Argentina, corresponding to contributions subscribed for 2023.

The amount of paid-in capital subscribed and pending integration, as well as the amount of callable capital and committed as of June 30, 2024, and December 31, 2023, is as follows:

Member country	June 30, 2024			December 31, 2023		
	Paid-in Capital Subscribed			Paid-in Capital Subscribed		
	Paid-in <sup>i</sup>	Receivable <sup>i</sup>	Total	Paid-in <sup>i</sup>	Receivable <sup>i</sup>	Total
	\$	\$	\$	\$	\$	\$
• Argentina	418.6	31.1	449.7	387.4	62.3	449.7
• Bolivia	139.6	10.4	150.0	139.6	10.4	150.0
• Brazil	404.4	45.3	449.7	404.4	45.3	449.7
• Paraguay	139.5	10.4	149.9	139.5	10.4	149.9
• Uruguay	139.5	10.4	149.9	139.5	10.4	149.9
Total	<u>1,241.6</u>	<u>107.6</u>	<u>1,349.2</u>	<u>1,210.4</u>	<u>138.8</u>	<u>1,349.2</u>

**As of June 30, 2024, and December 31, 2023:**

	<u>Subscribed Callable Capital</u> <sup>i</sup>	<u>Committed</u> <sup>ii</sup>
Member country		\$
• Argentina		555.0
• Bolivia		185.0
• Brazil		555.0
• Paraguay		185.0
• Uruguay		185.0
Total		<u>1,665.0</u>

<sup>i</sup> As of December 31, 2018, all member countries had subscribed and committed their share of callable capital.

<sup>ii</sup> Subtotals may differ from totals due to rounding into thousands.

**10.2 Other reserves**

As explained in Note 8.2 (iv), other comprehensive income as of June 30, 2024 and December 31, 2023, includes the following:

- i. Reserve for changes in the fair value of investments – FVOCI: During the interim period ended as of June 30, 2024, this reserve was increased by \$1.8, of unrealized gains for a cumulative unrealized gain of \$1.4 (December 31, 2023 –\$4.2 of unrealized gain for a cumulative total of unrealized losses of \$0.4).
- ii. Reserve for revaluation of property: During the interim period ended as of June 30, 2024, this reserve was reduced by \$0.01, due to depreciation, for a cumulative balance of \$0.6 (December 2023- \$0.02 for a balance of \$0.6).

**10.3 Retained earnings and reserves.**

Retained earnings as of June 30, 2024, amount to \$40.0, which consists of the net income for the interim period ended as of June 30, 2024 (2023-\$92.1). The recognition of the fair value adjustment of the debt contracted in currencies other than the U.S. dollar and at interest rates other than the Bank’s loans reference interest rate together with the fair value adjustment of the receivable payable swaps contracted to mitigate the risk of exposure to exchange rate and interest rate changes amounted to \$ 12.2 of net unrealized losses, which are included in “Other income” as of June 30, 2024 (December 2023-\$1.4). These net unrealized gains resulting from the net fair value adjustment of the debt and swaps will gradually converge to zero as the original debt and the swaps mature. At that time, the Bank will exchange the contracted flows with its swap’s counterparts.

The Bank policies provide that Unappropriated Retained Earnings are to be used to finance the preservation of the value of its equity over time and to also finance the Special Fund for the Compensation of the operational Rate (FOCOM), and the Technical Cooperation Program (PCT).

The amount of the General Reserve as of June 30, 2024, and December 31, 2023, respectively is as follows:

	<u>General Reserve</u>
	\$
Balance as of December 31, 2022	203.6
Allocated by the Board of Governors in 2023	43.3
Balance as of December 31, 2023	<u>246.9</u>
Allocated by the Board of Governors in 2024	-.-
Balance as of June 30, 2024	<u><u>246.9</u></u>

## NOTE 11 – REVENUES

The composition of net income is as follows:

	January 1 through June 30,	
	<u>2024</u>	<u>2023</u>
	\$	\$
<b>Loan income:</b>		
Interest	81.8	66.1
Commitment fee and commissions	2.1	1.8
Administrative fee	0.9	1.0
<b>Subtotal</b>	<u>84.8</u>	<u>68.9</u>
<b>Investment income:</b>		
Interest	9.8	12.9
Other	0.3	0.4
<b>Gross investment income</b>	<u>10.1</u>	<u>13.3</u>
Special Fund's share of investment income – Note 8.6	(0.5)	(0.4)
<b>Investment income – Net</b>	<u>9.6</u>	<u>12.9</u>
<b>Income for financial assets</b>	<u>94.4</u>	<u>81.8</u>
<b>Other income</b>		
Unrealized gains due to the fair value adjustment of debt flows hedged with cross-currency and interest rate swaps – Note 4.10	41.9	18.3
Unrealized losses resulting from receivable and payable swaps – Note 4.10	(54.1)	(29.0)
<b>Net unrealized gains</b>	<u>(12.2)</u>	<u>(10.7)</u>
<b>Other income</b>	<u>0.3</u>	<u>0.2</u>
<b>Total Other Income</b>	<u><u>(11.9)</u></u>	<u><u>(10.5)</u></u>

## NOTE 12 – ADMINISTRATIVE EXPENSES

Since 2013, the Bank has adopted a result-based budgeting system, including performance indicators allowing the measurement of results attained and their related cost. The system matches governance, operating and financial goals with the activities required to reach them and the resources required. During the Interim period ended as of June 30, 2024 and 2023, the Bank reached an annualized percentage of execution of its administrative budget equivalent to 38.2% and 43.5%, respectively. The break-down of administrative expenditures by functional activity is as follows:

<b><u>Classification of expenses</u></b>	January 1, through June 30,	
	<u>2024</u>	<u>2023</u>
	₡	₡
Personnel expenses	4.0	4.3
Business travel expenses	0.4	0.4
Professional services	0.5	0.4
Credit risk rating	--	--
External auditors	--	--
Administrative expenses	1.0	0.9
Financial services	0.1	0.1
<i>Total administrative budget</i>	<u>6.0</u>	<u>6.1</u>
<b><u>Classification of other expenses</u></b>		
Depreciation	0.3	0.3
Loss/Gain on foreign exchange	(0.2)	--
<i>Total administrative expenses</i>	<u>6.1</u>	<u>6.4</u>

## NOTE 13 – MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The following tables provide an analysis of the expected time elapsed to maturity of assets and liabilities for the interim period as of June 30, 2024, and the year ended as of December 31, 2023, respectively, based on their respective recovery or settlement date:

	<u>Current</u>	<u>Non-Current</u>	<u>Total</u>
	<u>(Up to 1 year)</u>	<u>(More than 1 year)</u>	
	₡	₡	₡
<b><u>June 30, 2024,</u></b>			
<b><u>ASSETS</u></b>			
<b>Cash and cash equivalents</b>	440.1	--	440.1
<b>Investments</b>			
At fair value <sup>1</sup>	298.7	--	298.7
At amortized cost	1.5	--	1.5
<b>Loan portfolio</b>			
Outstanding loans	231.7	1,741.9	1,973.6
<b>Interest and other accrued charges</b>			
On investments	2.7	--	2.7

	<u>Current</u> <u>(Up to 1 year)</u> \$	<u>Non-Current</u> <u>(More than 1 year)</u> \$	<u>Total</u> \$
Interest and commissions on loans	44.5	--	44.5
<b>Other assets</b>			
Property and equipment, net	--	5.0	5.0
Miscellaneous	1.1	0.3	1.4
<b>Total assets</b>	<u>1,020.3</u>	<u>1,747.2</u>	<u>2,767.5</u>

#### **LIABILITIES**

Borrowings	70.1	1,033.0	1,103.1
Fair value hedge derivatives	2.4	--	2.4
Other liabilities	15.9	--	15.9
Special funds	7.7	15.8	23.5
<b>Total liabilities<sup>2</sup></b>	<u>96.1</u>	<u>1,048.8</u>	<u>1,144.9</u>

#### **December 31, 2023**

<b><u>ASSETS</u></b>			
	324.2	--	324.2
<b>Cash and cash equivalents</b>			
At fair value <sup>1</sup>	376.4	--	376.4
At amortized cost	30.0	--	30.0
<b>Loan portfolio</b>			
Outstanding loans	214.6	1,638.7	1,853.3
<b>Interest and other accrued charges</b>			
On investments	3.3	--	3.3
Interest and commissions on loans	39.5	--	39.5
<b>Other assets</b>			
Fair value hedge derivatives	6.8	--	6.8
Property and equipment, net	--	5.2	5.2
Miscellaneous	1.1	0.3	1.4
<b>Total assets</b>	<u>995.9</u>	<u>1,644.2</u>	<u>2,640.1</u>

#### **LIABILITIES**

Borrowings	318.5	731.6	1,050.1
Other liabilities	16.0	--	16.0
Special funds	5.2	19.3	24.5
<b>Total liabilities</b>	<u>339.7</u>	<u>750.9</u>	<u>1,090.6</u>

<sup>1</sup>As of December 31, 2023, all investments classified as available for sale and valued at FVCOI, are held for the purpose of financing expected loan disbursements within the next 12 months.

<sup>2</sup> Totals may differ due to rounding into thousands.

#### **NOTE 14 – IMMUNITIES, EXEMPTIONS AND PRIVILEGES**

As stated in the Bank's "Agreement of Immunities, Exemptions and Privileges of the Fund for the development of the River Plate Basin Territory," an international legal instrument duly ratified by its five Member Countries, the Bank can hold resources on any currency, paper, shares, equities and bonds, and can freely transfer them from one country to the other and from one place to the other within the territory of any country and convert them into other currencies.

Furthermore, the Agreement establishes that the Bank and its assets are exempt, within the territory of its Member Countries, of any direct taxes and custom duties with respect either imported or exported goods for official use. The Agreement also indicates that in principle, the Bank would not claim the exemption of consumption, sales taxes, and other indirect taxes. However, Member Countries commit, to the extent possible, to apply all administrative provisions that might be available to exempt or reimburse the Bank for such taxes, in connection with official purchases involving large amounts when such taxes are included in the price paid.

Complementary, both the Agreement on Immunities, Exemptions and Privileges as well as the Treaties signed by the Bank with Argentina, Bolivia, Paraguay, and Uruguay, establish that the Bank's properties, goods, and assets are exempt from all taxes, contributions, and charges, at the national, departmental, municipal or of any other type.

#### **NOTE 15 – INFORMATION RELEVANT OPERATION**

##### **(i) Segment description**

Based on an analysis of its operations, the Bank determined that it only has a single reportable operational segment. This determination recognizes the fact that the Bank does not manage its operations allocating resources among operations measuring the contribution of those individual operations to the Bank's net income. The Bank does not distinguish between the nature of loans or products, or the services rendered, their preparation process or the method followed in the preparation of loans and services rendered to its member countries. All operations are performed at the Bank's headquarters with the support of its liaison offices. The Bank's core business consists of operations consist of granting financing to its five member countries, which are considered as segments for geographical areas purposes of this disclosure: Argentina, Bolivia, Brazil, Paraguay, and Uruguay.

## (ii) Assets by geographical area

Composition of the loan portfolio by country is as follows:

	<u>Gross portfolio</u>	<u>Unaccrued</u>	<u>Impairment</u>	<u>Loan portfolio</u>	<u>Interest and</u>	<u>Total</u>
	<u>₹</u>	<u>commissions</u>	<u>₹</u>	<u>₹</u>	<u>receivable</u>	<u>₹</u>
		<u>₹</u>			<u>₹</u>	
<b>June 30, 2024:</b>						
Argentina	466.0	(0.3)	(9.7)	456.0	10.5	466.5
Bolivia	426.9	(0.5)	(6.3)	420.1	9.8	429.9
Brazil <sup>1</sup>	283.3	(1.8)	(1.5)	280.0	6.3	286.3
Paraguay	373.1	(0.9)	(0.8)	371.4	7.9	379.3
Uruguay	448.6	(1.0)	(1.5)	466.1	10.1	456.2
<b>Total</b>	<b>1,997.9</b>	<b>(4.5)</b>	<b>(19.8)</b>	<b>1,973.6</b>	<b>44.5</b>	<b>2,018.2</b>

### **December 31, 2023:**

Argentina	460.8	(0.4)	(9.9)	450.5	10.7	461.2
Bolivia	440.6	(0.6)	(6.1)	433.9	8.9	442.8
Brazil <sup>1</sup>	258.3	(1.5)	(1.5)	255.3	4.0	259.3
Paraguay <sup>1</sup>	372.3	(1.0)	(0.8)	370.5	9.4	379.9
Uruguay	345.2	(1.0)	(1.1)	343.1	6.5	349.6
<b>Total<sup>2</sup></b>	<b>1,877.2</b>	<b>(4.5)</b>	<b>(19.4)</b>	<b>1,853.3</b>	<b>39.5</b>	<b>1,892.8</b>

<sup>1</sup>Includes \$92.5 in four NSG loans outstanding (December 2023 - \$98.3). As of June 30, 2024, unaccrued loan commissions on NSG loans amount to \$0.006 (December 2023 - \$0.004); and accrued interest receivable amount to \$2.6, (December 2023 - \$0.8). The provision for potential impairment on NSG loans amounts to \$1.5 (December 2023 - \$1.6). See Note 8.4, for further information.

<sup>2</sup>Totals may differ due to rounding into thousands.

Composition of the gross loan portfolio by country and its distribution by industry segment is as follows:

	<u>Communication,</u>	<u>Infrastructure for</u>	<u>Infrastructure for</u>	<u>NSG Loans</u>	<u>Total</u>
	<u>transportation,</u>	<u>productive</u>	<u>socio-economic</u>		
	<u>energy, and logistics</u>	<u>development</u>	<u>development</u>		
	<u>infrastructure</u>	<u>₹</u>	<u>₹</u>	<u>₹</u>	<u>₹</u>
	<u>₹</u>				
<b>June 30, 2024:</b>					
Argentina	233.9	54.6	177.5	--	466.0
Bolivia	380.1	35.3	11.6	--	427.9
Brazil <sup>1</sup>	214.2	--	13.1	56.0	282.2
Paraguay <sup>1</sup>	335.2	7.9	--	30.0	373.1
Uruguay	344.3	27.2	70.5	6.5	448.5
<b>Total</b>	<b>1,507.7</b>	<b>125.0</b>	<b>272.7</b>	<b>92.5</b>	<b>1,997.9</b>

### **December 31, 2023:**

	<u>Communication, transportation, energy, and logistics infrastructure</u>	<u>Infrastructure for productive development</u>	<u>Infrastructure for socio-economic development</u>	<u>NSG Loans</u>	<u>Total</u>
	₺	₺	₺	₺	₺
Argentina	234.6	61.1	165.1	--	460.8
Bolivia	392.7	35.3	12.6	--	440.6
Brazil	192.3	--	14.0	52.0	258.3
Paraguay	333.5	8.8	--	30.0	372.3
Uruguay	238.0	28.8	62.1	16.3	345.2
<b>Total<sup>2</sup></b>	<b>1,391.1</b>	<b>134.0</b>	<b>253.8</b>	<b>98.3</b>	<b>1,877.2</b>

<sup>1</sup> Loans without a sovereign guarantee do not fit into any of the categories used to classify financing granted to member countries with a sovereign guarantee (see Note 8.4 for more information).

<sup>2</sup> Horizontal and vertical sums may differ for rounding reasons.

Undisbursed loan balances on loans under execution and its break-down by country correspond mostly to sovereign guaranteed loans, and are as follows:

	<u>As of June 30, 2024</u>	<u>As of December 31, 2023</u>
	₺	₺
Argentina	320.4	374.7
Bolivia	174.8	67.3
Brazil <sup>1</sup>	525.3	412.5
Paraguay	320.7	340.7
Uruguay	94.6	152.3
<b>Total</b>	<b>1,435.8</b>	<b>1,347.5</b>

As of June 30, 2024, and December 31, 2023, respectively, the balance of loans approved by the Bank but not yet disbursing due to either their respective contracts no having been signed or ratified by the member country's Legislative Branch, corresponds solely to sovereign guaranteed loans, and is as follows:

	<u>As of June 30, 2024</u>	<u>As of December 31, 2023</u>
	₺	₺
Argentina	193.4	43.4
Bolivia	75.0	113.3
Brazil	217.0	201.0
Paraguay	--	--
Uruguay	38.0	--
<b>Total</b>	<b>523.4</b>	<b>357.7</b>

The average return on loans is as follows:

	January 1, through June 30,			
	<u>2024</u>		<u>2023</u>	
	<u>Average balance</u>	<u>Average return</u>	<u>Average balance</u>	<u>Average return</u>
	\$	%	\$	%
Loan portfolio	1,937.6	8.75%	1,752.5	7.86%

### (iii) Revenues by geographical area

Interest and other loan revenues by segment are as follows:

	<u>Loan interest</u>	<u>Other loan operating revenues</u>	<u>Total</u>
	\$	\$	\$
<b><u>January 1 through June 30, 2024:</u></b>			
Argentina	19.5	0.8	20.3
Bolivia	18.0	0.3	18.3
Brazil <sup>1</sup>	11.3	0.8	12.1
Paraguay <sup>1</sup>	15.6	0.8	16.4
Uruguay	17.4	0.3	17.7
<b>Total</b>	<b>81.8</b>	<b>3.0</b>	<b>84.8</b>
<b><u>January 1 through June 30, 2024:</u></b>			
Argentina	18.5	1.1	19.6
Bolivia	14.0	0.4	14.4
Brazil	8.0	0.7	8.7
Paraguay	14.6	0.5	15.1
Uruguay	11.0	0.1	11.1
<b>Total</b>	<b>66.1</b>	<b>2.8</b>	<b>68.9</b>

<sup>1</sup> Includes accrued interest in the amount of \$4.5, and other loan charges in the amount of \$0.06, corresponding to NSG loans granted to state-owned development banks in Brazil, Paraguay, and Uruguay (June 30, 2023- \$6.6 in interest, and \$0.008, in other loan charges related to NSG loans)

### NOTE 16 – RELATED PARTIES

As indicated in Notes 1 and 6.4, the Bank only grants financings to its five borrowing member countries with sovereign guarantee, who are also the owners and shareholders of the Bank, and to government owned development financial institutions and government owned enterprises, both at the national and subnational level, without sovereign guarantee. All lending operations are entered in full compliance with the policies and guidelines approved by the Board of Governors, the Board of Executive Directors, or the Executive President, as required. Consequently, the Bank does not have transactions with its member countries on other terms than those established in its policies and guidelines.

The balances and transactions maintained with related entities as of June 30, 2024, and December 31, 2023, respectively, correspond to the balances maintained with the FOCOM; PCT; and the PAC, as explained in further detail in notes 4.12, 4.13 and 8.6, respectively.

**NOTE 17 – CONTINGENCIES**

No contingencies have been identified that could materially affect the Bank's financial statements for the year ended as of June 30, 2024 and December 31, 2023, respectively.

**NOTE 18 – SUBSEQUENT EVENTS**

The Bank has evaluated subsequent events from the date of the closing of these financial statements and through August 16, 2024, the date on which the interim financial statements are ready to be issued by Luciana Botafogo Brito, Executive President. No matters were identified that might have a material impact on the interim financial statements for the period ended as of June 30, 2024 and 2023, and the year ended as of December 31, 2023, respectively.

Luciana Botafogo Brito  
EXECUTIVE PRESIDENT

Antonio Mullisaca Díaz  
CHAIRPERSON BOARD OF EXECUTIVE DIRECTORS

Fernando A. Fernandez Mantovani  
CHIEF BUDGET AND ACCOUNTING

Rafael Robles  
VICEPRESIDENT OF FINANCE

**ANNEX A-3: DECEMBER 31, 2023, DECEMBER 31, 2022 AND DECEMBER 31, 2021 FINANCIAL STATEMENTS**

**FONPLATA - BANCO MULTILATERAL DE DESARROLLO**

**Financial statements for the years ended as of December 31,  
2023, 2022 and 2021, respectively, along with the  
independent auditor's report.**

**FONPLATA - BANCO MULTILATERAL DE DESARROLLO**

**Financial statements**

**Years ended as of December 31, 2023, 2022 and 2021, respectively**

**Content:**

Independent auditor's report on review on financial information

Audited financial statements:

Statement of financial position

Statement of profit or loss and other comprehensive income

Statement of cash flows

Statement of changes in equity

Notes to the financial statements

## INDEPENDENT AUDITORS' REPORT

To the Assembly of Governors  
of **FONDO FINANCIERO PARA EL DESARROLLO DE LA CUENCA DEL PLATA**  
(FONPLATA) Banco Multilateral de Desarrollo

### *Opinion*

We have audited the financial statements of FONDO FINANCIERO PARA EL DESARROLLO DE LA CUENCA DEL PLATA Banco Multilateral de Desarrollo ("FONPLATA"), which comprise the statement of financial position as at December 31, 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of FONPLATA as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

### *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing ("ISA"). 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 are independent of Fonplata in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) ("*IESBA Code*") together with the ethical requirements that are relevant to our audit of the financial statements in Mexico according with the "*Código de Ética Profesional del Instituto Mexicano de Contadores Públicos*" ("*IMCP Code*"), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

### *Key audit matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *“Auditor’s responsibilities for the audit of the financial statements”* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

### ***Valuation of hedging instruments***

#### ***Description and why matter is of most material***

We have considered the valuation of hedging instruments and their classification as a key audit matter, because Management uses valuation techniques that involve judgments when the use of inputs from various sources and complex valuation models is required, as well as requiring the involvement of the auditor's specialists to validate the valuation.

Notes 4.10 and 8.5 (ii) and (iii) to the accompanying financial statements as of December 31, 2023 describes the accounting policy on the valuation techniques and assumptions used in the recognition of investments in hedging instruments, as well as their integration.

#### ***How our audit addressed the key audit matter***

As part of the audit procedures, we obtained an understanding of the process and control environment established by FONPLATA on the valuation process of investments in hedging instruments. In addition, we inspected the contractual origin of the transactions by obtaining the financing contracts, as well as the respective derivative contracts and we evaluate the selection of the accounting criteria of the financial instruments as "Cash Flow Hedge or Fair Value Hedge".

We also involved our specialists to review the reasonableness of the valuation of hedging instruments. We reviewed the calculation of the fair value of derivatives, through the appropriate selection of valuation curves. In addition, we obtained confirmation of collateral balances at year-end from counterparties.

We also assessed the adequacy of disclosures related to hedging financial instruments in the accompanying financial statements as of December 31, 2023.

### ***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 IFRS, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### ***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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Fonplata's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Fonplata's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Fonplata to cease to continue as a going concern.

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

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

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

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

The partner in charge of the audit resulting in this independent auditor's report, is who signs it.

This Independent Auditor's Report and the accompanying financial statements have been translated into English for convenience purposes only.

Mancera, S.C.  
Member of  
Ernst & Young Global Limited



C.P.C. José Luis Loaeza Leyva

Mexico City  
February 23, 2024



Ernst & Young Ltda.  
Av. Cristo Redentor y 4to. Anillo,  
Edif. Torre Empresarial MSC, Piso 13  
Of. 13-B  
Santa Cruz - Bolivia

Tel: 591-3-3423288  
Fax: 591-3-3451577  
ey.com

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Governors  
**FONPLATA - Banco Multilateral de Desarrollo**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of FONPLATA - Banco Multilateral de Desarrollo (the Bank), which comprise the statement of financial position as of December 31, 2022, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as of December 31, 2022, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board.

#### **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 are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

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

For each of the aspects below, we describe how we have treated them in the context of our audit.

We have fulfilled the responsibilities described in the Auditor's Responsibilities section in connection with the audit of the financial statements of our report, including those related to these aspects. Accordingly, our audit included the execution of procedures designed to respond to our assessment of the risks of material misstatement in the financial statements. The results of our audit procedures, including the procedures performed to respond to the matters described below, provide the basis for our audit opinion on the accompanying financial statements.

## 1. Valuation of hedging instruments

<u>Key Audit Matter</u>	<u>Audit Response</u>
<p>As of December 31, 2022, FONPLATA holds the following debt for bond issuances:</p> <ul style="list-style-type: none"> <li>- During 2019, FONPLATA, through Credit Swiss &amp; UBS, issued a five-year bond, with a fixed annual coupon of 0.578%, denominated in Swiss francs for an amount of CHF 150,000,000.</li> <li>- During 2021, FONPLATA, through Credit Swiss &amp; UBS, issued two 5 and a half and 7-year bonds, with fixed annual coupons of 0.556% and 0.795% denominated in Swiss francs (CHF) and for an amount of CHF 200,000,000 and CHF 150,000,000, respectively.</li> <li>- During 2022, FONPLATA obtained loans from CAF, within the framework of the credit line subscribed in 2021, whose reference rate is the "Term SOFR".</li> </ul> <p>As part of the risk management strategy, in connection with the issuance of these bonds, FONPLATA entered into currency exchange and interest rate contracts with J.P. Morgan Chase, NA., Credit Suisse and Deutsche Bank under the parameters of "The international Swaps and Derivatives Agreement Association, Inc. (ISDA)".</p> <p>We view this situation as a key audit matter, due to the inherent relevance and overall complexity that the estimate poses in the presentation and disclosure of the financial statements.</p>	<p>We evaluated these transactions through the following audit procedures.</p> <ul style="list-style-type: none"> <li>- We obtained an understanding of the process implemented by the Bank for the identification, classification, valuation and accounting of these operations and identified the main controls implemented by FONPLATA associated with these derivative operations.</li> <li>- We inspected the contractual origin of the transactions obtaining the financing contracts, as well as the respective derivative contracts.</li> <li>- We evaluated the risk of material error in the selection of the accounting criteria of financial instruments as "Cash Flow or Fair Value Hedges".</li> <li>- We inspected the effectiveness of the hedging of Derivatives, through the comparison of the market value of both debt instruments and hedging instruments.</li> <li>- We inspected the calculation of the fair value of the Derivatives, through the appropriate selection of the valuation curves obtained from the Bloomberg terminal.</li> <li>- We received confirmation of the collateral balances at the end of the year, from the derivative issuers' financial institutions, J.P. Morgan and Credit Suisse and Deutsch Bank.</li> <li>- We inspected the effect of the exchange differences and the rates originated both in the transaction and in the hedging instrument, with information obtained from financial institutions and market quotes.</li> <li>- We inspected the reasonableness of the effect of the valuation of currency exchange and interest rate contracts recognized in the Financial Statements.</li> </ul>

## 2. Revenue recognition and measurement

<u>Key Audit Matter</u>	<u>Audit response</u>
<p>The Bank generates most of its income (Note 11), based on the result obtained from the granting of sovereign guaranteed loans to its member countries, and from 2020, to a lesser extent, from the approval of loans to banks and public enterprises at the national or subnational level of the member countries, as well as, based on administration and commitment fees that are charged to the same institutions or companies to which the credits were granted.</p> <p>Interest income is recognized using the effective interest rate method in accordance with IFRS 9 - Financial Instruments and other income related to loan management, consisting of administrative and commitment fees, is recognized in accordance with IFRS 15 - Revenue from Contracts with Customers, based on management's analysis of the likelihood that such loans will be used by creditors.</p> <p>Both, the calculation of interest and commissions, which are parameterized in the system, are determined considering the conditions established in each of the contracts.</p> <p>We have considered this situation as a key audit matter due to the relevance of interest income and loan management to the financial statements.</p>	<p>We evaluate revenue recognition through the following audit procedures.</p> <ul style="list-style-type: none"> <li>- We got an understanding of the process implemented by the Bank for the identification, classification and valuation of its income and identified the main controls implemented by FONPLATA associated with its portfolio management and income recognition.</li> <li>- We performed an analysis of the appropriate recognition of income for interest, administration, and commitment fees.</li> <li>- We inspected the contracts signed between the countries, corroborating that the interest rates and commissions had been properly incorporated into the system for the respective calculation.</li> <li>- We recalculated the related interest identifying those loans that are subject to the SOFR Rate as well as those that are subject to the Libor Rate.</li> <li>- We recalculated the administration and commitment fees.</li> </ul>

### Other matters

The Bank's financial statements as of December 31, 2021 were audited by another auditor who expressed an unqualified opinion on February 18, 2022.

### 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 IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### **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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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



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

**ERNST & YOUNG LTDA.**  
**Member Firm of Ernst & Young Global**

Lic. Aud. Javier Iriarte J.  
Partner  
MAT. PROF. N° CAUB - 9324  
MAT. PROF. N° CAUSC - 3125

Santa Cruz de la Sierra, February 28, 2023



(Free translation from the original issued in Spanish)

## INDEPENDENT AUDITOR'S REPORT

February 18, 2022

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

### Report on the audit of the financial statements

#### Our opinion

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

#### *What we have audited*

FONPLATA's financial statements comprise:

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

#### Basis for opinion

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

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

#### *Independence*

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



**Our audit approach**

*Overview*

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

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

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

*Materiality*

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

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

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



**Key audit matters**

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

Key Audit Matter	How our audit addressed the key audit matter
<p><b>Hedging instruments</b></p> <p>As of December 31, 2021, FONPLATA maintains the following debts for bond issuance:</p> <p>During 2019, FONPLATA, through Credit Swiss &amp; UBS, issued a five-year bond with a fixed annual coupon of 0.578%, denominated in Swiss Francs (CHF) for an amount of CHF 150,000,000.</p> <p>During 2021, FONPLATA, through Credit Swiss &amp; UBS, issued two bonds with a 5 ½ and 7 years term, with a fixed annual coupon of 0.556% and 0.795% denominated in Swiss francs for an amount of CHF200,000,000 and CHF150,000,000, respectively.</p> <p>As part of its risk management strategy regarding these bonds, FONPLATA signed a Master Agreement and entered into cross-currency swap with J.P. Morgan Chase, NA. (JPM), under the framework of the International Swaps and Derivatives Agreement Association, Inc. (ISDA).</p> <p>We consider this matter as a key audit matter, based on the relevance that these transactions and the overall complexity related the underlying estimates pose to the presentation and disclosure of the financial statements.</p> <p>Our audit procedures have been focused to address the aspects described in the previous paragraph.</p> <p>Additionally, see note 8.5 (ii).</p>	<p>We assessed these transactions throughout the following audit procedures:</p> <ul style="list-style-type: none"> <li>- We verified the contractual origin of the transaction, obtaining the financing contracts and the related cash flows generated by this.</li> <li>- We verified the differences in exchange rates and rates originated in the transaction and in the hedging with information from the Bank, JP Morgan and market prices.</li> <li>- We verified the composition of the financial instruments recognized (i.e., cross-currency and interest rate swaps and collateral) that are offset, or subject to enforceable master netting arrangements and other similar arrangements but not offset, as of December 31, 2021.</li> <li>- We assessed the risk of material misstatements in the accounting of the underlying financial instruments.</li> <li>- We verified the unrealized losses recorded in the statement of other comprehensive income as of December 31, 2021 due to valuation of cross-currency and interest rate swaps recognized.</li> </ul>
<p><b>Credit Lines without sovereign guarantee:</b></p> <p>As of December 31, 2021, FONPLATA maintains the following credit lines without sovereign guarantee:</p> <p>On May 12, 2020, the Bank's Board of Executive Directors approved the first operation under this new financing line, initially aimed at financing development banks. This operation consisted of a revolving credit line, without sovereign guarantee, granted to the "Banco de Desenvolvimento de Minas Gerais (BMDG)" for an amount</p>	<p>We assessed these loans throughout the following audit procedures:</p> <ul style="list-style-type: none"> <li>- We requested written confirmation on all borrowers' outstanding balances, including credit lines without sovereign guaranteed.</li> <li>- We requested and verified the contractual origin of the transactions, for this, we obtained and verified the approvals of the Bank's Executive Board, and the contracts signed with the borrowers.</li> </ul>



Key Audit Matter	How our audit addressed the key audit matter
<p>of \$36,000,000, with an 8-year duration. Likewise, on September 15, 2020, the Board of Executive Directors approved a revolving credit line without sovereign guarantee for the “Banco Nacional de Fomento - BNF” of Paraguay, for an amount of \$36,000,000, with an 8-year duration and with a 2-year grace period.</p> <p>During the year ended December 31, 2021, the Bank approved a new credit line without sovereign guaranteed for US\$42,000,000, for the “Corporación Vial del Uruguay” (CVU), and increased by \$6,000,000 the existing line of credit with BMDG, from \$36,000,000, to \$42,000,000 (December 31, 2020 – \$72,000,000 approved and fully disbursed in two financing operations).</p> <p>We consider this matter as a key audit matter, based on the fact that 95% of the Bank’s loans are granted for development projects undertaken by the government and as such are covered by the sovereign guaranteed of the member country. By virtue of the creation of a new line without sovereign guaranteed financing, as previously stated, since 2020, the Bank is extending a minor portion of its lending capacity to financial institutions and enterprises where the government is the main shareholder or owner.</p> <p>Our audit procedures have been focused to address the aspects described in the previous paragraph.</p> <p>Additionally, see note 8.4.</p>	<ul style="list-style-type: none"> <li>- For approved and disbursed loans, we verified the disbursement operations of those loans.</li> <li>- We performed the recalculation of the accrued interest considering the initial debt balances and the movements of the year to obtain the final balances and multiply by an average interest rate.</li> </ul>

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

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

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

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



## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the FONPLATA's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the FONPLATA's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause FONPLATA to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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



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

**PricewaterhouseCoopers S.R.L.**



Sergio Fischer  
Partner

**FONPLATA – Banco Multilateral de Desarrollo**  
**STATEMENT OF FINANCIAL POSITION**  
 (All amounts expressed in millions of U.S. dollars)

As of December 31,

**ASSETS**

	<u>2023</u>		<u>2022</u>		<u>2021</u>
Cash and cash equivalents – Note 8.1 and 8.3		324,2		217,6	128,3
<b>Investments</b>					
At fair value with changes in other comprehensive income – Note 8.2	376,4		338,8		352,8
At amortized cost	<u>30,0</u>	406,4	<u>-,-</u>	338,8	<u>151,8</u>
<b>Loan portfolio</b> – Note 8.4		1.853,3		1.744,4	1.503,7
<b>Accrued interest</b>					
On investments – Note 8.2 and 8.3	3,3		1,4		2,4
On loans – Note 8.4	<u>39,5</u>	42,8	<u>28,2</u>	29,6	<u>10,6</u>
<b>Other assets</b>					
Fair value hedge derivatives – Note 8.5 (ii)	6,8		-,-		0,7
Property and equipment, net – Note 9.1	5,2		5,7		5,7
Miscellaneous – Note 9.2	<u>1,4</u>	13,4	<u>1,1</u>	6,8	<u>7,2</u>
<b>Total assets</b>		<b>2.640,1</b>		<b>2.337,2</b>	<b>2.156,8</b>

**LIABILITIES AND EQUITY**

**Liabilities**

Borrowings – Note 8.5	1.050,0		975,4		926,7
Other liabilities – Note 9.3	16,0		10,3		3,2
Special funds – Note 8.6	<u>24,5</u>		<u>22,6</u>		<u>21,9</u>
<b>Total liabilities</b>		<b>1.090,5</b>		<b>1.008,3</b>	<b>951,8</b>

**Equity**

<b>Capital – Note 10.1</b>					
Authorized	3.014,2		3.014,2		3.014,2
Less callable portion	<u>(1.665,0)</u>		<u>(1.665,0)</u>		<u>(1.665,0)</u>
Paid-in capital	1.349,2		1.349,2		1.349,2
Paid-in capital pending integration	<u>(138,8)</u>	1.210,4	<u>(267,5)</u>	1.081,7	<u>(342,7)</u>
General reserve – Note 10.3		246,9		203,6	183,2
Other reserves – Note 10.2		0,2		(4,0)	(8,7)
Retained earnings – Note 10.3		<u>92,1</u>		<u>47,6</u>	<u>24,0</u>
<b>Total equity</b>		<b>1.549,6</b>		<b>1.328,9</b>	<b>1.205,0</b>
<b>Total liabilities and equity</b>		<b>2.640,1</b>		<b>2.337,2</b>	<b>2.156,8</b>

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

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Antonio Mullisaca Díaz  
 CHAIRPERSON BOARD OF EXECUTIVE DIRECTORS

Fernando A. Fernandez Mantovani  
 CHIEF BUDGET AND ACCOUNTING

Rafael Robles  
 VICEPRESIDENT OF FINANCE

**FONPLATA – Banco Multilateral de Desarrollo**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
 (All amounts expressed in millions of U.S. dollars)

January 1 through December 31,

	2023	2022	2021
<b>INCOME – Note 11</b>			
<b>Loan portfolio</b>			
Interest	139,4	69,6	35,6
Other loan income	7,3	5,9	6,6
	<u>146,7</u>	<u>75,5</u>	<u>42,2</u>
<b>Investments</b>			
Interest	28,9	2,1	4,8
Other	0,8	-,-	-,-
	<u>29,7</u>	<u>2,1</u>	<u>4,8</u>
<b>Income from financial assets</b>	<u>176,4</u>	<u>77,6</u>	<u>47,0</u>
<b>EXPENSES</b>			
Interest expense	(65,3)	(25,2)	(11,0)
<b>Income from financial assets, net</b>	<u>111,1</u>	<u>52,4</u>	<u>36,0</u>
Other income/expenses	(0,7)	7,4	0,1
Income before provision and administrative expenses	110,4	59,8	36,1
Provision for loan impairment Notes 3 and 8.4	(5,9)	(1,2)	(2,6)
<b>Income after provision for loan impairment</b>	<u>104,5</u>	<u>58,6</u>	<u>33,5</u>
Administrative expenses – Note 12	(12,4)	(11,0)	(9,5)
<b>Net income</b>	<u>92,1</u>	<u>47,6</u>	<u>24,0</u>
<b>Items that may be reclassified to profit or loss:</b>			
Changes in fair value of investments	4,2	1,2	(3,9)
Losses/Gains on cash flow hedges net	-,-	3,5	(5,8)
<b>Items that will be not reclassified to profit or loss:</b>			
Technical appraisal of property	-,-	-,-	-,-
<b>Comprehensive income</b>	<u>96,3</u>	<u>52,3</u>	<u>14,3</u>

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**FONPLATA – Banco Multilateral de Desarrollo**  
**STATEMENT OF CASH FLOWS**  
(All amounts expressed in millions of U.S. dollars)

	<b>January 1 through December 31,</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Cash Flows from Operating Activities</b>			
Lending			
Disbursements	(291,9)	(354,6)	(345,4)
Cash received from loan principal amortizations	175,5	113,4	77,3
Net disbursements	(116,4)	(241,2)	(268,1)
Cash received from interest and other loan charges	137,0	57,3	41,0
<b>Net flows in lending activities</b>	<u>20,6</u>	<u>(183,9)</u>	<u>(227,1)</u>
<b>Other operating flows:</b>			
Payment of salaries, benefits, and other personnel expenses	(7,2)	(7,6)	(6,3)
Payment of administrative expenses	(3,7)	(3,4)	(1,6)
Increase in trade accounts payable and with special funds	(1,7)	(1,3)	7,0
<b>Net flows used in other operating activities</b>	<u>(12,6)</u>	<u>(12,3)</u>	<u>(0,9)</u>
<b>Net flows from operating activities</b>	<u>8,0</u>	<u>(196,2)</u>	<u>(228,0)</u>
<b>Cash Flows from Financing Activities</b>			
Proceeds from borrowings	114,4	169,1	493,8
Derivatives – Collateral deposited at counterparts	57,5	(44,4)	(16,0)
Repayment of borrowings and debt service	(165,1)	(84,3)	(145,3)
<b>Net flows from financing from third parties</b>	<u>6,8</u>	<u>40,4</u>	<u>332,5</u>
Collection of paid-in capital subscriptions	128,7	75,2	89,6
<b>Net flows from financing activities</b>	<u>135,5</u>	<u>115,6</u>	<u>422,1</u>
<b>Cash flows from investing activities</b>			
Collection of investment income	26,7	2,9	4,2
Net sales/(purchase) of investments	(63,4)	166,9	(101,8)
Income from office sale	-.-	0,2	-.-
Capital expenditures	(0,2)	(0,1)	(0,2)
<b>Net flows from investment activities</b>	<u>(36,9)</u>	<u>169,9</u>	<u>(97,8)</u>
<b>Increase in cash and equivalents during the year</b>	106,6	89,3	96,3
<b>Cash and Cash equivalents at the beginning of the year</b>	<u>217,6</u>	<u>128,3</u>	<u>32,0</u>
<b>Cash and Cash equivalents at the end of the year</b>	<u><b>324,2</b></u>	<u><b>217,6</b></u>	<u><b>128,3</b></u>

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**FONPLATA – Banco Multilateral de Desarrollo**  
**STATEMENT OF CHANGES IN EQUITY**  
 (All amounts expressed in millions of U.S. dollars)

	<u>Paid-in Capital (* )</u>	<u>General reserve</u>	<u>Reserve for changes in the value of investments at fair value</u>	<u>Reserve for changes in value of cash flow hedges</u>	<u>Reserve for revaluation of property</u>	<u>Retained Earnings</u>	<u>Total</u>
<b>Balance as of January 1, 2021</b>	916,9	155,8	(1,9)	2,1	0,8	35,9	1.109,6
Capital increase – Paid-in portion	89,6	-	-	-	-	-	89,6
Allocated by the Assembly of Governors to:							
General Reserve	-	27,4	-	-	-	(27,4)	-
Fund for the Compensation of Interest Rate (FOCOM)	-	-	-	-	-	(7,0)	(7,0)
Technical Cooperation Program (PCT)	-	-	-	-	-	(1,5)	(1,5)
Net income for the year	-	-	-	-	-	24,0	24,0
Other comprehensive income for the year	-	-	(3,9)	(5,7)	(0,1)	-	(9,7)
<b>Balance as of December 31, 2021</b>	<b>1.006,5</b>	<b>183,2</b>	<b>(5,8)</b>	<b>(3,6)</b>	<b>0,7</b>	<b>24,0</b>	<b>1.205,0</b>
<b>Balance as of January 1, 2022</b>	<b>1.006,5</b>	<b>183,2</b>	<b>(5,8)</b>	<b>(3,6)</b>	<b>0,7</b>	<b>24,0</b>	<b>1.205,0</b>
Capital increase – Paid-in portion	75,2	-	-	-	-	-	75,2
Allocated by the Assembly of Governors to:							
General Reserve	-	20,4	-	-	-	(20,4)	-
Fund for the Compensation of Interest Rate (FOCOM)	-	-	-	-	-	(3,1)	(3,1)
Technical Cooperation Program (PCT)	-	-	-	-	-	(0,5)	(0,5)
Net income for the year	-	-	-	-	-	47,6	47,6
Other comprehensive income for the year	-	-	1,2	3,6	(0,1)	-	4,7
<b>Balance as of December 31, 2022</b>	<b>1.081,7</b>	<b>203,6</b>	<b>(4,6)</b>	<b>-</b>	<b>0,6</b>	<b>47,6</b>	<b>1.328,9</b>
<b>Balance as of January 1, 2023</b>	<b>1.081,7</b>	<b>203,6</b>	<b>(4,6)</b>	<b>-</b>	<b>0,6</b>	<b>47,6</b>	<b>1.328,9</b>
Capital increase – Paid-in portion	128,7	-	-	-	-	-	128,7
Allocated by the Assembly of Governors to:							
General Reserve	-	43,3	-	-	-	(43,3)	-
Fund for the Compensation of Interest Rate (FOCOM)	-	-	-	-	-	(4,3)	(4,3)
Net income for the year	-	-	-	-	-	92,1	92,1
Other comprehensive income for the year	-	-	4,2	-	-	-	4,2
<b>Balance as of December 31, 2023</b>	<b>1.210,4</b>	<b>246,9</b>	<b>(0,4)</b>	<b>-</b>	<b>0,6</b>	<b>92,1</b>	<b>1.549,6</b>

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(\*) After deducting the amount of callable capital and the paid-in capital subscribed pending integration (see note 10).

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**FONPLATA – Banco Multilateral de Desarrollo**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 and 2021**  
(All amounts expressed in millions of U.S. dollars)

**NOTE 1 – BACKGROUND**

The “Fondo Financiero para el Desarrollo de la Cuenca del Plata,” hereinafter and for all intent and purposes denominated as “FONPLATA,” or “the Bank,” is an international legal entity of indefinite life, which is governed by the covenants contained in its Charter and on its Regulations as a multilateral development bank. The Bank is headquartered in the city of Santa Cruz de la Sierra, Estado Plurinacional de Bolivia and has liaison offices in Asuncion, Republic of Paraguay, since 1989, in Buenos Aires, Republic of Argentina since June 2018, in Montevideo, Uruguay, since December 2019, and on March 15, 2021, opened an office in Brasilia, Brazil. Liaison offices are an integral part of the Bank’s strategy to strengthen the working relationship with its member countries.

The Bank is formed by the governments of Argentina, Bolivia, Brazil, Paraguay and Uruguay, hereinafter “founding members”, based on the River Plate Basin Treaty, subscribed on April 23, 1969, which gave rise to its consolidation and recognition as a legal entity on October 14, 1976, when its Charter was approved and put into force.

The Bank was established by its founding members, within a spirit of cooperation and solidarity, persuaded that only cooperation and joint action could lead to harmonized, inclusive, and sustainable development to foster a better insertion of its member countries within the regional and global economy.

The Bank’s founding members maintain a close relationship among themselves sharing the same ecosystems, such as the hydrographic and energy systems, air, river and road transportation networks and other communication systems.

Among the main functions of the Bank, are the granting of loans and guarantees, obtaining external financing with the guarantee of the Bank’s net assets; the financing of pre-investment studies with the purpose of identifying investment opportunities or projects of interest to enhance the development and integration of its member countries at regional and global levels; the financing and contracting of technical assistance; and to undertake any other functions that are considered conducive to the attainment of its objectives.

On November 9, 2018, reaffirming its support to management and the continuous growth of its portfolio of operations, the Board of Governors approved modifications to the Charter pursuing the purpose of modernizing and enhancing the institution’s overall capacity and relevance to perform as an effective partner in the development of its member countries and their integration at a regional and global level. The modifications approved encompass: (i) FONPLATA’s transformation from a “fund” into a “development bank”; (ii) a change in its name to be formally recognized as “FONPLATA”, or “The Bank”; (iii) expansion of its scope of work from an strictly geographic focus based on the countries, to one encompassing the region of its member countries and their integration in the global market; (iv) the expansion of its membership beyond its founding members, recognizing the possibility of incorporating non-founding members that could consist of either countries or institutions, to its capital base; (v) the redenomination of capital as “authorized capital” for an initial amount of \$3.014,2, consisting of 301.420 class “A” shares, to be allocated to founding members only, with a par value of \$0,01 each, and with a voting right of one vote per share. Furthermore, the modifications approved estipulate that the authorized capital shall also include shares class - 6 - “B”, to be allocated to non-founding members. The

initial authorized capital consists in its entirety of class “A” shares, consisting of 134.920 shares of paid-in capital for a total amount of \$1.349,2, and 166.500 shares of callable capital for an amount of \$1.665,0. Class “B” shares would be issued after the authorized capital has been increased and in the number of shares corresponding to the percentage of participation at the time new members are admitted.

Both series of shares was issued as of the time the amendments to the Articles of Agreement become fully effective for the founding member countries, on January 27, 2024, the date on which the new Articles of Agreement will enter into force, after its ratification was completed by Brazil, and officially reported to the Bank on December 27, 2023 (see Notes 10 and 18).

The Bank Administration is characterized by a keen focus on strategic planning and results-based management. The Strategic Institutional Plan 2013 – 2022 (a.k.a. PEI for its Spanish acronym), constitutes the main instrument designed to manage, supervise, and ensure accountability for the attainment of expected results. The PEI and its updates of 2017, covering the period 2018 – 2022, and its most recent update covering the period 2022 – 2026, were approved by the Board of Governors in September 2021. Complementing the PEI, the Bank prepares the Programs and Budget Document (a.k.a. DPP for its Spanish acronym). The DPP integrates the business plan with the expected results to be attained for the next three years, as well as the activities required and their related costs, which make the basis for the administrative and capital budgets. The DPP for period 2024-2026, was approved by the Board of Governors on December 1, 2023. On February 21, 2024, as provided in the DPP, the Board of Executive Directors by delegation of the Board of Governors, approved the amount for the 2024 budget reflecting the growth scenario that includes the Republic of Argentina as a full member of the Bank.

On April 10, 2023, the Assembly of Governors appointed Luciana Botafogo Brito as the Executive President of FONPLATA, Development Bank for the period 2023 – 2028, and on April 11, 2023, and March 29, 2022, the Assembly of Governors approved the financial statements for the years ended December 31, 2022 and 2021, respectively.

## **NOTE 2 – SIGNIFICANT CHANGES DURING YEARS 2023, 2022, AND 2021**

The following paragraphs provide a description of the most relevant operational and financial activities of the Bank during the years ended December 31, 2023, 2022, and 2021, respectively, which have directly contributed to the growth of its net earning assets and to the generation of net income for each year:

### **For the year 2023**

- 94% of the amount of loan income was determined by the increase in interest rates, with the remaining 6% being the result of disbursements more than the collection of principal amortizations in the amount of \$116,4, as shown in the statement of cash flows. The increase in interest rates is the result of the effort of the most developed economies to counter inflationary pressures as a result of the disruption in global production and supply chains during the COVID-19 pandemic, followed by the disruption to international trade caused by the Russian invasion of Ukraine, compounded with the instability resulting from the conflict in the Middle East. The SOFR rate (“Secured Overnight Financing Rate”), which in December 2021 was 5 base points, during 2022 registered an increase of 425 base points, and during the year ended December 31, 2023 it increased another 108 base points. The cycle of monetary contraction started by the United States Federal Reserve in 2022 is expected to end. However, the interest rate is expected to remain at current levels if there is no conclusive evidence of a slowdown in the general inflation rate, and particularly in the core inflation rate driving

it towards the target level around 2%. As of December 31, 2023, approximately 97% of loan contracts have the SOFR in arrears as the reference rate. The average SOFR, LIBOR and Synthetic LIBOR rate accrued during the year ended as of December 31, 2023, was 790, 740 and 830 basis points, respectively, for a weighted average of 780 base points, significantly higher than that registered in 2022, of 393 basis points, respectively. This is explained in the process of gradual adoption of the SOFR rate and in the fact that the 6-month Libor rate is applied in arrears (i.e., the applicable rate is that of the previous semester). Except for two loan contracts in municipal administrations in Brazil, the process of adopting the SOFR rate for all financing granted by the Bank was completed as of December 31, 2023.

- In compliance with its financial and risk management policies, the Bank manages its risk from exposure to changes in exchange and interest rates by denominating all its loan contracts in United States dollars and through December 31, 2021, by adopting the 6-month Libor rate as its reference rate component of its lending rate. Effective January 1, 2022, all loan contracts signed incorporate the compounded SOFR in arrears as its reference rate. Furthermore, on all legacy loan contracts signed prior to December 31, 2021, due to the replacement of the 6-month Libor rate by the SOFR rate, the Bank agreed with its member countries to a voluntary conversion process by some countries adopted the compounded SOFR in arrears plus an adjusting margin<sup>1</sup> in replacement of the 6-month Libor rate. Loan contracts that remained on the 6-month Libor rate as of June 30, 2023, date on which its use was formally discontinued because it was no longer published, accrue interest based on the synthetic Libor rate, which is based on the SOFR Term.
- Prior to the Libor rate being discontinued, and in mutual agreement with its member countries, the Bank replaced this rate as its loan reference rate in all its loan contracts with Argentina, Paraguay and Uruguay (December 31, 2022 – 64 loan contracts had already been migrated to the SOFR rate in arrears for a total amount of \$1.040,6, while 52 loan contracts amounting to \$712,3, remained on the 6-month Libor rate). On December 31, 2023, the Plurinational State of Bolivia as part of the approval of its annual budget approved by Law No. 1546, approved the required amendments on all loan contracts to effectively pave the way for the adoption of the SOFR in arrears on all loan contracts with the Bank. Migration to the SOFR rate in 15 of the 16 loan contracts with Bolivia will become effective on January 10, 2024, and on March 14, 2024, for the remaining contract. The loan portfolio outstanding with the Plurinational State of Bolivia amounts to \$440,6, which on average accrue interest at the 6-months synthetic Libor rate of 830 base points. This balance of loans outstanding includes one operation amounting to \$35,3 which accrues interest at the 6-month Libor rate and that it would be converted to the SOFR in arrears on January 10, 2024. The loan portfolio outstanding in Brazil consists of 22 operations amounting to \$258,3. The 91% of the outstanding loan contracts in Brazil were converted to the SOFR in arrears. The 9% remaining corresponds to two operations amounting to \$6,9, on financings granted to municipal authorities in Brazil that are expected to be converted to the SOFR in arrears in the following months. During the year ended as of December 31, 2023, the Bank approved 10 sovereign guaranteed operations in the total amount of \$534,3 (as of December 31, 2022 was \$456,0 in 12 operations with sovereign guarantee); and two operations without sovereign-guarantee in the amount of \$44,0 (2022 - \$0). Disbursements amounted to \$291,7, including \$59,5 without sovereign-guarantee (2022 - \$354,6, including \$10,0 without sovereign guarantee); and received \$175,5 in principal amortizations, of which \$37,2 correspond to loans without sovereign guarantee (2022 - \$107,4 of loan principal amortizations on sovereign-guaranteed loans).

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<sup>1</sup> The SOFR adjusting margin of 42,826 basis points, was set by the Alternative Reference Rate Committee ("ARRC") in March 2021.

- As stated in greater detail in the following subsection and in Note 3 – How Income is Generated, during the year ended as of December 31, 2023, the loan reference rate has experienced constant increases. This in turn has driven a recovery in nominal terms of loan revenues though still lower than before the pandemic when measured in terms of actual return. This has contributed to the Bank's reaching a level of income from net financial assets that is 125% higher than the one attained in 2022, strengthening its already robust financial profile.
- Financial costs increased on average by 380 basis points due to the sudden increase in interest rates. The increase is 8 basis points higher than the average Bank's return on interest and commission loans. In December 2022, and in agreement with its counterparts, the Bank migrated its swaps design to protect the debt contracted through the issuance of Swiss bonds, namely FONPLATA 24 and FONPLATA 28, from the 6-month Libor to the SOFR. The migration was formalized in March and June 2023, respectively. The FONPLATA 26 bond was migrated to the SOFR in arrears in the third quarter of 2023 according to the fallback covenants. The swaps contracted to protect the sustainable bonds issued in Japan in March 2023 were contracted at the SOFR in arrears rate. Finally, the cross-currency swap contracted in December 2022 in connection with the debt contracted with the AFD at the Euribor rate and the drawdown on the line of credit contracted with the KfW on August 24, 2023, were converted into the SOFR rate in arrears.
- In compliance with its policies and procedures for the maintenance of liquid assets and borrowings, on March 24, 2023, the Bank made its entrance for the first time in the Japanese capital markets and launched its first sustainable bond through a private issuance raising JPY 7.200,0 equivalent to \$54,0. Furthermore, the Bank drew down \$60,3, on existing lines of credit and loans for a total of \$144.4, and amortized principal on outstanding borrowings and lines of credit for \$104,6 (2022 - \$66,0).

The following chart shows, on a comparative basis, the outstanding borrowing amounts under the various credit lines, loans and the amount owed to the Bank's bondholders for the fourth bond issuances as at today:

<u>Creditor</u>	<u>Outstanding as of December 31, 2022</u>	<u>Principal repaid</u>	<u>Fair value adjustments and exchange differences</u>	<u>Funds received in 2023</u>	<u>Outstanding debt as of December 31, 2023</u>
	\$	\$	\$	\$	\$
Banco de Desarrollo de América Latina (CAF)	100,0	--		--	100,0
Inter-American Development Bank (IDB)	118,4	(5,0)		19,6	133,0
French Development Agency (AFD) <sup>1</sup>	28,3	(1,8)	0,4	--	26,9
European Investment Bank (BEI)	42,0	--		18,0	60,0
Official Credit Institute E.P.E. (ICO)	16,6	(1,1)		--	15,5
Banco Bilbao Vizcaya Argentaria (BBVA)	100,0	(16,7)		--	83,3
Banco Central del Uruguay (BCU) –Fix rate	80,0	(80,0)		--	--
KfW – Euros at Euribor rate <sup>1</sup>	--	--	1,3	22,8	24,1
<b>Subtotal before deferred charges</b>	<b>485,3</b>	<b>(104,6)</b>	<b>1,7</b>	<b>60,4</b>	<b>442,8</b>
Deferred loan charges	(0,5)	0,1	--	(0,3)	(0,7)
<b>Subtotal multilaterals and other</b>	<b>484,8</b>	<b>(104,5)</b>	<b>1,7</b>	<b>60,1</b>	<b>442,1</b>
Bond issuance of CHF FONPLATA 24 <sup>2</sup>	157,6	--	20,0	--	177,6
Bond issuance of CHF FONPLATA 26 <sup>2</sup>	196,4	--	27,4	--	223,8

<u>Creditor</u>	<u>Outstanding as of December 31, 2022</u>	<u>Principal repaid</u>	<u>Fair value adjustments and exchange differences</u>	<u>Funds received in 2023</u>	<u>Outstanding debt as of December 31, 2023</u>
Bond issuance of CHF FONPLATA 28 <sup>2</sup>	138,0	-.	20,2	-.	158,2
Bond issuance of JPY Serie 1 <sup>2</sup>	-.	-.	(1,4)	22,5	21,1
Bond issuance of JPY Serie 2 <sup>2</sup>	-.	-.	(2,2)	31,5	29,3
<b>Subtotal before deferred charges</b>	<b>492,0</b>	-.	<b>64,0</b>	<b>54,0</b>	<b>610,0</b>
Deferred loan charges	(1,5)	0,5	(0,1)	(1,0)	(2,1)
<b>Subtotal bonds</b>	<b>490,5</b>	<b>0,5</b>	<b>63,9</b>	<b>53,0</b>	<b>607,9</b>
<b>Total borrowings</b>	<b>975,3</b>	<b>(104,0)</b>	<b>65,6</b>	<b>113,1</b>	<b>1.050,0</b>

<sup>1</sup>Credit lines and borrowings contracted in currencies other than the US dollar at rates different than the loan interest reference rate are valued at their fair value (see Note 8.5 (ii)). The total shown as "Fair value adjustments and exchange differences" includes exchange losses of \$0,3 and \$0,4, related to borrowings contracted with the AFD and KfW, respectively, for the year ended as of December 31, 2023 (2022 – \$0,01 of exchange loss) (see Notes 8.5 (i) (4) and (8)).

<sup>2</sup>Bonds issued in currencies other than the US dollar at rates different than the loan interest reference rate are valued at their fair value (see Note 8.5 (ii)).

- Derivatives related to bond issuances and credit lines that are hedged through cross-currency and interest rate swaps, were designated as of January 1, 2022, as fair value hedges used to finance disbursements on loans to member countries, in accordance with the framework provided by IFRS 9 (see Notes 4.10; 6; and 8.5(ii)). These derivative contracts are based on ISDA contracts signed with the Bank counterparts, namely Credit Suisse (CS); JPM; Deutsche Bank (DB); HSBC and BBVA.
- In compliance with its financial and risk management policies, the Bank use of derivatives for the sole purpose of reducing its risk exposure to changes in (i) exchange rates of currencies different than the United States dollar, and (ii) in interest rates different from its lending reference interest rate and not for speculative purposes.
- On January 3, 2023, the Bank received from Brazil the sum of \$69,8, corresponding to its paid-in capital contributions for the period 2020 to 2022, and thereafter, on April 14, 2023, it received the sum of \$0,1, thus completing the amount of paid-in capital subscribed and due as of December 31, 2022. Finally, on April 27, 2023, Brazil paid its 2023 paid-in capital subscription in the amount of \$27,6.
- Administrative expenses during year ended as of December 31, 2023, on average represented 83 basis points of the actual return on net financial assets, which is the same level as in 2022. This reaffirms FONPLATA's commitment to ensuring the lowest transactional cost possible for its member countries.
- The Bank is the fiduciary agent for the management of the investment portfolio of the Structural Convergence Fund ("Fondo de Convergencia Estructural de MERCOSUR - FOCEM)."

## For the year 2022

During most of 2022, the pandemic continued to affect the normal operations of most businesses around the world. However, as a result of the actions taken by the Bank since the onset of the pandemic and described below in the note on FY2021 results, the Bank's operations and results were not affected.

The following paragraphs provide a more specific analysis on the operational and financial activities of the Bank that have directly contributed to the growth of its net earning assets and to the generation of net income during the year ended as of December 31, 2022:

- Loan income was primarily driven by an increase in the balance of loans receivable due to higher disbursements, net of principal repayments received from member countries, and changes in the benchmark rate applied to all of the Bank's lending operations. During the pandemic, the 6-month Libor rate declined steadily, reaching its lowest point in the first half of 2021, at 17 basis points. Beginning the fourth quarter of 2021, interest rates have risen rapidly, as a result of the efforts of the major economies to contain the inflation produced by the pandemic and accelerated as a consequence of the geopolitical conflict between Russia and the European Union and the United States of America, reaching the 6-month LIBOR rate 513,8 basis points at the end of December 2022. The SOFR, which replaced the 6-month Libor rate in all financing contracts entered into as of January 1, 2022, as well as in legacy loans where member countries have agreed to adopt this new reference rate, which in December 2021 was at 5 basis points, increased by 425 basis points during 2022. It is anticipated that interest rates will continue to increase, the increase is expected to be somewhat more moderate than the increases recorded in the January to September 2022 period. As of December 31, 2022, approximately 60% of the loan contracts had the SOFR as the reference rate. The average combined increase in the reference rate accrued during 2022 was 167 basis points, significantly lower than the increase recorded in the 6-month Libor rate and the SOFR. This is explained by the gradual adoption process of the SOFR rate and the fact that the 6-month Libor rate is applied on a half-yearly basis.
- As part of its strategy to manage the risk of exposure to changes in exchange rates and interest rates, and in compliance with its policies, the Bank grants and denominates its financing in U.S. dollars, and until December 31, 2021, it used the 6-month Libor rate as a reference rate. For all loans approved after 2022, the Bank adopted the SOFR rate as the reference rate under the compounded maturity method. In addition, for loans approved until December 31, 2021, and as a consequence of the replacement of the Libor rate by the SOFR rate, the Bank agreed with its member countries, the voluntary adoption of the SOFR rate, under the compounded maturity modality, plus an adjustment margin<sup>2</sup>.
- As of December 31, 2022, and by mutual agreement with its member countries, the Bank has replaced the 6-month Libor rate as the reference rate in 52 loan contracts, out of a total of 108 contracts that had been signed as of December 31, 2021. In addition, during 2022, 12 financing contracts approved as of January 1, and therefore under the expired SOFR rate, became effective. As of December 31, 2022, the loan portfolio includes 64 contracts at the SOFR overdue rate and 52 contracts at the 6-month Libor rate (55,2% and 44,8%, respectively). In amount, interest-bearing contracts based on the overdue SOFR rate total \$1.048,6, equivalent to 59.5% of the loan receivable balance before deducting the amounts of the management fee pending accrual and allowance for potential loan losses (\$1.025,5 on contracts approved through December 31, 2022, and \$23,1 on contracts approved on or after January 1, 2022, respectively), and \$712,3, equal to 40,5% in

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<sup>2</sup> The SOFR adjusting margin of 42,826 basis points, was set by the ARRC in March 2021.

outstanding balances receivable on contracts based on the 6-month Libor rate.

- During the year ended December 31, 2022, the Bank approved \$456,0 in new sovereign guaranteed loans (2021 - \$401,4, including \$48,0 in non-sovereign guaranteed); disbursed \$354,6, including \$10,0 in non-sovereign guaranteed (2021 - \$345,5 in sovereign guaranteed loans); and received \$113,4 in principal repayments, of which \$6,0 in non-sovereign guaranteed loans (2021 - \$77,3 in sovereign guaranteed loans). In addition, the net flow of loan funds has been positive for all member countries.
- As stated in more detail in the following subsection, and in Note 3 – How Income is Generated, during the year ended December 31, 2022, the level of the benchmark lending rate has been steadily increasing, which has allowed for a recovery in loan income, though still in percentage terms still lower than those achieved prior to the pandemic. This has contributed to the Bank achieving a level of net financial asset income that in percentage terms is 45,8% higher than that recorded in 2021 thus reinforcing its robust financial profile.
- Finance costs have increased by an average of 114 basis points as a result of the sudden increase in interest rates experienced throughout 2022. This increase was 195 basis points lower than the average increase in interest and loan fees. This differential is mostly explained by the fact that approximately 40% of the loan receivable balance is financed with equity. Except for borrowings contracted with the IDB and ICO, which have been converted in March and June 2022, respectively, to the SOFR reference rate, and disbursements taken with CAF, within the framework of the credit line subscribed in 2021, whose reference rate is the “Term SOFR” and was replaced by the compounded overdue SOFR rate through a hedging operation contracted with Deutsche Bank (DB).
- In compliance with its policies and procedures for the maintenance of liquid assets and indebtedness, during the year ended December 31, 2022, the Bank entered into loan agreements and lines of credit with: (i) the Inter-American Development Bank (IDB) for \$100,0; and the French Development Agency (AFD) for EUR 30,0, and took disbursements totaling \$169,1, and repaid indebtedness and lines of credit totaling \$66,0. Also, the certificate of deposit raised with the Central Bank of Uruguay (BCU) for a total of \$80,0 continues to be in force, since the latter has not exercised the option to discontinue it.

The following table shows a comparison of the balance of indebtedness owed on loans, credit lines and the three bond issues made in the Swiss capital market between 2021 and 2022; respectively:

<u>Creditor</u>	<u>Outstanding as of December 31, 2021</u>	<u>Principal repaid</u>	<u>Fair value adjustments and exchange differences</u>	<u>Funds received in 2022</u>	<u>Outstanding debt as of December 31, 2022</u>
Banco de Desarrollo de América Latina (CAF)	64,0	(64,0)	--	100,0	100,0
Inter-American Development Bank (IDB)	100,0	--	--	18,4	118,4
French Development Agency (AFD) <sup>1</sup>	20,0	--	(0,2)	8,5	28,3
European Investment Bank (BEI)	12,0	--	--	30,0	42,0
Official Credit Institute E.P.E. (ICO)	5,5	(1,1)	--	12,2	16,6
Banco Bilbao Vizcaya Argentaria (BBVA)	100,0	--	--	--	100,0
Banco Central del Uruguay (BCU) –Fix rate	80,0	--	--	--	80,0
KfW – Euros at Euribor rate <sup>1</sup>	--	--	--	--	--
<b>Subtotal before deferred charges</b>	<b>381,5</b>	<b>(65,1)</b>	<b>(0,2)</b>	<b>169,1</b>	<b>485,3</b>
Deferred loan changes	(0,6)	(0,1)	--	0,2	(0,5)

<u>Creditor</u>	<u>Outstanding as of December 31, 2021</u>	<u>Principal repaid</u>	<u>Fair value adjustments and exchange differences</u>	<u>Funds received in 2022</u>	<u>Outstanding debt as of December 31, 2022</u>
<b><i>Subtotal multilaterals and other</i></b>	<b>380,9</b>	<b>(65,2)</b>	<b>(0,2)</b>	<b>169,3</b>	<b>484,8</b>
Bond issuance of CHF FONPLATA 24 <sup>2</sup>	164,4	--	(6,8)	--	157,6
Bond issuance of CHF FONPLATA 26 <sup>2</sup>	219,1	--	(22,7)	--	196,4
Bond issuance of CHF FONPLATA 28 <sup>2</sup>	164,3	--	(26,3)	--	138,0
<b><i>Subtotal before deferred charges</i></b>	<b>547,8</b>	<b>--</b>	<b>(55,8)</b>	<b>--</b>	<b>492,0</b>
Deferred loan charges	(2,0)	--	(0,5)	1,0	(1,5)
<b><i>Subtotal bonds</i></b>	<b>545,8</b>	<b>--</b>	<b>(56,3)</b>	<b>1,0</b>	<b>490,5</b>
<b><i>Total borrowings</i></b>	<b>926,7</b>	<b>(65,2)</b>	<b>(56,5)</b>	<b>170,3</b>	<b>975,3</b>

<sup>1</sup>Loan signed on December 16, 2022 with KfW for EUR 37,0 and undisbursed as of December 31, 2022 (see Note 8.5 (i) (8)).

<sup>2</sup>The total shown as principal repayment and fair value adjustments of \$0,2 is comprised of \$0,9 of principal repayment made against the \$20,0 balance denominated in U.S. dollars, and \$0,7 of fair value adjustments on the Euro 8,0 denominated disbursement equivalent to a fair value of \$9,2 at December 31, 2022 (see Note 8.5 (4)).

- Most of the Bank's borrowings are denominated in U.S. dollars and are based on the 6-month Libor interest rate as a reference rate. Hence, the Bank minimizes its exposure to these risks. For borrowings denominated in currencies other than U.S. dollars and at rates other than the 6-month Libor interest rate, the Bank enters into derivative transactions to effectively mitigate the degree of exposure. In anticipation of the discontinuation of the Libor reference rate as of the second half of 2023, the Bank gradually realigned the reference rate for lending and borrowing transactions, adequately hedging the potential risk of changes in interest rates. In this regard, in December 2022, for the maturities to occur on March 3, 2023 and January 1, 2023, the Bank agreed with JP Morgan (JPM) to replace the 6-month Libor reference rate with the SOFR rate due in the rate and currency swap transactions entered into in connection with the FONPLATA 24 and FONPLATA 28 bonds, maturing on March 11, 2024 and December 1, 2028, respectively.
- Derivatives related to its three bond issues have been designated as of January 1, 2022 as fair value hedging transactions in accordance with the framework established by IFRS 9 (see also Notes 4.10; 6; and 8(ii)). These derivatives are covered by ISDA contracts signed with the Bank's counterparties, namely: Credit Suisse (CS); JP Morgan (JPM); and Deutsche Bank (DB).
- The Bank uses derivatives solely for the purpose of reducing its exposure to risks arising from changes in the exchange rates of currencies other than the U.S. dollar and in interest rates other than the reference rate of its lending operations and not for speculative purposes.
- On January 3, 2023, the Bank received from Brazil the amount of \$69,8, corresponding to the remaining balance of the capital installments agreed for the period 2020 to 2022. There is only a remaining balance of \$0,1 corresponding to the 2022 installment.
- Administrative expenditures, during the year ended December 31, 2022, on average, administrative expenses represented 84 basis points with respect to total net financial assets. Compared with 2021, this ratio of administrative expenses to net assets shows an increase of 6 basis points. This increase is considered reasonable given that during the period February 2020 to September 2021, in response to the decline in the benchmark lending rate, and as a result of the pandemic, the Bank

implemented strict cost-saving measures through the freezing of vacancies, as well as the suspension of servicing missions. As of 2022, and in view of the increase in the loan portfolio and the return to face-to-face work, administrative expenditures have returned to normal operating levels and we have begun to recruit positions necessary to ensure the effectiveness and agility that characterize the Bank's operations, as well as to consolidate the growth we have achieved.

### **For the year 2021**

Since the beginning of the COVID-19 pandemic, which affected the operation of physical activities worldwide, the Bank quickly and successfully implemented its strategy designed to ensure the continuity of its operations without interruption in both its hybrid and telecommuting modes of work in the face of the cessation of physical activities.

During the period of the pandemic, which lasted approximately 18 months and affected the closure of physical work and mission travel, the Bank implemented measures to ensure the continuity of its operations and protect the health of its personnel. Among the most relevant measures were the following:

- Adoption of a hybrid work method that allows employees to work four days a week in presence and one day a week in remote work.
- Allocation of approximately 25% of the staff positions to the Liaison Offices in Asunción, Paraguay; Buenos Aires, Argentina; Brasilia, Brazil; and Montevideo, Uruguay, in order to prioritize maintaining fluid contact with the member countries, enhancing the capacity to add value through timely and effective interventions.
- Operation of all systems in the cloud also improves data security and reduces the possibility of unauthorized access, ensuring the continuity of operations in cases of health emergencies and others that require the suspension of presence work.
- The Bank continued working in close dialogue with its government counterparts to adapt its approach to the prevailing fiscal, health and social environment of each member country, optimizing its ability to offer financial and technical cooperation assistance.
- Loan income is mainly determined by the increase in the balance of loans receivable, resulting from the amount of disbursements net of the amount received in principal repayments, and by changes in the 6-month Libor rate, which is the benchmark interest rate applicable to all financing granted by the Bank until December 31, 2021. Since the beginning of the pandemic caused by COVID-19, the 6-month Libor rate has continued to steadily decline, reaching its lowest value in September 2021 of 14 basis points, having been at 25 basis points as of December 31, 2020. The steep drop in interest rates continues to cause a reduction in the nominal amount of interest on loans. This reduction has been mostly offset by a 21% growth in the amount of loans receivable at December 31, 2021 (2020 - 39%).
- The reduction in borrowing costs contributed to generate an adequate level of income, allowing the Bank to maintain its robust financial and economic profiles. The Bank's strength and performance was reflected in the upgrade of its credit risk rating with Standard & Poor's from "A-" to "A".

- During the year ended December 31, 2021, the Bank approved new loans in the amount of \$401,4 (2020 - \$537,1). The amount of loans approved is comprised of \$353,4 in sovereign guaranteed loan approvals to member countries, and \$48,0 in non-sovereign guaranteed loans to banks and majority-owned public companies (“Corporación Vial del Uruguay” \$42,0, and the increase from \$36,0 to \$42,0, of the line of credit to Banco de Minas Gerais, Brazil (BMG), which was approved in 2020). Loan disbursements amounted to \$345,4, and the collection of principal repayments amounted to \$77,3. More importantly, as has been the case in previous years, all member countries experienced positive loan fund flows, reinforcing the Bank's commitment to supporting its member countries.
- On February 3 and November 1, 2021, the Bank made its second and third bond issues on the Swiss capital market. The first bond issue took place in 2019 with the bond “FONPLATA24” for CHF 150,0, denominated in Swiss Francs, maturing of 5 years. The second bond issue, “FONPLATA26” materialized on March 3, 2021, with the receipt of funds raised for CHF 200,0. The bonds issued are denominated in Swiss Francs with a term of 5 ½ years, maturing on September 3, 2026, and coupon at a fixed annual rate of 0,556%. The third bond issue, “FONPLATA28” materialized on December 1, 2021, with the receipt of the funds raised for CHF 150,0, in bonds denominated in Swiss Francs, maturing in 7 years, on December 1, 2028, and with an annual coupon at a fixed rate of 0,7950%.

The following table shows the balance of indebtedness owed on loans, credit lines and the three bond issues made in the Swiss capital market between 2021 and 2020, respectively:

<u>Creditor</u>	<u>Outstanding as of December 31, 2020</u>	<u>Principal repaid</u>	<u>Fair value adjustments and exchange differences</u>	<u>Funds received in 2021</u>	<u>Outstanding debt as of December 31, 2021</u>
Banco de Desarrollo de América Latina (CAF)	69,3	(5,3)	--	--	64,0
Inter-American Development Bank (IDB)	88,1	--	--	11,9	100,0
French Development Agency (AFD) <sup>1</sup>	20,0	--	--	--	20,0
European Investment Bank (BEI)	6,0	--	--	6,0	12,0
Instituto de Crédito Oficial E.P.E. (ICO)	5,5	--	--	--	5,5
Banco Bilbao Vizcaya Argentaria (BBVA)	--	--	--	100,0	100,0
Banco Central de Bolivia (BCB) – Libor 6 months	80,0	(80,0)	--	--	--
Banco Central del Uruguay (BCU) –Fix rate	130,0	(50,0)	--	--	80,0
<b>Subtotal before deferred charges</b>	<b>398,9</b>	<b>(135,3)</b>	<b>--</b>	<b>117,9</b>	<b>381,5</b>
Deferred loan changes	(0,2)	--	(0,4)	--	(0,6)
<b>Subtotal multilaterals and other</b>	<b>398,7</b>	<b>(135,3)</b>	<b>(0,4)</b>	<b>117,9</b>	<b>380,9</b>
Bond issuance of CHF FONPLATA 24 <sup>2</sup>	170,2	--	(5,8)	--	164,4
Bond issuance of CHF FONPLATA 26 <sup>2</sup>	--	--	(2,7)	221,8	219,1
Bond issuance of CHF FONPLATA 28 <sup>2</sup>	--	--	0,4	163,9	164,3
<b>Subtotal before deferred charges</b>	<b>170,2</b>	<b>--</b>	<b>(8,1)</b>	<b>385,7</b>	<b>547,8</b>
Deferred loan charges	(0,6)	--	(1,4)	--	(2,0)
<b>Subtotal bonds</b>	<b>169,6</b>	<b>--</b>	<b>(9,5)</b>	<b>385,7</b>	<b>545,8</b>
<b>Total borrowings</b>	<b>568,3</b>	<b>(135,3)</b>	<b>(9,9)</b>	<b>503,6</b>	<b>926,7</b>

- As part of its strategy to minimize the risks of exposure to changes in exchange rates and interest rates, and in compliance with its policies, the Bank grants and denominates its financing in U.S.

dollars based on the 6-month Libor interest rate as the reference rate. Likewise, most of its borrowings are contracted in U.S. dollars and are based on the 6-month Libor interest rate as the reference rate. For borrowings denominated in currencies other than U.S. dollars and at rates other than the Libor interest rate, the Bank enters into interest rate and currency swaps to reduce its exposure. In this regard, on March 3, 2021 and December 1, 2021, the Bank entered into two interest rate and currency swap transactions with J.P. Morgan (JPM) and Credit Suisse (CS), entities with which it signed ISDA contracts. Based on these rate and currency swap transactions, the Bank effectively converted its CHF denominated fixed annual interest rate bonds into two US dollar denominated bonds for \$222.7 for the CHF 200.0 issue and \$164.5 for the CHF 150.0 issue. The contracted amounts include the issuer's and paying agent's commission. Both swap transactions provide for semi-annual amortization based on the 6-month Libor interest rate plus a fixed margin. These transactions have been designated as cash flow hedging transactions in accordance with the framework established by IFRS 9 (see also Notes 4.10; 6; and 8(ii)).

- The Bank uses derivatives not for speculative purposes but solely for the purpose of reducing its exposure to risks arising from changes in the exchange rates of currencies other than the U.S. dollar and in interest rates other than the 6-month Libor rate, which is used as a reference rate for its lending operations and for most of its borrowings.
- Upon signing the trust agreement with the MERCOSUR Structural Convergence Fund (FOCEM) on July 24, 2020, the Bank became the fiduciary agent for the management of FOCEM's investment portfolio. In exchange for these services, the Bank receives a commission based on the return obtained by FOCEM on its investments.

### **GOING CONCERN**

On January 18, 2024, the Bank formally received a letter signed by the Governor of the Argentine Republic withdrawing the letter that was sent on April 21, 2023, by his predecessor in which he informed his country of his willingness to "initiate the process aimed at ceasing its membership" in FONPLATA.

Based on this official communication, the Government of the Argentine Republic ratifies that it continues to be a full member of FONPLATA.

In accordance with the transparency and prudence that characterize the management, after receiving the communication from the Governor of the Argentine Republic, the Bank's Senior Management has shared the terms of the communication with its bondholders and creditors, as well as with the risk rating agencies. This news has been welcomed and although the rating agencies have not modified their rating, Standard & Poor's has indicated that it will modify FONPLATA's outlook from "negative" to "stable".

This, together with the institution's robust financial profile, confirms that FONPLATA Development Bank focused on Mercosur, is an institution financially solvent and of relevance for the development agendas of its member countries.

### **NOTE 3 – HOW INCOME IS GENERATED**

The Bank derives most of its income from sovereign-guaranteed loans to its member countries, and starting in 2020, approximately 5% comes from non -sovereign guaranteed loans extended to estate-owned banks at national and subnational level at its member countries'. The Bank's ability to generate loan income relates to various relevant factors directly affecting the growth of its main earning asset, its

loan portfolio. The following factors directly affect loan portfolio growth and its profitability:

- The lending capacity, which is based on three-times the amount of equity;
- The amount of loan disbursements;
- The amount of principal collections received during the year; and,
- The 6-month Libor rate for legacy migrated to the SOFR rate during the first half of 2023, and the SOFR rate for loans approved starting on or after January 1, 2022, and for legacy loans where the borrowers opted to convert into the SOFR rate prior to January 1, 2022; and the synthetic Libor rate for loans no converted as of June 30, 2023, plus a fix margin.

Investment income relates directly to the investment of the Bank's portfolio of liquid assets (i.e., cash and cash equivalents), for the purpose of reducing the cost of carry. The Bank holds liquidity for the purpose of meeting expected loan disbursements, meeting its financial obligations, and to defray its operational expenses for a period of 12 months (see Note 6.5).

The following table, which is based on average financial assets and liabilities and annual administrative expenses illustrates how the Bank derives its revenues, expenses, and net income:

	January 1, through December 31,								
	2023			2022			2021		
	Average balance	Income	Return %	Average balance	Income	Return %	Average balance	Income	Return %
Loans outstanding	1.819,1	146,7	8,06%	1.640,2	75,5	4,60%	1.385,6	42,2	3,05%
Investments <sup>1</sup>	603,0	29,8	4,93%	546,2	2,3	0,42%	455,7	4,8	1,05%
Cash at banks <sup>1</sup>	39,3	0,8	2,09%	48,0	0,1	0,22%	80,1	--	--
<b>Financial assets</b>	<b>2.461,4</b>	<b>177,3</b>	<b>7,20%</b>	<b>2.234,4</b>	<b>77,9</b>	<b>3,49%</b>	<b>1.921,4</b>	<b>47,0</b>	<b>2,45%</b>
Borrowings	(1.015,1)	(65,4)	(6,44%)	(953,4)	(25,2)	(2,64%)	(747,5)	(10,9)	1,46%
<b>Net financial assets</b>	<b>1.446,3</b>	<b>111,9</b>	<b>7,74%</b>	<b>1.281,0</b>	<b>52,7</b>	<b>4,12%</b>	<b>1.173,0</b>	<b>36,1</b>	<b>3,07%</b>
Provisions and other charges <sup>2</sup>	--	(7,8)	(0,54%)	--	5,5	0,43%	--	(3,0)	(0,25%)
Administrative expenses	--	(12,0)	(0,83%)	--	(10,6)	(0,83%)	--	(9,1)	(0,77%)
<b>Net assets</b>	<b>1.446,3</b>	<b>92,1</b>	<b>6,37%</b>	<b>1.281,0</b>	<b>47,6</b>	<b>3,72%</b>	<b>1.173,9</b>	<b>24,0</b>	<b>2,05%</b>
<b>Equity</b>	<b>1.439,2</b>	<b>92,1</b>	<b>6,40%</b>	<b>1.267,0</b>	<b>47,6</b>	<b>3,76%</b>	<b>1.157,3</b>	<b>24,0</b>	<b>2,08%</b>

<sup>1</sup>The average balance of investments as of December 31, 2023, includes \$264,9 reclassified as cash and equivalents for presentation purposes in the Financial Statements, as they correspond to investments where the time spanned between the day of purchase and of their contractual maturity is of 90 days or less and \$12,3 of investments in sweep account (2022- \$ 124,5).

	January 1, through December 31,		
	2023	2022	2021
	\$	\$	\$
<b><sup>2</sup>Provisions and other charges</b>			
Provision for loan impairments – Note 8.4	(5,8)	(1,2)	(2,6)
Depreciation	(0,6)	(0,4)	(0,4)
Exchanges differences – Gain/(loss)	0,3	--	--
Interest received/(paid) on investment lending operations	--	--	--
Special funds participation in investment income	(0,9)	(0,2)	--
Unrealized (losses)/gains on borrowings and on their related cross-currency and interest rate swaps classified as fair-value hedges – Note 8.5	(1,4)	6,4	--
Other income	0,6	0,9	--
<b>Total provisions and other charges</b>	<b>(7,8)</b>	<b>5,5</b>	<b>(3,0)</b>

<sup>2</sup>Returns are calculated based on actual income/expense line items at year-end divided by the average balance for each category of financial assets and liabilities. These averages are calculated by adding up the prior year-end balance plus the current year-end balance, divided by 2, for which they may differ from the actual average.

#### **NOTE 4 – SUMMARY OF MATERIAL ACCOUNTING POLICIES**

Below is a summary of the main accounting policies used in the preparation of these financial statements. Except when expressly noted, these accounting policies have been consistently applied during the periods and years presented.

##### **4.1 Basis for presentation**

###### **(i) Compliance with International Financial Reporting Standards**

The financial statements are presented in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretation Committee (IFRIC), applicable to entities that report under IFRS and comply with the standards issued by the International Accounting Standards Board (IASB).

The Bank presents a statement of financial position classifying assets and liabilities in accordance with their expected liquidity. Assets and liabilities are shown based on their expected recovery or repayment within a 12-month period, following the date of the financial statements (current), and those for which their expected recovery or repayment is expected to take more than a 12-month period following the date of the financial statements (non-current), see Note 13.

###### **(ii) Historical cost**

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

- Investments available for sale valued at fair value with changes in other comprehensive income (OCI).
- Investments held-to-maturity and valued at amortized cost, which are adjusted through a provision to their fair value in those cases where there has been an impairment, in those cases in which the latter is lower.
- Debt contracted in currencies other than the U.S. dollar or at interest rates other than the interest reference rate adopted by the Bank for its loans to member countries and the related swaps contracted by the Bank with its counterparts, which are valued initially at fair value with changes in income.
- Property valued at fair value.

###### **(iii) New standards and modifications adopted by the Bank**

The Bank applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023 (unless otherwise stated). The Bank has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

### **IFRS 17 Insurance Contracts**

IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach).
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

The new standard had no impact on the Bank financial statements.

### **Definition of Accounting Estimates – Amendments to IAS 8**

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Bank financial statements.

### **Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2**

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Bank disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Bank financial statements.

### **Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12**

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the Bank financial statements.

### **International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12**

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the

jurisdictional implementation of the Pillar Two model rules; and

- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

The amendments had no impact on the Bank financial statements, as the Bank does not fall within the scope of the Pillar 2 model rules by earning revenues of less than EUR 750 million per year.

#### **Standards issued but not yet effective.**

A number of new accounting standard and amendments to accounting standards are effective for annual periods beginning after January 1, 2024 and earlier adoption is permitted. However, the Bank has not early adopted the new and amended accounting standards in preparing these financial statements and its analyzing any possible impacts from amendments to IFRS 16: Lease Liability in a Sale and Leaseback, Amendments to IAS 1: Classification of Liabilities as Current or Non-current and Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7.

#### **4.2 Information relevant operation**

Based on an analysis of its operations, the Bank has determined that its core business only has a single operating segment, which consists of the financing of the development needs of its member countries which corresponds to its single reportable segment.

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

#### **4.3 Foreign currency translation**

##### **(i) Functional and reporting currency**

Account balances presented in the financial statements, as well as the underlying transactions that conform them, are measured using the United States dollar, which is the primary currency of the economic environment in which operates (“functional currency”).

##### **(ii) Account balances and transactions**

Foreign currency transactions are converted to the functional currency using the exchange rate prevailing at the date of each transaction. Exchange gains or losses on foreign currency transactions result from payments effected in currencies other than the United States dollar, related to administrative expenses incurred either at the Bank's headquarters or at its liaison offices in Asuncion, Paraguay, Buenos Aires Argentina, Montevideo, Uruguay, and Brasilia, Brazil. Exchange gains and losses associated with administrative expenses are presented on a net basis as part of administrative expenses, in the statement of profit or loss and other comprehensive income.

Financial assets and liabilities, such as investments and loans are denominated in U.S. dollars, and except for the Swiss Francs, and Japanese Yens denominated bonds, and the disbursements denominated in Euros under the lines of credit obtained in December 2022 with AFD and August 2023 with the KfW, which were swapped to U.S. dollars, the Bank does not have other financial liabilities in other currency. Consequently, there is no exchange rate risk exposure related to the Bank's financial assets and liabilities.

Except for a small number of goods and services related to administrative expenses denominated in currencies other than the functional currency, the majority of the Bank's operational expenses are incurred in the functional currency and recorded at their fair value. The Bank keeps available a small amount of local currency both at its headquarters and country offices to pay for the cost of goods and services required at those locations. Amounts involved are translated into the functional currency using the exchange rate of the date in which the fair value of those expenditures is established. Exchange differences in assets and liabilities measured at fair value are shown together with gains and losses in fair value.

#### **4.4 Revenue recognition**

Interest on loans and investments at amortized cost is recognized using the effective interest rate method.

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

##### **(i) Commissions Income**

Other loan income consists of the administrative commission and the commitment fee. These commissions relate to the Bank's service provided to its borrowers for inspection and supervision of loans and to ensure the availability of funds for borrowers to be disbursed at any time during the contractually agreed upon disbursement period, and as such are recognized ratably in income in accordance with IFRS 15.

#### **4.5 Leases**

Lease contracts for terms of up to 12 months or less and that do not include a purchase option are recognized as an expense on a straight-line basis throughout the contract.

Lease contracts for terms greater than 12 months are initially recognized based on the right of use of the asset and as a lease liability. The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred. After lease commencement, the Bank measures the right-of-use asset using a cost model. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The right-of-use assets are also subject to impairment.

#### **4.6 Cash and cash equivalents**

For presentation purposes in the statement of cash flows, cash and its equivalents include both cash at hand and highly liquid bank deposits and investments, with an original maturity of three months or less, that can be converted into determinable amounts, and which are not subject to significant risks affecting their value.

#### **4.7 Loan portfolio**

A loan portfolio is initially recorded at its fair value and subsequently measured at its amortized cost using the effective interest rate method, net of the provision for loan impairment. For additional information on how the Bank accounts for its loan portfolio, refer to Note 8.4.

#### **4.8 The Bank's business model and its effect on financial assets and liabilities**

Classification, measurement, recognition and disclosure of the Bank's financial assets and liabilities in the financial statements is driven by its business model. The Bank's business model architecture is designed with the purpose of helping its member countries in their efforts to improve their people's quality of life by financing projects designed to improve regional integration and socioeconomic development. The Bank, like any other multilateral development bank (MDB), finances its lending program through a combination of paid-in capital subscriptions; its retained earnings; and, by borrowing from capital markets; MDBs; cooperation agencies and private and governmental international financial institutions. The Bank's capital consists of paid-in and callable capital. Callable capital is subscribed and committed by member countries and can be called upon in case of a financial emergency such as a catastrophic event that would preclude the Bank from either accessing capital markets or borrowing directly from other institutions to comply with its financial obligations.

One of the key elements of the Bank's business model is its capacity to remain relevant. The Bank's relevance is measured through its ability to mobilize a sizable volume of fresh financial resources, through both on-lent and technical cooperation activities, sufficient to assist its member countries in their development needs.

To achieve its mission, MDBs are required to continuously grow their capital base, to increase their lending capacity over time. For this purpose, every 5 to 7 years, MDBs may go through a capital replenishment that consists of an increase of both paid-in and callable capital or in some cases may also involve the addition of new members.

Lending capacity is determined through either the callable capital of investment grade members, like it is the case in the oldest and most mature MDBs that have a global membership, or based on a multiplier of their equity, as it is the case with younger and regional institutions, such as the Bank.

In the case of the Bank, lending capacity is measured based on a multiplier of 3-times its equity.

Based on its capital structure, which by the end of the current replenishment should consist of approximately 45% paid-in capital and 55% callable capital, the Bank needs to borrow funds to finance disbursements for a portion of its lending portfolio. Borrowing capacity is also determined based on 2-times the equity plus liquid assets.

The main financial earning asset of the Bank is its loans to member countries. All financial assets and liabilities are contracted and denominated in U.S. dollars and bear interest based on reference interest rate plus a margin. As part of its prudential risk-management philosophy and policies, the Bank uses derivatives for the sole purpose of hedging the underlying cash-flows associated to borrowings contracted in currencies different than the U.S. dollars or that bear interest at a rate different than the loan reference rate. Derivatives are not used for speculative purposes. These derivatives are designated as fair value hedges. By way of these derivatives, the Bank changes the currency in which the original debt is denominated and its reference interest rate to the currency and reference interest rate in which all Bank loans are denominated. This way, the Bank mitigates the economic and financial exposure to changes in currency and interest rates.

According to Bank's financial policies, liquidity is maintained for the purpose of ensuring the ability to meet all planned loan disbursements, debt service requirements, and to pay for all planned and approved operating expenditures and capital investments expected to occur during the next 12 month following the end of the Bank's fiscal year. Liquidity is invested with the sole purpose of reducing the cost of carrying the required level of liquidity in compliance with the Bank's policies.

The main disclosures that follow form an integral part of these financial statements and provide specific information on each of the Bank's relevant financial assets and liabilities, as well as additional information on the Bank's business model, and how it determines manner and opportunity in which they are classified, measured, recognized, and disclosed.

#### **(i) Classification**

Classification of financial assets depends on the Bank's business model that contemplates the nature and purpose at the time of their acquisition and recognition. The Bank has two distinct investment portfolios, one where investments can be sold at any time prior to their contracted maturity, and the other one where investments are purchased with the intent to be held through their contractual maturity. Classification of investments on either portfolio is determined based on planned liquidity requirements and other factors. The Bank determines the classification of its investments at the time of acquisition and recognition.

Investments held to their contractual maturity are accounted for at the lower of their amortized cost or fair value. Investments available for sale are valued at their fair value with changes in value recognized in other comprehensive income (OCI). Note 8 provides further details on each type of financial assets.

The Bank classifies its financial assets in the following categories:

- ***Financial assets at amortized cost (loan portfolios and investment):*** are assets acquired with the objective of collecting contractual cash flows resulting from principal amortization and accrued interest. These financial assets are not designated as "financial assets at fair value with changes in income" and are measured at their amortized cost. The balances of these assets are periodically evaluated for collectability risk. The value of these financial assets is adjusted by the provision for estimated losses, which is calculated and recognized as stated in this note under (v) "Impairment".
- ***Financial assets at fair value with changes in other comprehensive income:*** are assets purchased with the purpose of collecting contractual cash flows resulting from principal amortization and accrued interest, as well as from the sale of the underlying assets. These assets are designated as

“financial assets at fair value with changes in the Statement of profit or loss and other comprehensive income” and are measured at their fair value with changes recognized in other comprehensive income.

- The Bank does not have financial assets at fair value with changes in income.
- Derivatives resulting from the cross-currency and interest rate swaps entered into as an integral part of the Bank’s risk management strategy designed to hedge the interest rate and foreign exchange risk associated to borrowings contracted in currencies other than the U.S. dollar or at interest rates other than the 6-month Libor, which is the Bank’s reference rate for its loans, have been designated as a Fair value hedges, and are considered completely effective. The reference interest rate for loans approved through December 31, 2021, and that have not been converted to the compounded SOFR in arrears is the 6-month Libor rate. For all loans that have been converted under the voluntary conversion program and for all loans approved on or after January 1, 2022, the reference interest rate is the compounded SOFR in arrears. Changes in fair value of these derivatives, given the Bank’s right to offset and be compensated in the event of counterparty’s default, are shown forming part of Other Assets, as derivatives, together with the resulting collateral in the statement of financial position. Bonds are valued at their amortized cost and shown under borrowings in the statement of financial position. Changes in the fair value of the cross-currency swaps are accounted for in other income (see Notes 2; 4.10 and 8.5-(ii)).

#### **(ii) Reclassification**

Financial assets other than loans could be reclassified under a different category of “investments at fair value with changes in other comprehensive income,” based on the business model in use to manage them or according to the characteristics of their contractual cash flows.

The Bank reclassifies financial assets only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent, and none occurred during the period.

#### **(iii) Recognition and derecognition**

Normal origination purchases or contracting and sales of financial assets and liabilities are recognized on the date on which they are transacted, which is the date on which the Bank generates them or commits/contracts to their purchase or sale. Financial assets and liabilities are disposed-off or extinguished upon expiration of the rights to receive or the obligation to pay a flow of funds or upon transferring their risk of ownership.

Financial assets and liabilities are valued according to their classification as amortized cost or at their fair value with changes in income or changes in other comprehensive income.

#### **(iv) Measurement**

Initially, the Bank measures financial assets at their fair value plus those transaction costs directly attributable to their acquisition, as long as such assets are not subsequently measured at fair value through profit or loss.

Loans and investments held to maturity are subsequently valued at their amortized cost using the effective interest rate method.

Investments which will be maintained at fair value with changes in other comprehensive income, are subsequently valued at their corresponding reasonable value. Gains and losses resulting from changes in fair value are recognized in other comprehensive income. Interest resulting from financial assets carried either at reasonable value through other comprehensive income or at amortized cost and loans, calculated based on the effective interest rate method, is recognized in statement of profit or loss and other comprehensive income as part of operating income.

Note 8.7 includes details pertaining to the determination of fair values of financial instruments.

#### **(v) Impairment**

The Bank assesses the likelihood of potential impairment affecting either a financial asset or a group of financial assets. The Bank determines the adequacy of the provision for potential impairment on its loans by applying a standard methodology also adopted by the leading MDBs, considered as a best practice. The methodology used assesses the expected loss based on the following factors: (i) the maximum exposure to risk at default; (ii) the probability of default; and (iii) the loss given default. Although the Bank uses the same formulae, the values used in connection with each factor are different for sovereign guaranteed loans than those used for non-sovereign guaranteed loans.

For sovereign loans, the Bank assesses the probability of default by its member countries using the most recent sovereign credit risk rating assigned to each country, by three of the internationally recognized credit rating agencies, adjusted by the Bank's preferred creditor status.

For non-sovereign guaranteed loans, the Bank assesses the probability of default, using the most recent credit risk rating developed and maintained by the Bank's.

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 will be included in the statement of profit or loss and other comprehensive income.

The accrual of interest on loans is discontinued for loans balances that have been in arrears for more than 180 days. The amount of loan interest accrued receivable on loans declared on non-accrual status is recognized at the time of collection until such date when those loans are in accrual status. Accrual status requires the borrower to pay in-full, the amount of principal and interest or commissions in arrears, as well as the assurance that the borrowing member country has resolved the financial difficulties that caused it to fall behind on meeting its obligations on a timely basis.

Note 8.4-(iii), has a detailed explanation of this methodology as well as the determination of the provision for loan impairment.

Expected impairment of the value of investments carried at fair value with changes in other comprehensive income (FVOCI), is already embedded in the market value.

For investments carried at amortized cost, the Bank assesses expected impairment by comparing the dirty price and the bid market price of each investment held in the portfolio to their respective carrying amount and recognizing a potential impairment based on the difference between the carrying amount and the bid market price, whenever the latter is lower than the carrying amount at amortized cost.

For investments held-to-maturity and valued at amortized cost, the Bank assesses any potential impairments by reviewing any downgrades in the credit risk rating of issuers and using valuation models to assess if the potential impairment is other than temporary. Should a potential impairment be deemed to be permanent then the Bank proceeds to value it at its impaired value through a provision for loan impairment.

Except for determining the adequacy of the amount of provision for expected losses on loans with sovereign guarantee and non-sovereign guarantee, and for purposes of estimating the expected credit loss (ECL) on other - 18 - financial assets, in accordance with its internal policies the Bank classifies its financial instruments measured at amortized cost or fair value through OCI, in one of the following categories:

**Stage 1:** includes all instruments that have not experienced a significant increase in credit risk since their initial purchase and recognition, where the ECL equals the impairment expected in the next 12 months.

**Stage 2:** includes all instruments that have experienced significant increases in credit risk since initial recognition but are not yet deemed credit impaired.

**Stage 3:** includes financial instruments, close to overdue, which are credit impaired. Likewise, loan commitments or financial guarantees whose payment is probable and their recovery doubtful.

**Classification into stages:** Following immediate recognition of the financial asset, determination of whether an asset credit quality is impaired and of the degree to which it is impaired is based on the following relevant criteria:

- Contractual payments of either principal or interest are past due for more than 180 days;
- Significant decrease of the credit rating of these assets; and
- Whether the financial asset is credit impaired.

#### **(vi) Revenue recognition**

Interest revenues are recognized based on the effective interest rate method. Should there be loans in nonaccrual status, and as defined in (v) below, the Bank reverse the interest revenue and stop the recognition of interest and commissions. A loan is impaired when the analysis of available information and current events are indicative of the probability that the Bank could not recover the full amount of principal and interest accrued, based on the agreed upon loan agreements. When a loan is impaired, the Bank reduces the carrying amount of such loan to its net realizable value, based on the discounted cash flows using the loan's original effective interest rate, and reverts the discounted amount against loan revenues. Interest revenues on impaired loans are recognized using the original effective interest rate.

#### **4.9 Property and equipment**

Property is carried at fair value, which includes revaluations. Increases to the carrying amount of property resulting from revaluations are included in other comprehensive income and shown as part of the accumulated balance of revaluation reserves within equity. Subsequent increases to the carrying amount

due to revaluations should be recognized affecting income to the extent that revaluation increases had been previously reverted affecting the statement of profit or loss and other comprehensive income. 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 statement of profit or loss and other comprehensive income.

Equipment is carried at their historical cost less depreciation. The historical cost includes all 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. Repair and maintenance expenses are included in the statement of profit or loss and other comprehensive income during the period in which they are incurred.

Note 9.1 shows the depreciation methods and useful lives used by the Bank. Assets' residual values and useful lives are reassessed and adjusted as appropriate at year end. In those instances, where the carrying amount of assets exceeds their recoverable value, carrying amounts are adjusted to their recoverable value.

Gains and losses on the sale of fixed assets are determined by comparing the carrying amount with the sale price and accounted for in the statement of profit or loss and other comprehensive income. In the case of the sale of revalued assets, it is the Bank's policy to transfer the amounts carried in revaluation reserves into retained earnings.

#### **4.10 Financial liabilities**

Financial liabilities consist of borrowings and derivative financial instruments that are an integral part of the Bank's hedging activities designed to effectively manage interest rate and exchange rate risks in connection with bond issuances. The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 8.5.

At inception of the hedge relationship, the Bank documents its risk management objective and strategy and the economic relationship between hedging instruments and hedged items, including whether changes in the fair value of the hedging instruments are expected to offset changes in the fair value of hedged items.

The following is an explanation of borrowing and derivative financial instruments, hedging activities and accounting policies used in connection with these instruments.

**Borrowings:** Borrowings contracted in currencies other than the US dollar, which is the Bank's functional currency, and at interest rates different from the loan reference interest rate are initially recognized at their cost, net of transaction expenses and subsequently valued at their fair value. The difference between the fair value and the amortized cost basis is included in the Statement of profit or loss and other comprehensive income together with the net difference between the receivable and payable swaps which are also at fair value. These net differences correspond to changes in exchange and interest rates which are not expected to affect future cashflows nor to result in realized gains and losses, since they will converge to zero at the maturity of the original debt. Upon maturity, the Bank will exchange the

contracted amounts with its counterparts, thereby cancelling the original debt and the related receivable and payable swaps.

Borrowings contracted in US dollars and at the loans interest reference rate 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 over the contractual term of the loan.

***Derivative financial instruments and hedging activities:*** Derivatives are solely used for hedging interest and exchange rate risk associated with its three bond issuances in the Swiss capital market, namely “FONPLATA24”; “FONPLATA26”; “FONPLAT28”, and the bonds issued in the Japanese market in March 2023 namely “Japón I” and “Japón II”, as well as other liabilities originally contracted in currencies other than the dollar or in dollars at a fixed rate (see notes 2 and 8.5-(ii)).

Derivatives have inherent market and credit risks. The inherent market risk on a financial instrument is the potential fluctuation in the interest rate, currency exchange rate or other factors, and it is a function of the type of product, the volume of the transactions, the tenor and other terms of each contract and the underlying volatility.

The inherent credit risk is the counterparty’s possible non-compliance in the delivery of collateral to recover the balance due.

The Bank mitigates the credit risk in derivative financial instruments through transactions with highly qualified counterparties with investment grade credit rating, and by signing an ISDA master netting agreement coupled with a credit support annex (CSA), with its derivatives counterparties.

The Bank documented the hedging relationship and its risk-management objective and strategy for undertaking the hedge, how the hedging instrument’s effectiveness in offsetting the hedged risk will be assessed prospectively and retrospectively, and a description of the method of measuring ineffectiveness.

This process includes linking all derivatives that are designated as fair-value, cash flow, or foreign-currency hedges to specific assets and liabilities on the balance sheet or to specific firm commitments or forecasted transactions.

The Bank also monitors, both at the hedge’s inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items, or to specific firm commitments or forecasted transactions, as applicable.

Changes in the fair value of a derivative financial instrument together with the changes in the fair value of the original debt that is the subject of the hedges are included in other income and are recognized in the statement of profit or loss and other comprehensive income.

The master ISDA agreements signed with its counterparts confer the Bank the possibility to exchange the contracted flows upon maturity of the original debt, and the Bank is fully intent in doing so. Furthermore, the Bank expects its counterparts to fully comply with their obligations under the swaps and it does not anticipate noncompliance on their part.

The ineffective portion of the change in the fair value of a derivative instrument that qualifies as a hedge is reported in the statement of profit or loss and other comprehensive income.

The Bank discontinues hedge accounting when it is determined that the derivative instrument is no longer effective in offsetting changes in fair value of the hedged item; the derivative expires, is sold, terminated, or exercised; the hedge asset or liability expires, is sold, terminated, or exercised; the derivative is not designated as a hedging instrument because it is unlikely that a forecasted transaction will occur; or management determines that designation of the derivative as a hedging instrument is no longer appropriate.

#### **4.11 Other liabilities and commitments**

These amounts represent outstanding liabilities for goods and services received by the Bank prior to the date of the financial statements. Other liabilities do not include guarantees and are usually paid within 30 days of their initial recognition. These liabilities are initially recognized at their fair value and subsequently measured at amortized cost using the effective interest rate method.

#### **4.12 Special funds**

These balances represent liabilities equaling the investment amount administered on behalf of special funds. These liabilities do not represent guarantees and are usually paid based upon fund requests to settle the liabilities of special Funds. These liabilities are initially recognized at their fair value and subsequently measured at amortized cost using the effective interest rate method. Note 8.6), contains a detailed explanation of the special funds and their purpose, and the balance owed to each one as of December 31, 2023, 2022 and 2021, respectively.

#### **4.13 Other benefits to employees**

The amount represents accrued liabilities associated to benefits granted to the Bank's staff under a joint savings program ("Programa de Ahorro Compartido" or PAC). These liabilities are paid to the staff upon termination of their employment. The Bank's matching contribution on the amount of an employee's voluntary saving is subject to a withholding percentage based on the years of service required for full vesting under the program. Withheld amounts are deferred and subsequently expensed as employees accumulate the required years of service for full vesting under the PAC. Note 8.6 – c), provides a detailed explanation and breakdown of the PAC liability as of December 31, 2023, 2022 and 2021, respectively.

#### **4.14 Capital**

The authorized capital consists of paid-in shares and callable shares. Paid-in capital consists of the amount of capital subscriptions paid to the Bank by its member countries.

### **NOTE 5 – SIGNIFICANT ESTIMATES AND JUDGEMENTS**

The financial statements are prepared in accordance with IFRS, which require the Bank's Executive President to make assumptions and estimates affecting the amounts shown for assets and liabilities, as well as revenues and expenses during the fiscal year. The estimates and judgements are continuously assessed and are based on legal requirements and other prevailing factors, including the expectation of future events considered reasonable within the current circumstances.

This note provides a general overview of the areas that entail more management judgment or inherent complexity to each estimate, and the items that are more likely to be materially adjusted because actual results could differ from those estimates. Detailed information pertaining to each estimate and judgement made are included in Notes 6 and 7, respectively, together with the information regarding the basis used for computing each item affecting the financial statements.

The most relevant estimates affecting the preparation of the Bank's financial statements relate to:

- Degree of uncertainty pertaining the estimate of the probability of borrowers disbursing the amount approved for financing during the contractually agreed upon disbursement period which determines recognition of the commitment fee on a straight-line basis – Note 4.4.
- Potential impairment of investments carried at amortized cost – Note 8.3 – (ii).
- Potential impairment of the loan portfolio – Note 8.4 – (iii).
- Overall effectiveness of derivatives to ensure adequate hedging of expected cash flows – Note 8.5 – (ii).

### Climate-related issues

The Bank and its operations are not exposed to a relevant risk in the judgments and estimates it makes as an issuer because of climate change. As a Multilateral Development Bank, FONPLATA adheres to and complies with internationally accepted best practices for the management of environmental risks in the projects it finances, while since 2021 it has implemented a sustainable debt framework and promotes, through direct subsidies, projects that contribute to the preservation of the environment and reduce the impact of climate change.

### Macroeconomic and geopolitical uncertainty

In relation to these issues, the prices in the valuations of investments and derivative financial instruments are considered as a component of evaluating them at market value.

### NOTE 6 – FINANCIAL RISK MANAGEMENT

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

Risk	Source of Exposure	Measurement	Risk Management
Market risk – foreign exchange.	Except from bonds issued in Swiss Franc and Yens, and the loans denominated in Euros contracted with AFD and KfW, which were effectively hedged through cross-currency swaps as discussed in Notes 2; 4.10; and 8.5 – (ii), 99,9% of financial assets are denominated in U.S. dollars (functional currency). The	Fair value of the underlying.	All loan and investment transactions, as well as the most relevant liabilities shown in the financial statements have been transacted in U.S. dollars. The Bank signed enforceable ISDA master netting agreements with the right to offset with JPM, CS, DB, HSBC and BBVA. Based on these agreements, the Bank

Risk	Source of Exposure	Measurement	Risk Management
	<p>61% of the bank's debt has been contracted in currencies other than the Bank's functional currency and are hedged through cross-currency swaps.</p>		<p>contracted cross-currency swaps to offset both the interest rate and foreign currency Exchange risks associated to its bond issuances in the Swiss market between 2019 and 2021; a- EUR 8,0 disbursement received in December 2022 under a EUR 30,0 credit facility contracted with AFD, the private issuance in Japan of two series of bonds in March 2023, and a EUR 21,0 disbursement in the month of August 2023, under a EUR 37,0 credit facility contracted with KfW. These derivatives are an integral part of the Bank's risk management process designed to minimize exposure to financial risks in the financing of loan disbursements.</p>
<p>Market risk: interest rate risk</p>	<p>Risk of experiencing fluctuations in lending and borrowing rates applicable to the Bank's loans, and debt.</p> <p>As explained in Notes 2; 4.10; and 8.5 – (ii), on March 13, 2019, on March 3, 2021, and on December 1, 2021, the Bank issued a 5-year, a 5 ½ - year and a 7-year Swiss Franc denominated bonds at fixed rate. To hedge both the interest and exchange risk, the Bank contracted a cross-currency swap with JPM, and with Credit Suisse, respectively.</p> <p>The Bank has signed ISDA Master Settlement Agreements and Credit Support Agreements (ARCs) that provide for the right of</p>	<p>Sensitivity analysis</p>	<p>The Bank has established policies for the determination of interest rates, allowing it to mitigate the potential effects of interest rate fluctuations. The Bank seeks to minimize the negative impact associated with potential mismatches in the duration of the loan portfolio and the debt incurred to finance such loans.</p> <p>Potential exposures from the issuance of the bonds denominated in currencies other than the US dollar and at interest rates other than the reference rate, are effectively managed through the cross-currency swaps, and the potential exposure related to two disbursements received from CAF which are</p>

Risk	Source of Exposure	Measurement	Risk Management
	<p>setoff. In addition, the Bank contracted with DB, an interest rate swap to change from the SOFR Term rate applicable to the two disbursements received in December 2022 in the line of credit maintained with CAF, for the SOFR in arrears, which is the reference rate of the Bank's loan operations. On March 2023, the Bank issued two series in the Japanese market with a 5 and a 6 ½ years maturity, respectively, and contracted a cross-currency swaps with HSBC.</p> <p>In December 2022, the Bank drew down EUR 8,0 under a line of credit contracted with the AFD at the Euribor rate. This operation is hedged through a cross-currency swap contracted with JPM.</p> <p>In August 2023, the Bank drew down EUR 21,0 under a line of credit contracted with KfW at the Euribor rate. This transaction was hedged through a cross-currency swap contracted with BBVA.</p>		<p>based on the Term SOFR interest rate, and of a Euro denominated disbursement received from the AFD and KfW, respectively.</p> <p>These currency and interest rate hedges were designed to replace the currency and interest rate in which the original debt was contracted, by a debt denominated in US dollar that bears interest on the compounded SOFR in arrears, which is the Bank loan interest reference rate, effectively eliminating currency and interest rate risks, respectively.</p> <p>These currency and rate swaps were designed to replace both debt raised in currencies other than the US dollar and at rates other than the benchmark lending rate, which is the compounded SOFR due rate, into the US dollar and at the compounded SOFR due rate, matching the rate structure applicable to all loans to member countries. Thus, it effectively eliminates foreign exchange and interest rate risks.</p>
<p>Market risk: Security prices</p>	<p>The Bank does not have investments in equity instruments that might be exposed to price risk. All investments consist of bonds that according to the Bank's business model can either be classified as available for sale or held-to-maturity.</p>	<p>Sensitivity analysis based on changes in interest rate for bonds classified as available for sale, valued at fair value with changes in OCI. The analysis also focuses on changes in the credit risk rating of issuers of bonds classified as</p>	<p>The Bank does not have investment in equity instruments that might be exposed to price risk. Bonds classified in the available for sale portfolio are monitored on a regular basis. The Bank does not participate with trading portfolio or trading activities.</p>

Risk	Source of Exposure	Measurement	Risk Management
		held-to-maturity, which are valued at the lower of amortized cost or fair value.	
Credit risk	Cash and cash equivalents, investments valued at fair value with changes in OCI, investments valued at amortized cost, and derivative financial instruments designated as fair value hedges of specific borrowings.	<ul style="list-style-type: none"> <li>- Analysis based on aging of loans, derivatives, bonds, and other instruments.</li> <li>- Analysis of credit risk</li> <li>- Loan loss provision</li> </ul>	<ul style="list-style-type: none"> <li>Diversification of bank deposits and applicable loan limits.</li> <li>Investment policies and guidelines and credit rating of counterparts.</li> <li>Limits for concentration of credit risk applied to member countries and non-sovereign loans.</li> <li>No private sector loans.</li> </ul>
Liquidity risk	Borrowings, other liabilities, and obligations with special funds.	Forecast of future cash flow.	Availability of funds required to meet obligations and commitments, at least for a 12-month period following the date of the financial statements.

The Bank manages its risks exposures in accordance with its enterprise-wide risk management policy. This policy encompasses the management of market and interest rate risks, operational and strategic risks. The focus of the Bank's enterprise-wide risk management is to ensure risks will remain within established limits. Those limits are formally established in the Bank's financial policies and reflect its capacity to assume risks as defined by its governance bodies. Within the scope of its enterprise-wide risk management policy, risk management is oriented to avoid risks that may exceed its tolerable risk level, and to mitigate all financial, operational, and strategic risks in accordance with the limits established for each risk related to its operations.

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

The Bank's integrated risk management rests upon a cash flow forecast model covering the short, medium, and long-term and a set of projected statements of financial position and statement of profit or loss. These projections are constantly adjusted to actuals and closely monitored to forecast loan approvals; loan disbursements; borrowings; commitments and obligations as well as administrative expenditures, to meet expected income and to maintain liquidity requirements.

### 6.1 Currency risk

Approximately 99,9% of financial assets and liabilities, after considering existing cross-currency swap agreements, are denominated in U.S. dollars, which constitutes the Bank's functional currency. Consequently, the Bank's financial statements are not exposed to significant levels of risk resulting from

potential changes in exchange rates.

## **6.2 Interest rate risk**

Bank loans contracts approved until December 31, 2021, and that have yet to adopt the SOFR rate, bear interest based on a lending rate consisting of the 6-month Libor rate plus a fix margin. Legacy loans contracts that have already been converted at the option of the member country, bear interest based on the SOFR in arrears plus a correcting SOFR margin, and the Bank's fixed margin. Loans approved on or after January 1, 2022, bear interest based on the SOFR in arrears plus a fixed margin.

The Bank's fixed margin is reviewed annually for new loans based on the Bank's policy guidelines for income management and financial charges. The objective of this policy is to achieve a balance between the accumulation of a level of capital in the long-term to ensure its self-sustainability and to ensure obtaining the best financial terms for the benefit of its member countries. The Bank applies a financial income model as a tool to achieve results over a planning horizon covering the medium and long-term. The Bank's income model allows through the management of various parameters and assumptions to ensure the relative stability and sufficiency of loan charges to cover the Bank's financial costs and operating expenses as stated in its financial policies, and to make timely adjustments that might be required from time to time to its fix lending margin in response to sudden and significant changes in relevant assumptions used. The Bank regularly reassess the reasonableness of its underlying assumptions and the model to ensure the proper management of exposure to interest rate risk.

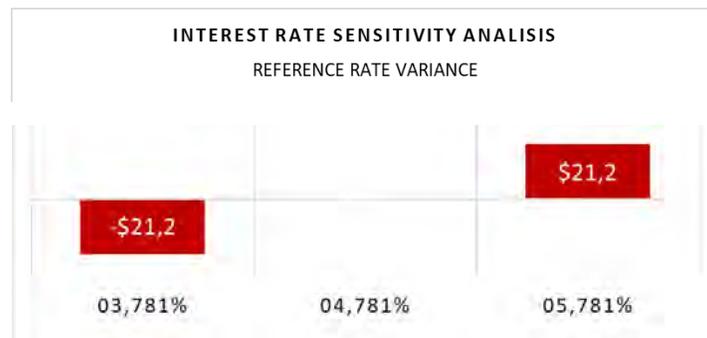
In compliance with its income management and financial charges policy, the Bank annually establishes a fixed margin applicable to new loans to be granted in the upcoming year (Operating Lending Rate or "TOR"). For loans approved after March 3, 2023, the Board of Executive Directors approved a reduction of 25 basis points in its fixed-margin or TOR (Resolution RES/DEJ-1508/23), maintaining unchanged all financial conditions approved for sovereign guaranteed loans on March 15, 2022 (Resolution RES/DEJ1490/22). The effective interest rate during 2021 were structured according to the maturity of the loans (Resolution 1431/2019 of the Board of Executive Directors).

The Executive President was authorized to set lending rates applicable to loan maturities for periods shorter than 15 years, approving operating lending rates as an incentive for member countries to borrow at shorter terms.

The Bank's interest rate risk is limited to the risk associated with the variable component of its lending rate. The Bank performs sensitivity analysis to determine the variance in income or in net equity associated to changes in interest rates.

The sensitivity analysis was performed based on future projections of SOFR rate for the next 12 months, which is the reference rate of the Bank's lending operations, which equals 478 basis points.

Accordingly, the analysis yields a maximum and a minimum for the weighted average reference rate of 578 – 378 basis points, respectively. Should the positive or negative variation of the weighted average reference rate of 100 basis points were to materialize, future net income could be increased or decreased by \$21,2, respectively.



### 6.3 Market risk

Market risk is the risk of losses in the value of financial assets and liabilities because of changes in market conditions. The Bank manages market risks affecting its investment and loan portfolios through various measures to ensure risk exposures would remain within established policy limits (see Notes 4.8, 8.2; and 8.3, for further details).

Bank investments pursue the objective of reducing the cost of carrying the required liquidity comply with expected loan disbursements, service the debt, and defray Bank operational costs. The Bank classifies its liquid investments according to specific objectives in the following two portfolios:

- **Investments available for sale:** consist of bonds and other investments that have market value and are valued at their fair value with changes in other comprehensive income.
- **Investments held to maturity:** consisting of time-deposits and valued at the lower of their amortized cost or fair value.

As stated in Note 8.7, the Bank adopts a methodology for the determination of fair value based on three distinct levels, associated with the availability of objective market value information for each type of investment. Based on this methodology, the Bank performs a sensitivity analysis of its investment portfolios to gauge the maximum loss in the event of price changes because of changes in interest rate for investments classified as available for sale and valued in OCI, and for changes in credit rating of investments classified as held-to maturity and valued at amortized cost or lowered to their fair value through a provision, when applicable.

The following chart shows the maximum exposure to losses related to price changes for investments classified as available for sale valued at fair value with changes in other comprehensive income assuming a 100 basis points change in interest rates, and the maximum exposure to losses associated to one notch downgrade in the credit risk rating of investments classified as held-to-maturity and valued at amortized cost as of December 31, 2023, 2022 and 2021 , respectively.

	Sensitivity analysis of investments								
	December 31, 2023			December 31, 2022			December 31, 2021		
	Book value <sup>1</sup> \$	Maximum loss exposure \$	Variation %	Book value <sup>1</sup> \$	Maximum loss exposure \$	Variation %	Book value <sup>1</sup> \$	Maximum loss exposure \$	Variation %
Available for sale investments up to 12-months – OCI <sup>2</sup>	199,6	3,8	1,89	293,8	1,1	0,39	193,0	0,4	0,23
Available for sale investments greater than 12-months – OCI	176,8	0,7	0,42	45,0	1,0	2,10	159,8	1,1	0,65
<b>Total</b>	<b>376,4</b>	<b>4,5</b>	<b>1,20</b>	<b>338,8</b>	<b>2,1</b>	<b>0,61</b>	<b>352,8</b>	<b>1,5</b>	<b>0,42</b>

<sup>1</sup> Book value amounts for investments are based on the fair value for investments classified as available for sale and on the amortized cost for investments classified as held-to-maturity. All investment instruments designated valued at their fair value with changes in other comprehensive income, and most of those included in the held-to-maturity investment portfolio quote on the market, for which their fair value can be established objectively as of the date of the financial statements (Level 1). For those investment instruments classified at amortized cost that do not register at least one market transaction a month, there are recent market transactions that provide reasonable basis for estimating their fair value as of the date of the financial statements for purposes of comparing it to their amortized cost (Level 2). The Bank does not hold any investment for which their fair value could not be established and hence requires use of a valuation model (Level 3).

<sup>2</sup> As of December 31, 2023, the held-to maturity investment portfolio includes fixed –term certificates of deposits for an amount of \$265.9 (2022-\$169,8 and 2021-\$41,0 in held-to-maturity investments corresponding to certificates of deposit and \$24,4 in available-for-sale bonds, respectively) and investment in sweep accounts of \$12,3 (2022 and 2021, \$0). These investments are included in cash and equivalent balance, since the time spanned from their date of purchase to their contractual maturity is up to 90 days or less. The Bank periodically assesses its portfolio of held-to-maturity investments valued at their amortized cost for potential impairment due to changes in the credit rating of issuers that might be indicative of a permanent impairment in their value (see Note 4.8).

## 6.4 Credit risk

Credit risk is the risk resulting from non-compliance with contract terms by the borrower. Financial policies establish individual limits of credit by member country, with the objective of reducing excessive risk exposures and complying with an equitable distribution of the lending capacity. The capital adequacy coefficient which relates the risk-weighted financial assets with the amount of equity ensures a reasonable coverage against potential exposure to credit risk, both for the lending portfolio and at the level of each borrowing member country.

As of December 31, 2023, 95% of the balance of loans outstanding correspond to loan contracts with the sovereign guarantee of the member government (December 2022- 96% and 2021 – 95%, respectively). The Bank started lending without the sovereign guarantee of the member country in 2020, with the approval of its Board of Executive Directors. This new line targets development banks and enterprises where the central or local government is the majority owner. Since the creation of this line and through December 31, 2023, the Bank has approved \$164,0 in six operations. From this total, as of December 31, 2023, \$141,5 have been disbursed (2022- \$82,0 and 2021 - \$72,0, respectively), \$43,2 have been received in principal amortizations (2022- \$6,0 and 2021 - \$0, respectively), and \$98,3 remain outstanding (2022- \$76,0 and 2021 - \$72,0, respectively). For more detail see Notes 2, and 8.4 (i).

The Bank’s financial policies and lending guidelines provide for the actions to be taken in connection with overdue loan balances and non-compliance. These policies and regulations form an integral part of loan agreements included in all loan contracts and uses a methodology for determining the adequacy of the provision for potential impairment in loans that provide for different factors for its sovereign guaranteed

and non-sovereign guaranteed loan portfolios, as explained in Note 4.8.

The credit risk associated to the investment of liquid assets is based on internal guidelines governing the investment of liquid assets, which establish the prudential investment limits by each asset class, sector, and issuers, to guarantee an adequate diversification and mix of investment sources and maturities. As of December 31, 2023, and 2022, respectively, the average credit risk rating of the investment portfolio was AA and AA+, above the AA- minimum required limit by the investment policy.

## 6.5 Liquidity risk

Liquidity risk is the risk related to the inability of the institution to meet its obligations without incurring unacceptable losses. The Bank has a minimum required level of liquidity which is defined by its liquidity policy as the level required to meet all its commitments, including liabilities with special funds (see Note 8.6), loan disbursements, debt service, and the payment of obligations stemming from its administrative and capital expenditure requirements for a 12-month period. For the year ended December 31, 2023, 2022, and 2021, respectively, the Bank did not acquire commitments and obligations that would carry liquidity risk either in the short or medium term.

The following table shows financial assets as well as liabilities, as December 31, 2023, 2022 and 2021, respectively.

	<b>As of December 31,</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>			
Cash and cash equivalents – Note 8.1	324,2	217,6	128,3
Investments – Notes 8.2 and 8.3	376,5	338,9	504,6
Gross liquidity	<u>700,7</u>	<u>556,4</u>	<u>632,9</u>
<b>Financial Liabilities</b>			
Borrowings – Note 8.5	1.050,1	975,3	926,7
Other liabilities – Note 9.3	16,0	10,3	3,1
Special funds – Note 8.6	24,5	22,6	21,9
Total Liabilities	<u>1.090,6</u>	<u>1.008,2</u>	<u>951,8</u>

Liquid assets coverage of the amount of net estimated disbursements was equivalent to 1,23, 1,65 and 1,49 years, as of December 31, 2023, 2022 and 2021, respectively.

## NOTE 7 – MANAGEMENT OF OTHER NON-FINANCIAL RISKS

### 7.1 Operational risk

Operational risk is defined as the risk of an economic or financial loss resulting from a failure in internal processes or systems, due to either commission, omission, or adverse external events. The Bank has in place an organized and updated set of policies, procedures, and practices for the administration of its operations that prevent and prepare it for inherent risks associated to its day-to-day operations. The Bank has an effective governance and system of internal controls, as well as ethical and reputational standards, with clear norms to ensure compliance with applicable fiduciary, environmental, and legal matters

required by both of its policies and those of its member countries.

### **7.1.1 Expected change from the 6-month USD LIBOR interest rate to the SOFR interest rate**

As explained in 6.2, until December 31, 2021 the Bank's loan interest rate was based on the 6-month USD LIBOR plus a fixed margin. The 6-month LIBOR was calculated and published daily by ICE Benchmark Administration (IBA); an organization regulated by the United Kingdom's Financial Conduct Authority (FCA). During 2022, after consultation and authorization from FCA, IBA announced its decision to discontinue the publication of 7-days and 60-days LIBOR, starting on January 1, 2022. Additionally, IBA announced that the rest of the term-LIBORs, which includes the 6-month USD LIBOR in use by the Bank, will be discontinued on July 1, 2023, also following consultation to and authorization from FCA. Such change has implications for all transactions that have a 6-month USD LIBOR variable component; namely, the totality of the Bank's loan portfolio, borrowings from other multilaterals and agencies, and the variable leg of existing derivatives designated as fair value hedges.

The ARRC is the organization in charge of the alternative rate to replace the USD LIBOR. In 2017 the ARRC identified the Secured Overnight Financing Rate (SOFR) as the replacement rate for the USD LIBOR. The New York Federal Reserve Bank is the administrator of SOFR and produces and publishes the rate daily, including averages for various maturities and the SOFR index. The ARRC has issued recommendations on fallback language, the use of a USD LIBOR/SOFR margin and other topics.

In accordance with the foregoing and as adopted by other multilateral development institutions considered leaders, as of the second half of 2020, the Bank adopted retroactive exchange language in all its loan contracts, opting to use the SOFR rate under the "compound expired modality", as of January 1, 2022.

Accordingly, on December 1, 2022, the Bank successfully implemented a new loan administration platform provided by SOPRA Financial Services (SFP). This platform has been used by other leading BDMs for more than two years. This implementation has been conducted without the need for customization or custom development regarding the functionality offered by SFP to other BDMs, which not only reduces operational risk but also future maintenance cost. This platform is operated under the modality of an annual payment for its use by the Bank.

## **7.2 Management of strategic risks**

**Strategic risk** - Is the risk derived from the adverse or incorrect application of decisions or the absence of responses to changes affecting development financial institutions. The Bank has a Strategic Institutional Plan ("ISP") approved by its Board of Governors, which establishes the strategic objectives to be attained, as well as the indicators required to measure progress over time. Annually, the Board of Governors approves the Budget for the upcoming year, which contains a summary of all achievements attained in the previous fiscal year, as well as the objectives and results to be attained in the next fiscal year. The Bank's budget summarizes the medium-term work plan and contains results-based indicators and their related costs, which are all based on the ISP results matrix. This ensures an adequate alignment between the long-term strategic objectives and results to be attained in the short run to move towards the attainment of those strategic objectives.

The financial statements show the compatibility and consistency between results and the strategic objectives established in the institutional mission and vision in terms of the attainment of annual goals

for the approval of operations and their related costs.

**Non-compliance risk** - Is the risk derived from violations of laws, norms, regulations, prescribed practices, and ethics policies or norms. Non-compliance risk could negatively affect the institution's reputation. The Bank is a self-regulated supra-national international institution that is governed by its Charter, policies, and regulations. The Bank has an Administrative Tribunal, an Audit Committee of the Board of Executive Directors, a Legal Counsel, a Compliance Officer, and an Internal Auditor, all of whom oversee compliance with those matters that could otherwise trigger non-compliance risks.

**Reputational risk** - Is the risk derived from a negative public opinion. This risk affects the capacity of an organization to establish new relationships or to maintain existing ones, directly affecting current and future revenues. This risk could expose the entity to litigation or to a financial loss or jeopardize its competitiveness. The Bank periodically monitors this risk through its Office of Communications. Additionally, the Operations Department specifically follows up on each financed project under implementation. As of the date of these financial statements there is no evidence that this risk has materialized and affected the Bank.

## NOTE 8 – FINANCIAL ASSETS AND LIABILITIES

This note provides information about FONPLATA's financial instruments, including:

- A general overview of all financial instruments held by the Bank.
- Specific information about each type of financial instrument.
- Accounting policies.
- Information on the determination of fair values of financial instruments, including the professional judgement used, and the uncertainties affecting those estimates.

The Bank maintains the following financial assets and liabilities:

	Note	Financial assets and liabilities carried at fair value <sup>1</sup> \$	Financial assets and liabilities carried at amortized cost \$	Total \$
<b>December 31, 2023</b>				
<b>Financial assets:</b>				
Cash at banks	8.1	45,3	--	45,3
Cash equivalents (investments at amortized cost)	8.1 and 8.3	--	278,9	278,9
Investments at fair value with changes in OCI <sup>1</sup>	8.2	379,4	--	379,4
Investments at amortized cost <sup>2</sup>	8.3	--	30,3	30,3
Loan portfolio <sup>3</sup>	8.4		1.892,8	1.892,8
<b>Subtotal</b>		<b>424,7</b>	<b>2.202,0</b>	<b>2.626,7</b>
Fair value hedge derivatives	8.5	6,8	--	6,8
<b>Total financial assets</b>		<b>431,5</b>	<b>2.202,0</b>	<b>2.633,5</b>
<b>Financial liabilities:</b>				
Borrowings	8.5	(743,7)	(306,4)	(1.050,1)
Other liabilities	9.3	--	(16,0)	(16,0)
Special funds	8.6	--	(24,5)	(24,5)
<b>Total financial liabilities</b>		<b>(743,7)</b>	<b>(346,9)</b>	<b>(1.090,6)</b>
<b>Net financial assets</b>		<b>(312,2)</b>	<b>1.855,1</b>	<b>1.542,9</b>

	Note	Financial assets and liabilities carried at fair value <sup>1</sup> \$	Financial assets and liabilities carried at amortized cost \$	Total \$
<b>December 31, 2022</b>				
<b>Financial assets:</b>				
Cash at Banks	8.1	33,3	--	33,3
Cash equivalents (investments at fair value and at amortized cost)	8.1 and 8.3	13,9	170,4	184,3
Investments at fair value with changes in OCI <sup>1</sup>	8.2	340,2	--	340,2
Loan portfolio <sup>3</sup>	8.4	--	1.772,6	1.772,6
<b>Subtotal</b>		<b>387,4</b>	<b>1.943,0</b>	<b>2.330,4</b>
Fair value hedge derivatives	8.5	--	--	--
<b>Total financial assets</b>		<b>387,4</b>	<b>1.943,0</b>	<b>2.330,4</b>
<b>Financial liabilities:</b>				
Borrowings	8.5	(501,2)	(474,1)	(975,3)
Other liabilities	9.3	--	(10,3)	(10,3)
Special funds	8.6	--	(22,6)	(22,6)
<b>Total financial liabilities</b>		<b>(501,2)</b>	<b>(507,0)</b>	<b>(1.008,2)</b>
<b>Net financial assets</b>		<b>(113,8)</b>	<b>1.436,0</b>	<b>1.322,2</b>
<b>December 31, 2021</b>				
<b>Financial assets:</b>				
Cash at Banks	8.1	24,7	103,6	128,3
Investments at fair value with changes in OCI	8.2	355,0	--	355,0
Investments at amortized cost	8.3	--	152,0	152,0
Loan portfolio <sup>3</sup>	8.4	--	1.514,3	1.514,3
<b>Subtotal</b>		<b>379,7</b>	<b>1.769,9</b>	<b>2.149,6</b>
<b>Derivatives</b>		<b>0,7</b>	<b>--</b>	<b>0,7</b>
<b>Total financial assets</b>		<b>380,4</b>	<b>1.769,9</b>	<b>2.150,3</b>
<b>Financial liabilities:</b>				
Borrowings	8.5	--	(926,7)	(926,7)
Other liabilities	9.3	--	(3,2)	(3,2)
Special funds	8.6	--	(21,9)	(21,9)
<b>Total financial liabilities</b>		<b>--</b>	<b>(951,8)</b>	<b>(951,8)</b>
<b>Net financial assets</b>		<b>380,4</b>	<b>818,1</b>	<b>1.198,5</b>

<sup>1</sup> Changes in fair value of investments are shown in OCI and changes in fair value of borrowings related to fair value hedges are shown in other income in the Statement of profit or loss and other comprehensive income.

<sup>2</sup> Includes interest and other investment income.

<sup>3</sup> Includes interest and other loan income.

The exposure of the institution to the various risks related to financial instruments is disclosed in Note 8.5(ii). The maximum exposure to credit risk as of December 31, 2023, and 2022, respectively, corresponds to the balances shown for each of the above-mentioned financial assets.

### 8.1 Cash and cash equivalents

Cash at banks and deposits with original contractual maturities of up to three months from their date of purchase, consist of:

	<u>As of December 31,</u>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
	\$	\$	\$
Cash at banks	45,3	33,3	62,6
Time deposits and short-term bonds and sweep accounts <sup>1</sup>	278,9	184,3	65,7
<b>Total</b>	<b><u>324,2</u></b>	<b><u>217,6</u></b>	<b><u>128,3</u></b>

<sup>1</sup>The total shown under this line item as of December 31, 2023, consists of investments and accrued interest with an original maturity of up to 90 days from the date of their purchase and until its maturity for \$264,9 and \$1,8, respectively. In addition, it includes investments held in an interest-bearing sweep account opened with the Bank for International Settlements (BIS) for \$12,3. As of December 31, 2022, the amount of investments included as cash and cash equivalents includes investments held-to-maturity and valued at amortized cost-plus accrued interest in the amount of \$170,4, and investments available for sale and valued at market value in the amount of \$13,9 (see Note 8.3). As of December 31, 2021, the amount of investments included as cash and cash equivalents includes \$24,7 corresponding to bond investments classified in the available-for-sale investment portfolio and valued at market value and accrued interest on unmaturing coupons, and \$41,0 in certificates of deposit classified in the held-to-maturity investment portfolio and valued at amortized cost, plus accrued interest.

#### (i) Classification of cash equivalents

Time deposits and short-term bonds are considered as cash equivalents provided their contractual maturity is up to three months from their date of purchase. Note 4.6 includes a disclosure of the cash and cash equivalents policy.

### 8.2. Investments carried at fair value through other comprehensive income (OCI).

Investments classified under this category, correspond to bonds issued by high-quality issuers, and consist of:

	<u>As of December 31,</u>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
	\$	\$	\$
Sovereign bonds	260,6	245,9	225,9
Multilateral development institutions – Bonds	114,2	89,5	111,2
Other financial institutions	-,-	1,9	13,6
Argentine treasury bonds	1,7	1,5	2,1
<b>Subtotal</b>	<b><u>376,5</u></b>	<b><u>338,8</u></b>	<b><u>352,8</u></b>
Accrued interest receivable	2,9	1,4	2,2
<b>Total</b>	<b><u>379,4</u></b>	<b><u>340,2</u></b>	<b><u>355,0</u></b>

At the date of disposal of these investments, the balance recognized in the “reserves for investments at fair value with changes in other comprehensive income” is part of the determination of the results of the year.

**(i) Investments with related parties**

As of December 31, 2023, 2022 and 2021, respectively, the Bank did not maintain investments with related parties.

**(ii) Classification of investments carried at fair value with changes in other comprehensive income**

Investments are designated as financial assets and carried at their respective fair value with changes in other comprehensive income when contractual cash flows are solely from principal and interest and the objective of the Bank's business model for these assets is achieved both by collecting contractual cash flows and selling the underlying asset.

**(iii) Impairment**

See Note 4.8, for further detail regarding applicable policies for the measurement and presentation of impairment of financial assets.

**(iv) Amounts recognized in the statement of other comprehensive income**

For the year ended as of December 31, 2023, 2022, and 2021, the Bank has accumulated unrealized gains in the amount of \$4,2, \$4,7, and a net unrealized loss of \$9,7, respectively, in other comprehensive income. These unrealized gains and losses consist of a gain in market value adjustments of investments for \$4,2 in 2023, and \$1,2 in 2022, and unrealized losses on mark-to-market adjustments to investments and valuation of rate and currency swap transactions of \$3,9 and \$5,7, in 2021, respectively; and \$0,02 for depreciation of the property revaluation reserve in 2023 (2022 - \$0,9 as a reduction of the revaluation reserve resulting from the sale of the offices located on the 3rd floor of the Bank's headquarters in January 2022, and 2021 - \$0,03 as depreciation of the property revaluation reserve). In addition, and in accordance with the Bank's decision to classify its hedging operations and the original debt as operations at fair value in 2022, the balance maintained in other comprehensive income as of December 31, 2021 of \$5,7 due to adjustments in the value of currency exchange transactions and interest rates, was reclassified to the result of the year on January 1, 2022 (see Notes 4.10 and 8.5).

**(v) Fair value, impairment, and exposure to risk**

Information regarding the methods and assumptions used in the determination of fair value is disclosed in Note 8.7.

All investments carried at fair value have been and are denominated in U.S. dollars, which is the functional currency in which the financial statements are expressed.

**8.3 Investments carried at amortized cost (included in cash and cash equivalents)**

Investments classified under this category correspond to certificates of deposit. As of December 31, 2023, these investments amount to \$294,9, consists of investments with an original maturity does not exceed of 90 days for which they were reclassified as cash and cash equivalents and investments with an original maturity more than 90 days for \$30,0. (2022 - \$169,8 and 2021 - \$41,0, respectively). The following table

shows the composition of investments prior to being reclassified.

	<u>As of December 31,</u>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
	\$	\$	\$
<u>Investments and certificates of deposit</u>			
Sovereign	40,6	35,6	141,9
Multilateral development institutions	132,7	54,9	10,0
Financial entities	121,5	79,3	-,-
<b>Subtotal</b>	<u>294,8</u>	<u>169,8</u>	<u>151,9</u>
Principal invested	294,9	169,8	151,9
Accrued interest receivable	2,1	0,6	0,1
<b>Total</b>	<u>297,0</u>	<u>170,4</u>	<u>152,0</u>

### (i) Investments held-to-maturity

The Bank measures its hold-to-maturity investments at amortized cost when financial assets are held as part of a business model whose objective can be achieved by collecting contractual cash flows, and the applicable contractual covenants of those financial assets give rise, at the specified maturities, to cash flows corresponding to repayments of principal and interest.

As of December 31, 2023, 2022, and 2021, based on the results of the Bank's assessment of ECL on investments carried at amortized cost, no allowance was deemed necessary, since the carrying amount of investments was lower than the respective fair values based on bid market prices.

## 8.4 Loan portfolio

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

<u>Country</u>	<u>As of December 31,</u>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
	\$	\$	\$
Argentina	460,8	490,5	403,8
Bolivia	440,6	395,0	355,4
Brazil	206,3	178,9	143,2
Paraguay	342,3	342,0	275,6
Uruguay	328,9	278,3	269,6
<b>Gross loan portfolio with sovereign guarantee (SG)</b>	<u>1.778,9</u>	<u>1.684,8</u>	<u>1.447,6</u>
<b>Gross loan portfolio with non-sovereign guarantee (NSG)</b>	<u>98,3</u>	<u>76,0</u>	<u>72,0</u>
<b>Total gross loan portfolio</b>	<u>1.877,2</u>	<u>1.760,8</u>	<u>1.519,6</u>
Less: Unaccrued administrative fee	(4,5)	(2,9)	(3,6)
<b>Subtotal loan portfolio</b>	<u>1.872,7</u>	<u>1.757,9</u>	<u>1.516,0</u>
Less: Provision for potential impairment on SG loans	(17,8)	(12,4)	(11,1)
Less: Provision for potential impairment on NSG loans	(1,6)	(1,1)	(1,2)
<b>Net loan portfolio</b>	<u>1.853,3</u>	<u>1.744,4</u>	<u>1.503,7</u>

As of December 31, 2023, 2022, and 2021, accrued loan interest and commissions receivable amounts to \$39,5, \$28,2, and \$10,6, respectively.

As of December 31, 2023, 2022, and 2021, all loans were classified in stage 1. The amount of provision for potential impairment of loans was as follow:

	As of December 31,		
	2023	2022	2021
	\$	\$	\$
Provision as of the beginning of the period or year SG <sup>1</sup>	12,4	11,1	8,5
Increase/decrease on provision of SG loans	5,4	1,3	2,6
<b>Subtotal Provision GS</b>	<b>17,8</b>	<b>12,4</b>	<b>11,1</b>
Opening NSG provision	1,1	1,2	1,2
Increase/decrease on NSG provision	0,5	(0,1)	-,-
<b>Subtotal NSG Provision</b>	<b>1,6</b>	<b>1,1</b>	<b>1,2</b>
<b>Total provision for potential impairment on loans</b>	<b>19,4</b>	<b>13,5</b>	<b>12,3</b>

<sup>1</sup>The beginning balance has been adjusted by rounding to thousand.

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

	As of December 31,		
	2023	2022	2021
	\$	\$	\$
Up to one year	217,0	171,6	108,7
Greater than one and up to two years	195,6	206,4	147,8
Greater than two and up to three years	184,4	199,6	176,6
Greater than three and up to four years	189,1	176,3	169,4
Greater than four and up to five years	195,9	172,6	146,0
Greater than five years	895,2	834,3	771,1
<b>Total gross loan portfolio</b>	<b>1.877,2</b>	<b>1.760,8</b>	<b>1.519,6</b>

#### (i) Loan portfolio classification

Approximately, 95% of the loan portfolio consists of loans granted with the sovereign guarantee of the member country. Beginning 2020, the Bank begun to grant non-sovereign guaranteed financing to government majority owned banks and enterprises at the central and local levels. The outstanding balance from those loans represents approximately 5% of gross loans outstanding as of December 31, 2023 (2022 – 4% and 2021 – 5%).

Sovereign guaranteed loans are loans for which the member countries recognize the Bank's preferred creditor status.

The financings conforming the loan portfolio, based on their nature and relevant terms, do not constitute derivative instruments. Collections or principal repayments are based on fixed or determinable amounts, and they do not quote on an active market. As explained in Note 13, the balance of principal repayments to be received within 12 months following year end, is classified as current, with the remaining balance classified as non-current. Notes 4.7 and 4.8 (v), describe accounting policies used in connection with the accounting of the loan portfolio and the recognition of its impairment, respectively.

The Bank's 2022 – 2026 ISP, approved by the Board of Governors on September 17, 2021, provides for extending financing for activities such as pre-investment, investment, technical cooperation, and knowledge generation. To this end, the 2022 – 2026 ISP builds upon the approval by the Board of

Governors in 2019, of an amendment to the “Policy for the Appropriation of Lending Resources,” to allow the financing of majority-owned government enterprises of member countries, at the national and subnational levels, with non-sovereign guarantee (NSG). This amendment was preceded by the approval by the Board of Executive Directors of a new line for the financing of NSG operations in November 2019.

Under the NSG financing, the Bank is authorized to grant loans and guarantees to government majority-owned institutions and public enterprises at either the national or subnational levels. To be eligible for financing, those institutions must have a minimum credit risk rating and comply with the Bank’s financial capacity and solvency requirements.

As indicated in Note 6.4, as of December 31, 2023, the balance of non-sovereign guaranteed loans pending collection amounts to \$98,3, which represents an increase of approximately 29,4% compared to the balance as of December 31, 2022, of \$76,0, which represented an increase of 5,6% from the balance held at December 31, 2021 of \$72,0.

These financings consist of revolving credit lines with up to 8-year validity and a maximum 2-year grace period and up to 8-year amortization period.

As well as sovereign loans, these loans accrue interest based on the SOFR in arrears rate plus a margin established based on the credit risk rating at the time the financing is approved. Like the sovereign guaranteed loans, these financings accrue a commitment commission on the undisbursed balance of each approved stage within the credit line, plus an administration commission based on the validity of each stage.

Furthermore, NSG operations require the borrower to pay an initial non-refundable fee intended to cover legal and credit risk costs inherent to the loan origination process.

#### **(ii) Fair value of the loan portfolio**

The book value of the loan portfolio approximates its fair value, because the future cash flows from loans granted approximate the accounted book value.

#### **(iii) Impairment and exposure to risk**

The provisions for potential impairment on sovereign guaranteed and non-sovereign guaranteed loans are maintained at a level considered adequate by the Bank to absorb potential losses related to the loan portfolio as of the date of the financial statements.

As stated in Note 4.7, the accrual of interest on loans is discontinued for loans balances that have been overdue for more than 180 days. Accrued interest receivable on loans placed in non-accrual status is recognized in income upon collection until the loans are reclassified to full accrual status. Reclassification to full accrual status requires the borrower to repay in full all principal, interest, and commissions in arrears, as well as providing assurance that it has overcome its financial difficulties that had prevented it to repay its obligations when they became due.

The Bank did not have, nor currently has loans balances in non-accrual status. However, and consistent with its enterprise-wide risk management policy, the Bank accounts for a provision to reflect the potential impairment on its loan portfolio. Loan loss provisioning is an integral part of the Bank’s financial policies. Under the current policy, the provision for future losses on sovereign guaranteed and non-sovereign guaranteed loans are computed differently.

Provision for loan losses is based on the loan receivable balance from each member country. The outstanding balance is then multiplied by the probability of default for each member country and by the probability of maximum expected loss. Determination of the probability of default for each member country is based on the credit rating assigned by three internationally recognized credit rating agencies. This probability is then adjusted to consider the Bank's preferred creditor status.

For non-sovereign guaranteed loans, the probability of default is based on the Bank's own credit rating process of the prospective borrower. The initial following approval of the loan, credit rating is periodically reassessed. The maximum loss probability for non-sovereign guaranteed loans is based on the risk guidance issued by the Basle Committee.

In addition, the Bank maintains policies on risk exposure to avoid concentrating its lending on one country only, which could be affected by market conditions or other circumstances. In this regard, the Bank uses certain measurements or indicators, such as: equity and total assets. The Bank reviews the status of its loan portfolio, on a quarterly basis, to identify potential impairments affecting its collectability, in full or in part. Information about the overall credit quality of the loan portfolio, its exposure to credit risk, currency exchange and interest risk is disclosed Notes 4.7 and 6.

## 8.5 Borrowings

Borrowings include outstanding loans with multilateral development banks and other bilateral organizations; financial institutions; bonds and certificates of deposit from Central Banks of the member countries that were repaid on May 5, 2023. As stated in (ii) below, the Bank contracts cross-currency swaps to reduce its exposure to exchange and interest rate risk in those instances where it contracts debt in currencies other than the U.S. dollar or with a reference rate different from that of its loan portfolio. The net balance of the swaps' receivable and payable together with the amount of collateral received from JP Morgan (JPM), Credit-Suisse (CS), HSBC, BBVA, and Deutsche Bank (DB), consists of a net receivable of \$6,8<sup>3</sup>, as of December 31, 2023 (December 31, 2022, net receivable of \$0,005), and is shown under "Fair value hedged derivatives", in the statement of financial position.

Total borrowings as of December 31, 2023, 2022, and 2021, are as follows:

	As of December 31,		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
	\$	\$	\$
<b>Borrowings</b>			
Borrowings and time deposits at amortized cost <sup>1</sup>	309,1	476,1	381,5
Borrowings at fair value	133,7	9,2	-.-
Bonds at fair value <sup>2</sup>	<u>610,0</u>	<u>492,1</u>	<u>547,8</u>
<b>Gross portfolio</b>	1.052,8	977,4	929,3
Less: unamortized borrowing costs	<u>(2,8)</u>	<u>(2,0)</u>	<u>(2,6)</u>
<b>Total</b>	<u>1.050,0</u>	<u>975,4</u>	<u>926,7</u>

<sup>1</sup>Includes borrowings denominated in Euros at the Euribor rate contracted with the AFD and KfW, which has been swapped into US Dollar at the compounded SOFR in arrears rate. These borrowings as well as their corresponding hedges are valued at their fair value as of December 31, 2023, or \$9,6 and \$24,1, respectively (2022 - \$9,2 corresponding to the borrowing contracted with the AFD) (see Note 8.5 (i)).

<sup>2</sup>Effective January 1, 2022, the Bank classified its hedging transactions designed to protect debt flows contracted in currencies other than the US dollars and at interest rates other than Bank's interest reference rate for its loan portfolio, as fair value hedges in accordance with IFRS 9. This change was made prospectively within the framework of IAS 8, due to the net effect was immaterial in prior years.

<sup>3</sup>This balance consists primarily of the amount of collateral owed by CS of \$7,0, and it was settled on January 3, 2024.

### (i) Loans from MBDs and other institutions and time deposits from central banks

The outstanding balance of loans contracted by the Bank to finance disbursements on its approved loans to its member countries is as follows:

	<u>As of December 31,</u>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
	\$	\$	\$
Corporación Andina de Fomento – See (1) below	100,0	100,0	64,0
Time deposits with Central Banks – See (2) below	--	80,0	80,0
Inter-American Development Bank (IDB) – See (3) below	133,0	118,4	100,0
French Development Agency (AFD) – See (4) below	26,9	28,3	20,0
European Investment Bank (EIB) - See (5) below	60,0	42,0	12,0
Oficial Credit Institute E.P.E. (ICO) – See (6) below	15,5	16,6	5,5
Banco Bilbao Vizcaya Argentaria (BBVA) – See (7) below	83,3	100,0	100,0
KfW	24,1	--	--
<b>Total</b>	<b>442,8</b>	<b>485,3</b>	<b>381,5</b>

Outstanding borrowings contracted with MDBs, and other institutions includes lines of credit contracted with the AFD and KfW, which are hedged with cross-currency swaps and hence are valued at their fair value as of December 31, 2023 (see Note 8.5 (ii)).

Among the contractual clauses of the debts contracted with the AFD and the KfW, is the requirement to issue compliance certificates, certified by the independent auditors.

As of March 2018, by resolution RDE 1409 of the Executive Board, the Bank's lending capacity is established based on a multiple of three times the equity, and the maximum debt limit is determined based on the amount resulting from the sum of the liquid assets plus two times the amount of the equity.

The Bank has designed its borrowing and financial programming strategies with the objective of diversifying its funding sources and obtaining the best possible financial terms based on its credit risk rating and its preferred creditor status.

(1) Within the framework of its strategic liquidity management policy, on September 17, 2021, the Bank signed a new \$100,0 non-revolving credit line which expired on June 10, 2022. On June 9, 2022, the Bank canceled the amount pending payment under the credit line maintained with “Banco de Desarrollo de América Latina” (CAF), since November 2016. On December 1 and December 6, 2022, respectively, the Bank disbursed \$50,0, under the credit line agreed with CAF on September 17, 2021. The first disbursement will be amortized in two equal payments of \$25,0, with maturing on June 1 and December 2, 2024, respectively, and the second disbursement will also be repaid in two equal payments, maturing on June 6 and December 6, 2024, respectively. Both loans accrue interest at SOFR term plus a fixed margin. On January 27, 2023, the Bank contracted with DB two interest rate swaps to hedge the two disbursements received from CAF, which bear interest at the Term SOFR interest rate, into the compounded SOFR in arrears interest rate which is the Bank’s loan interest reference rate. These swaps are retroactive to December 1 and 6, 2022, which are the original dates of each disbursement (see Note 8.5 (ii)). On December 6 2023, the Bank and CAF agreed on a new non-committal revolving line of credit in the amount of \$75,0, based on the SOFR Term rate. No disbursements were made prior to December 31, 2023 under this credit line.

- (2) The Bank maintains agreements with the Central Banks of its member countries that allow it to accept medium-term funds denominated in US dollars, instrumented under the modality of promissory notes. As of December 31, 2022, the Bank borrowed \$80,0 on a fixed rate certificate of deposit maturing on May 5, 2023, with the Central Bank of Uruguay. The accrued interest on this certificate is included in financial costs for the period.
- (3) On December 1, 2017, the Bank signed a \$100,0 financing agreement with the Inter-American Development Bank (IDB). The loan was borrowed at the 3-month Libor rate, with a disbursement term of 5 years, a grace period of 5 ½ years, and an amortization period of 25 years. The financing agreement provides for retroactive funding of up to \$20,0, based on pre-identified projects with eligible expenses incurred between June 15, 2017 and November 15, 2017. On June 2021, the Bank received \$11,9 in reimbursement for disbursements made on eligible projects. This line was fully utilized as of December 31, 2021. On March 7, 2022, the Bank subscribed a second financing agreement in the amount of \$100,0 with the Inter-American Development Bank (IADB), raising the total amount to be financed with the IADB to \$200,0, of which \$100,0 were approved in 2017. The new borrowing is based on SOFR in arrears and provides for a 4-year disbursement period, and of a 25-year amortization period, with an average duration of 14,95 years. The first amortization of principal is scheduled to take place on May 15, 2027, with the last amortization of principal occurring on November 15, 2046. The terms of financing agreement, which entered into force upon signature of the loan contract, provide for recognition of prior eligible project expenditures incurred on and after December 8, 2021, and through the effective date for the last disbursement under this line of credit. Furthermore, with the purpose of optimizing cash flows under this line of credit, both parties agreed that the Bank could make disbursements on eligible loans and that the IADB would reimburse the Bank those amounts under the modality of reimbursement of expenditures. Hence, monies drawn down from the IADB under this line of credit can be used by the Bank as it sees fit. During the year ended December 31, 2023, the Bank drew-down \$19,6 against this new line of credit (December 31, 2022 - \$18,4 disbursed). During the year ended as of December 31, 2023, the Bank amortized \$5,0 against the first line of credit.

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

<u>Loans</u>	As of December 31, 2023			
	IDB			<u>To be financed by FONPLATA</u>
	<u>Eligible</u>	<u>Disbursed</u>	<u>To be disbursed</u>	
<b>Active line of credit 2022:</b>				
ARG-28/2016 Compl. Fronterizos	20,0	10,4	9,6	3,3
ARG-40/2018 Acceso Pto. Las Palmas	10,0	-.-	10,0	-.-
BRA-21/2018 Itajaí 2040	45,0	19,6	25,4	56,3
BRA-23/2019 Ponta Pora	25,0	7,9	17,1	2,9
<b>Total credit line</b>	<b>100,0</b>	<b>37,9</b>	<b>62,1</b>	<b>62,5</b>

<u>Loans</u>	As of December 31, 2022 and 2021			
	IDB			<u>To be financed by FONPLATA</u>
	<u>Eligible</u>	<u>Disbursed</u>	<u>To be disbursed</u>	
<b>Active line of credit 2022:</b>				
ARG-28/2016 Compl. Fronterizos	16,7	8,3	8,4	3,3
BRA-21/2018 Itajaí 2040	6,2	6,2	-.	56,3
BRA-23/2019 Ponta Pora	22,1	3,9	18,2	2,9
<b>Subtotal</b>	<b>45,0</b>	<b>18,4</b>	<b>26,6</b>	<b>62,5</b>
Projects to be identified	55,0	-.	55,0	-.
<b>Total credit line</b>	<b>100,0</b>	<b>18,4</b>	<b>81,6</b>	<b>62,5</b>
<b>Executed line of credit 2021:</b>				
ARG-26/2016 Modernización	0,8	0,8	-.	6,8
ARG-28/2016 Compl. Fronterizo	10,0	2,0	8,0	10,0
ARG-31/2016 BICE 1ª Etapa	14,3	14,3	-.	5,7
ARG-31/2016 BICE 2ª Etapa	13,9	13,9	-.	6,1
ARG-31/2017 Infraestr. p/la integración	11,5	2,2	9,3	10,7
ARG – 32/2016 Aristóbulo del Valle	20,0	9,7	10,3	17,2
ARG – 39/2018 Ruta 13 Chaco	20,0	20,0	-.	45,0
BRA-16/2014 Corumbá	10,0	10,0	-.	30,0
PAR-20/2015 integración	23,2	22,9	0,3	46,7
PAR-25/2018 Rutas Jesuíticas	12,0	-.	12,0	-.
Prepayment to projects ARG-35/ARG-392	-.	4,2	(4,2)	(4,2)
Eligible projects undisbursed	(35,7)	-.	-.	-.
<b>Subtotal</b>	<b>100,0</b>	<b>100,0</b>	<b>35,7</b>	<b>174,0</b>
<b>Total</b>	<b>200,0</b>	<b>118,4</b>	<b>117,3</b>	<b>236,5</b>

(4) On December 13, 2017, a borrowing agreement was signed with the French Development Agency (AFD), for an amount of \$20,0 which is amortizable over 15 years based on the 6-month Libor rate plus a fixed margin. This credit line was fully disbursed between October 2018 and September 2020. As of June 29, 2022, the Bank signed a new credit line with AFD to borrow up to EUR 30,0 with a 12-year maturity at the 6-month Euribor rate plus a margin. This credit line is added to the credit line denominated in U.S. dollars that was approved in October 2018, for \$20,0, and that was fully executed in 2021, therefore it is in repayment process. As of December 31, 2022, eligible loans were financed under this new line of credit for a total of EUR 8,0, equivalent to \$8,5. No disbursements were drawn down under this line of credit during the period January 1 and December 31, 2023.

The total amount owed to AFD under these two lines as of December 31, 2023, amounts to \$26,9, consisting of \$17,3 and EUR 8,0 (2022 - \$0 and EUR 8,0). To hedge the currency and interest rate potential exposures related to the Euro denominated disbursement and to the Euribor, the Bank contracted a cross-currency swap with JPM (see Note 8.5 (ii)).

AFD Funding in Euros and USD as of December 31, 2023 and 2022					
<u>Loans</u>	<u>Eligible</u>	<u>Disbursed</u>	<u>Available</u>	<u>FONPLATA</u>	<u>To pay</u>
ARG-51/2021-PROSAF	3,8	3,8	--	9,5	--
BRA-33/2022-DOURADOS	11,4	4,2	7,1	28,6	--
Projects to be identified	14,8	--	14,9	--	--
<b>Total Euros</b>	<b>30,0</b>	<b>8,0</b>	<b>22,0</b>	<b>38,1</b>	<b>8,0</b>
<b>USD equivalent</b>	<b>33,1</b>	<b>8,8</b>	<b>24,3</b>	<b>42,1</b>	<b>8,8</b>
Credit line denominated in USD 2018	20,0	20,0	--	--	17,3
<b>Total</b>	<b>53,1</b>	<b>28,8</b>	<b>24,3</b>	<b>42,1</b>	<b>26,1</b>

AFD Funding in Euros and USD as of December 31, 2022 and 2021					
<u>Loans</u>	<u>Eligible</u>	<u>Disbursed</u>	<u>Available</u>	<u>FONPLATA</u>	<u>To pay</u>
ARG-51/2021-PROSAF	3,8	3,8	--	9,5	--
BRA-33/2022-DOURADOS	11,4	4,2	7,2	28,6	--
Projects to be identified	14,8	--	14,8	--	--
<b>Total Euros</b>	<b>30,0</b>	<b>8,0</b>	<b>22,0</b>	<b>38,1</b>	<b>8,0</b>
<b>USD equivalent</b>	<b>31,9</b>	<b>8,5</b>	<b>23,4</b>	<b>40,6</b>	<b>8,5</b>
Credit line denominated in USD 2018	20,0	20,0	--	--	19,1
<b>Total</b>	<b>51,9</b>	<b>28,5</b>	<b>23,4</b>	<b>40,6</b>	<b>27,6</b>

- (5) On April 29 and December 6, 2022, the Bank received from the European Investment Bank (EIB), an amount of \$10,0 and \$20,0, respectively, within the framework of the financing line that was signed in August 2020, for \$60,0. This disbursement is added to the one that was executed in December 2021, for \$12,0. On July 6, 2023, the Bank drew down \$18,0, completing the total amount approved under this credit line.
- (6) During the year ended as of December 31, 2022, the Bank received \$12,2 under the new credit line subscribed on June 2021, with the "Instituto de Crédito Oficial E.P.E." (ICO), in the amount of \$15,0. This line was added to the credit line signed in 2018, for \$15,0, of which the undisbursed balance of \$9,5 was cancelled on December 17, 2020, leaving an outstanding balance of \$5,5, of which the Bank amortized \$1,1 in 2023, leaving the outstanding balance in \$15,5 (2022 - \$1,1 amortized leaving an outstanding balance of \$16,6). No disbursements were drawn down under this credit line during the year ended December 31, 2023.

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

	<u>ICO</u>					
	<u>Eligible</u>	<u>Disbursed</u> <u>2020</u>	<u>Disbursed</u> <u>2021</u>	<u>Disbursed</u> <u>2022</u>	<u>Disbursed</u> <u>2023</u>	<u>Available</u>
<b><u>December 31,</u></b>						
<b><u>2022</u></b>						
ARG 23/2015 Ferrocarril Belgrano SUR	12,6	--	--	12,2	--	0,4
Subtotal	12,6	--	--	12,2	--	0,4
<b><u>December 31,</u></b>						
<b><u>2021</u></b>						
BOL – 25 Alcantarillado	1,7	1,7	--	--	--	--
URU – 14 Líquidos residuals	3,6	2,1	--	--	--	1,5
ARG – 38/2018 Ferroviario	1,7	1,7	--	--	--	--
Project to be identified	8,0	--	--	--	--	8,0
ICO FASE II	15,0	--	--	6,7	--	8,3
Project cancelled	--	--	--	--	--	(9,5)
Subtotal	30,0	5,5	--	6,7	--	8,3
Total	42,6	5,5	--	18,9	--	8,7

(7) In June 2021, the Bank signed and drew-down in full a 5-year term credit facility in the amount of \$100,0 with Banco Bilbao Vizcaya Argentaria S.A. (BBVA). During the year ended as of December 31, 2023, the Bank amortized \$16,7 leaving an outstanding balance of \$83,3, under this credit line.

(8) On December 16, 2022, the Bank signed a loan contract with the KfW intended to finance green line projects that contribute to mitigate negative impacts to the environment and climate change. This credit line is denominated in Euros at the Euribor interest rate plus a fixed margin. This credit line amounts to EUR 37,0. This credit line should be disbursed until December 31, 2024, which is the date for the last disbursement. Amortization of this loan will commence on May 15, 2027, and end on May 15, 2030, based on 7 semi-annual equal installments. On August 24, 2023, the Bank disbursed EUR 21,0 equivalent to \$22,8 under this line of credit. This disbursement was hedged through a cross-currency swap to align the cashflows with the US dollar and the interest rate with the SOFR in arrears which are the currency and reference rate of the Bank's lending operations.

The following chart shows the list of loans considered eligible for financing under this facility contracted with the KfW, the total amount to be financed, the amount disbursed as of December 31, 2023, and the amount pending disbursement.

Loans	KfW		
	Eligible	Disbursed	Available
<b>December 31, 2023</b>			
ARG23/2015 Belgrano Sur	10,5	-,-	10,5
PAR26/2018 Ande Valenzuela	21,0	21,0	-,-
PAR29/2022 Ande Chaco	5,5	-,-	5,5
<b>Total Euros</b>	<b>37,0</b>	<b>21,0</b>	<b>16,0</b>
<b>US dollar equivalent</b>	<b>40,9</b>	<b>23,2</b>	<b>17,7</b>

## (ii) Bonds and derivative financial instruments designated as fair value hedge

As stated in Notes 2 and 4.10, between 2019 and 2021, the Bank launched three bond issuances: FONPLATA 24, FONPLATA26, and FONPLATA28, according to their respective year of maturity. These bond issuances are denominated in Swiss Francs with an annual fixed rate coupon and principal payment at maturity. FONPLATA 24, consisted of CHF 150,0 with a 5-years of maturity on March 11, 2024; FONPLATA26, consisted of CHF 200,0 with a 5 ½ - years of maturity on September 3, 2026; and FONPLATA28, CHF 150,0, with a 7-year maturity on December 1, 2028.

As of the end of March 2023, the Bank entered for the first time the Japanese capital markets and launched the issuance of its first sustainable bonds. This issuance consisted of two series, the first one with maturity in March 2028 in the amount of ¥3.000,0, equivalent to \$22,5 at fix rate with a semiannual coupon, and the second one maturing in October 2029 in the amount of ¥4.200,0, equivalent to \$31,5, also at fix rate with a semiannual coupon. Furthermore, as stated in Note 8.5 (i) (1) and (4), in 2023 the Bank contracted a new credit line denominated in U.S. dollars with CAF at SOFR Term; as well as a new line of credit with the AFD and another with the KfW, denominated in euros at the Euribor rate. Additionally, in August 2023, the Bank drew down EUR 21,0, equivalent to \$22,8 (2022 – EUR 8,0 equivalent to \$8,5 disbursed under the credit line contracted with the AFD, which is denominated in euros at the Euribor rate).

In compliance with its risk management policy, the Bank contracts derivatives to exchange obligations denominated in currencies other than the U.S. dollar and at interest rates other than the loan reference rate for obligations denominated in U.S. dollars that bear interest based on the loan portfolio reference rate. Based on the nature of these transactions, the Bank considered the interest rate and exchange rate swap transactions carried out to offset the risks of interest rate and exchange rate fluctuations to be effective. Accordingly, the Bank designated these derivatives as fair value hedge transactions, in accordance with IFRS 9.

The following are the cross-currency swaps outstanding as of December 31, 2023 and 2022, respectively:

### December 31, 2023

1. HSBC – Cross-currency swap to exchange the proceeds from the issuance of sustainable bonds issued in the Japanese capital market series 1 ¥3.000,0, with a 5-year maturity at a fix annual rate of 1.21% with semiannual coupons, for a U.S. dollar denominated debt of \$22,5, with a 5-year maturity at the SOFR in arrears plus a margin; and sustainable bonds series 2 ¥4.200,0, maturing in

6 ½ years at a fix annual rate of 1.30% with semiannual coupon for a U.S. dollar denominated debt of \$31,5, with a 6 ½ year maturity at the SOFR in arrears plus a margin.

2. BBVA – Cross-currency and rate swap transaction to exchange EUR 21,0 borrowed in disbursement from KfW at the Euribor rate for \$22,8 at the SOFR rate on the maturity date of August 28, 2023, with a 5-year maturity on November 15, 2028. This hedge transaction provides for the exchange of semi-annual interest at 3.8% in Euribor plus a margin, for the payment by the Bank of semi-annual interest based on the maturity date of SOFR plus a margin.

### **December 31, 2022**

1. JPM – Cross-currency and rate swap to exchange EUR 8,0, the first disbursement taken from the second loan contracted with AFD (see Note 8.5 (i) (4) ) at the Euribor rate plus a fixed margin. This swap operation covers the period of the indebtedness contracted from December 23, 2022 until its maturity on January 31, 2034, and bears interest on a total equivalent of USD 8,5 on a SOFR basis due which is the reference rate for all loans granted by the Bank as of January 1, 2022 (see Note 6.2).
2. DB – Cross-rate swap on the two disbursements taken in December 2023 of the credit line contracted with CAF in 2021 (see Note 8.5 (i) (1), to go from the Term SOFR rate to the compounded SOFR rate due, which is the reference rate for the Bank's lending operations. These interest rate hedges became effective on January 27, 2023, with retroactive coverage to December 1 and 6, 2022, the date on which the disbursements were taken. The fair value of the debt contracted with CAF for these disbursements and the fair value of the interest rate hedges receivable and payable as of December 31, 2022, is equal to the amortized cost value of the debt as of that date, which amounts to \$100,0. This hedging operation resulted in an interest difference in favor of the Bank as of December 31, 2022, of \$0,08, which has been reflected as a lower cost of financial charges.

### **December 31, 2021**

1. JPM – Currency and rate swap to exchange CHF 150,0, due in 5 years at a fixed rate with an annual coupon of 0,578%, plus 1 basis point paying agent commission, exchanged for \$148,8, due in 5 years with semi-annual interest payments based on 6-month Libor.
2. JPM – Interest rate swap to change semi-annual payments at a fixed rate, related to term deposits taken from the BCU, for semi-annual payments at a variable interest rate based on the 6-month Libor rate (see Notes 2 and 8(i)(2)).
3. CS – Currency and rate swap to exchange CHF 200,0, 5 ½ year maturity, fixed rate, 0.556% annual coupon for \$222,7, plus 1 basis point paying agent commission, 5 ½ year maturity, with semi-annual payments based on 6-month Libor.
4. JPM – Currency and rate swap to exchange CHF 150, 0 maturity 7 years, fixed rate with 0.7950% annual coupon for \$164,5, plus 1 basis point paying agent commission, maturity 7 years, with semi-annual interest payments based on 6-month Libor.

The Bank has signed ISDA master netting agreements with its counterparts. Under these agreements, each party must compensate the other with collateral for any differences in credit risk resulting from daily changes in valuation of the swaps due to changes in interest and foreign exchange rates. Collateral is to be made effective, either in cash or U.S. Treasury bills by the party that is deficient when the net daily difference in valuation exceeds a given threshold. Collateral is determined based on a proprietary valuation model. The Bank closely monitors the fairness and reasonableness of those valuation models used by its counterparts through its own valuation model based on market information provided by Bloomberg financial services regarding interest and exchange rates.

In the event the collateral is satisfied in cash, the party receiving collateral from the counterpart is obliged to pay interest based on the U.S. Federal Reserve interest rate.

Interest received or paid by the Bank on the amount of collateral held by the counterparts is recognized as part of other incomes in the statement of profit or loss and other comprehensive income. As of December 31, 2023, the Bank has a net payable position with its derivative counterparts in the amount of \$20,6 (December 31, 2022 - \$36,9 pending to receive).

Interest paid/received in collateral deposits with derivative counterparts is based on the interest rate published by the Federal Reserve Bank of the United States of America for overnight deposits. During the period from January 1 to December 31, 2023, the Bank received interest on collateral deposited with its counterparties for \$1,3 (December 31, 2022 - \$0,8) and paid interest on collateral received from its counterparties for \$0,2 (December 31, 2022 - \$0).

Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position where the Bank currently has a legally enforceable right to offset the recognized amounts, and there is the intention to settle on a net basis or realize the asset and settle the liability simultaneously.

The following table presents the recognized financial instruments as if all set-off rights were exercised (i.e., cross-currency and interest rate swaps and collateral), based on the set-off and netting right arising from the contract. As of December 31, 2023, neither of the parties exercised its rights to set-off and netting. The column "net amount" shows the impact on the Bank's statement of financial position if all set-off rights were exercised.

	<u>Gross amounts</u> \$	<u>Gross amounts offset in the Statement of Financial Position</u> \$	<u>Net amounts presented in the Statement of Financial Position</u> \$
<b><u>As of December 31, 2023,</u></b>			
<b>Credit Suisse (CS):</b>			
<b><u>Financial assets:</u></b>			
Cross-currency and interest rate swaps receivable <sup>1</sup>	238,5	(237,0)	1,5
Collateral receivable	5,5	--	5,5
<b><i>Subtotal Derivatives Receivable</i></b>	<b><u>244,0</u></b>	<b><u>(237,0)</u></b>	<b><u>7,0</u></b>
<b><u>Financial liabilities:</u></b>			
Cross-currency and interest rate swaps payable <sup>1</sup>	(237,0)	237,0	--
<b><i>Subtotal Derivatives Payable</i></b>	<b><u>(237,0)</u></b>	<b><u>237,0</u></b>	<b><u>--</u></b>
<b><i>Derivatives net receivable CS</i></b>	<b><u>7,0</u></b>	<b><u>--</u></b>	<b><u>7,0</u></b>

	Gross amounts \$	Gross amounts offset in the Statement of Financial Position \$	Net amounts presented in the Statement of Financial Position \$
<b>J.P. Morgan (JPM):</b>			
<b>Financial assets:</b>			
Cross-currency and interest rate swaps receivable <sup>2</sup>	366,4	(366,4)	--
<b>Subtotal Derivatives Receivable</b>	<b>366,4</b>	<b>(366,4)</b>	<b>--</b>
<b>Financial Liabilities:</b>			
Cross-currency and interest rate swaps receivable <sup>2</sup>	(336,2)	366,4	30,2
Collateral payable	(30,4)	--	(30,4)
<b>Subtotal Derivatives Payable</b>	<b>(366,6)</b>	<b>366,4</b>	<b>(0,2)</b>
<b>Derivatives net payable JPM</b>	<b>(0,2)</b>	<b>--</b>	<b>(0,2)</b>
<b>Deutsche Bank (DB):</b>			
<b>Financial assets:</b>			
Interest rate swaps receivable	50,5	(50,5)	--
<b>Subtotal Derivatives Receivable</b>	<b>50,5</b>	<b>(50,5)</b>	<b>--</b>
<b>Financial liabilities:</b>			
Interest rate swaps payable	(50,5)	50,5	--
<b>Subtotal Derivatives Payable</b>	<b>(50,5)</b>	<b>50,5</b>	<b>--</b>
<b>Derivatives net receivable DB</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>HSBC:</b>			
<b>Financial assets</b>			
Cross-currency and interest rate swaps receivable	55,2	(55,2)	--
Collateral receivable	4,8	(4,8)	--
<b>Subtotal Derivatives Receivables</b>	<b>60,0</b>	<b>(60,0)</b>	<b>--</b>
<b>Financial liabilities:</b>			
Cross-currency and interest rate swaps payable	(60,0)	60,0	--
<b>Subtotal Derivatives Payable</b>	<b>(60,0)</b>	<b>60,0</b>	<b>--</b>
<b>Derivatives net payable HSBC</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>BBVA:</b>			
<b>Financial assets:</b>			
Cross-currency and interest rate swaps payable	24,1	(24,1)	--
<b>Subtotal Derivatives Receivable</b>	<b>24,1</b>	<b>(24,1)</b>	<b>--</b>
<b>Financial liabilities:</b>			
Cross-currency and interest rate swaps payable	(23,7)	24,1	0,4
Collateral payable	(0,4)	--	(0,4)
<b>Subtotal Derivatives Payable</b>	<b>(24,1)</b>	<b>24,1</b>	<b>--</b>
<b>Derivatives net payable BBVA</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Net receivable as of December 31, 2023</b>	<b>6,8</b>	<b>--</b>	<b>6,8</b>

	Gross amounts \$	Gross amounts offset in the Statement of Financial Position \$	Net amounts presented in the Statement of Financial Position \$
<b><u>As of December 31, 2022,</u></b>			
<b>Credit Suisse (CS):</b>			
<b><u>Financial assets:</u></b>			
Cross-currency and interest rate swaps receivable <sup>1</sup>	210,8	(238,1)	(27,3)
Collateral receivable	27,3	-,-	27,3
<b>Subtotal Derivatives Receivable</b>	<b>238,1</b>	<b>(238,1)</b>	<b>-,-</b>
<b><u>Financial liabilities:</u></b>			
Cross-currency and interest rate swaps payable <sup>1</sup>	(238,1)	238,1	-,-
<b>Subtotal Derivatives Payable</b>	<b>(238,1)</b>	<b>238,1</b>	<b>-,-</b>
<b>Derivatives net receivable CS</b>	<b>-,-</b>	<b>-,-</b>	<b>-,-</b>
<b>J.P. Morgan (JPM):</b>			
<b><u>Financial assets:</u></b>			
Cross-currency and interest rate swaps receivable <sup>2</sup>	329,1	(338,7)	(9,6)
Collateral receivable	9,6	-,-	9,6
<b>Subtotal Derivatives Receivable</b>	<b>338,7</b>	<b>(338,7)</b>	<b>-,-</b>
<b><u>Financial liabilities:</u></b>			
Cross-currency and interest rate swaps payable <sup>2</sup>	(338,7)	338,7	-,-
<b>Subtotal Derivatives Payable</b>	<b>(338,7)</b>	<b>338,7</b>	<b>-,-</b>
<b>Derivatives net receivable JPM</b>	<b>-,-</b>	<b>-,-</b>	<b>-,-</b>
<b>Deutsche Bank (DB):</b>			
<b><u>Financial assets:</u></b>			
Interest rate swaps receivable	100,0	(100,0)	-,-
<b>Subtotal Derivatives Receivable</b>	<b>100,0</b>	<b>(100,0)</b>	<b>-,-</b>
<b><u>Financial liabilities:</u></b>			
Interest rate swaps payable	(100,0)	100,0	-,-
<b>Net derivative exposure with DB</b>	<b>-,-</b>	<b>-,-</b>	<b>-,-</b>
<b>Net derivative receivable position</b>	<b>-,-</b>	<b>-,-</b>	<b>-,-</b>
<b><u>As of December 31, 2021,</u></b>			
<b>Credit Suisse (CS):</b>			
<b><u>Financial assets:</u></b>			
Cross-currency and interest rate swaps receivable <sup>1</sup>	230,8	(239,5)	(8,7)
Collateral receivable	8,7	-,-	8,7
<b>Subtotal Derivatives Receivable</b>	<b>239,5</b>	<b>(239,5)</b>	<b>-,-</b>
<b><u>Financial liabilities:</u></b>			
Cross-currency and interest rate swaps payable <sup>1</sup>	(239,5)	239,5	-,-
<b>Subtotal Derivatives Payable</b>	<b>(239,5)</b>	<b>239,5</b>	<b>-,-</b>
<b>Derivatives net receivable CS</b>	<b>-,-</b>	<b>-,-</b>	<b>-,-</b>
<b>J.P. Morgan (JPM):</b>			
<b><u>Financial assets:</u></b>			
Cross-currency and interest rate swaps receivable <sup>2</sup>	333,3	(316,3)	17,0
Collateral receivable	80,5	(80,5)	-,-
<b>Subtotal Derivatives Receivable</b>	<b>413,8</b>	<b>396,8</b>	<b>17,0</b>

**Financial liabilities:**

Cross-currency swaps payable	(316,3)	316,3	-.-
Interest rate swaps payable	(80,5)	80,5	-.-
Collateral payable	(16,3)	-.-	(16,3)
<b>Subtotal Derivatives Payable</b>	<b>(413,1)</b>	<b>396,8</b>	<b>(16,3)</b>
<b>Derivatives net receivable JPM<sup>3</sup></b>	<b>0,7</b>	<b>-.-</b>	<b>0,7</b>

<sup>1</sup>Based on the contractual clauses of the contract signed in connection with the cross-currency swap with CS, which was subsequently merged with the UBS Group AG (UBS) in March 2023, during the third quarter of 2023, the interest rate was automatically modified to 6-month Libor at SOFR. This modification is consistent with the rates applicable to the Bank's lending operations.

<sup>2</sup>As stated in Note 2-B, in December 2022, the Bank replaced the 6-month Libor for the SOFR compounded in arrears in the cross-currency swaps with JPM, which is the interest reference rate for 60% of the loan portfolio as of December 31, 2022. This replacement is for maturities as of January 1, 2023.

<sup>3</sup>Due to the anticipated closing of the capital markets on December 31, 2021, on January 3, 2022 JPM transferred to the Bank the corresponding margin adjustment of \$0,7.

Derivatives are valued at their fair value using valuation techniques using reliable and observable market information whenever possible, and as such, are classified as Level 2 (see Note 8.7).

Outstanding borrowings classified based on their scheduled maturities are as follows:

	2023	As of December 31, 2022	2021
	\$	\$	\$
Up to one year	318,9	104,6	66,0
More than one and up to two years	42,0	298,9	104,6
More than two and up to three years	251,7	42,0	205,6
More than three and up to four years	17,2	224,4	41,7
More than four and up to five years	201,1	12,9	244,6
More than five years	221,9	294,6	266,9
<b>Total</b>	<b>1.052,8</b>	<b>977,4</b>	<b>929,4</b>

**(iii) Fair value of borrowings**

Time deposits from central banks and loans contracted with MDBs and other institutions are held at amortized cost. It is estimated that their book value approximates their fair value since future cash flows to be paid are like the recorded amount for the borrowing.

Borrowings and bonds issued in currencies other than the US dollar and at rates other than the reference rate for lending operations are subject to currency and rate hedging transactions to mitigate exposure to changes in exchange rates and interest rates and are valued at fair value. The net effect of these changes is included in the statement of profit or loss and other comprehensive income under "Other income".

**(iv) Risk exposure**

Notes 6 and 7, respectively, provide information regarding the risk exposure associated with borrowings.

## 8.6 Special funds

The balance maintained with special funds by the Bank as of December 31, 2023, 2022, and 2021, respectively, includes the following:

	<u>2023</u>	<u>As of December 31,</u> <u>2022</u>	<u>2021</u>
	\$	\$	\$
FOCOM	15,8	14,2	13,8
PAC	4,9	4,2	4,0
PCT	3,8	4,2	4,1
<b>Total</b>	<u>24,5</u>	<u>22,6</u>	<u>21,9</u>

The Board of Governors can create special funds for specific purposes. Special funds have their own specific rules and administrative procedures and are considered as separate and independent entities from the Bank. Special funds are directly controlled by the member countries through the Board of Governors, and their balances do not require to be consolidated by the Bank.

Special funds were created by the Board of Governors in 2014 and are funded through distribution of a portion of unallocated retained earnings or retained earning maintained in the general reserve. On December 1, 2023, the Board of Governors approved a distribution of retained earnings as of December 31, 2022 (ASG-RES-200/2023) In 2014, the Board of Governors created and funded the following special funds:

- a. **Fund for the Compensation of the Operational Rate (referred as FOCOM):** The scope of this fund, was expanded in 2020, from helping to reduce the financial cost incurred by Bolivia, Paraguay and Uruguay on their loans with the Bank, to also encompass projects under the “Green Financing Line” and projects financed under the “Economic Recovery Line”, through the payment of a portion of the interest to be paid semiannually for all five member countries. The payment of the part of the interest accrued on loans by FOCOM on behalf of the borrowers is contingent and determined annually. On December 1, 2023, (RAG – 200), the Board of Governors approved a contribution of \$4,3 from retained earnings as of December 31, 2022. Since the inception of this fund, in May 2014, and until December 31, 2023, it has received \$25,9 in contributions approved by the Board of Governors from retained earnings (2022 – \$21,6 and 2021 - \$18,5).
- 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 financial studies, technical knowledge Exchange programs, and other initiatives that form an integral part of the Bank’s strategic focus. On December 16, 2022, the Board of Governors approved a contribution of \$0,5 from retained earnings as of December 31, 2021 (2021 - \$4,5). No funds were allocated to the PCT in 2023. Since its inception and until December 31, 2023, the PCT has received \$5,0 in contributions approved by the Board of Governors from retained earnings.
- c. **Joint Savings Program (PAC):** As stated in Note 4.13, “Other benefits to employees” on August 14, 2018, the Board of Executive Directors approved the PAC, which became effective, on November 1, 2018, and has a validity of eight years counted from the first day of employment of a participant. The PAC preserves the exit payment Benefit, upon termination of employment, and improves it by adding a supplemental contribution based on one-to-one matching of the voluntary amount of savings to be contributed by participating employees.

Participant's contributions are optional and those employees who opt-out would only receive the severance payment benefit, upon termination of employment. Participant's voluntary savings contributions are limited to either a maximum of one month of salary for year of service (8,33%) or to a minimum of one-half months of salary for year of service (4,17%).

Participant's election of the percentage of voluntary savings contributions is performed annually prior to the beginning of each fiscal year. The PAC has a validity of eight years, counted since the date of employment of each participant. Furthermore, and as an incentive to foster personnel retention, the PAC provides a vesting period of four years. Upon termination of employment, participants are entitled to withdraw from the PAC the totality of their exit payment benefit; their voluntary savings contributions plus accumulated investment earnings, and the accumulated matching contributions made by the Bank on participant's voluntary savings contributions plus accumulated investment earnings.

During the vesting period, the Bank applies a withholding percentage reducing the amount available for withdrawal upon termination, for participants with less than four years of service. The withholding only applies to the amount of matching contributions to be made by the Bank and to the investment income accrued on them. Applicable withholding percentages are: 75% during the first year; 50% during the second year; 25% during the third year; and 0% at the end of the fourth year, when the participant employee reaches full eligibility to withdraw the totality of funds accumulated in his/her PAC account upon termination of employment.

The following table provides a break-down of funds accumulated and total available PAC funds for the year ended as of December 31, 2023, 2022, and 2021, respectively:

	Severance payment contributions ₪	Participants' voluntary savings contributions ₪	Bank's matching contributions on voluntary savings ₪	Accumulated total ₪	Total amount available for termination ₪	Deferred amount ₪
<b>December 31, 2023</b>						
Balance as of December 31, 2022 <sup>1</sup>	1,8	1,4	1,0	4,2	4,1	0,1
Severance payment contributions	0,5	--	--	0,5	0,5	--
Participants' voluntary savings contribution	--	0,4	0,3	0,7	0,7	--
Investment income accrued	--	0,1	--	0,1	0,1	--
Withdrawals	(0,2)	(0,2)	(0,2)	(0,6)	(0,6)	--
<b>Balance due to the PAC December 31, 2023</b>	<b>2,1</b>	<b>1,6</b>	<b>1,1</b>	<b>4,9</b>	<b>4,8</b>	<b>0,1</b>
<b>December 31, 2022</b>						
Balance as of December 31, 2021: <sup>1</sup>	1,9	1,3	0,9	4,0	4,0	--
Severance payment contributions	0,5	--	--	0,5	0,5	--
Participants' voluntary savings contribution	--	0,4	0,3	0,7	0,7	--
Withdrawals	(0,6)	(0,3)	(0,2)	(1,1)	(1,1)	--
<b>Balance due to the PAC December, 2022</b>	<b>1,8</b>	<b>1,4</b>	<b>1,0</b>	<b>4,1</b>	<b>4,1</b>	<b>--</b>

	Severance payment contributions	Participants' voluntary savings contributions	Bank's matching contributions on voluntary savings	Accumulated total	Total amount available for termination	Deferred amount
<b>December 31, 2021</b>						
Balance as of December 31, 2020: <sup>1</sup>	1,6	0,8	0,6	3,0	3,0	-,-
Severance payment contributions	0,5	-,-	-,-	0,5	0,5	-,-
Participants' voluntary savings contribution	-,-	0,4	0,3	0,7	0,7	-,-
Additional participants' savings-contributions	-,-	0,1	-,-	0,1	0,1	-,-
Withdrawals	(0,2)	-,-	-,-	(0,3)	(0,3)	-,-
<b>Balance due to the PAC December 31, 2021</b>	<b>1,9</b>	<b>1,3</b>	<b>0,9</b>	<b>4,0</b>	<b>4,0</b>	<b>-,-</b>

<sup>1</sup>The initial balance available for the payment of benefits has been adjusted to the nearest thousand.

Special funds' assets and liabilities are managed by the Bank independently of the management of its own affairs and their liquid funds are invested in accordance with the Bank's investment policies and all applicable guidelines. Accrued investment income attributable to each fund is calculated pro-rata based on the proportion that the amount of liquid assets of each fund bears relative to the total portfolio of liquid assets invested by the Bank, multiplied by the aggregate investment return accrued during the period or year. Investments managed by the Bank on behalf of special funds, as well as the related returns, are accounted for through accounts maintained with each special fund.

## 8.7 Recognition and measurement of fair value

This note includes information about judgments and estimates used in the determination of fair values of financial instruments in the financial statements.

Determination of fair values attributable to financial assets and liabilities are made by obtaining values in accordance with the three levels of the fair value hierarchy. An explanation for each of these three levels follows:

	<u>Level 1</u> \$	<u>Level 2</u> \$	<u>Level 3</u> \$
<u>December 31, 2023</u>			
Investments at fair value with changes in OCI – Note 8.2	376,5	-,-	-,-
Borrowings at fair value with changes in income – Note 8.5 (i)	(743,7)	-,-	-,-
Receivable swaps at fair value with changes in income – Note 8.5 (ii)	-,-	734,7	-,-
Payable swaps at fair value with changes in income – Note 8.5 (ii)	-,-	(707,4)	-,-
<u>December 31, 2022</u>			
Investments at fair value with changes in OCI – Note 8.2	338,6	-,-	-,-
Borrowings at fair value with changes in income – Note 8.5 (i)	(501,3)	-,-	-,-
Receivable swaps at fair value with changes in income – Note 8.5 (ii)	-,-	540,0	-,-
Payable swaps at fair value with changes in income – Note 8.5 (ii)	-,-	(576,8)	-,-
<u>December 31, 2021</u>			
Investments at fair value with changes in OCI – Note 8.2	352,9	-,-	-,-

The two series of sustainable bonds issued in Japan were issued through a private placement transaction. The fair value assigned to these bonds has been derived from the Bloomberg financial information platform based on the market value of similar bonds quoted in the Japanese stock exchange. Except for the valuation of these sustainable bonds, during year ended as of December 31, 2023, and 2022, respectively, the Bank did not have other holdings of financial instruments that requires valuation at fair value in accordance with the fair value measurement methodologies prescribed under either level 2 and 3. Should changes in the methodology of obtaining applicable fair values for financial investment instruments exist, it is the Bank's policy to recognize the effect from such changes.

- **Level 1:** Fair value of financial instruments transacted in an active market (such as investments carried at fair value), are based on prevailing quoted market prices at year end. The market price used for financial assets held by the institutions is the quoted market price. These instruments are included under level 1.
- **Level 2:** Fair value of financial instruments not quoting in an active market is determined through valuation techniques, using as much as possible reliable and observable market information. If all information required to determine the applicable fair value for a financial instrument is observable information, then such instrument is classified under level 2. The institution does not have financial instruments classified under this category.
- **Level 3:** If the information considered either significant or relevant for the determination of fair values cannot be obtained by reference to market sources, then the financial instrument is classified under level 3. The institution does not have financial instruments classified under this category.

## NOTE 9 – NON-FINANCIAL ASSETS AND LIABILITIES

This note provides information about non-financial assets and liabilities of the institution, including:

- Specific information on 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 judgements used and the uncertainties of the estimates applied.

### 9.1 Property and equipment, net

The composition of property and equipment includes the following:

	<u>Property</u> ₪	<u>Equipment and Furniture</u> ₪	<u>Art</u> ₪	<u>Vehicles</u> ₪	<u>Total<sup>1</sup></u> ₪
<b>Book value</b>					
Balance as of December 31, 2020	4,9	2,4	0,1	-,-	7,4
Additions	-,-	0,2	-,-	-,-	0,2
Balance as of December 31, 2021	4,9	2,6	0,1	-,-	7,6
Additions	-,-	0,7	-,-	-,-	0,7
Fixed Assets in transit	-,-	-,-	-,-	-,-	-,-
Disposals	(0,4)		-,-	-,-	(0,4)
Balance as of December, 2022	4,5	3,3	0,1	-,-	7,9
Additions	-,-	0,1	-,-	-,-	0,1

	<u>Property</u>	<u>Equipment</u> <u>and Furniture</u>	<u>Art</u>	<u>Vehicles</u>	<u>Total<sup>1</sup></u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Fixed Assets in transit	-.-	-.-	-.-	-.-	-.-
Disposals	-.-	-.-	-.-	-.-	-.-
<b>Book value as of December 31, 2023</b>	<b>4,5</b>	<b>3,4</b>	<b>0,1</b>	<b>-.-</b>	<b>8,0</b>
<b><u>Accumulated depreciation</u></b>					
Balance as of December 31, 2020	0,5	1,0	-.-	-.-	1,5
Depreciation	0,2	0,2	-.-	-.-	0,4
Balance as of December, 2021	0,7	1,2	-.-	-.-	1,9
Disposals	-.-	-.-	-.-	-.-	-.-
Depreciation	0,1	0,2	-.-	-.-	0,3
Balance as of December 31, 2022	0,8	1,4	-.-	-.-	2,2
Disposals	-.-	-.-	-.-	-.-	-.-
Depreciation	0,1	0,5	-.-	-.-	0,6
<b>Balance as of December 31, 2023</b>	<b>0,9</b>	<b>1,9</b>	<b>-.-</b>	<b>-.-</b>	<b>2,8</b>
<b>Net balance as of December 31, 2023</b>	<b>3,6</b>	<b>1,5</b>	<b>-.-</b>	<b>-.-</b>	<b>5,2</b>
<b>Net balance as of December 31, 2022</b>	<b>3,7</b>	<b>1,9</b>	<b>0,1</b>	<b>-.-</b>	<b>5,7</b>
<b>Net balance as of December 31, 2021</b>	<b>4,2</b>	<b>1,4</b>	<b>0,1</b>	<b>-.-</b>	<b>5,7</b>

<sup>1</sup> Opening balances and partial sums include differences due to rounding.

The net balance of offices, parking and storage spaces conforming the Bank's headquarters includes a technical revaluation in the amount of \$0,8, recognized on December 31, 2018, based on the estimated fair value resulting from an independent appraisal as of that date. This revaluation resulted in the recognition of a revaluation reserve in other comprehensive income. As of December 31, 2023, 2022, and 2021, the amount of the revaluation reserve was reduced by \$0,02, \$0,09, and \$0,03, respectively, because of the depreciation of the period, and in 2022, for the sale of the office space occupied by the Bank on the 3rd floor of its headquarters as explained below. The amount of the revaluation reserve is reduced by the depreciation and might be adjusted based on subsequent technical revaluations.

In January 2022, the Bank completed the opening of liaison offices in all its member countries, and reallocated part of its operational staff to those new offices. This, coupled with the adoption of a hybrid work model, allowed the Bank to optimize its physical space at its headquarters. As a result, the Bank considered it appropriate to sell the two offices occupied on the 3rd floor. The sale price amounted to \$0,5, based on the market value, and left a net profit of \$0,1, after deducting the net book value of \$0,3 plus taxes.

#### **(i) Depreciation methods, revaluation, and useful lives**

Property is recognized at its fair value based on periodic independent appraisals net of depreciation. Other assets included under this caption are carried at their historical cost net of cumulative depreciation.

Depreciation is calculated using the straight-line method either on the historical cost or on the revalued amount and based on the estimated useful live the asset. Applicable useful lives for the assets, are as follows.

Asset	Useful life
Property:	
Land	Not depreciated
Buildings	The lesser of 40 years or the value of the assessment, the least
Furniture and equipment:	
Improvements on leased property	Over lease contract
Furniture and equipment	8 to 10 years
Computer equipment and software	4 to 7 years
Vehicles	5 years
Art	Not depreciated

Note 4.9 contains additional information on accounting policies applicable to property and equipment.

**(ii) Carrying amounts that would have been recognized if the properties had been stated at cost**

Had the value of property been determined at historical cost, the carrying amount of property would have been as follows:

	<u>2023</u>	<u>As of December 31,</u> <u>2022</u>	<u>2021</u>
	\$	\$	\$
Cost	4,0	4,0	4,0
Accumulated depreciation	<u>(0,7)</u>	<u>(0,6)</u>	<u>(0,6)</u>
<b>Total</b>	<b>3,3</b>	<b>3,4</b>	<b>3,4</b>

## 9.2 Miscellaneous

This caption includes small balances owed to the Bank, resulting from loans to staff members, advances to suppliers, expenses paid in advance; deferred expenses; and guarantee deposit for the liaisons offices located in Asunción, Paraguay.

The Bank has entered medium-term leases to secure space for its liaison offices in Montevideo, Uruguay, Brasilia, Brazil and Buenos Aires, Argentina. Leases for periods longer than one year are recognized and accounted for in compliance with IFRS 16. During the year ended December 31, 2023, 2022, and 2021, leases and implicit interest thereon totaling \$0,2, \$0,2, and \$0,1, respectively, have been paid. The following table shows the relevant information on those leases as of December 31, 2023, 2022, and 2021, respectively:

	<u>Lease Obligation</u> <u>As of December 31,</u>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
	\$	\$	\$
Asuncion – Paraguay, a 3-year lease contract signed on January 1, 2023, and expiring on December 31, 2026. The contract provides for minimum lease payments of \$0,003 and includes two parking spaces plus a third parking space at an additional monthly cost of \$0,0007, and annual escalation of 4% starting on January 1, 2024.	0,1	--	--

	<u>Lease Obligation</u>		
	<u>As of December 31,</u>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
	\$	\$	\$
Montevideo – Uruguay, 3-year lease contract signed on November 20, 2020, including extension for the lease of an additional 75 m2 in June 2022. Minimum monthly payments in U.S. dollars of \$0,003, starting on February 1, 2021, and ending on January 1, 2024. Effective with the June 2022 extension, the minimum payment is \$0,004 per month. Minimum rental payments are subject to a 4% annual escalation adjustment.	--	0,1	0,1
Brazil – Brasilia, 3-year lease contract signed on March 15, 2021, with minimum lease payments denominated in Brazilian Reais, \$0,002, and subject to annual escalation adjustments based on the local inflation price index. Lease expires on March 14, 2024	--	--	--
Buenos Aires – Argentina, 3-year lease signed for 36 months, from February 1, 2022, to January 31, 2025, with a minimum monthly payment of \$0,005, including value added tax and amortization of improvements.	0,1	0,2	--
<b>Total</b>	<b>0,2</b>	<b>0,3</b>	<b>0,1</b>

As of December 31, 2023, and 2022, the total amount of miscellaneous receivables amounts to \$1,4, and to \$1,1, respectively.

### 9.3 – Other Liabilities

This caption includes interest and commissions payable accrued on borrowings, as well as small balances owed to suppliers and staff reimbursements. In addition, and as indicated in Note 9.2, it includes the recognition of the unamortized portion of the liability contracted by the lease contract in relation to the liaison offices in Montevideo, Uruguay.

The composition of other liabilities as of December 31, 2023, 2022 and 2021, is as follows:

	<u>As of December 31,</u>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
	\$	\$	\$
Interest and commissions accrued on borrowings	15,1	9,6	2,5
Trade payables and accruals	0,7	0,4	0,5
Unamortized financial lease obligations	0,2	0,3	0,1
<b>Total</b>	<b>16,0</b>	<b>10,3</b>	<b>3,1</b>

## NOTE 10 – EQUITY

### 10.1 Capital

On January 28, 2016, the 14th Extraordinary Board of Governors approved a capital increase in the amount of \$1.375,0, raising the authorized from \$1.639,2 to \$3.014,2. The 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 \$550,0 and their commitment of the totality of their respective portion of callable capital in the amount of \$825,0.

Paid-in capital subscriptions for Argentina, Bolivia, Paraguay, and Uruguay are based in eight annual equal installments commencing in 2018 and ending in 2024, and from 2018 – 2026, for Brazil. At the end of the integration process, the total capital payable in cash will amount to \$1.349,2.

Callable capital in the amount of \$1.665,0, was subscribed and committed in its totality as of December 31, 2018. Payment of subscribed and committed callable capital will proceed when required and based on the Governors' approval should the Bank be unable to comply with its financial obligations and commitments using its own resources.

As indicated in Note 1 – “Background”, the Bank’s new Charter, which was approved by the Assembly of Governors in November 2018, and was ratified by the Bank’s five member countries on June 27, 2023, will enter into force on January 27, 2024. At that time capital would be expressed in terms of shares of \$0,01 each.

Furthermore, on 5 February 2024, the Assembly of Governors, based on a recommendation from the Board of Executive Directors, approved an increase in the amount of authorized capital from \$3.014,2 to \$6.500,0. This increase provides for the addition of new members. Allocation of the authorized increase between “Founding Members, Class A shares” and “New Members, Class B shares”, will be decided by the Board of Governors in the forthcoming months.

Based on the amount of capital subscribed and contributed by member countries as of January, 2024, the number of shares outstanding and shares subscribed and to be paid-in are as follows:

Shares of Authorized Capital Issued as of January 27, 2024					
<i>(number of shares)</i>					
Member	Paid-in Capital			Shares of callable capital subscribed and committed	Total shares issued
	Shares subscribed and paid	Shares subscribed to be paid	Total		
Argentina	38.741	6.233	44.974	55.501	100.476
Bolivia	13.952	1.039	14.990	18.499	33.490
Brazil	40.441	4.533	44,974	55.501	100.476
Paraguay	13.952	1.039	14.990	18.499	33.490
Uruguay	13.952	1.039	14.990	18.499	33.490
	121.037	13.883	134.920	166.500	301.420

Composition of the Bank's capital by member country as of December 31, 2023, 2022 and 2021, is as follows:

Member country <sup>i</sup>	Subscribed capital		Authorized capital		Total	%
	Paid-in	Callable	Paid-in	Callable		
	\$	\$	\$	\$		
• Argentina	449,7	555,0	449,7	555,0	1.004,7	33,3%
• Bolivia	150,0	185,0	150,0	185,0	335,0	11,1%
• Brazil	449,7	555,0	449,7	555,0	1.004,7	33,3%
• Paraguay	149,9	185,0	149,9	185,0	334,9	11,1%
• Uruguay	149,9	185,0	149,9	185,0	334,9	11,1%
	<u>1.349,2</u>	<u>1.665,0</u>	<u>1.349,2</u>	<u>1.665,0</u>	<u>3.014,2</u>	<u>100,0%</u>

For the year ended as of December 31, 2023, 2022 and 2021, the Bank received paid-in contributions in the amount of \$128,7, \$75,2, and \$89,6, respectively. The amount of paid-in capital subscribed and pending integration, as well as the amount of callable capital and committed as of December 31, 2023, 2022 and 2021, respectively, is as follows:

	As of December 31, 2023			As of December 31, 2022			As of December 31, 2021		
	Paid-in capital subscribed			Paid-in capital subscribed			Paid-in capital subscribed		
	Paid-in <sup>i</sup>	Receivable	Total	Paid-in <sup>i</sup>	Receivable	Total	Paid-in <sup>i</sup>	Receivable	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
• Argentina	387,4	62,3	449,7	387,4	62,3	449,7	356,3	93,4	449,7
• Bolivia	139,6	10,4	150,0	129,1	20,8	149,9	118,8	31,2	150,0
• Brazil	404,4	45,3	449,7	307,0	142,8	449,8	294,0	155,7	449,7
• Paraguay	139,5	10,4	149,9	129,1	20,8	149,9	118,7	31,2	149,9
• Uruguay	139,5	10,4	149,9	129,1	20,8	149,9	118,7	31,2	149,9
Total	<u>1.210,4</u>	<u>138,8</u>	<u>1.349,2</u>	<u>1.081,7</u>	<u>267,5</u>	<u>1.349,2</u>	<u>1.006,5</u>	<u>342,7</u>	<u>1.349,2</u>

As indicated in Note 2, on January 3, 2023, and April 27, 2023, the Bank received from Brazil the amount of \$69,8 and \$27,7, corresponding to paid-in capital installments agreed for the period 2020 to 2022, and paid-in contributions subscribed for 2023. These contributions will increase the Bank's equity and its cash flows in 2023. In October 2023, the countries of Bolivia, Paraguay and Uruguay paid their respective paid-in quotas for \$10,4 each.

#### As of December 31, 2023, 2022 and 2021:

Member country	Subscribed Callable Capital <sup>i</sup>
	Committed <sup>ii</sup>
	\$
• Argentina	555,0
• Bolivia	185,0
• Brazil	555,0
• Paraguay	185,0
• Uruguay	185,0
Total	<u>1.665,0</u>

<sup>i</sup> As of December 31, 2018, all member countries had subscribed and committed their share of callable capital.

<sup>ii</sup> Subtotals may differ from totals due to rounding into thousands.

## 10.2. Other reserves

As explained in Note 8.2 (iv), other comprehensive income as of December 31, 2023, 2022, and 2021, includes the following:

- (i) Reserve for changes in the fair value of investments – OCI: For the year ended December 31, 2023, this reserve was increased by a profit of \$4,2, for a cumulative unrealized loss of \$0,4 (December 31, 2022 –\$1,2 of unrealized gain for a cumulative total of unrealized losses of \$4,6; during 2022 accumulative unrealized loss decreased as a result of \$1,2 of unrealized gain for a cumulative total of unrealized loss of \$4,6; December 31, 2021 - \$3,9 of unrealized loss for a cumulative unrealized loss of \$5,8).
- (ii) Reserve for revaluation of property: For the year ended as of December 31, 2023, this reserve was reduced by \$0,02 for depreciation of the period, for a balance of \$0,6 (December 2022 - \$0,1 for a balance of \$0,6, as a result of the sale of the offices occupied on the third floor of the Bank’s headquarters for \$0,07 and \$0,03 for depreciation of the period; December 2021 - \$0,02 reduction for the year’s depreciation, for a balance of \$0,7).

## 10.3. Retained earnings and reserves

Retained earnings for the year ended December 31, 2023 amount to \$92.1 and correspond in full to the sum of net income earned between January 1 and December 31, 2023 (2022-\$47,6; and 2021 - \$24,0). These earnings are after deducting \$1,4 of unrealized losses associated with the recognition of debt contracted in currencies other than the U.S. dollar and at rates other than the benchmark lending rate and hedging transactions contracted to mitigate the risks of exposure to movements in exchange rates and interest rates (December 31, 2022 - \$6,4 of unrealized gains). Until December 31, 2021, unrealized derivative valuation gains and losses were part of the derivative valuation allowance for hedging transactions reported in Other Comprehensive Income. As explained in Note 8.5, as of January 1, 2022, the Bank classified its derivatives for rate and currency hedging transactions as fair value hedges, in accordance with IFRS 9. For this reason, the \$3,6 reserve for unrealized losses that was held in other comprehensive income as of December 31, 2021, became part of profit or loss within Other non-operating income. The Bank does not anticipate incurring any gains or losses as a result of the valuation adjustment of assets and liabilities related to hedging transactions. These unrealized results result from the net valuation difference between the original debt and the hedges receivable and payable at year-end will converge to zero as the original debt and the hedge expire, at which time the Bank will exchange the contracted and agreed cash flows with its counterparties.

The Bank policies provide that unappropriated retained earnings are to be used to finance the preservation of the value of its equity over time and to also finance the Special Fund for the Compensation of the operational Rate (FOCOM), and the Technical Cooperation Program (PCT).

The amount of the general reserve as of December 31, 2023 and 2022, respectively is as follows

	General Reserve
	\$
Balance as of December 31, 2020	155,8
Allocated by the Board of Governors in 2021	27,4
Balance as of December 31, 2021	183,2
Allocated by the Board of Governors in 2022	20,4
Balance as of December 31, 2022	203,6
Allocated by the Board of Governors in 2023	43,3
Balance as of December 31, 2023	246,9

## NOTE 11 – REVENUES

The composition of net income is as follows:

	January 1 through December 31,		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
	\$	\$	\$
<b>Loan income:</b>			
Interest	139,4	69,6	35,6
Commitment fee and commissions	5,4	3,4	3,6
Administrative fee	1,9	2,5	3,0
<b>Subtotal</b>	<b>146,7</b>	<b>75,5</b>	<b>42,2</b>
<b>Investment income:</b>			
Interest	29,7	2,3	4,8
Other	0,9	--	--
<b>Gross investment income</b>	<b>30,6</b>	<b>2,3</b>	<b>4,8</b>
Special fund's share of investment income – Note 8.6	(0,9)	(0,2)	--
<b>Investment income - Net</b>	<b>29,7</b>	<b>2,1</b>	<b>4,8</b>
<b>Income for financial assets</b>	<b>176,4</b>	<b>77,6</b>	<b>47,0</b>
<b>Other income</b>			
Unrealized gains due to the fair value adjustment of debt flows hedged with cross-currency and interest rate swaps – Note 4.10	64,3	48,8	--
Unrealized losses resulting from receivable and payable swaps – Note 4.10	(65,7)	(42,4)	--
<b>Net unrealized gains</b>	<b>(1,4)</b>	<b>6,4</b>	<b>--</b>
<i>Other income</i>	0,6	1,0	0,1
<b>Total other Income</b>	<b>(0,8)</b>	<b>7,4</b>	<b>47,1</b>

## NOTE 12 – ADMINISTRATIVE EXPENSES

Since 2013, the Bank has adopted a result-based budgeting system, including performance indicators allowing the measurement of results attained and their related cost. The system matches governance, operating and financial goals with the activities required to reach them and the resources required. During the year ended as of December 31, 2023, 2022 and 2021, the Bank reached a percentage of execution of its administrative budget equivalent to 84%, 81% and 76%, respectively. The break-down of administrative expenses by functional activity is as follows.

<u>Classification of expenses</u>	<u>January 1 through December 31,</u>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
	<u>₺</u>	<u>₺</u>	<u>₺</u>
Personnel expenses	8,0	7,6	7,0
Service expenses	0,7	0,6	0,2
Professional services	0,9	0,8	0,6
Credit risk rating	0,1	0,1	-,-
External auditors	0,1	0,1	0,1
Administrative expenses	2,0	1,2	1,0
Financial services	0,2	0,2	0,2
<b>Total administrative budget</b>	<b>12,0</b>	<b>10,6</b>	<b>9,1</b>
<u>Classification of other expenses</u>			
Depreciation	0,6	0,4	0,4
(Gain)/loss on foreign exchange	(0,2)	0,1	-,-
<b>Total administrative expenses</b>	<b>12,4</b>	<b>11,1</b>	<b>9,5</b>

### NOTE 13 – MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The following tables provide an analysis of the expected time elapsed to maturity of assets and liabilities for the year ended as of December 31, 2023, 2022, and 2021, respectively, based on their respective recovery or settlement date.

	<u>Current</u>	<u>Non-Current</u>	<u>Total</u>
	<u>(Less than 1 year)</u>	<u>(More than 1 year)</u>	
	<u>₺</u>	<u>₺</u>	<u>₺</u>
<u>As of December 31, 2023</u>			
<b>ASSETS</b>			
<b>Cash and cash equivalents</b>	324,2	-,-	324,2
<b>Investments</b>			
At fair value <sup>1</sup>	376,4	-,-	376,4
At amortized cost	30	-,-	30
<b>Loan portfolio</b>			
Outstanding loans	214,6	1.638,7	1.853,3
<b>Interest and other accrued charges</b>			
On investments	3,3	-,-	3,3
Interest and commissions on loans	39,5	-,-	39,5
<b>Other assets</b>			
Fair value hedge derivatives	6,8	-,-	6,8
Property and equipment, net	-,-	5,2	5,2
Miscellaneous	1,1	0,3	1,4
<b>Total Assets</b>	<b>995,9</b>	<b>1.644,2</b>	<b>2.640,1</b>
<b>LIABILITIES</b>			
Borrowings	318,5	731,6	1.050,1
Other liabilities	16,0	-,-	16,0
Special funds	5,2	19,3	24,5
<b>Total liabilities<sup>2</sup></b>	<b>339,7</b>	<b>750,9</b>	<b>1.090,6</b>

	<u>Current</u> <u>(Less than 1 year)</u> \$	<u>Non-Current</u> <u>(More than 1 year)</u> \$	<u>Total</u> \$
<b><u>As of December 31, 2022</u></b>			
<b><u>ASSETS</u></b>			
<b>Cash and cash equivalents</b>	217,6	--	217,6
<b>Investments</b>			
At fair value <sup>1</sup>	338,9	--	338,9
At amortized cost	--	--	--
<b>Loan portfolio</b>			
Outstanding loans	170,0	1.574,4	1.744,4
<b>Interest and other accrued charges</b>			
On investments	1,4	--	1,4
Interest and commissions on loans	28,2	--	28,2
<b>Other assets</b>			
Fair value hedge derivatives	--	--	--
Property and equipment, net	--	5,6	5,6
Miscellaneous	0,5	0,6	1,1
<b>Total Assets</b>	<u>756,5</u>	<u>1.580,6</u>	<u>2.337,2</u>
<b><u>LIABILITIES</u></b>			
Borrowings	104,6	870,7	975,3
Other liabilities	10,0	0,3	10,3
Special funds	4,5	18,1	22,6
<b>Total Liabilities<sup>2</sup></b>	<u>119,1</u>	<u>889,1</u>	<u>1.008,2</u>
<b><u>As of December 31, 2021</u></b>			
<b><u>ASSETS</u></b>			
<b>Cash and cash equivalents</b>	128,3	--	128,3
<b>Investments</b>			
At fair value <sup>1</sup>	352,8	--	352,8
At amortized cost	151,8	--	151,8
<b>Loan portfolio</b>			
Outstanding loans	106,7	1.397,0	1.503,7
<b>Interest and other accrued charges</b>			
On investments	2,4	--	2,4
Interest and commissions on loans	10,7	--	10,7
<b>Other assets</b>			
Fair value hedge derivatives			
Property and equipment, net	0,7	--	0,7
Miscellaneous	--	5,7	5,7
<b>Total Assets</b>	<u>0,3</u>	<u>0,4</u>	<u>0,7</u>
<b>Cash and cash equivalents</b>	<u>753,7</u>	<u>1.403,1</u>	<u>2.156,8</u>
<b><u>LIABILITIES</u></b>			
Borrowings	65,4	861,3	926,7
Other liabilities	3,0	0,2	3,2
Special funds	4,1	17,8	21,9
<b>Total liabilities<sup>2</sup></b>	<u>72,5</u>	<u>879,3</u>	<u>951,8</u>

<sup>1</sup>As of December 31, 2023, 2022 and 2021, all investments classified as available for sale and valued at OCI, are held for the purpose of financing expected loan disbursements within the next 12 months.

<sup>2</sup> Totals may differ due to rounding into thousands.

## NOTE 14 – IMMUNITIES, EXEMPTIONS AND PRIVILEGES

As stated in the Bank’s “Agreement of Immunities, Exemptions and Privileges of the Fund for the development of the River Plate Basin Territory,” an international legal instrument duly ratified by its five Member Countries, the Bank can hold resources on any currency, paper, shares, equities and bonds, and can freely transfer them from one country to the other and from one place to the other within the territory of any country and convert them into other currencies.

Furthermore, the Agreement establishes that the Bank and its assets are exempt, within the territory of its Member Countries, of any direct taxes and custom duties with respect either imported or exported goods for official use. The Agreement also indicates that in principle, the Bank would not claim the exemption of consumption, sales taxes, and other indirect taxes. However, Member Countries commit, to the extent possible, to apply all administrative provisions that might be available to exempt or reimburse the Bank for such taxes, in connection with official purchases involving large amounts when such taxes are included in the price paid.

Complementary, both the Agreement on Immunities, Exemptions and Privileges as well as the Base Agreements signed by the Bank with Argentina, Bolivia, Paraguay, and Uruguay, establish that the Bank’s properties, goods, and assets are exempt from all taxes, contributions, and charges, at the national, departmental, municipal or of any other type.

## NOTE 15 – RELEVANT OPERATIONAL INFORMATION

### (i) Segment description

Based on an analysis of its operations, the Bank determined that it only has a single reportable operational segment. This determination recognizes the fact that the Bank does not manage its operations allocating resources among operations measuring the contribution of those individual operations to the Bank’s net income. The Bank does not distinguish between the nature of loans or products, or the services rendered, their preparation process or the method followed in the preparation of loans and services rendered to its member countries. All operations are performed at the Bank’s headquarters with the support of its liaison offices. The Bank’s core business consists of operations consist of granting financing to its five member countries, which are considered as segments for geographical areas purposes of this disclosure: Argentina, Bolivia, Brazil, Paraguay, and Uruguay.

### (ii) Assets by geographical area

Composition of the loan portfolio by country is as follows:

	<u>Gross portfolio</u>	<u>Unaccrued</u>	<u>Impairment</u>	<u>Loan portfolio</u>	<u>Interest and</u>	<u>Total</u>
	<u>\$</u>	<u>commissions</u>	<u>\$</u>	<u>\$</u>	<u>commissions</u>	<u>\$</u>
		<u>\$</u>			<u>receivable</u>	
					<u>\$</u>	
<b><u>As of December 31,</u></b>						
<b><u>2023:</u></b>						
Argentina	460,8	(0,4)	(9,9)	450,5	10,7	461,2
Bolivia	440,6	(0,6)	(6,1)	433,9	8,9	442,8
Brazil <sup>1</sup>	258,3	(1,5)	(1,5)	255,3	4,0	259,3
Paraguay <sup>1</sup>	372,3	(1,0)	(0,8)	370,5	9,4	379,9
Uruguay <sup>1</sup>	345,2	(1,0)	(1,1)	343,1	6,5	349,6
Total <sup>2</sup>	1.877,2	(4,5)	(19,4)	1.853,3	39,5	1.892,8

	<u>Gross portfolio</u>	<u>Unaccrued</u>	<u>Impairment</u>	<u>Loan portfolio</u>	<u>Interest and</u> <u>commissions</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<b><u>As of December 31,</u></b>						
<b><u>2022:</u></b>						
Argentina	490,5	(1,2)	(8,6)	480,7	8,4	489,0
Bolivia	395,0	(0,9)	(2,2)	391,9	6,3	398,2
Brazil <sup>1</sup>	209,0	(0,4)	(1,1)	207,4	2,7	210,1
Paraguay <sup>1</sup>	378,0	(0,3)	(0,7)	377,0	6,3	383,3
Uruguay	288,3	(0,1)	(0,9)	287,4	4,5	292,0
Total <sup>2</sup>	1.760,8	(2,9)	(13,5)	1.744,4	28,2	1.772,6
<b><u>As of December 31,</u></b>						
<b><u>2021:</u></b>						
Argentina	403,8	(1,3)	(7,4)	395,1	3,0	398,1
Bolivia	355,4	(0,3)	(2,0)	353,0	2,6	355,6
Brazil	179,2	(0,8)	(1,2)	177,2	1,2	178,4
Paraguay	311,6	(0,9)	(0,7)	310,0	2,1	312,0
Uruguay	269,6	(0,3)	(1,0)	268,4	1,8	270,2
Total <sup>2</sup>	1.519,6	(3,6)	(12,3)	1.503,7	10,7	1.514,3

<sup>1</sup> Includes \$98,3 in four NSG loans outstanding (2022 - \$76,0 and 2021 - \$72,0). As of December 31, 2023, unaccrued loan commissions on NSG loans and accrued interest receivable amount to \$0,8 (2022 - \$0,5 and 2021 - \$0,4). The provision for potential impairment on NSG loans amounts to \$1,6 (2022 - \$1,1 and 2021 - 1,2). For further information, see Note 8.4.

<sup>2</sup> Horizontal and vertical sums may differ for rounding reasons.

Composition of the gross loan portfolio by country and its distribution by industry segment is as follows:

	<u>Communications,</u> <u>transportation,</u> <u>energy, and</u> <u>logistics</u> <u>infrastructure</u>	<u>Infrastructure for</u> <u>productive</u> <u>development</u>	<u>Infrastructure for</u> <u>socio-economic</u> <u>development</u>	<u>NSG Loans</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<b><u>As of December 31, 2023:</u></b>					
Argentina	234,6	61,1	165,1	--	460,8
Bolivia	392,7	35,3	12,6	--	440,6
Brazil <sup>1</sup>	192,3	--	14,0	52,0	258,3
Paraguay <sup>1</sup>	333,5	8,8	--	30,0	372,3
Uruguay <sup>1</sup>	238,0	28,8	62,1	16,3	345,2
Total	1.391,1	134,0	253,8	98,3	1.877,2
<b><u>As of December 31, 2022:</u></b>					
Argentina	244,8	72,1	173,6	--	490,5
Bolivia	370,7	9,6	14,7	--	395,0
Brazil	170,4	--	8,6	30,0	209,0
Paraguay	331,5	10,5	--	36,0	378,0
Uruguay	227,1	28,8	22,4	10,0	288,3
Total <sup>2</sup>	1.344,6	121,0	219,2	76,0	1.760,8

	<u>Communications, transportation, energy, and logistics infrastructure</u>	<u>Infrastructure for productive development</u>	<u>Infrastructure for socio-economic development</u>	<u>NSG Loans</u>	<u>Total</u>
	₺	₺	₺	₺	₺
<b>As of December 31, 2021:</b>					
Argentina	199,8	65,5	138,4	--	403,7
Bolivia	340,1	--	15,3	--	355,4
Brazil	128,9	--	14,4	36,0	179,3
Paraguay	263,3	12,3	--	36,0	311,6
Uruguay	224,0	28,8	16,8	--	269,6
<b>Total<sup>2</sup></b>	<b>1.156,1</b>	<b>106,6</b>	<b>184,9</b>	<b>72,0</b>	<b>1.519,6</b>

<sup>1</sup> Loans without sovereign guarantees do not fall into any of the categories used to classify financing granted to member countries with sovereign guarantees (see Note 8.4 for more information).

<sup>2</sup> Horizontal and vertical sums may differ for rounding reasons.

The outstanding balance of loans corresponds exclusively to loans in the execution stage of the sovereign-guaranteed loan portfolio. Its distribution by country is as follows:

	<u>As of December 31,</u>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
	₺	₺	₺
Argentina	374,7	341,5	313,2
Bolivia	67,3	140,4	71,4
Brazil	412,5	285,7	142,6
Paraguay	340,7	194,0	146,1
Uruguay	152,3	22,4	27,7
<b>Total</b>	<b>1.347,5</b>	<b>984,0</b>	<b>701,0</b>

As December 31, 2023, 2022 and 2021, respectively, the loans approved by the Bank and pending disbursement because the loan contract had not been signed or was pending ratification by the Legislative Branch of the member country, are as follows:

	<u>As of December 31,</u>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
	\$	\$	\$
Argentina	43,4	87,0	65,3
Bolivia	113,3	--	100,0
Brazil	201,0	165,1	206,5
Paraguay	--	175,0	276,2
Uruguay	--	--	42,0
<b>Total</b>	<b>357,7</b>	<b>427,1</b>	<b>690,0</b>

The average return on the loan portfolio is as follows:

	January 1 through December 31,					
	2023		2022		2021	
	<u>Average balance</u>	<u>Average return</u>	<u>Average balance</u>	<u>Average return</u>	<u>Average balance</u>	<u>Average return</u>
	\$	%	\$	%	\$	%
Loan portfolio	1.819,0	8,06%	1.640,2	4,60%	1.385,5	3,05%

### (iii) Revenue by geographical area

Interest income and other by segment are as follows:

	<u>Loan interest</u>	<u>Other loan operating revenues</u>	<u>Total</u>
	\$	\$	\$
<b><u>January 1 through December 31, 2023:</u></b>			
Argentina	38,2	2,2	40,4
Bolivia	29,9	0,8	30,7
Brazil <sup>1</sup>	17,0	1,4	18,4
Paraguay <sup>1</sup>	30,4	2,7	33,1
Uruguay <sup>1</sup>	23,9	0,2	24,1
<b>Total</b>	<b>139,4</b>	<b>7,3</b>	<b>146,7</b>
<b><u>January 1 through December 31, 2022:</u></b>			
Argentina	19,8	2,3	22,1
Bolivia	14,9	0,8	15,7
Brazil	8,3	1,0	9,3
Paraguay	15,1	1,5	16,6
Uruguay	11,5	0,3	11,8
<b>Total</b>	<b>69,6</b>	<b>5,9</b>	<b>75,5</b>
<b><u>January 1 through December 31, 2021:</u></b>			
Argentina	9,7	2,2	11,9
Bolivia	8,9	0,8	9,7
Brazil	4,5	1,2	5,7
Paraguay	6,2	1,9	8,1
Uruguay	6,3	0,5	6,8
<b>Total</b>	<b>35,6</b>	<b>6,6</b>	<b>42,2</b>

<sup>1</sup> Includes accrued interest and other charges for administrative commissions in the amount of \$6,7, corresponding to NSG loans granted to state-owned development banks in Brazil, Paraguay, and Corporación Vial from Uruguay (December 31, 2022 - \$3,3 and 2021 - \$2,3, respectively).

**NOTE 16 – RELATED PARTIES**

As indicated in Notes 1 and 6.4, the Bank only grants financings to its five borrowing member countries with sovereign guarantee, who are also the owners and shareholders of the Bank, and to government owned development financial institutions and government owned enterprises, both at the national and subnational level, without sovereign guarantee. All lending operations are entered in full compliance with the policies and guidelines approved by the Board of Governors, the Board of Executive Directors, or the Executive President, as required. Consequently, the Bank does not have transactions with its member countries on other terms than those established in its policies and guidelines.

The balances and transactions maintained with related entities as of December 31, 2023 and 2022, respectively, correspond to the balances maintained with the FOCOM; PCT; and the PAC, as explained in further detail in notes 4.12, 4.13 and 8.6, respectively.

**NOTE 17 – CONTINGENCIES**

No contingencies have been identified that could materially affect the Bank's financial statements for the year ended as of December 31, 2023, 2022 and 2021, respectively.

**NOTE 18 – SUBSEQUENT EVENTS**

On January 18, 2024, FONPLATA's Governance received a letter signed by the Governor of the Republic of Argentina withdrawing the letter that had been sent on April 21, 2023, by his antecessor, which stated the willingness of the Republic of Argentina to initiate the process to cease its membership in the Bank. Both, the Governor in his letter and the Republic of Argentina issued a formal press release to the public at large on January 22, 2024, ratifying their willingness to continue as full members of FONPLATA (see Note 2-B).

On February 5, 2024, the Assembly of Governors approved an increase in the amount of authorized capital from \$3.014,2 to \$6.500,0, making it possible to consider future increases of the amount of subscribed and paid and subscribed and committed paid-in and callable capital, as well as the addition of new members (see Note 10).

On January 27, 2024, the new Charter of the Bank entered into force after completion of the 30-day period following the signing by the President of the Federative Republic of Brazil of the Decree ratifying the approval of FONPLATA's Charter by the Brazilian Legislature. With the new Charter entering into force the Bank's capital will be denominated in shares of \$0,01 each and the membership is open to the admission of new members up to an aggregate share of 30% of the total authorized capital.

The Bank has evaluated subsequent events from the date of the closing of these financial statements and through February 23, 2024, the date on which the financial statements are ready to be issued by Luciana Botafogo Brito, Executive President, and subsequently to be authorized by the Assembly of Governors based on a recommendation of the Executive Board. No matters were identified that might have a material impact on the financial statements for the year ended December 31, 2023, 2022 and 2021, respectively.

Luciana Botafogo Brito  
EXECUTIVE PRESIDENT

Antonio Mullisaca Díaz  
CHAIRPERSON BOARD OF EXECUTIVE DIRECTORS

Fernando A. Fernandez Mantovani  
CHIEF BUDGET AND ACCOUNTING

Rafael Robles  
VICEPRESIDENT OF FINANCE

## ISSUER

**Fondo Financiero para el Desarrollo de la Cuenca del Plata**  
San Martín Avenue N° 155, Equipetrol,  
Ambassador Business Center Building, 4th Floor,  
Santa Cruz de la Sierra, Bolivia

## FISCAL AND PAYING AGENT, TRANSFER AGENT AND REGISTRAR

**The Bank of New York Mellon**  
240 Greenwich Street, Floor 7E,  
New York, NY 10286  
United States of America

## LONDON AGENT

**The Bank of New York Mellon, London Branch**  
160 Queen Victoria Street,  
London EC4V 4LA  
United Kingdom

## LEGAL ADVISERS

*To the Issuer:*

**Sullivan & Cromwell LLP**  
1700 New York Avenue, N.W., Suite 700  
Washington, D.C. 20006  
United States of America

*To the Dealers:*

**Paul Hastings LLP**  
200 Park Avenue,  
New York, NY 10166  
United States of America

## INDEPENDENT AUDITORS

**Mancera S.C.**  
Ejército Nacional Avenue  
843-B Antara Polanco  
Mexico, D.F. 11520

## FORMER INDEPENDENT AUDITORS

**Ernst & Young Ltda.**  
Cristo Redentor 4to Anillo Avenue,  
Torre Empresarial MSC Building, Floor 13,  
Santa Cruz de la Sierra, Bolivia

**PricewaterhouseCoopers S.R.L.**  
Calle I - Esq. Viador Pinto Equipetrol Norte, Edif,  
Omnia Dei - Primer Piso  
Santa Cruz de la Sierra, Bolivia

## DEALERS

**J.P. Morgan Securities LLC**  
383 Madison Avenue,  
New York, NY 10179  
United States of America

**Banco Bilbao Vizcaya  
Argentaria, S.A.**  
Calle Saucedá 28 – 28050,  
Madrid  
Spain

**BBVA Securities Inc.**  
375 9th Avenue,  
New York, NY 10001  
United States of America

**BofA Securities, Inc.**  
One Bryant Park  
New York, NY 10036  
United States of America

**BNP Paribas**  
16, Boulevard des Italiens  
75009 – Paris  
France

**BNP Paribas Securities Corp.**  
787 Seventh Avenue,  
New York, NY 10019  
United States of America

**Crédit Agricole Corporate and  
Investment Bank**  
12, Place des Etats-Unis  
CS 70052  
92547 Montrouge Cedex  
France

**Deutsche Bank  
Aktiengesellschaft**  
Taunusanlage 12  
60325 Frankfurt am Main  
Germany

**Deutsche Bank Securities Inc.**  
1 Columbus Circle,  
New York, NY 10019  
United States of America

**HSBC Securities (USA) Inc.**  
66 Hudson Boulevard,  
New York, NY 10001  
United States of America

**Santander US Capital Markets  
LLC**  
437 Madison Avenue,  
New York, NY 10022  
United States of America

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# Fondo Financiero para el Desarrollo de la Cuenca del Plata

**US\$2,000,000,000**

**Medium Term Note Program**

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**OFFERING MEMORANDUM**

**November 11, 2024**

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*Sole Arranger and Dealer*

**J.P. Morgan**

*Dealers*

**BBVA**

**BNP PARIBAS**  
**Deutsche Bank**

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