CORPORACIÓN INTERAMERICANA PARA EL FINANCIAMIENTO DE INFRAESTRUCTURA, S. A.

(Panama, Republic of Panama)

Compiled Financial Statements

June 30, 2016

(With Independent Accountants' Compilation Report)

CORPORACIÓN INTERAMERICANA
PARA EL FINANCIAMIENTO DE INFRAESTRUCTURA, S. A.
(Panama, Republic of Panama)

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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

The Board of Directors
Corporación Interamericana para el Financiamiento de Infraestructura, S. A.

We have compiled the accompanying financial statements of Corporación Interamericana para el Financiamiento de Infraestructura, S. A. based on the information you have provided. These financial statements comprise the statement of financial position of Corporación Interamericana para el Financiamiento de Infraestructura, S. A. as of June 30, 2016, and the statements of comprehensive income, changes in equity and cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), *Compilation Engagements.*

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS). We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with IFRS.

Other matter

The financial statements of Corporación Interamericana para el Financiamiento de Infraestructura, S. A. as of December 31, 2015 and for the year then ended were audited by us and we expressed an unqualified opinion on those financial statements dated February 15, 2016.

KPMG

August 15, 2016
Panama, Republic of Panama

CORPORACIÓN INTERAMERICANA PARA EL FINANCIAMIENTO DE INFRAESTRUCTURA, S. A.
(Panama, Republic of Panama)

Statement of Financial Position

June 30, 2016

(Expressed in US Dollars)

	Note	(Unaudited) June 30, 2016	(Audited) December 31, 2015
Assets			
Cash and cash equivalents		37,378,115	8,672,736
Investment securities, net	5	485,656	1,943,530
Loans receivable, net	5	219,961,434	252,091,029
Accrued interest receivable, net		3,485,543	2,547,647
Assets held-for-sale	5	2,661,160	6,371,499
Other assets		2,701,037	1,246,862
Total assets		266,672,945	272,873,303
Liabilities			
Loans payable, net	6	178,915,516	180,719,254
Accrued interest payable		1,498,585	1,626,237
Other accounts payable		180,553	880,084
Derivative liabilities held for risk management	10	3,440	2,736
Total liabilities		180,598,094	183,228,311
Equity			
Share capital	7	54,000,001	54,000,001
Additional paid-in capital		85,000	85,000
Reserves		895,421	2,354,664
Retained earnings		31,094,429	33,205,327
Total equity		86,074,851	89,644,992
Total liabilities and equity		266,672,945	272,873,303
Commitments and contingencies			
Unfunded risk participations	13	15,700,000	15,700,000
Loans pending disbursement	13	51,127,026	39,169,555
Undrawn balance of credit facilities	6, 13	103,028,350	140,361,683
Notional amount on swaps	10	4,444,444	6,666,667

The notes are an integral part of these financial statements.

CORPORACIÓN INTERAMERICANA PARA EL FINANCIAMIENTO DE INFRAESTRUCTURA, S. A.
(Panama, Republic of Panama)

Statement of Comprehensive Income

For the six months ended on June 30, 2016

(Expressed in US Dollars)

	Note	(Unaudited) June 30, 2016	June 30, 2015
Interest income:			
Interest on cash and cash equivalents		3,262	1,986
Interest on investment securities		325,184	335,939
Interest on loans receivable, net		9,747,285	8,373,388
Total interest income		10,075,731	8,711,313
Interest expense:			
Interest on derivative instruments		(8,908)	(37,546)
Interest on loans payable, net		(4,782,225)	(3,828,496)
Total interest expense		(4,791,133)	(3,866,042)
Net interest income		5,284,598	4,845,271
Other income:			
Other fees and commissions		1,843,449	3,635,449
Total other income		1,843,449	3,635,449
Operating income		7,128,047	8,480,720
Impairment loss on investment securities	5	0	(85,500)
Provision for loan losses	5	(380,724)	(116,529)
Impairment on assets held-for-sale	5	(3,691,757)	0
Personnel expenses		(2,185,507)	(1,957,676)
Other administrative expenses		(1,413,738)	(1,044,554)
Net (loss) income before tax		(543,679)	5,276,461
Income tax	9	(1,426,289)	(1,697,722)
Net (loss) income for the period		(1,969,968)	3,578,739
Other comprehensive income:			
Items that are or may be reclassified to profit or loss:			
Fair value reserve (available-for-sale financial assets):			
Net changes in fair value		(1,468,151)	(1,406,121)
Net amount transferred to profit or loss		8,908	37,546
Other comprehensive loss for the period		(1,459,243)	(1,368,575)
Total comprehensive (loss) income for the period		(3,429,211)	2,210,164
Basic earnings per share	8	(0.04)	0.07

The notes are an integral part of these financial statements.

CORPORACIÓN INTERAMERICANA PARA EL FINANCIAMIENTO DE INFRAESTRUCTURA, S. A.
(Panama, Republic of Panama)

Statement of Changes in Equity

For the six months ended on June 30, 2016

(Expressed in US Dollars)

	Notes	Share capital	Additional paid-in capital	Reserves: Fair value reserve	Reserves: Legal reserve	Reserves: Total reserves	Retained earnings	Total equity
Balance at December 31, 2014 (audited)		54,000,001	85,000	(2,127,456)	2,720,804	593,348	31,263,000	85,941,349
Net income for the period		0	0	0	0	0	3,578,739	3,578,739
Other comprehensive income								
Net change in fair value		0	0	(1,406,121)	0	(1,406,121)	0	(1,406,121)
Net amount transferred to profit or loss		0	0	37,546	0	37,546	0	37,546
Total other comprehensive income		0	0	(1,368,575)	0	(1,368,575)	0	(1,368,575)
Total comprehensive income for the period		0	0	(1,368,575)	0	(1,368,575)	3,578,739	2,210,164
Transactions with owners of the Corporation								
Complementary tax, Panama		0	0	0	0	0	(527,875)	(527,875)
Balance at June 30, 2015 (unaudited)		54,000,001	85,000	(3,496,031)	2,720,804	(775,227)	34,313,864	87,623,638
Balance at December 31, 2015 (audited)		54,000,001	85,000	(496,151)	2,850,815	2,354,664	33,205,327	89,644,992
Net loss for the period		0	0	0	0	0	(1,969,968)	(1,969,968)
Other comprehensive loss								
Net change in fair value		0	0	(1,468,151)	0	(1,468,151)	0	(1,468,151)
Net amount transferred to profit or loss		0	0	8,908	0	8,908	0	8,908
Total other comprehensive loss		0	0	(1,459,243)	0	(1,459,243)	0	(1,459,243)
Total comprehensive loss for the period		0	0	(1,459,243)	0	(1,459,243)	(1,969,968)	(3,429,211)
Transactions with owners of the Corporation								
Complementary tax, Panama		0	0	0	0	0	(140,930)	(140,930)
Balance at June 30, 2016 (unaudited)		54,000,001	85,000	(1,955,394)	2,850,815	895,421	31,094,429	86,074,851

The notes are an integral part of these financial statements.

CORPORACIÓN INTERAMERICANA PARA EL FINANCIAMIENTO DE INFRAESTRUCTURA, S. A.
(Panama, Republic of Panama)

Statement of Cash Flows

For the six months ended on June 30, 2016

(Expressed in US Dollars)

	(Unaudited) June 30, 2016	June 30, 2015
Cash flows from operating activities		
Net (loss) income for the quarter	(1,969,968)	3,578,739
Adjustments for:		
Provision for loan losses	380,724	116,529
Impairment loss on investment securities	0	85,500
Impairment on assets held-for-sale	3,691,757	0
Interest income	(10,075,731)	(8,711,313)
Interest expense	4,791,133	3,866,042
Income tax expense	1,426,289	1,697,722
	(1,755,796)	633,219
Changes in:		
Other assets	(1,435,589)	(1,114,952)
Other accounts payable	(1,033,482)	(892,991)
Change in derivative liabilities held for risk management	704	419
Loan repayments and prepayments	55,162,719	22,652,531
Loan disbursements	(23,042,529)	(41,368,526)
	29,651,823	(20,723,519)
Income tax paid	(1,092,338)	(1,037,119)
Interest received	8,766,514	8,261,798
Interest paid	(4,663,283)	(3,431,169)
	3,010,893	3,793,510
Net cash from operating activities	30,906,920	(16,296,790)
Cash flows from investing activities		
Proceeds from investment securities	0	57,142
Net cash from investing activities	0	57,142
Cash flows from financing activities		
Proceeds from loans payable	70,000,000	66,386,600
Repayments of loans payable	(72,060,611)	(42,643,511)
Complementary tax	(140,930)	(527,875)
Net cash from financing activities	(2,201,541)	23,215,214
Net Increase in cash and cash equivalents	28,705,379	6,975,566
Cash and cash equivalents at the beginning of the period	8,672,736	5,615,241
Cash and cash equivalents at the end of the period	37,378,115	12,590,807

The notes are an integral part of these financial statements.

(1) Reporting Entity

Corporación Interamericana para el Financiamiento de Infraestructura, S. A. (the Corporation or CIFI) was organized on August 10, 2001 under the laws of the Republic of Costa Rica and began operations in July 2002. As of April 4, 2011, the Corporation was legally redomiciled under the laws of Republic of Panama.

The Corporation's business structure is based on one segment, as its main line of business is granting loans to finance infrastructure projects in Latin America. However, it also offers other services such as "Advisory & Structuring" services, which are not evaluated as a separate segment of the Corporation's business but rather assessed in conjunction with its lending activities.

CIFI has made the decision to move its headquarters from Arlington, Virginia to Panama City, effectively July 1, 2016; the presence in Panama will allow our organization to be closer to CIFI's Latin America and Caribbean operations, which are its operations center stage. Panama is an important financial center in Latin America and the Caribbean, and also it is a logistical enclave that allows quick access to the main funding of the region.

The Corporation's main offices are located at MMG Tower, 13th Floor, Office 13A, Avenida Roberto Motta, Esquina Vista del Pacifico, Costa del Este, Panama, Republic of Panama.

The financial statements were authorized for issuance by management of the Corporation on August 15, 2016.

(2) Basis of Preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, except for derivative financial instruments and certain investment securities that are measured at fair value.

(c) Functional and presentation currency

The financial statements are presented in U.S. dollars (US$), which is the Corporation's functional currency.

All of the Corporation's assets and liabilities are denominated in U.S. dollars. Additionally, shareholder contributions and ordinary shares are denominated in that currency.

(d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is reviewed and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

- Allowance for loan losses and interest receivable – note 5
- Impairment of assets held-for-sale – note 5
- Derivatives held for risk management purposes – note 10
- Fair value of financial instruments – note 11

(3) Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Foreign currency transactions

The Corporation's functional currency is the U.S. dollar, and all assets and liabilities are denominated in U.S. dollar. In case the Corporation has assets and liabilities denominated in currencies other than the U.S. dollar, the Corporation translates the value of such assets or liabilities to U.S. dollars at the prevailing exchange rate between the currency in which the assets or liabilities are denominated and the U.S. dollar as of the reporting date. Transactions in foreign currency are translated at the foreign exchange rate in effect at the date of the transaction. Translation gains or losses are presented in the statement of comprehensive income.

(b) Cash and cash equivalents

Cash and cash equivalents include currency on hand, unrestricted balances held with banks, and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Corporation for management of its short-term commitments.

(c) Financial assets and financial liabilities

(i) Recognition

The Corporation recognizes loans receivable and loans payable on the date in which they are originated. The purchases and sales of financial assets are recognized on the trade date at which the Corporation commits to purchase or sell the asset. All other financial assets and liabilities (including assets and liabilities carried at fair value through profit or loss) are recognized on the trade date in which the Corporation becomes a party to the contractual terms of the instrument.

Financial assets and liabilities are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. When a decline in the fair value of an available-for-sale financial asset has been recognized in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognized.

(ii) Classification
Originated loans are loans granted by the Corporation by providing money to a debtor, other than those structured with the intention of short-term profit taking.

Available-for-sale assets are financial assets that are not held for trading purposes or held to maturity.

Held-to-maturity assets are financial assets with fixed or determinable payments and fixed maturity that the Corporation has the intent and ability to hold to maturity.

Assets and liabilities are classified at fair value through profit or loss and changes in fair value are directly recognized in the statement of comprehensive income.

(iii) Offsetting
Financial assets and liabilities are offset and the net amount presented in the financial statements when the Corporation has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expense are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions.

(iv) Amortized cost measurement
The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the amount of maturity, minus any reduction for impairment.

(v) Fair value measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Corporation has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Corporation measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Corporation uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Corporation measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Corporation on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Corporation recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(vi) Identification and measurement of impairment
At each reporting date, the Corporation assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s) and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

- significant financial difficulty of the borrower or issuer;
- default or delinquency by a borrower;
- the restructuring of a loan or advance by the Corporation on terms that the Corporation would not consider otherwise;
- indications that a borrower or issuer will enter bankruptcy;
- the disappearance of an active market for a security; or
- observable data relating to a group of assets such as adverse change in the payment status of borrowers or issuers in the group, or economic data that correlate with details in the group.

In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Impairment losses on available-for-sale investment securities are recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss recognized previously in profit or loss. Changes in impairment attributable to application of the effective interest method are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through profit or loss; otherwise, any increase in fair value is recognized through OCI (Other Comprehensive Income). Any subsequent recovery in the fair value of an impaired available-for-sale equity security is always recognized in OCI.

(vii) Derecognition
A financial asset is derecognized when the Corporation loses control over the contractual rights that comprise the asset. This occurs when the rights are realized, expire, or are surrendered. A financial liability is derecognized when it is extinguished.

(d) Derivatives held for risk management purposes and hedge accounting
Management uses derivative financial instruments as part of its operations. Those instruments are recognized at fair value in the statement of financial position.

The Corporation designates certain derivatives held for risk management as hedging instruments in qualifying hedging relationships. On initial designation of the hedge, the Corporation formally documents the relationship between the hedging instrument and hedged item, including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The Corporation makes an assessment, both at the inception of the hedge relationship as well as on a monthly basis, as to whether the hedging instrument is expected to be 'highly effective' in offsetting the changes in the fair value or cash flows of the respective hedged item during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125 percent.

Derivative instruments recognized as fair value hedges, hedge exposure to changes in the fair value of an asset or liability recognized in the statement of financial position, or in the fair value of an identified portion of such asset or liability that is attributable to the specific hedged risk that could affect the net gain or loss recognized in the financial statements. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognized in the statement of comprehensive income.

When a derivative is designated as the hedging instrument in a hedge of the change in fair value of a recognized asset or liability, or of an identified portion of such asset or liability, or a firm commitment that could affect profit or loss, changes in the fair value of the hedge item that are attributable to the hedged risk are recognized in the same line item in the statement of comprehensive income as the hedged instrument.

If the hedging derivative expires or is sold, terminated, or exercised, or the hedge no longer meets the criteria for fair value hedge accounting, or the hedge designation is revoked, hedge accounting is discontinued prospectively. Any adjustment up to that point to a hedged item for which the effective interest method is used, is amortized to profit or loss as part of the recalculated effective interest rate of the item over its remaining life.

(e) Investment securities

Investment securities are classified at the date of purchase based on management's ability and intent to sell or hold them until maturity. The Corporation classifies its investment securities as follows:

Fair value through profit or loss:

Investment securities at fair value through profit or loss are financial assets and liabilities for which changes in fair value are recognized immediately in profit or loss. An investment security is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition or if the Corporation manages the investments and makes purchase and sale decisions based on their fair value.

Available-for-sale:

Available-for-sale securities are acquired by the Corporation with the intent to hold them for an unspecified period of time but may be sold in response to liquidity needs or changes in interest rates, exchange rates, or equity prices. Available-for-sale investment securities are financial assets not classified at fair value through profit or loss nor held-to-maturity. These securities are measured at their fair value and changes in value are recognized directly in equity.

Interest income is recognized in profit or loss using the effective interest method. Dividend income is recognized in profit or loss when the Corporation becomes entitled to the dividend. Foreign exchange gains or losses on available-for-sale debt security investments are recognized in profit or loss. Impairment losses are recognized in profit or loss.

Other fair value changes, other than impairment losses, are recognized in OCI and presented in the fair value reserve within equity. When the investment is sold, the gain or loss accumulated in equity is reclassified to profit or loss.

Held-to-maturity:

Held-to-maturity securities are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Corporation has the intent and ability to hold to maturity.

(f) Loans receivable

Loans receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, and originated generally by providing funds to a debtor as loans. Loans are initially measured at fair value plus the originating costs and any subsequent measurement at amortized cost utilizing the effective interest method, except when the Corporation elects to recognize the loans and advances at fair value with changes in profit or loss.

(g) *Allowance for loan losses*
Loans are defined as operations relating to any type of underlying instrument or document, except investment securities, whereby credit risk is assumed by the entity, either by providing or committing to provide funds or credit facilities, acquiring collection rights, or guaranteeing that third parties will honor their obligations.

In determining the allowance for loan losses, the Corporation applies its own credit risk rating system that takes into account the following: type of industry, vulnerability to foreign exchange fluctuations, competitive position, financial structure, sovereign risk, etc. The system considers the current and forecasted financial position of borrowers, their ability to pay, the quality and liquidity of collateral, and other factors that could affect repayment of principal and interest. The system is an additional tool to determine if there is any objective evidence that a financial asset or group of financial assets is impaired. The allowance for loan losses is increased when a provision for loan losses is established. The provision for loan losses is reported in the statement of comprehensive income.

Management considers that the allowance for loan losses represents a reasonable estimate of loan impairment losses incurred at each reporting date.

(h) *Assets held-for-sale*
Non-current assets, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognized in profit or loss. The Company reviews the carrying amounts of its assets held-for-sale to determine whether there is any indication of impairment. If any such indication exists, then the asset´s recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of the asset exceeds its recoverable amount.

(i) *Other accounts payable*
Other accounts payable are carried at amortized cost.

(j) *Provisions*
A provision is recognized in the statement of financial position when the Corporation has acquired a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. The provision made approximates settlement value; however, final amounts may vary. The estimated amount of the provision is adjusted at the date of the statement of financial position, directly affecting the statement of comprehensive income.

(k) *Income tax*
Estimated income tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the statement of financial position date, and any other adjustment to taxes payable in respect of previous years.

Deferred income tax represents the amount of income tax payable and/or receivable in future years resulting from temporary differences between the carrying values of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. These temporary differences are expected to be reversed in future years. If it is determined that the deferred tax would not be realized in future years, the deferred tax will be totally or partially reduced. The Corporation does not present a deferred tax effect for the period ended on June 30, 2016.

(l) *Income and expense recognition*

(i) Interest income and expense

Interest income and expense is recognized in the statement of comprehensive income as it accrues, considering the effective yield or interest rate. Interest income and expense includes amortization of any discount or premium during the term of the instrument until its maturity.

(ii) Fee and commission income and expense

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate. When a commission is deferred, it is recognized over the term of the loan.

Other fee and commission income is included in other operating income, arises from services provided by the Corporation, including advisory services and disbursement fees, and is recognized as the related services are performed.

Other fee and commission expense is included in other administrative expenses and relate mainly to transaction and service fees, which are expensed as the services are received.

(m) *Net income from other financial instruments at fair value through profit or loss*

Net income from other financial instruments at fair value through profit or loss relates to non-trading derivatives held for risk management purposes that do not form part of qualifying hedge relationships and financial assets and liabilities designated at fair value through profit or loss, and includes all realized and unrealized fair value changes.

(n) *Interest*

Interest income and expense are recognized in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Corporation estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes transaction costs and fees that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

(o) Fees and commission

Fees and commission income that are integral to the effective interest rate on a financial asset are included in the measurement of the effective interest rate.

Other fees and commission including account servicing fees, investment management fees, placement fees and syndication fees are recognized as the related services are performed.

(p) Basic earnings per share

The Corporation presents basic earnings per share (EPS) data for its shares (see note 8).

(q) New standards and interpretations not yet adopted

At the date of the financial statements, there are standards, amendments and interpretations which are not effective for the period ended June 30, 2016 and, consequently, have not been applied in preparing these financial statements.

- IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement.* IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

  IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted.

- IFRS 15 *Revenue from Contracts with Customers,* establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes.*

  IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted.

The Corporation is in the process of evaluating the potential effect of these standards in its financial statements. Given the nature of the Corporation´s operations, these standards are expected to have a pervasive impact on the Corporation´s financial statements.

Additionally, on January 13, 2016, the International Accounting Standards Board (IASB) published a new Standard, IFRS 16, *Leases*, which replaces the current IAS 17 *Leases*. IFRS 16 eliminates the current operating/finance lease dual accounting model for lessees. Instead, there is a single, on-balance sheet accounting model, similar to current finance lease accounting. Leases are measured at the present value of future lease payments and are presented as either leased assets (right-of-use asset) or along with property, furniture and equipment. IFRS 16 is effective for entities that apply IFRS for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15, *Revenue from Contracts with Customers*, at or before the date of initial application of IFRS 16.

At the reporting date, the Corporation has not assessed the impact that the adoption of this standard will have on the Corporation´s financial statements.

(4) Balances and Transactions with Related Parties

For the period ended June 30, 2016 the Corporation entered into transactions with parties that are considered to be related. Those transactions generated income and expenses for services rendered and were executed under the same conditions established for transactions with other customers.

The following items were included in the statements of financial position and of comprehensive income, and their effects are as follows:

		June 30, 2016	
Type of entity	Relationship	Liabilities-Loans and interest payable, net	Expenses Interest on loans payable, net
Legal entities	Related parties	33,513,139	665,773

		December 31, 2015	
Type of entity	Relationship	Liabilities-Loans and interest payable, net	Expenses Interest on loans payable, net
Legal entities	Related parties	41,530,481	1,729,202

The Corporation has access to US$9,528,350 (2015: US$5,861,683) of undisbursed committed and uncommitted lines of credit with related parties.

Members of the Board of Directors have received remuneration of US$48,250 (June 30, 2015: US$7,500) for attending meetings during the year.

As of June 30, 2016 personnel expenses include salaries and benefits paid to key executives for US$572,593 (June 30, 2015 US$525,269).

In addition to employee salaries, the Corporation provides all full-time employees with the following benefits:

(a) All full-time employees are required to participate in the following insurance plans, unless proof of equivalent coverage is provided:

- Medical insurance
- Disability insurance
- Travel insurance.

(b) Retirement plan contributions (Simple IRA): Employees may contribute US$12,500 an amount that is reviewed annually (2015: US$12,500), while the Corporation contributes 3% (2015: 3%) of each employee's annual base salary. The Corporation makes its contributions to an independent fund manager and expenses those contributions as incurred. The Corporation has no future commitment to manage the funds contributed.

The Corporation's internal policy does not allow loans to be extended to its employees.

(5) Financial risk management

In the normal course of operations, the Corporation is exposed to different types of financial risks, which are minimized through the application of risk management policies and procedures. Those policies cover credit, liquidity, market, and operating risks.

Risk management framework

The Corporation's Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. For such purposes, the Board reviews and approves the Corporation's policies and has created the Credit Committee (which also serves as an Asset and Liability Committee) and the Audit Committee. Both report regularly to the Board of Directors and are comprised of members of the Board and independents members.

The Corporation's risk management policies are established to identify and analyze the risks faced by the Corporation and to set appropriate risk limits and controls. Risk management policies and controls are reviewed regularly to adapt to and reflect changes in market conditions and in the products and services offered. The Corporation applies periodic employee training, management standards, and internal procedures to develop a disciplined and controlled environment in which all employees understand their roles and responsibilities.

The Audit Committee monitors compliance with the Corporation's internal controls and policies and reviews the effectiveness of the risk management framework. The Audit Committee is assisted in its role by the Chief Financial Officer, who periodically reviews internal controls and procedures and reports the results to the Audit Committee.

(a) Credit risk

Credit risk is the risk that the debtor or issuer of a financial instrument owned by the Corporation fails to meet an obligation fully and on time in accordance with the contractual terms and conditions agreed when the Corporation acquired the financial asset. Credit risk is mainly associated with the loan and investment securities (bonds) portfolios, and is represented by the carrying amount of the assets in the statement of financial position.

(b) *Liquid portfolio*
CIFI will invest its Liquid Portfolio to give priority to security, liquidity, and profitability, using the following criteria:

- The investment horizon is up to 1 year.
- In instruments:
  - With a minimum issue or program size of US$500 million (for insuring liquid secondary market).
  - Of issuers located in countries with a rating of at least BB+/Ba1 from one of the main rating agencies (Moody´s, S&P, Fitch)
  - Have a national rating of at least AA or an international rating of BBB-/Baa3 (long term) or F3/ P-3 (short term)
- Excluding demand deposits, the exposure to individual borrowers or groups of borrowers having similar economic interests shall not exceed 15% of total equity.
- Not more than 25% of the liquid portfolio may be invested in a country with a rating lower than AA.
- All investments shall be denominated in US$ or in local currency, provided that a financial institution with an international rating of AA- can hedge against the exchange risk (e.g., currency swap).

Investment Portfolio
The investment of any security of the Investment Portfolio, at the time of purchase, shall have, as a minimum, a "BB-" long-term foreign currency rating from Moody's, Standard & Poor's, or Fitch. In spite of the internal policy that limits the investment portfolio to a maximum of 75% of total equity, the Corporations intention is to keep the investment portfolio to a minimum or zero. For reporting purposes, the Corporation consolidates all elements related to credit risk exposure, e.g. credit risk by economic unit, country risk, and sector risk. The Corporation shall have the firm intention to buy and hold the investment securities to maturity or for an unspecified period of time until they may be sold in response to liquidity needs according to the Contingency Liquidity Plan, as defined in its Liquidity Policy. The investment securities portfolio will not be used for trading or speculative purposes.

The minimum issue size will be at least US$150 million. CIFI's holdings shall not exceed US$5 million of any issue. The probability of having a forecasted capital adequacy ratio lower than 15% in the next 6 months will not exceed 0% and the duration of investment securities portfolio will be not less than -4.00 and not more than +4.00.

As of and during the periods ended June 30, 2016 and December 31, 2015 the concentrations of credit risk by sectors and countries are within the limits established by the Corporation. There are no significant concentrations of credit risk by economic unit, sector, or country. The maximum exposure to credit risk is represented by the nominal amount of each financial asset.

Loans receivable and investment securities are as follows:

Loans and investment securities, net	**June 30, 2016**	**December 31, 2015**
Available-for-sale - Investment portfolio:		
Par value	8,094,270	8,094,270
Discounts, net	(184,175)	(184,175)
Impairment losses on investment securities	(5,472,313)	(5,472,313)
Unrealized losses, net	(1,952,126)	(494,252)
Total investment securities	485,656	1,943,530
Current loans	217,836,704	249,956,895
Past due loans	7,000,000	7,000,000
Total loans	224,836,704	256,956,895
Allowance for loan losses	(4,301,056)	(3,920,332)
Deferred income	(574,214)	(945,534)
Total loans, net	219,961,434	252,091,029
Total investments and loans (par value)	232,930,974	265,051,165
Total investments and loans, net	220,447,090	254,034,559

The loan portfolio includes the financing of project bonds totaling US$3,602,410 (December 31, 2015: US$3,888,603).

The Corporation has a policy in place for granting payment extensions and for restructuring, renegotiating, and refinancing loans. Payment extensions apply only when the borrower is experiencing temporary difficulties and will be able to resume payments in the short term in accordance with the original agreement. Restructuring and refinancing are considered as part of the overall credit/risk reevaluation framework, provided that a joint and collective effort is made by all participating lenders and both owners and lenders will equally share the debt burden.

The Corporation has a derecognition policy in place that requires impaired loans to be monitored on an ongoing basis to determine the probability of their recovery, either by executing a guaranty pledged in favor of the Corporation or through financial restructuring. An impaired loan is derecognized when the Credit Committee determines the loan to be unrecoverable or decides that its valuation does not warrant continued recognition as an asset.

The Corporation has developed a Credit Risk Rating System based on the Altman Z-score method adapted to emerging markets. The method identifies certain key factors based on a company's financial performance that determine the probability of default, and combine or weight them into a quantitative score. That system also includes quantitative information and qualitative factors that affect infrastructure projects and emerging markets. The results consider relevant information such as foreign exchange risk, competition, project analysis, and country risk.

The average loan portfolio risk rating is B+ as of June 30, 2016 (December 31, 2015: loan portfolio risk rating was BB-) based on the Corporation's standards, which are not necessarily comparable to international credit rating standards.

Portfolio risk ratings are as follows:

June 30, 2016	Loans		Investment securities	
Risk rating	Gross	Net (*)	Nominal Value	Fair value
AAA / A-	1,521,744	1,521,744	0	0
BBB+ / BBB-	7,401,731	7,401,731	0	0
BB+ / BB-	56,644,982	56,536,907	0	0
B+ / B-	152,268,247	149,097,391	0	0
<= CCC+	7,000,000	5,977,875	8,094,270	485,656
	224,836,704	220,535,648	8,094,270	485,656

December 31, 2015	Loans		Investment securities	
Risk rating	Gross	Net (*)	Nominal Value	Fair value
AAA / A-	6,867,277	6,867,277	0	0
BBB+ / BBB-	22,829,445	22,829,445	0	0
BB+ / BB-	57,474,656	57,377,713	0	0
B+ / B-	165,885,517	162,250,088	0	0
<= CCC+	3,900,000	3,712,040	8,094,270	1,943,530
	256,956,895	253,036,563	8,094,270	1,943,530

(*) Net of allowance for loan loss.

As of June 30, 2016, the Corporation had one past due loan for US$7,000,000, which was 198 days past due and is secure with Corporate Guarantor; to the date of this report the Corporation is negotiating the restructuring of the debt with the client and has recorded an allowance of 14.60% (December 31, 2015: 14.60%) of the total debt. (December 31, 2015: one past due loan for US$7,000,000, which was 16 days past due).

To secure some of its loans payable, the Corporation pledged to the lenders rights to cash flows derived from certain loans receivable granted by the Corporation; cash flows from certain loan and investment securities portfolios representing 58.98% (December 31, 2015: 45.30%) of the total assets are pledged as of June 30, 2016.

Changes in the allowance for loan losses are as follows:

	June 30, 2016	December 31, 2015
Balance at beginning of year	(3,920,332)	(5,971,278)
Write-offs	0	1,250,000
Reversal of (additional) allowance	(380,724)	800,946
Balance at end of year	(4,301,056)	(3,920,332)

Changes in the impairment allowance for losses on investment securities are as follows:

	June 30, 2016	December 31, 2015
Balance at beginning of year	(5,472,313)	0
Additional allowance	0	(5,557,813)
Write-offs	0	85,500
Balance at end of year	(5,472,313)	(5,472,313)

As of June 30, 2016, the Corporation has no allowance for losses on interest and accounts receivables.

Management of the Corporation generally follows the policy of requiring collateral from its customers or a corporate loan guarantee prior to formally extending and disbursing a loan. The loan portfolio is secured 95% (December 31, 2015: 92%) as follows:

	June 30, 2016	December 31, 2015
Mortgage on fixed assets	78,944,025	95,935,449
Trust	89,456,698	81,053,819
Pledge	21,932,000	23,899,000
Corporate guarantor	23,821,429	34,500,000
Unsecured	10,682,552	21,568,627
	224,836,704	256,956,895

The investment securities portfolio for US$8,094,270 (December 31, 2015: US$8,094,270) is secured with mortgage on fixed assets.

The Corporation classifies loans as past due when no principal or interest payments have been made by one day after the due date.

Loans and investment securities earn interest at rates ranging between 2.80% and 10% per annum (2015: 2.57% and 12.38%).

- Maximum risk by economic unit: In 2014, the maximum limit of risk assumed by the Corporation with respect to individual borrowers or groups of borrowers having similar economic interests was 20% of total capital plus legal reserves. Since December 2015, the maximum limit of risk assumed by the Corporation with respect to individual borrowers or groups of borrowers having similar economic interests is 15% of total equity. By exception, CIFI may exceed the 15%, up to a maximum of 18%, provided that it is not a subordinated loan, and an amount at least equivalent to the excess of the 15% is covered by any of the following guaranties at realization value: First pledge on: i) Non-subordinate debt instruments issued by investment grade institutions or companies with market values updated once per month; ii) mortgage on real assets, appraised at the date of the loan disbursement, representing at least 120% of the loan financed by CIFI; iii) Letters of credit issued by financial institutions with a minimum "BB-" long term debt foreign currency rating according to Moody's, Standard & Poor's or Fitch. As of June 30, 2016, there are 2 groups (2015: one group) of borrowers having similar economics interests exceeding the internal limit. The change was approved by CIFI's Board of Directors in December 2015. This changed was needed to avoid recurrent waivers granted by CIFI's Credit Committee regarding to "single investment exposure limit" and also to provide an adequate definition of economic group that was referring only to "a group of related companies".

  The concentration of the loan and investment securities portfolios in individual borrowers or groups of borrowers having similar economic interests based on total equity or capital and legal reserves in U.S. dollars is as follows:

	% of total equity June 30, 2016		% of total equity December 31, 2015	
	Number of exposures	U.S. dollars	Number of exposures	U.S. dollars
0 to 4.99%	10	38,951,896	9	27,846,395
5 to 9.99%	12	61,517,401	17	106,347,257
10 to 14.99%	10	95,967,407	10	107,763,243
15 to 18%	2	28,400,000	1	15,000,000
	34	224,836,704	37	256,956,895

- Country risk: The Corporation uses a series of classifications by country risk and gross domestic product to place countries in the following risk categories: Prime, Normal, Fair, and Restricted. Under this system, country size is less relevant for high-risk countries and more significant for low risk countries. Each category has a maximum credit limit on the total value of the corresponding loan portfolio. As of June 30, 2016 the Corporation complied with country risk exposure limits.

An analysis of the concentration of credit risk for loans and investment securities at the reporting date is as follows:

	June 30, 2016	December 31, 2015
Ecuador	40,154,069	51,560,562
Honduras	30,146,429	25,052,217
Colombia	22,162,286	29,888,602
Panama	21,342,405	24,888,598
Nicaragua	17,600,652	18,086,855
Guatemala	15,000,000	15,000,000
Peru	13,400,000	3,281,250
Brazil	10,969,459	11,956,446
Chile	10,675,525	11,044,270
Belize	10,000,000	10,000,000
Uruguay	10,000,000	9,357,471
Dominican Republic	9,238,095	10,750,000
Argentina	5,121,739	6,030,435
Haiti	5,000,000	5,000,000
Jamaica	4,796,973	15,016,516
Costa Rica	3,991,342	4,989,177
Saint Lucia	3,332,000	4,999,000
Mexico	0	8,149,766
Total loans and investment portfolio	232,930,974	265,051,165
Assets held-for-sale (Panama)	2,661,160	6,371,499
Total	235,592,134	271,422,664

- Sector risk: The Corporation limits its concentration in any sector to 50% of the corresponding country risk limit. As of June 30, 2016 the Corporation complied with sector risk exposure limits. Most of the renewable energy projects in the portfolio have fixed price contracts, which mitigate the potential adverse impact of low oil prices.

Investments and loans receivable by economic activity are as follows:

	June 30, 2016	December 31, 2015
Solar Power	53,152,044	49,183,537
Wind Power	34,994,214	43,407,237
Hydro Power (mini)	21,648,455	22,679,241
Airports and Seaports	20,138,406	21,780,435
Construction & Engineering	18,942,965	20,581,205
Tourism	13,400,000	13,212,284
Thermo Power	12,609,905	13,710,919
Co-generation (Biomass)	12,581,250	12,950,000
Gas & Oil	11,599,682	12,627,005
Roads, Railroads and Others	8,094,273	15,094,270
Logistical Centers and Other	7,000,000	7,000,000
Telecommunications	6,832,000	17,749,000
Geothermal	5,946,438	6,086,855
Power Distribution	3,991,342	4,989,177
Social Infrastructure	2,000,000	4,000,000
Total loans and investment portfolio	232,930,974	265,051,165
Assets held-for-sale (Thermo Power)	2,661,160	6,371,499
Total	235,592,134	271,422,664

Assets held-for-sale (Panama): In March 2014, CIFI accelerated the loan granted to a thermo-power company in Panama, executing the guarantees of the loan, which included the trusts that owned: all of the shares of the company, all fixed assets (land and equipment), and the license of operation of the plant. As of March 31, 2014 CIFI reclassified the loan for US$7,425,000, transferring the asset from "Loans Receivable" to *"Assets Held-for-Sale"*. Impairment losses of US$4,745,258 for write-downs of the asset held-for-sale to the lower of its carrying amount and its fair value less costs to sell have been included in the statement of comprehensive income as of June 30, 2016. The carrying value of the asset held for sale as of June 30, 2016 is US$2,661,160 (2015: US$6,371,499). As of June 30, 2016 the asset is being actively marketed.

Changes in the impairment allowance for assets held-for-sale are as follows:

	June 30, 2016	December 31, 2015
Balance at beginning of year	(1,053,501)	0
Additional allowance	(3,691,757)	(1,053,501)
Balance at end of year	(4,745,258)	(1,053,501)

(c) *Liquidity risk*
Liquidity risk arises in the general funding of the Corporation's activities. It includes both the risk of being unable to fund assets at appropriate maturities and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame.

Management of liquidity risk
The Corporation's approach to managing liquidity is to ensure, as far as possible, that it will always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Corporation's reputation.

The Treasurer receives information from management of new business units regarding liquidity needs for the next several days, weeks, and months. The Treasurer then keeps a portfolio of short-term liquid assets, largely made up of cash in banks, liquid investments in secure instruments in accordance with internal policies on liquid portfolio investment limits, and committed and available lines of credit, to ensure that the Corporation can meet expected and unexpected liquidity requirements.

The liquidity position is monitored on a regular basis and liquidity stress testing is conducted under scenarios covering both normal and more severe market conditions. All internal policies and procedures for term matching are subject to review and approval by the Board of Directors. The Credit Committee monitors the Corporation's liquidity position by evaluating the following requirements established in the Corporation's current liquidity policy:

- Mismatches in the statement of financial position – Asset-Liability Gap Analysis
- Anticipated funding needs and strategies
- Liquidity position
- Mark to market variances
- Stress analysis of the Corporation's forecasted cash flows

As of June 30, 2016, the Corporation had US$37,378,115 (December 31, 2015: US$8,672,736) in cash and cash equivalents, and maintains undisbursed and available balances of committed credit facilities with financial institutions for US$93,500,000 (December 31, 2015: US$134,500,000) with tenors between 2016 and 2017 (December 31, 2015: tenors between 2016 and 2017). Additionally, the Corporation maintains undisbursed and available balances of uncommitted short term revolving credit facilities with financial institutions for US$9,528,350 (December 31, 2015: US$5,861,683) (see note 12).

According to the Corporation's liquidity policies, the Corporation shall comply with the following two limits: i) Cumulative Asset-Liability gap from 1 to 365 days > 0, and ii) Probability of negative cash flow balance in 1 year ≤ 1%. To apply the policy, the Asset-Liability gap analysis aggregates all contractual cash flows of on- and off-balance sheet assets and liabilities in its corresponding time band and cash flows attributed to undrawn loan commitments and borrowings are allocated to the time band in which management expects its occurrence.

The Corporation's on-balance sheet financial asset and liability terms are matched as follows:

June 30, 2016	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 365 days	Over 365 days	Total
Assets							
Cash and cash equivalents	37,378,115	0	0	0	0	0	37,378,115
Loans and investments, gross	1,343,276	2,777,733	16,341,221	13,282,692	25,723,003	173,463,049	232,930,974
Accrued interest receivable	870,991	751,271	1,137,611	685,663	40,007	0	3,485,543
Assets held-for-sale	0	0	0	2,661,160	0	0	2,661,160
Total	39,592,382	3,529,004	17,478,832	16,629,515	25,763,010	173,463,049	276,455,792
Liabilities							
Loans payable	2,401,514	13,730,957	4,278,846	13,610,917	29,260,872	117,948,446	181,231,552
Accrued interest payable	249,886	824,954	264,201	159,544	0	0	1,498,585
Derivative liabilities	0	0	0	2,092	(7,212)	8,560	3,440
Total	2,651,400	14,555,911	4,543,047	13,772,553	29,253,660	117,957,006	182,733,577

December 31, 2015	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 365 days	Over 365 days	Total
Assets							
Cash and cash equivalents	8,672,736	0	0	0	0	0	8,672,736
Loans and investments, gross	15,577,239	6,615,727	3,433,442	36,336,988	34,486,347	168,601,422	265,051,165
Accrued interest receivable	964,692	588,060	549,704	428,038	17,153	0	2,547,647
Assets held-for-sale	0	0	0	6,371,499	0	0	6,371,499
Total	25,214,667	7,203,787	3,983,146	43,136,525	34,503,500	168,601,422	282,643,047
Liabilities							
Loans payable	2,401,514	25,769,333	4,278,846	11,110,917	28,560,611	111,170,941	183,292,162
Accrued interest payable	303,770	926,173	290,772	105,522	0	0	1,626,237
Derivative liabilities	0	0	0	9,574	1,695	(8,533)	2,736
Total	2,705,284	26,695,506	4,569,618	11,226,013	28,562,306	111,162,408	184,921,135

The following table includes the Corporation's assets and liabilities terms including on-balance and off-balance sheet items. Off-balance sheet assets and liabilities are related to credits pending disbursement to different companies and undisbursed committed lines of credit grouped on the Corporation's best estimate of when these lines will be used.

June 30, 2016	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 365 days	Over 365 days	Total
Assets							
Cash and cash equivalents	37,378,115	0	0	0	0	0	37,378,115
Loans and investments, gross	1,343,276	2,777,733	16,341,221	13,282,692	25,723,003	173,463,049	232,930,974
Assets held-for-sale	0	0	0	2,661,160	0	0	2,661,160
Off-balance sheet assets (*)	22,684	(27,500,000)	(11,500,000)	(1,987,669)	(1,311,138)	42,276,123	0
Liabilities							
Loans payable	(2,401,514)	(13,730,957)	(4,278,846)	(13,610,917)	(29,260,872)	(117,948,446)	(181,231,552)
Off-balance sheet liabilities (a)	0	0	0	17,875,000	17,875,000	(35,750,000)	0
GAP	36,342,561	(38,453,224)	562,375	18,220,266	13,025,993	62,040,726	91,738,697
Cumulative gap	36,342,561	(2,110,663)	(1,548,288)	16,671,978	29,697,971	91,738,697	

December 31, 2015	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 365 days	Over 365 days	Total
Assets							
Cash and cash equivalents	8,672,736	0	0	0	0	0	8,672,736
Loans and investments, gross	15,577,239	6,615,727	3,433,442	36,336,988	34,486,347	168,601,422	265,051,165
Assets held-for-sale	0	0	0	6,371,499	0	0	6,371,499
Off-balance sheet assets (*)	(12,923,779)	(1,947,654)	0	(9,263,622)	(8,438,904)	32,573,959	0
Liabilities							
Loans payable	(2,401,514)	(25,769,333)	(4,278,846)	(11,110,917)	(28,560,611)	(111,170,943)	(183,292,164)
Off-balance sheet liabilities (a)	0	31,856,000	20,000,000	13,375,000	12,231,000	(77,462,000)	0
GAP	8,924,682	10,754,740	19,154,596	35,708,948	9,717,832	12,542,438	96,803,236
Cumulative gap	8,924,682	19,679,422	38,834,018	74,542,966	84,260,798	96,803,236	

(*) See note 12.

(a) The Corporation's strategy is to maintain its liquidity off-balance through available committed long term lines of credit from top international financial institutions in order to minimize the negative burden of keeping the required liquidity by internal policy for covering one year cash needs in balance at higher cost. The Corporation's estimates that whenever the credit lines are used, they will be paid in more than 365 days.

Outstanding contractual maturities of financial liabilities are as follows:

June 30, 2016	Carrying amount*	Gross Nominal outflow	Less than 1 month	Over 1 to 3 months	Over 3 months to 1 year	Over 1 to 5 years	Over 5 years
Non-derivative liabilities							
Loans payable	181,231,552	181,231,552	2,401,514	18,009,803	42,871,789	108,971,173	8,977,273
Interest **	1,498,585	18,002,897	275,133	1,731,070	5,457,009	10,061,123	478,562
Derivative liabilities							
Interest rate swaps **	3,440	5,120	0	0	5,120	0	0
Total	182,733,577	199,239,569	2,676,647	19,740,873	48,333,918	119,032,296	9,455,835

December 31, 2015	Carrying amount*	Gross Nominal outflow	Less than 1 month	Over 1 to 3 months	Over 3 months to 1 year	Over 1 to 5 years	Over 5 years
Non-derivative liabilities							
Loans payable	183,292,164	183,292,164	2,401,515	30,048,179	39,671,528	99,693,669	11,477,273
Interest **	1,626,237	15,631,657	333,759	1,828,791	4,266,822	8,444,740	757,455
Derivative liabilities							
Interest rate swaps **	2,736	13,520	0	0	11,268	2,252	0
Total	184,921,137	198,937,341	2,735,274	31,876,970	43,949,618	108,140,661	12,234,728

* Excludes deferred commissions
** Includes estimated interest payments at projected forward LIBOR rates

(d) Market risk

Market risk is the risk that unfavorable movements in market variables, such as interest rates, equity prices, underlying assets, foreign exchange rates, and other financial variables will affect the Corporation's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and monitor risk exposure and to ensure that such exposure does not exceed acceptable limits, thus jeopardizing returns.

Foreign currency risk
The Corporation incurs foreign currency risk when the value of its assets and liabilities denominated in currencies other than the U.S. dollar is affected by exchange rate variations, which are recognized in the statement of comprehensive income.

As of June 30, 2016 and December 31, 2015 all of the Corporation's assets and liabilities are denominated in U.S. dollars. Accordingly, no foreign currency risk is anticipated.

Interest rate risk
Interest rate risk is the risk that future cash flows and the value of underlying financial instruments will vary due to changes in market interest rates. Interest rate risk is managed by following an internal policy that limits the duration of equity to +/-1.5%. The Credit Committee is responsible for monitoring interest rate risk.

Most of the Corporation's interest-earning assets and interest-bearing liabilities are re-priced at least quarterly. As of June 30, 2016, 31% (December 31, 2015: 21%) of interest-earning assets and 10% (December 31, 2015: 12%) of interest-bearing liabilities net of swaps are set to re-price after six months.

In order to comply with the internal duration policy the Corporation also uses interest rate derivatives to hedge some of its fixed-rate asset positions by converting them into a variable rate position and its floating–rate liabilities positions by converting them into a fix rate position.

The following tables summarize the Corporation's exposure to interest rate risks based on duration of economic equity analysis.

June 30, 2016	Assets	Liabilities	Economic Equity
Present value	$281,661,447	($188,354,771)	$93,306,676
Duration (excluding interest rate swap)	0.44	0.53	
Notional interest rate swaps		$4,444,444	
IRS duration		(0.71)	
Duration (including interest rate swap)	0.42	0.53	(0.11)
Floating rate as a % total	66%	91%	
Fixed rate as a % total	21%	9%	
Hybrid rate as a % total	0%	0%	
Duration of economic equity			0.22%
POLICY LIMIT:			+/- 1.50

December 31, 2015	Assets	Liabilities	Economic Equity
Present value	$283,679,216	($189,419,184)	$94,260,032
Duration (excluding interest rate swap)	0.51	0.48	
Notional interest rate swaps		$6,666,667	
IRS duration		(0.96)	
Duration (including interest rate swap)	0.51	0.05	0.01
Floating rate as a % total	75%	90%	
Fixed rate as a % total	23%	10%	
Hybrid rate as a % total	0%	0%	
Duration of economic equity			0.51%
POLICY LIMIT:			+/- 1.50

A change of 100 basis points in interest rates would have increased or decreased the Corporation's net economic value by US$206,084, which represents a change of +/- 5.2% of annualized net income and +/- 0.24% of equity as of June 30, 2016.

The following tables summarize the Corporation's exposure to interest rate risk. Assets and liabilities are classified based on the repricing or maturity date, whichever occurs first.

June 30, 2016	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 365 days	Over 365 days	Total
Assets:							
Loans and investments	49,007,702	26,972,592	71,059,364	44,587,710	10,774,852	30,528,754	232,930,974
Liabilities:							
Loans payable	13,039,832	74,230,667	23,894,232	53,589,549	1,136,364	15,340,908	181,231,552
Total gap	35,967,870	(47,258,075)	47,165,132	(9,001,839)	9,638,488	15,187,846	51,699,422

December 31, 2015	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 365 days	Over 365 days	Total
Assets:							
Loans and investments	71,263,872	28,251,998	48,551,133	62,638,911	21,228,031	33,117,220	265,051,165
Liabilities:							
Loans payable	16,706,498	100,333,333	28,173,078	20,465,618	1,136,364	16,477,273	183,292,164
Total gap	54,557,374	(72,081,335)	20,378,055	42,173,293	20,091,667	16,639,947	81,759,001

(e) *Operational risk*

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Corporation's processes, personnel, technology and infrastructure, and from external factors such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Corporation's operations and are faced by all business entities.

The Corporation's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Corporation's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development of internal controls and procedures to address operational risk is assigned to the Corporation's management. The Corporation the following controls and procedures in place:

- Internal procedures for evaluating, approving, and monitoring loan operations
- Internal procedures for managing the liquid portfolio
- Internal procedures for acquiring derivative instruments
- Internal procedures for the minimum insurance requirement
- Environmental and social policies
- Compliance with internal policies and controls
- Code of conduct for employees and the Board of Directors and its Committees
- Corporate Compliance Manual to prevent illegal money laundering activities
- Acquisition of insurance to mitigate operational risk.

The Audit Committee monitors compliance with the Corporation's internal policies and procedures on a regular basis.

(f) *Capital management*

The Corporation has a capital adequacy policy that was approved by the Board of Directors on October 22, 2009. The Corporation's capital structure is as follows:

	June 30, 2016	**December 31, 2015**
Tier 1 capital	88,030,245	90,141,143
Tier 2 capital	(1,955,394)	(496,151)
Total capital	86,074,851	89,644,992

The Tier 2 is represented by the 55% of the net unrealized gain of the fair value reserve. When the net balance of the fair value reserve is in a net unrealized loss position, the Corporation considers 100% of the amount for its Tier 2 figure.

	June 30, 2016	**December 31, 2015**
Risk weight of 0%	0	0
Risk weight of 20%	7,475,623	1,734,547
Risk weight of 50%	33,413,513	20,734,778
Risk weight of 100%	229,294,830	264,200,567
Risk weighted assets	270,183,966	286,669,892
Capital adequacy	31.86%	31.27%
Required capital adequacy (established by the Board)	20.00%	20.00%

(6) Loans Payable

Loans payable, net of origination costs (commissions paid) are as follows:

Foreign financial institutions	Maturity	June 30, 2016	December 31, 2015
FMO	2020	40,500,000	0
IDB	2019	44,564,000	52,000,000
CORPBANCA	2018	26,666,667	33,333,333
CDB	2024	17,613,636	18,750,000
CAF	2016	3,000,000	15,000,000
OFID	2022	15,000,000	15,000,000
CABEI	2018	12,471,650	16,138,317
DEG	2019	8,076,923	9,230,769
BIO / SIFEM	2017	4,444,444	6,666,667
OFID	2018	5,769,232	6,923,078
ADB	2016	0	4,000,000
NORFUND	2016	3,125,000	6,250,000
		181,231,552	183,292,164
Deferred expense		(2,316,036)	(2,572,910)
Total		178,915,516	180,719,254

The effective interest rates on loans with foreign financial entities range between 2.07% and 4.78% per annum (December 31, 2015: 1.70% and 4.29%).

The following is a detail of the loans outstanding, undrawn balance of committed lines of credit and undrawn balance of uncommitted lines of credit as of June 30, 2016 and December 31, 2015:

	June 30, 2016	December 31, 2015
Loans outstanding	181,231,552	183,292,164
Undrawn balance of committed lines of credit	93,500,000	134,500,000
Undrawn balance of uncommitted lines of credit	9,528,350	5,861,683

See note 5.c. for information on outstanding contractual maturities of borrowings. The Corporation has never had any defaults of principal, interest or other breaches with respect to its loans payable.

(7) Equity

Share capital

The Corporation's share capital is comprised of 54,000,001 shares of US$1 par value, for a total of US$54,000,001. Of that total, 14,082,203 are Class A preferred shares, and 39,917,798 are Class B common shares (December 31, 2015: 14,082,203 Class A preferred shares and 39,917,798 Class B common shares).

The share capital is distributed as follows:

	June 30, 2016		December 31, 2015	
	Acquired Capital	**Ownership Interest**	**Acquired Capital**	**Ownership Interest**
Norwegian Investment Fund for Developing Countries	17,263,819	31.97%	17,263,819	31.97%
Banistmo, S.A.	6,122,697	11.34%	6,122,697	11.34%
Central American Bank for Economic Integration	6,122,697	11.34%	6,122,697	11.34%
Caixa Banco de Investimento, S. A.	6,122,697	11.34%	6,122,697	11.34%
International Finance Corporation	4,285,888	7.94%	4,285,888	7.94%
Caribbean Development Bank	3,673,618	6.80%	3,673,618	6.80%
Finish Fund for Industrial Cooperation Ltd.	3,673,618	6.80%	3,673,618	6.80%
Itau Unibanco, S. A.	3,673,618	6.80%	3,673,618	6.80%
Banco Pichincha C. A.	3,061,349	5.67%	3,061,349	5.67%
	54,000,001		54,000,001	

Reserves

- *Legal reserve:*
  The Corporation allocates 5% of net income to a legal reserve, not to exceed 20% of outstanding share capital.

- *Fair value reserve:*
  The fair value reserve includes the cumulative net change in the fair value of available-for-sale securities until the securities are derecognized.

(8) Basic Earnings per Share

The calculation of basic earnings per share was based on the profit attributable to shareholders and a weighted average number of shares, as follows:

	June 30, 2016	June 30, 2015
Net income	(1,969,968)	3,578,739
Number of shares	54,000,001	54,000,001
Earnings per share	(0.04)	0.07

(9) Income Tax

Panama

The income tax returns of the Corporation are subject to examination by the local income tax authorities for the last three (3) years, in accordance with current tax regulations.

In accordance with current tax regulations, companies incorporated in Panama are exempt from income taxes on profits derived from foreign operations. They are also exempt from income taxes on profits derived from interest earned on deposits with banks operating in Panama, and investment securities issued by the Government of Panama and the securities listed with the Superintendence of Market Securities and traded through the Panama Stock Exchange.

By Official Gazette No.26489-A, Law No. 8 was published on March 15, 2010 which amends the general rates of income tax. For Corporations in Panama, the current interest tax rate shall calculate on 25% of taxable net income.

The Law No. 8 of March 15, 2010 introduced the method of taxation for presumption income tax, forcing the legal person who earns income in excess of one million five hundred thousand dollars (US$1,500,000) to determine its tax base as the amount greater of: (a) the net taxable income calculated by the ordinary method established in the Tax Code and (b) the net taxable income resulting from the application to the total taxable income, the four point sixty-seven percent (4.67%).

Legal entities that incur losses because the tax computed under the presumption method or which by reason of the alleged application of that method, the effective rate exceeds the tax rate applicable to net taxable income under the regular method for a particular tax year may request tax authorities to determine income tax under the ordinary method of calculation.

Following is a reconciliation of net financial income before income tax to net taxable income:

Panama	**June 30, 2016**	**June 30, 2015**
Net financial (loss) income before tax	(543,679)	5,276,461
Foreign revenue, exempt and non-taxable, net of costs and expenses	681,900	(4,805,667)
Net taxable income	138,221	470,794
Current income tax expense, estimated	34,556	117,699
Prior year income tax adjustments	84,313	91,956
Income tax	118,869	209,655

The effective Panama tax rate of the Corporation in June 30, 2016 was 6.36% (June 30, 2015: 3.97%). The Corporation does not present a deferred tax effect.

United States of America (US)
The income tax returns of the Corporation are subject to examination by the state and federal income tax authorities for the last three (3) years, in accordance with current tax regulations.

For purposes of determining the taxable income, the income effectively connected to business transactions performed in the United States is subject to income tax. Generally, when a foreign corporation engages in a trade or business in the United States, all income from sources within the United States connected with the conduct of that trade or business is considered to be Effectively Connected Income (ECI).

We have calculated the provision for income taxes during the period by applying an estimate of the annual effective tax rate for the full fiscal year to income for the reporting period. We have used a tax rate of 34% to calculate federal income taxes and a tax rate of 6% to calculate Virginia state tax for the period ended on June 30, 2016.

Following is a reconciliation of net financial income before income tax to net taxable income:

US	June 30, 2016	June 30, 2015
Net financial (loss) income before income tax	(543,679)	5,276,461
Foreign revenue, exempt and non-taxable, net of costs and expenses	2,236,034	(2,282,879)
Depreciation	(8,092)	(8,092)
Net taxable income for Virginia state tax	1,684,263	2,985,490
Current Virginia state tax expense, estimated	101,056	1,015,067
Prior year state tax adjustments	(646)	340,000
Total Virginia state tax expense	100,410	1,355,067
Net taxable income for Federal income tax	1,583,207	1,970,423
Current Federal income tax expense, estimated	538,291	67,000
Prior year Federal income tax	668,719	66,000
Total Federal income tax expense	1,207,010	133,000
Total taxes	1,307,420	1,488,067

The effective U.S. tax rate of the Corporation for the quarter ended in June 30, 2016 was 117.60% (June 30, 2015: 28.20%). The Corporation does not present a deferred tax effect.

	June 30, 2016	June 30, 2015
Total income tax, Panama and US	1,426,289	1,697,722

(10) Derivatives Held for Risk Management Purposes

Interest rate derivatives

Management uses interest rate swaps to reduce interest rate risk on its assets (loans receivable). The Corporation reduces its credit risk in respect of those agreements by dealing with financially sound counterpart institutions.

Swap agreements acquired by the Corporation are as follows:

	June 30, 2016			
	Interest Rate	Maturity	Notional Value	Fair Value
Designated cash flow hedges of interest rate risk				
Goldman Sachs............	Variable: L+ 6M.	6/15/2017	4,444,444	3,440

	December 31, 2015			
	Interest Rate	Maturity	Notional value	Fair value
Designated fair value hedges of interest rate risk				
Goldman Sachs............	Variable: L+ 6M.	6/15/2017	6,666,667	2,736

The notional value of the above instruments has a specific amortization schedule over the life of the operation.

The Corporation did not recognize gains or losses as of June 30, 2016 and June 30, 2015 in the statement of comprehensive income, derived from the net change in fair value of the derivatives. The Corporation recognized in the statement of changes in equity in the fair value reserve, the net loss of US$1,369 as of June 30, 2016, (June 30, 2015: net loss of US$1,666) representing the change in fair value of the cash flow hedge.

There is no any ineffectiveness derived from cash flow hedges as of June 30, 2016 and December 31, 2015.

(11) Fair Value of Financial Instruments

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Corporation determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Corporation measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

- Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

- Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist, and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premises used in estimating discount rates, bond and equity prices, and foreign currency exchange rates.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Corporation uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, such as interest rate and currency swaps that use only observable market data and require little management judgement and estimation. Observable prices or model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple over-the-counter derivatives such as interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

The financial instruments recorded at fair value by hierarchical level are as follows:

	June 30, 2016	
	Carrying amount	**Fair value Level 2**
Investment securities	485,656	485,656
Derivative liabilities	(3,440)	(3,440)

	December 31, 2015	
	Carrying amount	**Fair value Level 2**
Investment securities	1,943,530	1,943,530
Derivative liabilities	(2,736)	(2,736)

The following table sets outs the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorized:

	June 30, 2016	
	Carrying amount	**Fair value Level 3**
Loans receivable	224,836,704	243,522,619
Loans payable	181,231,552	188,354,771

	December 31, 2015	
	Carrying amount	**Fair value Level 3**
Loans receivable	253,036,563	263,600,102
Loans payable	183,292,164	189,475,680

During June 30, 2016, there have not been transfers from Level 1 to Level 2 or from Level 2 to Level 1 of the fair value hierarchy (December 31, 2015: no transfers from Level 1 to Level 2).

Valuation techniques and data inputs used in measuring financial instruments categorized a Level 2 and Level 3 in the fair value hierarchy are as follows:

(a) *Cash and cash equivalents*
The book value is similar to fair value due to of its short term nature.

(b) *Investment securities and derivate liabilities*
The fair values are based on quoted market prices for investment securities and for derivatives liabilities using a model based on observable market data, such as: yield rates LIBOR OIS (Overnight Index Swap) and LIBOR rates zero coupon yield. Additionally, for those interest rate swaps indexed to the different tenors (LIBOR 1M, LIBOR 3M, LIBOR 6M), Management uses the yield curve corresponding to the tenor in order to estimate the respective implied forward rates; which are used for estimating future cash flows.

(c) *Loans receivable*
The fair value of loans is determined by creating classes of loans with similar financial characteristics. The fair value of each class of loans is calculated by discounting cash flows expected until maturity, using a market discount rate that reflects the inherent credit and interest rate risks. Assumptions related to credit, cash flows, and discounted interest rate risks are determined by management based on available market and internal information.

(d) *Loans payable*
The fair value of loans payable is calculated by discounting committed cash flows at current market rates for loans with similar maturities.

(12) Commitments and Contingencies

In the normal course of business, the Corporation maintains off-balance sheet commitments and contingencies that involve a certain degree of credit and liquidity risk.

As of June 30, 2016, the Corporation has commitments and contingencies in the amount of US$66,827,026 corresponding to credits pending disbursement to different companies in the amount of US$51,127,026; and commitments for undersigned guaranty agreements and letters of credit in the amount of US$15,700,000 (December 31, 2015: the Corporation has commitments and contingencies in the amount of US$54,869,555 corresponding to credits pending disbursement to different companies in the amount of US$39,169,555; and commitments for undersigned guaranty agreements and letters of credit in the amount of US$15,700,000).

To management's best knowledge, the Corporation is not involved in any litigation that is likely to have a significant adverse effect on its business, financial position, or financial performance.