Corporación Interamericana para el Financiamiento de Infraestructura, S. A. and Subsidiaries

Report and Consolidated Financial Statements
December 31, 2021

Corporación Interamericana para el Financiamiento de Infraestructura, S. A. and Subsidiaries

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December 31, 2021

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PricewaterhouseCoopers, S.R.L.

Independent Auditors' Report

To Shareholders and Board of Directors of
Corporación Interamericana para el Financiamiento de Infraestructura, S. A.

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Corporación Interamericana para el Financiamiento de Infraestructura, S. A. (the "Corporation" or "CIFI") as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

Corporation's consolidated financial statements comprise:

- Consolidated statement of financial position as at December 31, 2021;
- Consolidated statement of comprehensive income for the year then ended;
- Consolidated statement of changes in equity for the year then ended;
- Consolidated statement of cash flows for the year then ended; and
- The notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

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 *Auditors' responsibilities for the audit of the consolidated 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 the Corporation in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the requirements of the code of professional ethics for certified public accountants that are relevant to our audit of the consolidated financial statements in the Republic of Panama. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the Republic of Panama.

Other matter

The consolidated financial statements as of December 31, 2020 and for the year ended on that date, were audited by other auditors, whose report dated March 25, 2021, issued an unmodified opinion.

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Key Audit matters

Key audit matters are those that, in our professional judgment, were the most significant in our audit of the current year's consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements taken as a whole and in forming our audit opinion thereon, and we do not issue a separate opinion thereon.

Area of focus

Provision for loan's expected credit losses
The Corporation records the provision for expected credit losses, based on the concept of expected losses, as required by IFRS 9 - Financial instruments: recognition and measurement. This estimate is an area of focus in our audit, since it requires complex analyzes and the use of subjective judgments by the Corporation's management, such as: the probability of default (PD), the estimation of loss given default parameter (LGD) and the inclusion of forward-looking information.

As of December 31, 2021, the total loans amount to US$363,933,613 and the provision for expected credit losses to US$5,067,139.

The Corporation uses the following methodologies to determine the provision for expected credit losses:

Collectively Assessed Loans

The provision for impairment includes the expected credit loss "ECL" as the result of the loan rating model and the mechanism to determine the probability of default of the loan, according to the stage of impairment in which it was assigned. As of December 31, 2021, the Corporation had US$346,292,347 of loans evaluated collectively and a provision for loan portfolio of US$3,796,779.

Individually Evaluated Loans

The Corporation evaluates impaired loans using the projection of future cash flows and the credit behavior of the debtor. The amount of the loss is determined based on the balance owed less the weighted net present value of expected future cash flows. As of December 31, 2021, the Corporation had US$17,641,266 of individually evaluated loans and a provision for loan portfolio of US$1,270,360.

See more detail in Notes 3f(vi), and 6 of the consolidated financial statements.

How our audit addressed the area of focus

We evaluate the design and test the operating effectiveness of key controls for determining the provision for expected credit losses on loans.

These controls include the identification of impaired loans, the calculation of the provision for expected credit losses, the evaluation of the data and the variables involved in the calculation, as well as the approvals and reconciliation against the accounting records.

Additionally, we have performed audit procedures that include:

For collectively assessed loans, we do the following:

- We evaluated the methodology applied by the Corporation in the model of expected credit losses, in accordance with IFRS 9 "Financial Instruments", through the inspection of policies, manuals and methodology documented and approved by the corporate governance of the Corporation.
- For a sample of loans, we obtained the credit files and observed the financial information of the debtors and the payment capacity that supports the credit operations and other factors that could represent an event that could cause a significant increase in credit risk, aspects used to determine the risk ratings given.
- We evaluate the assumptions applied by management in relation to the current conditions of the economy and their consideration in the prospective analysis.
- We evaluate the inputs used by management in the models, such as: balances, portfolio segmentation, and credit risk ratings, with internal information
- Based on the above information, we recalculated 100% of the collective loan provision.

For individually assessed loans, we do the following:

- We evaluate the objective evidence of impairment for its classification in stage 3.
- We select a sample of loans and review the future cash flows estimated by management, assess the reasonableness of the expected repayment cash flows and compare them against the debtor's exposure.
- Based on the above information, we recalculated 100% of the individual loan provision.

Other information

Management is responsible for the other information. The other information refers to the "Annual Update Report" (but does not include the consolidated financial statements or our corresponding audit report on them). The "Annual Update Report" is expected to be available to us after the date of our audit opinion.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of conclusion that provides a degree of certainty in this regard. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or appears to be there is a material error.

When we read the "Annual Update Report", if we conclude that there is a material error in it, we are obliged to communicate the matter to those charged with governance of the Corporation.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Corporations'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated 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 consolidated 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 Corporaton'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 Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated 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 auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 of the Corporation with a statement that we have complied with applicable ethical requirements regarding independence and have disclosed all relationships and other matters that may reasonably affect our independence and, where applicable, the actions taken to eliminate the threats or safeguards applied.

Report on other legal and regulatory requirements

In compliance with Law 280 of December 30, 2021, which regulates the profession of certified public accountants in the Republic of Panama, we declare the following:

- The direction, execution and supervision of this audit work has been carried out physically in Panamanian territory.
- The auditing partner in charge who has prepared this report of the independent auditors is Víctor Delgado with certified public accountant license No.3146.
- The engagement team that has participated in the audit referred to this report is constituted by Víctor Delgado, Partner; Maribel Tejada, Partner and Christopher Collins, Manager.

PricewaterhouseCoopers
March 24, 2022
Panama, Republic of Panamá

Victor M. Delgado G.
Victor Delgado
CPA 3146

Consolidated Statement of Financial Position
December 31, 2021
(Expressed in US Dollars)

	Note	2021	2020
Assets			
Cash	6, 7	51,598,072	53,245,966
Investment securities at amortized cost	6	4,081,560	4,457,147
Loans receivable, net at amortized cost	6	357,321,168	391,229,995
Securitized loans	6, 22	24,117,501	-
Furniture, equipment and improvements, net	9	1,482,646	1,862,015
Receivables from advisory and structuring services, net	6	6,381,439	3,189,624
Derivative assets held for risk management	6, 19	-	7,687,044
Investment property	10	15,756,299	17,016,964
Margin call	6	6,230,000	-
Other assets	11	6,110,450	3,395,903
Total assets		473,079,135	482,084,658
Liabilities and Equity			
Liabilities			
At amortized cost:			
Loans	6, 8, 12	149,374,504	159,909,764
Bonds	6, 8, 13	154,084,363	166,415,132
Commercial paper	6, 8, 14	20,211,988	39,547,711
Accrued interest payable		1,275,647	1,193,573
Securitization liabilities	6, 22	24,117,501	-
Derivative liabilities held for risk management	19	9,534,884	410,804
Lease liabilities		830,306	1,268,274
Margin call	19	-	5,012,000
Other liabilities	15	4,713,635	3,457,927
Total liabilities		364,142,828	377,215,185
Equity			
Share capital	16	54,000,001	54,000,001
Treasury shares	16	(3,673,618)	(3,673,618)
Additional paid-in capital		85,000	85,000
Retained earnings		58,524,924	54,458,090
Total equity		108,936,307	104,869,473
Total liabilities and equity		473,079,135	482,084,658
Commitments and contingencies			
Loans pending disbursement	21	50,986,307	39,621,134
Undrawn balance of credit facilities	6, 12	27,100,000	31,694,976
Notional amount of swaps	19	150,961,945	141,658,966
Credit letter stand by		5,000,000	-

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

Corporación Interamericana para el Financiamiento de Infraestructura, S. A. and Subsidiaries

Consolidated Statement of Comprehensive Income
For the year ended on December 31, 2021
(Expressed in US Dollars)

	Note	2021	2020
Interest income:			
Cash and cash equivalents		431,288	265,983
Investment securities		192,611	103,232
Loans receivable		26,971,217	27,424,170
Total interest income		27,595,116	27,793,385
Interest expense:			
Loans payable		(6,746,902)	(8,069,098)
Debt securities		(9,276,774)	(8,118,670)
Lease liability		(58,333)	(74,807)
Total interest expense		(16,082,009)	(16,262,575)
Net interest income		11,513,107	11,530,810
Other income:			
Advisory and structuring fees and others, net		8,555,606	9,684,573
Gain on derivative instruments and other financial instruments, net		2,704,793	3,823,262
Total other income		11,260,399	13,507,835
Operating income		22,773,506	25,038,645
Provision for loan losses	6	(4,486,310)	(5,377,977)
Impairment loss on assets held-for-sale		-	(92,470)
Impairment loss on receivable	6	(933,495)	(319,754)
Depreciation and amortization expense	9	(247,924)	(457,101)
Personnel expenses		(4,493,044)	(6,204,741)
Other administrative expenses		(3,497,986)	(3,310,094)
Net income before tax		9,114,747	9,276,508
Income tax	18	570,855	88,105
Total comprehensive income for the year		9,685,602	9,364,613
Basic earnings per share	17	0.19	0.19

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

Corporación Interamericana para el Financiamiento de Infraestructura, S. A. and Subsidiaries

Consolidated Statement of Change in Equity
For the year ended on December 31, 2021
(Expressed in US Dollars)

	Share capital	Treasury shares	Additional paid-in capital	Retained earnings	Total equity
Balance at December 31, 2019	54,000,001	(3,673,618)	85,000	48,460,216	98,871,599
Net income for the year	-	-	-	9,364,613	9,364,613
Total comprehensive income for the year	-	-	-	9,364,613	9,364,613
Transactions with owners of the Corporation					
Complementary tax, Panama	-	-	-	(42,897)	(42,897)
Dividends paid	-	-	-	(3,323,842)	(3,323,842)
Balance at December 31, 2020	54,000,001	(3,673,618)	85,000	54,458,090	104,869,473
Balance at December 31, 2020	54,000,001	(3,673,618)	85,000	54,458,090	104,869,473
Net income for the year	-	-	-	9,685,602	9,685,602
Total comprehensive income for the year	-	-	-	9,685,602	9,685,602
Transactions with owners of the Corporation					
Dividends declared	-	-	-	(5,618,768)	(5,618,768)
Balance at December 31, 2021	54,000,001	(3,673,618)	85,000	58,524,924	108,936,307

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

Corporación Interamericana para el Financiamiento de Infraestructura, S. A. and Subsidiaries

Consolidated Statement of Cash Flows
For the year ended on December 31, 2021
(Expressed in US Dollars)

	Note	2021	2020
Cash flows from operating activities			
Net income for the year		9,685,602	9,364,613
Gain on derivative instruments and other financial assets, net		(2,704,793)	(3,823,262)
Provision for loan losses	6	4,486,310	5,377,977
Impairment loss on assets held-for-sale	6	-	92,470
Impairment loss on receivables	6	933,495	319,754
Depreciation and amortization expense	9	247,924	457,101
Net interest income		(11,513,107)	(11,530,810)
Income tax expense		(570,855)	(88,105)
		564,576	169,738
Changes in:			
Deposit more than ninety days		(3,000,000)	-
Other assets		(3,118,801)	141,388
Other account payable		(478,859)	1,905,095
Loan collections		149,887,190	94,124,627
Loan disbursements		(120,165,140)	(112,745,613)
		23,124,390	(16,574,503)
Income tax paid		(29,429)	(400,133)
Interest received		27,259,052	28,080,133
Interest paid		(15,999,936)	(16,300,529)
		11,229,687	11,379,471
Net cash provided by (used in) from operating activities		34,918,653	(5,025,294)
Cash flows from investing activities			
Acquisition of investment securities		(4,300,000)	(6,691,000)
Proceeds form sales, redemption and amortization of securities		4,672,000	4,138,000
Acquisition of furniture, equipment and improvements	9	(57,026)	-
Proceeds from sale of computer equipment	9	8,975	1,786
Adjustments of furniture, equipment and improvements	9	179,495	-
Net cash provided by (used in) from investing activities		503,444	(2,551,214)
Cash flows from financing activities			
Proceeds from loans payable	8	76,464,652	119,470,916
Repayment of loans payable	8	(86,999,912)	(113,453,194)
Proceeds from bonds	8	75,956,160	39,914,400
Repayment of bonds	8	(71,599,824)	(19,685,550)
Proceeds from commercial paper issued	8	23,949,000	54,662,000
Repayment of commercial paper	8	(43,284,723)	(40,150,495)
Margin calls	18	(11,242,000)	5,012,000
Complementary tax paid		-	(42,897)
Dividends paid		(3,313,344)	(3,323,842)
Net cash (used in) provided by from financing activities		(40,069,991)	42,403,338
Net (decrease) increase in cash and cash equivalents		(4,647,894)	34,826,830
Cash and cash equivalents at the beginning of the year		53,245,966	18,419,136
Cash and cash equivalents at the end of the year		48,598,072	53,245,966

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

1. Reporting Entity

Corporación Interamericana para el Financiamiento de Infraestructura, S. A. ("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, CIFI was legally redomiciled under the laws of the Republic of Panama.

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

Effective July 1, 2016, CIFI moved its headquarters from Arlington, Virginia to Panama City, Republic of Panama; the presence in Panama has allowed CIFI to be closer to CIFI's Latin America and Caribbean operations, which is its 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 region.

CIFI's main offices are located at MMG Tower, 13th Floor, Office 13A, Paseo Roberto Motta Avenue, Costa del Este, Panama City, Republic of Panama.

CIFI owns or controls the following subsidiary companies incorporated in 2017:

	Activity	Country of Incorporation	Controlling Ownership	
			2021	2020
CIFI SEM, S. A.	Personnel Management	Panama	100%	100%
CIFI PANAMA, S. A.	Lending & Financing Structuring	Panama	100%	100%
CIFI LATAM, S. A.	Lending & Financing Structuring	Panama	100%	100%
CIFI SERVICE, S. A.	Advisor Service	Panama	100%	100%
CIFI ASSET MANAGEMENT LTD.	Administration of Investment Funds	Cayman Islands	100%	100%

These group of companies are denominated the "Corporation".

The consolidated financial statements were recommended for issuance by the members of the Audit Committee on March 15, 2022, and approved by the Board of Directors on March 24, 2022.

2. Basis of Preparation

(a) Statement of compliance
These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

2. Basis of Preparation (Continued)

(b) Basis of measurement
These consolidated 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, assets held-for-sale measured at fair value less costs to sell, investment property at fair value and bonds designated as hedged items in qualifying fair value hedging relationships which are measured at amortized cost adjusted for hedging gains or losses. The consolidated statement of comprehensive income is presented in order of the liquidity position.

(c) Functional and presentation currency
The amounts included in the financial statements of each of the entities that make up the Corporation are measured in the currency of the primary economic environment in which each entity operates, that is, its functional currency. The consolidated financial statements are presented in dollars of the United States of America (US$), the Corporation's functional and presentation currency.

The monetary unit of the Republic of Panama is the balboa, which is at par and is freely exchangeable with the dollar (US$) of the United States of America. The Republic of Panama does not issue its own paper money and, instead, the dollar (US$) of the United States of America is used as the legal and functional currency. All the Corporation's assets and liabilities are denominated in U.S. dollars. Additionally, shareholders contributions and ordinary shares are denominated in that currency.

(d) Use of estimates and judgments
The preparation of consolidated 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 year in which the estimate is reviewed and in any future years 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 consolidated financial statements are included in the following notes:

- Allowance for loan losses and accrued interest receivable Note 6; and
- Fair value of financial instruments Note 20.

3. Significant Accounting Policies

(a) New standards and amendments adopted by the Corporation

Amendment to IFRS 16 Leases - COVID-19 Related Lease Concessions: The International Standards Board (IASB) issued the amendment to IFRS 16 in March 2021, where the availability of the practical solution in paragraph 46A of IFRS 16 Leases (amendment published in May 2020). was extended by one year. In this way, the Council proposes as a practical solution to allow the tenants to choose not to evaluate whether the reductions in the terms of the leases related to the COVID-19 pandemic are a modification to the contract itself as established in the standard.

The 2021 amendment has resulted in the practical solution being applied to rental concessions in which any reduction in lease payments affects only payments that were originally due on June 30, 2022, provided the requirements are met. other conditions for the application of the practical solution. This amendment has an application date for annual periods beginning on April 1, 2021, allowing its early application.

Above said practical solution was evaluated by the Management and as a result of the situation of the health emergency declared under COVID-19, there are no significant impacts on the consolidated financial statements due to the application of this practical solution.

(b) New standards, interpretations and amendments issued but not yet adopted by the Corporation

New standards, interpretations and amendments have been published, which are not effective for the period ended December 31, 2021, and have not been early adopted by the Corporation. The main changes to these new rules are presented below:

Benchmark Interest Rate Reform - Phase 2 - Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: recognition and measurement, IFRS 7 Financial Instruments: disclosure, IFRS 4 Insurance Contracts and IFRS 16 Leases: in August 2020, the Board issued amendments that complement those issued in 2019, on topics discussed that could affect financial information during the reform of a benchmark interest rate, including the effects of changes in contractual cash flows, coverage, insurance and leasing contracts arising from the replacement of a benchmark interest rate with an alternative benchmark rate.

Affected entities need to disclose information about the nature and extent of the risks arising from the IBOR reform to which the entity is exposed, how the entity manages those risks, and the entity's progress in completing the transition to benchmark rates. alternatives and how they manage that transition.

3. Significant Accounting Policies (Continued)

(b) New standards and amendments issued but not yet adopted by the Corporation (continued)

Management is in the process of applying for a retrospective adoption to address the discontinuation of LIBOR from different work fronts focused on structuring and executing work plans.

Amendments to IAS 1 Presentation of Financial Statements and Statement of Practice 2 of IFRS - Making Materiality Judgments - Disclosure of Accounting Policies: in February 2021, the IASB issued amendments to IAS 1 Presentation of Financial Statements and Statement of Practice 2 of IFRS, in order to replace the term "significant" with "material" to require entities to disclose material information about their accounting policies, rather than their significant accounting policies. Thus, information on accounting policies can be considered material when considered together with other information in a complete set of financial statements. In the Board's view, information on accounting policies is expected to be material if its disclosure is necessary for primary users to understand the information provided on material transactions, other events, or conditions in the financial statements. The amendments to IAS 1 and Statement of Practice 2 of IFRS are effective for annual periods beginning on or after January 1, 2023. Early application is permitted.

Management is evaluating the impact of the changes that this amendment would have on the Corporation 's consolidated financial statements and disclosures.

Amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of accounting estimate: in February 2021, the IASB issued amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, in order to include the definition of accounting estimates in paragraph 5 and include other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies. The amendments to IAS 8 are effective for annual periods beginning on or after January 1, 2023.

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

(c) Basis of consolidation

(i) Subsidiaries

The Corporation has control over a subsidiary when it is exposed, or has rights, to variable returns from its involvement with the investee; and could use its power to affect its returns. The financial statements of the subsidiaries, described in Note 1, are included in the consolidated financial statements since the date the Corporation obtains control and ceases when the Corporation loses control.

3. Significant Accounting Policies (Continued)

(c) Basis of consolidation (continued)

(i) Subsidiaries (continued)
Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective acquisition/inception date or until the effective disposal date, as applicable.

(ii) Transactions eliminated in consolidation
The consolidated financial statements include the assets, liabilities, equity, income and expenses of Corporación Interamericana para el Financiamiento de Infraestructura, S. A. and its subsidiaries CIFI SEM, S. A., CIFI Panamá, S. A., CIFI Latam, S.A. and CIFI Asset Management Ltd. These group of companies are denominated the "Corporation". All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between the Corporation and its subsidiaries are eliminated in preparing the consolidated financial statements.

(iii) Structured Entities
Structured entities (SE) are entities created to achieve a specific and well-defined objective, such as the insurance of specific assets, or the execution of a specific loan or loan operation. An SE is consolidated if, based on an assessment of the substance of its relationship with the Corporation and the risks and rewards of the EE, the Corporation concludes that it controls the SE. The following circumstances may indicate a relationship in which, in essence, the Corporation controls and therefore consolidates an SE:

- The activities of the SE are carried out on behalf of the Corporation in accordance with its specific business needs in order for the Corporation to obtain benefits from the operation of the SE.

- The Corporation has the decision-making powers to obtain most of the benefits of SE activities or, by creating an "auto-pilot" mechanism, the Corporation has delegated those decision-making powers.

- The Corporation has the rights to obtain most of the benefits of the SE and, therefore, may be exposed to the risks related to the activities of the SE.

- The Corporation retains most of the SE-related property or residual risks of its assets in order to obtain benefits from its activities.

3. Significant Accounting Policies (Continued)

(c) Basis of consolidation (continued)

(iii) Structured Entities (continued)

The assessment of whether the Corporation has control over an SE is carried out at inception, and a subsequent reassessment is not normally made in the absence of changes in the structure or terms of the SE, or additional transactions between the Corporation and the SE. Day-to-day changes in market conditions do not usually lead to a reassessment of control. However, sometimes changes in market conditions can alter the substance of the relationship between the Corporation and the SE and in these cases, the Company determines whether the change warrants a new control evaluation based on the specific facts and circumstances. If the Corporation's voluntary actions, such as lending amounts in excess of existing liquidity facilities or extending terms beyond those originally established, change the relationship between the Corporation and an SE, the Corporation conducts a new control assessment of the SE.

(d) Foreign currency transactions

The functional currency of the Corporation is the U.S. dollar, and all assets and liabilities are denominated in U.S. dollars (US$). 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 into 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 profit or loss.

(e) Cash and cash equivalents

Cash and cash equivalents include currency on hand, unrestricted cash balances held with banks, and highly liquid financial assets with original maturities of three months or less, 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.

3. Significant Accounting Policies (Continued)

(f) Financial assets and financial liabilities

(i) Recognition and initial measurement

The Corporation initially recognizes loans receivable, debt securities issued and subordinated liabilities on the date on which they are originated. All other financial instruments are recognized on the trade date, which is the date on which the Corporation becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification

Financial Assets

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification.

All other financial assets are classified as measured at FVTPL.

3. Significant Accounting Policies (Continued)

(f) Financial assets and financial liabilities (continued)

(ii) Classification (continued)

Financial Assets (continued)

Business model assessment
The Corporation assesses the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to Management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether Management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;

- How the performance of the portfolio is evaluated and reported to the Corporation's Management;

- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- How managers of the business are compensated – e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- The frequency, volume, and timing of sales in prior years, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Corporation's stated objective for managing the financial assets is achieved and how cash flows are realized.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

3. Significant Accounting Policies (Continued)

(f) Financial assets and financial liabilities (continued)

(ii) Classification (continued)

Financial assets (continued)

Assessment of whether contractual cash flows are solely payments of principal and interest
For the purposes of this assessment, principal is defined as the fair value of the financial asset on initial recognition. Interest is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Corporation considers the contractual terms of the instruments. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Corporation considers:

- Contingent events that would change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Terms that limit the corporation’s claim to cash flows from specified assets - e.g., non-recourse asset arrangements; and
- Features that modify consideration of the time value of money - e.g., periodical reset of interest rates.

The Corporation holds a portfolio of long-term loans for which has the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the loan at par, in some cases without penalty. The Corporation has determined that the contractual cash flows of these loans are solely payments of principal and interest because the option varies the interest rate in a way that reflect a consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

3. Significant Accounting Policies (Continued)

(f) Financial assets and financial liabilities (continued)

(ii) Classification (continued)

Financial liabilities
Under IFRS 9 all fair value changes of liabilities designated as at FVTPL will generally be presented as follows:

- The amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and

- The remaining amount of change in the fair value is presented in profit or loss.

The Corporation has not designated any liabilities as at FVTPL and does not intend to do so.

(iii) 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. The Corporation derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

(iv) Modifications to financial assets
If the terms of a financial asset are modified, the Corporation evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized, and a new financial asset is recognized at fair value.

If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Corporation recalculates the gross carrying amount of the financial asset and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

3. Significant Accounting Policies (Continued)

(f) Financial assets and financial liabilities (continued)

(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 enough 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 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.

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) Impairment

The Corporation recognizes loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

- Financial assets that are debt instruments; and
- Loan commitments issued and financial guarantees.

No impairment loss is recognized on equity investments.

3. Significant Accounting Policies (Continued)

(f) Financial assets and financial liabilities (continued)

(vi) Impairment (continued)

The Corporation measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- Debt investment securities that are determined to have low credit risk at the reporting date; and
- Other financial instruments on which credit risk has not increased significantly since their initial recognition.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls.
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.
- Undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Corporation if the commitment is drawn down and the cash flows that the Corporation expects to receive.
- Financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Corporation expects to recover.

3. Significant Accounting Policies (Continued)

(f) Financial assets and financial liabilities (continued)

(vi) Impairment (continued)

Restructured financial assets
If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognized and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.

- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets
At each reporting date, the Corporation assesses whether financial assets carried at amortized cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;

- A breach of contract such as a default or past due event;

- The restructuring of a loan or advance by the Corporation on terms that the Corporation would not consider otherwise;

- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization; and

- The disappearance of an active market for a security because of financial difficulties.

3. Significant Accounting Policies (Continued)

(f) Financial assets and financial liabilities (continued)

(vi) Impairment (continued)

Credit-impaired financial assets (continued)
A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

Presentation of allowance for ECL in the consolidated statement of financial position
Loss allowances for ECL are presented in the consolidated statement of financial position as follows:

- Financial assets measured at amortized cost: as a deduction from the gross carrying amount of assets;
- Loan commitments and financial guarantee contracts: generally, as a provision;
- Where a financial instrument includes both a drawn and an undrawn component and the Corporation cannot identify the ECL on the loan commitment component separately from those on the drawn component: The Corporation presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- Debt instruments measured at FVOCI: no loss allowance is recognized in the consolidated statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognized in retained earnings.

Write-offs
Loans and debt securities are written off when there is no realistic prospect of recovery. This is generally the case when the Corporation determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities, in order to comply with the Corporation procedures for recovery of amounts due. Any write-off must be recommended by the Risk Committee and approved by the Board of Directors.

3. Significant Accounting Policies (Continued)

(f) Financial assets and financial liabilities (continued)

(vi) Impairment (continued)

Financial Assets
IFRS 9 contains a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgment over how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The impairment model is applied to financial assets measured at amortized cost and FVOCI, except for investments in equity instruments.

A three-stage approach to impairment is used for financial assets that are performing at the date of origination or purchase. This approach is summarized as follows:

- 12-month ECL: The Corporation recognizes a credit loss allowance at an amount equal to 12-month expected credit losses. This represents the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date, assuming that credit risk has not increased significantly after initial recognition.

- Lifetime ECL not credit-impaired: The Corporation recognizes a credit loss allowance at an amount equal to lifetime expected credit losses for those financial assets which are considered to have experienced a significant increase in credit risk since initial recognition. This requires the computation of ECL based on lifetime probability of default (LTPD) that represents the probability of default occurring over the remaining lifetime of the financial assets. Allowance for credit losses is higher in this stage because of an increase in credit risk and the impact of a longer time horizon being considered compared to 12-month ECL. The criteria for recognizing a "Significant Increase in Credit Risk", to migrate from 12-month ECL to Lifetime ECL not credit impaired, are:

    a. If a country is downgraded 3 or more notches, in a 6-month consecutive period, the Risk Committee will analyze all loans in order to decide which loans shall migrate to "Watch List";

    b. Early Warning System (EWS) Red Zone. The EWS model is a scoring system internally developed and based on a client credit worthiness; and

3. Significant Accounting Policies (Continued)

(f) Financial assets and financial liabilities (continued)

(*vi) Impairment (continued)*

Financial Assets (continued)

c. By credit events that might affect country or industry risk, based on a documented opinion by the Risk Unit, and approved by the Risk Committee.

- Lifetime ECL credit-impaired: The Corporation recognizes a loss allowance at an amount equal to lifetime expected credit losses, reflecting a probability of default (PD) of 100% via the recoverable cash flows for the asset, for those financial assets that are credit-impaired.

- Financial assets that are credit-impaired upon recognition are categorized within this stage with a carrying value already reflecting the lifetime expected credit losses. The accounting treatment for these purchased or originated credit impaired (POCI) assets is discussed further below.

- POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognized based on a credit-adjusted effective interest rate. ECLs are only recognized or released to the extent that there is a subsequent change in the expected credit losses.

(g) 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 consolidated 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 the 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 quarterly 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.

3. Significant Accounting Policies (Continued)

(g) Derivatives held for risk management purposes and hedge accounting (continued)
Derivative instruments recognized as fair value hedges hedge exposure to changes in the fair value of an asset or liability recognized in the consolidated 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 consolidated financial statements.

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 a firm commitment that could affect profit or loss, changes in the fair value are recognized immediately in profit or loss. The change in fair value of the hedged item attributable to the hedged risk is recognized in profit or loss. If the hedged item would otherwise be measured at cost or amortized cost, then its carrying amount is adjusted accordingly.

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.

(h) Investment securities
The investment securities in the consolidated statement of financial position includes:

- Debt investment securities measured at amortized cost; these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortized cost using the effective interest method.

- Debt and equity investment securities mandatorily measured at FVTPL or designated as at FVTPL; these are measured at fair value with changes recognized immediately in profit or loss.

- Debt securities measured at FVOCI.

- Equity investment securities designated as at FVOCI.

3. Significant Accounting Policies (Continued)

(h) Investment securities (continued)

For debt securities measured at FVOCI, gains and losses are recognized in OCI, except for the following, which are recognized in profit or loss in the same manner as for financial assets measured at amortized cost:

- Interest revenue using the effective interest method.
- ECL and reversals.
- Foreign exchange gains and losses.

When a debt security measured at FVOCI is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss.

The Corporation elects to present in OCI changes in the fair value of certain investments in equity instruments that are not held for trading. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

Gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognized in profit or loss. Dividends are recognized in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognized in OCI. Cumulative gains and losses recognized in OCI are transferred to retained earnings on disposal of an investment.

(i) 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 Corporation 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.

3. Significant Accounting Policies (Continued)

(j) Furniture, equipment, and improvements

Furniture, equipment, and improvements are used in the office the Corporation's premises. Those assets are stated at historical cost less accumulated depreciation and amortization. The historical cost includes the expense that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the carrying value of the asset or recognized as a separate asset, as applicable, only when it is likely that the Corporation would obtain the future economic benefits associated with the property and the cost can be reliably measured. Costs considered as repair and maintenance are recognized in profit or loss during the financial period they are incurred on.

Depreciation and amortization expenses of furniture, equipment and improvements are recognized in profit or loss under the straight-line method considering the useful life of the assets. The estimated useful lives are summarized as follows:

Improvements	5 years
Furniture and equipment	4-5 years

Furniture and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount. The recoverable amount is the greater of its value in use and its fair value less costs to sell.

(k) Investment property

Investment property is initially measured at cost and subsequently at fair value with any change therein recognized in profit or loss within other income. In case the investment property is acquired in exchange for a non-monetary asset or assets, the cost of such an investment property is measured at fair value.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss.

When the use of a property changes such that it is reclassified as property and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

3. Significant Accounting Policies (Continued)

(l) Liabilities
Liabilities are carried at cost or amortized cost, except for bonds in qualifying hedging relationships which are measured at amortized cost adjusted for hedging gain or loss.

(m) Provisions
A provision is recognized in the consolidated 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.

Provisions made approximate settlement value; however, final amounts may vary. The estimated amount of the provision is adjusted at each reporting date, directly affecting profit or loss.

(n) Income tax
Estimated income tax is the expected tax payable on taxable income for the year, using tax rates enacted at the reporting 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.

(o) Income and expense recognition

i. Interest income and expense
Effective interest rate
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 estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortized cost of the financial liability.

3. Significant Accounting Policies (Continued)

(o) Income and expense recognition (continued)

(i) Interest income and expense (continued)
When calculating the effective interest rate for financial instruments other than credit-impaired assets, the Corporation estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected 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.

Amortized cost and gross carrying amount
The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured on initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any expected credit loss allowance.

Calculation of interest income and expense
In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

3. Significant Accounting Policies (Continued)

(o) Income and expense recognition (continued)

(ii) Fee and commission income and expenses
Fee and commission income and expenses 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 and structuring services, and is recognized as the related services are performed.

Fee and commission income from contracts with customers is measured based on the consideration specified in a contract with a customer. The Corporation recognizes revenue when it transfers control over a service to a customer.

The following table describes the products, services, and nature for which the Corporation generates its income.

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Advisory and Structuring Services	Advising customers on the structuring of the terms and conditions established in the offer of financing and coordination between the legal advisors of the lending and borrowing counterparties in all legal aspects relating to the offer and acceptance of the credit facility, among others.	Revenue related to transactions is recognized at the point in time when the transaction takes place.

(p) 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.

3. Significant Accounting Policies (Continued)

(q) Basic earnings per share
The Corporation presents basic earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss that is attributable to ordinary shareholders of the Corporation by the weighted average number of ordinary shares outstanding during the period.

(r) Segment Information
A business segment is a component of the Corporation, whose operating results are regularly reviewed by Management to make decisions about the resources that will be assigned to the segment and thus evaluate its performance, and for which financial information is available for this purpose.

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", which are not evaluated as a separate segment of the Corporation's business but rather assessed in conjunction with its lending activities.

(s) Employee benefits

(i) Short-term employee benefits
Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Corporation has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Other long-term employee benefits
The Corporation's net obligation in respect of long-term employee (key executive) benefits is the amount of future benefits that executives have earned in return for their service in the current and future period. That benefit is based on the award value generated to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

3. Significant Accounting Policies (Continued)

(t) Leases

At inception of a contract, the Corporation assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Corporation assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- The Corporation has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

- The Corporation has the right to direct the use of the asset. The Corporation has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Corporation has the right to direct the use of the asset if either:

- The Corporation has the right to operate the asset; or

- The Corporation designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Corporation allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Corporation has elected to separate non-lease components and not to account for the lease and non-lease components as a single lease component.

The Corporation recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

3. Significant Accounting Policies (Continued)

(t) Leases (continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of furniture, equipment, and improvements. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Corporation's incremental borrowing rate. The Corporation uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;

- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

- Amounts expected to be payable under a residual value guarantee; and

- The exercise price under a purchase option that the Corporation is reasonably certain to exercise, lease payments in an optional renewal period if the Corporation is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Corporation is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Corporation's estimate of the amount expected to be payable under a residual value guarantee, or if the Corporation changes its assessment of whether it will exercise a purchase, extension, or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

3. Significant Accounting Policies (Continued)

(t) Leases (continued)

The Corporation presents right-of-use assets that do not meet the definition of investment property in furniture, equipment and improvement and lease liabilities in the consolidated statement of financial position.

Short-term Leases and Leases of Low-value Assets

The Corporation has elected not to recognize right-of-use assets and lease liabilities for short-term leases of computer equipment that has a lease term of 12 months or less and leases of low-value assets. The Corporation recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

For contracts entered into before January 1, 2019, the Corporation determined whether the arrangement was or contained a lease based on the assessment of whether:

- Fulfilment of the arrangement was dependent on the use of a specific asset or assets; and

- The arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:

  - The purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;

  - The purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or

  - Facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

3. Significant Accounting Policies (Continued)

u) Reclassification for comparative purposes

During 2021, the Company identified reclassifications in connection with the grouping in the statement of financial position, related to costs of issuing bonds and commercial paper as follows:

	2020	Reclassification	2020 Reclassified
Statement of financial position			
Assets			
Other	4,858,121	(1,462,218)	3,395,903
Liabilities			
Bonds	167,690,061	1,274,929	166,415,132
Commercial paper	39,735,000	187,289	39,547,711
	207,425,061	1,462,218	205,962,843

4. Balances and Transactions with Related Parties

For the periods ended December 31, 2021, and 2020, the Corporation entered into transactions with parties that are considered to be related.

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

		2021			
Type of entity	**Relationship**	**Assets – Loans and Accrued Interest Receivable**	**Liabilities - Loans and Accrued Interest Payable**	**Interest Income on Loans Receivable**	**Interest Expenses on Loans Payable**
Legal entities	Shareholders	5,968,356	5,116,307	475,389	432,464

		2020			
Type of entity	**Relationship**	**Assets – Loans and Accrued Interest Receivable**	**Liabilities - Loans and Accrued Interest Payable**	**Interest Income on Loans Receivable**	**Interest Expenses on Loans Payable**
Legal entities	Shareholders	7,160,594	32,639,112	614,021	1,054,169

For the period ended December 31, 2021, the Corporation doesn't have undisbursed committed and uncommitted lines of credit with related parties (2020: US$10,000,000), in addition to other credit facilities (see Note 12). Other liabilities include dividends payable for US$2,305,424. Members of the Board of Directors have received compensation of US$179,000 (2020: US$197,343) for attending meetings during the period.

5. Employee Benefits

For the period ended December 31, 2021, personnel expenses include salaries and benefits paid to key executive officers for US$591,622 (2020: US$978,710). 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
- Health and life insurance
- Travel insurance.

(b) Retirement plan contributions (Simple IRA): The Corporation contributes 3% (2020: 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.

(c) In June 2018, the Board of Directors of the Corporation approved the implementation of a long-term incentive plan ("Plan") applicable to key executives ("Participants"). The Plan is focused on rewarding and motivating the Participants for generating sustainable long-term-value for the Corporation.

Pursuant to the Plan, the Corporation grants the Participant a right to receive stock options convertible into cash, if certain performance metrics are achieved, as amended in 2019, during a seven-year term starting in 2018, that is attributed yearly ("Option"). The Option does not grant the Participant any rights on the Corporation's stock.

The Plan has a vesting period of five years and a subsequent three-year payout period. During the first two years of the payout period, the plan continues granting the right under the Option to the Participants.

The benefits to the Participants are recognized in the consolidated statement of comprehensive income as personnel expense during the year in which they arise.

As of December 31, 2021, based on 2021 and 2020 performance metrics and evaluation of the potential award value under the Plan, the annual pro-rata portion of the Option accumulated for this benefit was US$242,095 (2020: US$252,748), based on amended terms.

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

6. 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, capital adequacy 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 Risk Committee, the Audit Committee and the Nominating and Corporate Governance / Compensation Committee. All report regularly to the Board of Directors and are comprised of members of the Board and independent 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 Risk Committee of the Board of Directors oversees management's program to limit or control the material business risks. It ensures the Corporation has in place an appropriate enterprise- wide process to identify, assess, monitor, and control material business risks including, but not limited to, credit risk, interest rate risk, liquidity risk, regulatory risk, counterparty risk, legal risk, operational risk, strategic risk, environmental risk, social risk, and reputational risk. In the case of Credit Risk, the Committee recommends write-offs to the Board of Directors; also, the Committee, on a regular basis, reviews the risk management programs and activities and the Corporation's compliance with those programs and activities. In addition, the Committee periodically reviews and monitors all matters related to the corporate culture within the Corporation. It reviews and monitors all the environmental and social responsibility standards and guidelines under which the Corporation and its employees must operate.

6. Financial Risk Management (Continued)

Risk management framework (continued)
The Audit Committee of the Board of Directors oversees the integrity of the Corporation’s financial statements, compliance with legal and regulatory requirements, the independent auditors’ qualifications and independence, the performance of the Corporation's internal audit functions, and the Corporation's system of disclosure controls and system of internal controls regarding finance, accounting, and legal compliance. The Audit Committee encourages continuous improvement of, and fosters adherence to the Corporation’s policies, procedures, and practices at all levels. It also provides an open avenue of communication among the independent auditors, financial and senior management, the internal auditing function, and the Board.

The Nominating and Corporate Governance/Compensation Committee assists the Board in establishing and maintaining qualification standards for evaluating board candidates, in determining the size and composition of the Board of Directors and its committees, in monitoring a process to assess board effectiveness and in developing and implementing the Corporation’s corporate governance guidelines. The Committee also makes employment and compensation decisions related to the Chief Executive Officer (the “CEO”) and assists the CEO in carrying out his or her responsibilities relating to executive compensation, incentive compensation, and equity and non-equity-based benefit awards.

There are three (3) committees at management level: Credit, Asset and Liability Committee (ALCO) and Procurement.

The Credit Committee, majority comprised of senior management and two independent members nominated by the Board of Directors, reviews, approves and oversees the lending program of the Corporation. Its duties and responsibilities are to: review and approve loan transactions (including refinancing, rescheduling, and restructuring transactions) within the limits established by the Board, including but not limited to Corporation's credit and lending policies; review and approve material waivers and amendments to a credit (changes in spread, amortization schedule, tenor and/or guarantees) within the limits established by the Board; and monitor problem loans and assets. Any temporal waiver to limits and policies requires approval from the Risk Committee.

The ALCO must abide by the guidelines established in the risk policies relating to management of Interest Rate, Forex, GAP, and Liquidity Risks and comply with technical criteria pursuant to good banking practices. In addition, it recommends to the Risk Committee updates to the Capital Adequacy, Interest Rate, Forex, GAP, and Liquidity policies. This Committee is composed of three (3) members of Management and is assisted by the Treasurer. As in the Credit Committee, any waiver to limits and policies will require approval from the Risk Committee.

6. Financial Risk Management (Continued)

Risk management framework (continued)
The Procurement Committee, which is composed of three (3) members of Management, is involved in the procurement of goods and services on behalf of the Corporation. The Committee should ensure that purchasing and contracting activities comply with principles of fair competition, non-conflict of interest, cost-effectiveness, and transparency.

Following is a detailed explanation on management of credit, liquidity, market, and operational risks:

(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 or originated the financial asset. Credit risk is mainly associated with the loan and investment security (bonds) portfolios; and is represented by the carrying amount of those assets in the consolidated statement of financial position.

Investment and loan portfolios
The Corporation 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$200 million (to ensure liquid secondary market), excluding commercial paper programs in Panama (Valores Comerciales Negociables - VCN, in Spanish), which minimum program size is of US$50 million as approved by the Superintendency of the Securities Market (SMV, acronyms in Spanish) of Panama.
    - Of issuers located in countries with a rating of at least BB+/Ba1 from one of the main rating agencies (Moody's, Standard & Poor’s, Fitch Ratings, Inc.).
    - Have a national rating of at least A or an international rating of BBB-/Baa3 (long term) or F2/ P-2 (short term).

6. Financial Risk Management (Continued)

Risk management framework (continued)

(a) Credit risk (continued)

Investment and loan portfolios (continued)
Excluding demand deposits, the exposure to any single issuer shall not exceed 10% of Corporation's total equity

- No more than 25% of the liquid portfolio may be invested in a country with a rating lower than BBB-.
- 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).
- 25% of the nominal value of the investment in the liquid portfolio will be included in the overall country loan portfolio exposure.
- Short term funding, up to 1 year, cannot exceed either $65 million or 25% of total funding.
- For certificates of deposit, minimum issue or program size does not apply.

As of December 31, 2021, the concentrations of credit risk by sectors and countries are within the limits established by the Corporation. The maximum exposure to credit risk is represented by the nominal amount of each financial asset.

Balances of loans receivable and investment securities are as follows:

	2021	2020
Loans and investment securities		
Investment securities		
Investment securities	4,075,000	4,447,000
Accrued interest receivable	6,560	10,147
Investment securities at amortized cost	4,081,560	4,457,147

6. Financial Risk Management (Continued)

Risk management framework (continued)

(a) Credit risk (continued)

Investment and loan portfolios (continued)

	2021	2020
Loans and investment securities		
Loans		
Loans receivable	359,188,663	394,346,679
Accrued interest receivable	4,744,950	4,445,417
	363,933,613	398,792,096
Allowance for loan losses	(5,067,139)	(6,120,052)
Unearned fees and commissions	(1,641,820)	(1,852,015)
	357,224,654	390,820,029
Less: re-measurement of hedged item	96,514	409,966
Loans receivable	357,321,168	391,229,995
Total investments and loans (par value)	368,111,687	403,659,209
Total investments and loans, carrying value	361,402,728	395,687,142

The loan portfolio includes the financing of project bonds totaling US$6,393,701 (2020: US$2,088,676).

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 and investments to be monitored on an ongoing basis to determine the probability of their recovery, either by executing a guaranty pledged on behalf of the Corporation or through financial restructuring. An impaired loan is derecognized when the Board of Directors determines the loan or investment to be uncollectible or decides that its valuation does not warrant continued recognition as an asset.

6. Financial Risk Management (Continued)

Risk management framework (continued)

(a) Credit risk (continued)

Investment and loan portfolios (continued)
The Corporation held one loan receivable by US$6,827,724 (2020: US$6,731,075) recognized as FVTPL adjusted by re-measurement of hedged item by US$133,625 (2020: US$1,840).

As of December 31, 2021, the average loan portfolio internal risk rating is B as of December 31, 2021 (2020: average loan portfolio internal risk rating was B+), based on the Corporation's standards, which are not necessarily comparable to international credit rating standards.

The following table sets out information about the credit quality of financial assets measured at amortized cost and FVTPL.

	2021			
	12-month ECL	**Lifetime ECL, not credit impaired**	**Lifetime ECL, credit impaired**	**Total**
Loans receivable at Amortized cost (*)				
AAA / A-	-	-	-	-
BBB + / BBB-	8,771,430	-	-	8,771,430
BB+ / BB-	59,753,184	16,897,283	-	76,650,467
B+ / B-	165,804,193	22,398,389	5,884,442	194,087,024
<= CCC+	67,922,918	-	11,756,824	79,679,742
Total gross amount	302,251,725	39,295,672	17,641,266	359,188,663
Accrued interest receivable	2,878,035	901,862	965,053	4,744,950
Allowance for loan losses	(2,591,384)	(1,205,395)	(1,270,360)	(5,067,139)
Deferred income	(1,641,820)	-	-	(1,641,820)
	300,896,556	38,992,139	17,335,959	357,224,654
Add: re-measurement of hedged item	96,514	-	-	96,514
Net carrying amount (*)	300,993,070	38,992,139	17,335,959	357,321,168
Investment securities at amortized cost (*)				
AAA / A-	-	-	-	-
BBB + / BBB-	-	-	-	-
BB+ / BB-	4,075,000	-	-	4,075,000
B+ / B-	-	-	-	-
<= CCC+	-	-	-	-
Total gross amount	4,075,000	-	-	4,075,000
Accrued interest receivable	6,560	-	-	6,560
Net carrying amount	4,081,560	-	-	4,081,560

6. Financial Risk Management (Continued)

Risk management framework (continued)

(a) Credit risk (continued)

Investment and loan portfolios (continued)

	2020			
	12-month ECL	**Lifetime ECL, not credit impaired**	**Lifetime ECL, credit impaired**	**Total**
Loans receivable at amortized cost (*)				
AAA / A-	6,150,380	-	-	6,150,380
BBB + / BBB-	24,802,141	-	-	24,802,141
BB+ / BB-	95,615,754	14,249,240	-	109,864,994
B+ / B-	98,206,901	57,082,944	-	155,289,845
<= CCC+	78,292,716	9,539,811	10,406,792	98,239,319
Total gross amount	303,067,892	80,871,995	10,406,792	394,346,679
Accrued interest receivable	3,965,844	443,594	35,979	4,445,417
Loss allowance	(2,211,771)	(2,262,076)	(1,646,205)	(6,120,052)
Deferred income	(1,852,015)	-	-	(1,852,015)
	302,969,950	79,053,513	8,796,566	390,820,029
Add: re-measurement of hedged item	409,966	-	-	409,966
Net carrying amount (*)	303,379,916	79,053,513	8,796,566	391,229,995
Investment securities at amortized cost (*)				
AAA / A-	-	-	-	-
BBB + / BBB-	-	-	-	-
BB+ / BB-	4,447,000	-	-	4,447,000
B+ / B-	-	-	-	-
<= CCC+	-	-	-	-
Total gross amount	4,447,000	-	-	4,447,000
Accrued interest receivable	10,147	-	-	10,147
Net carrying amount	4,457,147	-	-	4,457,147

(*) The grades used are in line with the criteria of an international credit rating agencies.

6. Financial Risk Management (Continued)

Risk management framework (continued)

(a) Credit risk (continued)

Investment and loan portfolios (continued)
As of December 31, 2021, the Corporation has past due loans for US$17,641,266 (2020: US$10,406,792).

To secure some of its loans payable, as of December 31, 2021, the Corporation has pledged to the lenders rights to cash flows derived from certain loans receivable granted by the Corporation; those cash flows derive from certain loan and investment security portfolios representing 6.69% (2020: 9.24%) of the total assets.

The following table shows a reconciliation from the opening to the closing balance of the ECL allowance by class of financial instrument:

	2021			
	12-month ECL	**Lifetime ECL, not credit impaired**	**Lifetime ECL, credit impaired**	**Total**
Loans receivable at amortized cost				
Balance at January 1	2,211,771	2,262,076	1,646,205	6,120,052
Transfer to 12-month ECL	121,968	(121,968)	-	-
Transfer to lifetime ECL not credit impaired	(25,568)	25,568	-	-
Transfer to lifetime ECL credit impaired	-	(73,848)	73,848	-
Net remeasurement of loss allowance	271,269	(151,078)	4,354,174	4,474,365
New financial assets originated	11,945	-	-	11,945
Write-offs (*)	-	(735,355)	(4,803,868)	(5,539,223)
Balance at December 31	2,591,385	1,205,395	1,270,360	5,067,139

As of December 31, 2021, the Corporation has US$346,292,347 (2020: US$383,939,887) of loans evaluated collectively with a provision for loan portfolio of US$3,796,779 (2020: US$4,473,847); and US$17,641,266 (2020: US$10,406,792) of loans evaluated individually with a loan portfolio provision of US$1,270,360 (2020: US$1,646,205).

6. Financial Risk Management (Continued)

Risk management framework (continued)

(a) Credit risk (continued)

Investment and loan portfolios (continued)

	2020			
	12-month ECL	Lifetime ECL, not credit impaired	Lifetime ECL, credit impaired	Total
Loans receivable at amortized cost				
Balance at January 1	1,792,050	4,242,958	7,883,287	13,918,295
Transfer to 12-month ECL	(237,908)	237,908	-	-
Transfer to lifetime ECL not credit impaired	1,303,226	(1,303,226)	-	-
Transfer to lifetime ECL credit impaired	-	(1,932,562)	1,932,562	-
Net remeasurement of loss allowance	(1,115,481)	824,675	5,006,576	4,715,770
New financial assets originated	469,884	192,323	-	662,207
Write-offs (*)	-	-	(13,176,220)	(13,176,220)
Balance at December 31	2,211,771	2,262,076	1,646,205	6,120,052

(*) The Corporation does not maintain legal processes to those write-offs.

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. Corresponding figures of the 2020 have been modified to present the loans collaterals and guarantees, as follows:

	2021	2020
Accounts receivable	11,694,314	13,770,874
Cash or CD pledge	13,620,340	10,509,395
Conditional sale agreement	7,038,052	7,462,542
Corporate	75,513,661	171,253,454
Guarantees issued by the operating companies	6,421,535	963,236
Mortgages or securities on buildings	82,048,765	85,027,884
Mortgages or securities on land	131,666,321	141,952,981
Pledge of shares	16,497,528	17,227,816
Pledge on property and mortgages on machinery	323,280,722	243,085,657
Pledge over rights on contracts	51,038,803	4,307,324
Pledge over rights on contracts or others	66,923,952	38,673,451
Shares	23,150,000	23,150,018
Stand-by letters of credit	3,482,840	4,577,195
	812,376,833	761,961,827

6. Financial Risk Management (Continued)

Risk management framework (continued)

(a) Credit risk (continued)

Investment and Loan Portfolios (continued)
The Corporation classifies loans as past due when no principal or interest payments have been made by thirty-one days after the due date. The Corporation classifies loans as impaired when no principal or interest payment have been made by ninety-one days after the due date.

Loans and investment securities earn interest at annual rates ranging between 3.12% and 13.50% (2020: 3.22% and 10.50%).

- Maximum risk by economic unit: The maximum risk limit assumed by the Corporation with respect to individual borrowers or groups of borrowers having similar economic interests is 18% of Corporation's net worth of its consolidated financial statements. However, exposure to any single client shall not exceed the following criteria, based on Corporation's net worth of its consolidated financial statements:

Tier	Credit Rating	Unsecured	Secured
I	BB or better	12.5%	18.0%
II	B+ to BB-	9.0%	15.0%
III	B to B-	5.0%	12.0%

A loan will be secured if exposure is fully covered with acceptable guarantees to the Corporation. All guarantees shall comply with the following criteria: i) Security valuation was performed based on an external and independent assessment; ii) an analysis must be made relating to the underlying credit quality of any guarantee and its acceptable value for the Corporation, including appraisals. For appraisals, if the most recent security valuation occurred within the span of three years it might be accepted. However, the security valuation will be adjusted every year based on the appropriate depreciation; and iii) after the above value estimation, this valuation will be further adjusted.

The concentration of the loan portfolio in individual borrowers or groups of borrowers having similar economic interests based on total equity is as follows:

	% of total equity 2021		% of total equity 2020	
	Number of exposures	Amount	Number of Exposures	Amount
0 to 4.99%	23	59,202,803	24	57,494,222
5 to 9.99%	26	203,978,069	23	175,809,523
10 to 14.99%	6	78,507,791	13	161,042,934
15 to 18%	1	17,500,000	-	-
	56	359,188,663	60	394,346,679

6. Financial Risk Management (Continued)

Risk management framework (continued)

(a) Credit risk (continued)

Investment and Loan Portfolios (continued)

- 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 December 31, 2021, the Corporation complied with country risk exposure limits.

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

	2021	2020
Panama	53,919,585	55,141,071
Chile	45,546,670	38,952,779
Argentina	37,593,092	53,705,948
Brazil	36,266,900	37,971,125
Ecuador	30,593,972	28,015,765
Mexico	25,287,067	18,560,000
Honduras	20,781,397	24,518,372
Belize	18,427,062	19,560,814
Colombia	16,151,454	16,739,007
Peru	15,390,225	25,534,361
Bolivia	12,535,385	11,538,462
Jamaica	10,180,837	12,637,300
Spain	9,920,000	12,200,000
Uruguay	8,771,430	9,511,903
Nicaragua	8,743,162	10,801,831
Paraguay	5,884,442	6,124,441
Salvador	3,523,483	13,870,500
Dominican Republic	2,747,500	3,410,000
Costa Rica	1,000,000	-
Gross loans and investment portfolio	363,263,663	398,793,679
Accrued interest receivable	4,751,510	4,455,564
	368,015,173	403,249,243
Add: re-measurement of hedged item	96,514	409,966
Total	368,111,687	403,659,209

6. Financial Risk Management (Continued)

Risk management framework (continued)

(a) Credit risk (continued)

Investment and Loan Portfolios (continued)

- Sector risk: The Corporation limits its portfolio concentration by subsectors based on the applicable I, II or III TIERS. Subsectors classified in TIER I – Renewable Energy, such as Solar, Wind, Hydro are limited to 75% of the total portfolio; Subsectors classified in TIER II - Transportation and Telecommunication are limited to 40% of the total portfolio, and Subsectors classified in TIER III - Alternative Fuels, Construction and Logistics, among others, are limited to 20% of the total portfolio. As of December 31, 2021, the Corporation complied with sector risk exposure limits.

  Gross loans and investment securities by economic sector are as follows:

	2021	**2020**
Solar Power	97,721,805	95,130,009
Telecommunications	48,305,385	46,095,128
Airports and Seaports	41,158,040	54,058,190
Construction & Engineering	25,340,893	28,946,627
Co-generation (Biomass)	20,932,082	24,213,625
Roads, Railroads and Others	19,053,181	20,218,393
Social Infrastructure	15,297,815	15,290,238
Tourism	15,269,433	16,137,648
Alternative Fuel	15,000,000	12,000,000
Wind Power	14,893,129	16,779,560
Energy Efficiency	11,000,000	11,000,000
Hydro Power	9,119,661	15,975,600
Logistics Center and Other	8,888,708	8,168,811
Thermo Power	7,787,067	11,148,676
Gas & Oil	6,800,000	15,650,000
Securities	4,075,000	4,447,000
Geothermal	2,621,464	3,534,174
Gross loans and investment portfolio	363,263,663	398,793,679
Accrued interest receivable	4,751,510	4,455,564
	368,015,173	403,249,243
Add: re-measurement of hedged item	96,514	409,966
Total	368,111,687	403,659,209

6. Financial Risk Management (Continued)

Risk management framework (continued)

(a) Credit risk (continued)

Investment and Loan Portfolios (continued)
In addition, commissions receivable from corporate services rendered to third parties, amounting to US$6,381,439 (2020: US$3,189,624), which are presented as receivables from advisory and structuring services, are classified as performing receivables. ECL impairment on receivables recognized in 2021 amounted to US$933,495 (2020: US$319,754).

The Corporation has developed a Credit Risk Rating System based on the Altman Z-score method adapted to emerging markets, for its project finance loans. The method identifies certain key factors based on a debtor's financial performance that determine the probability of default and combines or weighs 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. This rating was not related with expected losses as LGD and doesn't impact the Corporation's internal credit rating. For corporate loans, the Corporation has acquired the RiskCalc EDF model for Emerging Markets from Moody's.

Actions implemented due to the COVID-19 pandemic
In April 2020, due to the prevailing worldwide macroeconomic conditions, the Corporation performed a full analysis of all its customers, including each country and industry in which it maintains exposure. This allowed the Corporation to identify customers with higher levels of risk depending on the country, industry, and financial position. The analysis was based on:

a. Effects by country and sector;
b. Collateral status, including debt service reserve account;
c. Reviews of financial statements and covenants compliance;
d. Identifying weaknesses in the customer´s business; and
e. Frequent customer's updates.

Based on the above analysis, Management presented a detailed report to the Credit and Risk Committees, and for those customers with higher credit risk, the Risk Unit increased its credit follow-up.

6. Financial Risk Management (Continued)

Risk management framework (continued)

(a) Credit risk (continued)

Investment and Loan Portfolios (continued)
After a final analysis presented by Management to the Risk Committee and the Board of Directors in September 2021, the Corporation has normalized its credit cycle.

(b) Liquidity risk
Liquidity risk arises in the general funding of the Corporation's activities. It includes both the risk of being unable to settle assets at contractual maturities and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate timeframe.

Management of liquidity risk
The Corporation's approach to managing liquidity is to ensure, as far as possible, that it always must have 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. ALCO monitors the Corporation's liquidity position by evaluating the following requirements established in the Corporation's current liquidity policy, which are reported to the Risk Committee and the Board of Directors on a quarterly basis:

- Mismatches in the consolidated statement of financial position - asset-liability gap analysis;

6. Financial Risk Management (Continued)

Risk management framework (continued)

(b) Liquidity risk (continued)

Management of liquidity risk (continued)

- Anticipated funding needs and strategies;
- Liquidity position;
- Mark to market variances; and
- Stress analysis of the Corporation's forecasted cash flows.

When a financial crisis impacts the markets, the Corporation activates its liquidity contingency plan, which requires Management to increase liquidity and to extend its liquidity position from 6 months to 1 year its liquidity position.

As of December 31, 2021, the Corporation had US$51,598,072 (2020: US$53,245,966) in cash and cash equivalents and maintains undisbursed and available balances of committed credit facilities with financial institutions for US$2,100,000 (2020: US$18,000,000) with tenors at 2022 and 2023 (2020: tenors at 2021 and 2022). Additionally, the Corporation maintains undisbursed and available balances of uncommitted short-term revolving credit facilities with financial institutions for US$25,000,000 (2020: US$13,694,976) (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 180 days > 0, and ii) Probability of negative cash flow balance in six months ≤ 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 their corresponding time band. Cash flows attributed to undrawn loan commitments and borrowings are allocated to the time band in which management expects their occurrence.

6. Financial Risk Management (Continued)

Risk management framework (continued)

(b) Liquidity risk (continued)

The Corporation's consolidated statement of financial position asset and liability terms are matched as follows:

	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 365 days	Over 365 days	Total
2021							
Assets							
Cash and cash equivalents	47,598,072	1,000,000	-	3,000,000	-	-	51,598,072
Investment securities	229,671	-	1,889	300,000	2,550,000	1,000,000	4,081,560
Loans receivable	(644,369)	13,315,739	14,384,241	12,546,201	37,074,561	280,644,795	357,321,168
Securitized of loan	-	-	-	-	-	24,117,501	24,117,501
Receivables from advisory and structuring services	3,440,570	30,700	1,440,600	1,469,568	-	-	6,381,439
Margin Call	6,230,000	-	-	-	-	-	6,230,000
	56,583,944	14,346,439	15,826,730	17,315,770	39,624,561	305,762,296	449,729,740
Liabilities							
Loans payable	762,093	(2,100,000)	17,450,000	10,493,182	27,854,221	94,915,008	149,374,504
Bonds	(2,000,000)	(2,100,000)	300,000	1,000,000	19,897,000	136,987,363	154,084,363
Commercial paper	-	2,100,000	3,050,000	3,000,000	8,009,000	4,052,988	20,211,988
Derivative liabilities	-	-	(418,669)	(287,572)	(615,160)	10,856,285	9,534,884
Accrued interest payable	422,245	286,723	268,102	297,381	1,197	-	1,275,648
Securitization liabilities	-	-	-	-	-	24,117,501	24,117,501
	(815,662)	(1,813,277)	20,649,433	14,502,991	55,146,258	270,929,145	358,598,888

	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 365 days	Over 365 days	Total
2020							
Assets							
Cash and cash equivalents	53,245,966	-	-	-	-	-	53,245,966
Investment securities	8,007	-	2,140	500,000	3,947,000	-	4,457,147
Loans receivable	858,222	(2,379,134)	(5,784,170)	(6,232,434)	39,645,901	365,121,610	391,229,995
Receivables from advisory and structuring services	939,054	1,833,287	82,564	334,719	-	-	3,189,624
Derivative assets	-	29,068	544,409	-	1,137,262	5,976,305	7,687,044
	55,051,249	(516,779)	(5,155,057)	(5,397,715)	44,730,163	371,097,915	459,809,776
Liabilities							
Loans payable	4,139,610	-	9,777,679	834,164	32,646,429	112,511,882	159,909,764
Bonds	-	5,000,000	300,000	-	1,150,000	159,965,132	166,415,132
Commercial paper	2,270,000	4,185,000	3,000,000	5,000,000	25,092,711	-	39,547,711
Derivative liabilities	-	-	30,444	31,060	58,105	291,195	410,804
Margin call	5,012,000	-	-	-	-	-	5,012,000
Accrued interest payable	610,811	1,883	185,782	383,006	12,091	-	1,193,573
	12,032,421	9,186,883	13,293,905	6,248,230	58,959,336	272,768,209	372,488,984

6. Financial Risk Management (Continued)

Risk management framework (continued)

(b) Liquidity risk (continued)

Management of liquidity risk (continued)

Outstanding contractual maturities of financial assets and liabilities and unrecognized loan commitments are as follows:

	Carrying amount	Gross Nominal inflow/ (outflow)	Less than 1 month	Over 1 to 3 months	Over 3 months to 1 year	Over 1 to 5 years	Over 5 years
2021							
Non-derivative liabilities:							
Loans payable	149,374,504	(225,348,177)	(4,622,321)	(19,200,592)	(43,593,965)	(157,931,299)	-
Bonds *	154,084,363	(185,584,478)	-	(2,484,664)	(25,929,064)	(157,170,750)	-
Commercial paper	20,211,988	(20,518,125)	(2,001,556)	(7,368,948)	(11,147,621)	-	-
Margin Call	(6,230,000)	(6,230,000)	(6,230,000)	-	-	-	-
Unrecognized loan commitments	-	(27,100,000)	(27,100,000)	-	-	-	-
	317,440,855	(464,780,780)	(39,953,877)	(29,054,204)	(80,670,650)	(315,102,049)	-
Non – derivative assets:							
Investment securities	4,081,560	4,176,432	233,026	23,046	2,915,582	1,004,778	-
Loans receivable	357,321,168	464,411,787	171,665	30,173,803	64,587,528	207,860,236	161,618,555
	361,402,728	468,588,219	404,691	30,196,849	67,503,110	208,865,014	161,618,555

	Carrying amount	Gross Nominal inflow/ (outflow)	Less than 1 month	Over 1 to 3 months	Over 3 months to 1 year	Over 1 to 5 years	Over 5 years
2020							
Non-derivative liabilities:							
Loans payable	159,909,764	(168,312,564)	(4,860,328)	(10,133,457)	(71,773,225)	(81,545,554)	-
Bonds *	166,415,132	(182,819,068)	-	(11,952,375)	(4,087,222)	(166,779,471)	-
Commercial paper	39,547,711	(39,925,304)	(2,271,340)	(7,307,940)	(30,346,024)	-	-
Margin call	5,012,000	(5,012,000)	(5,012,000)	-	-	-	-
Unrecognized loan commitments	-	(31,694,976)	(31,694,976)	-	-	-	-
	370,884,607	(427,763,912)	(43,838,644)	(29,393,772)	(106,206,471)	(248,325,025)	-
Non – derivative assets:							
Investment securities	4,457,147	4,545,503	7,981	26,004	4,511,518	-	-
Loans receivable	391,229,995	520,249,795	6,869,714	10,849,062	58,173,740	259,051,786	185,305,493
	395,687,142	524,795,298	6,877,695	10,875,066	62,685,258	259,051,786	185,305,493

*Before fair value hedging adjustment.

6. Financial Risk Management (Continued)

Risk management framework (continued)

(c) 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 consolidated statement of comprehensive income.

As of December 31, 2021, all 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 ALCO Committee, with the oversight of the Risk 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 December 31, 2021, 11% (2020: 15%) of interest-earning assets and 0% (2020: 20%) of interest-bearing liabilities net of swaps are set to re-price after six months.

6. Financial Risk Management (Continued)

Risk management framework (continued)

(c) Market risk (continued)

Interest rate risk (continued)
The following tables summarize the Corporation's exposure to interest rate risks based on a duration of economic equity analysis.

2021	Assets	Liabilities	Net
Present Value	428,417,300	(352,993,638)	75,423,662
Duration (excluding interest rate swaps)	0.42	0.32	
Duration (including interest rate swaps)	0.42	0.32	0.10
Floating rate as a % total	89.15%	42.01%	
Fixed rate as a % total	8.82%	14.00%	
Hybrid Rate as a % Total	2.02%	44.00%	
Net Portfolio's Sensitivity to 100bp change in interest rate			0.90
POLICY LIMIT:			+/- 2.00

2020	Assets	Liabilities	Net
Present Value	451,785,517	(383,777,434)	68,008,083
Duration (excluding interest rate swaps)	0.45	0.36	
Duration (including interest rate swaps)	0.45	0.36	0.09
Floating rate as a % total	86.91%	43.81%	
Fixed rate as a % total	13.09%	56.19%	
Net Portfolio's Sensitivity to 100bp change in interest rate			0.95%
POLICY LIMIT:			+/- 1.0

A change of 100 basis points in interest rates would have increased or decreased the Corporation's net economic value by US$404,121 (2020: US$645,062) or 0.32% (2020: 0.62%).

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.

6. Financial Risk Management (Continued)

Risk management framework (continued)

(c) Market risk (continued)

Interest rate risk (continued)

	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 365 days	Over 365 days	Total
2021							
Asset							
Loans and investments, gross	64,637,248	58,822,622	105,321,555	94,005,582	12,328,196	28,148,460	363,263,663
Liability							
Loans, gross	14,853,895	20,000,000	33,568,182	74,350,000	5,136,364	2,843,580	150,752,021
Net position	49,783,353	38,822,622	71,753,373	19,655,582	7,191,832	25,304,880	212,511,642

	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 365 days	Over 365 days	Total
2020							
Asset							
Loans and investments, gross	53,621,620	67,668,957	117,707,395	99,432,542	28,615,547	31,747,618	398,793,679
Liability							
Loans, gross	26,996,752	-	13,695,934	92,868,181	22,636,364	5,116,307	161,313,538
Net position	26,624,868	67,668,957	104,011,461	6,564,361	5,979,183	26,631,311	237,480,141

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 the Corporation's operations and are faced by all business entities.

The Corporation's objective is to manage operational risk 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 has 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 financial instruments;
- Internal procedures for the minimum insurance requirement;
- Environmental and social policies;

6. Financial Risk Management (Continued)

Risk management framework (continued)

(c) Market risk (continued)

Operational risk (continued)

- Compliance with internal policies and controls;
- Code of conduct for employees and the Board of Directors and its Committees;
- Corporate Compliance Manual to prevent money laundering activities; and
- Acquisition of insurance to mitigate operational risk.

The Risk Committee oversees management's program to limit or control operational risk and ensures that the Corporation has in place an appropriate enterprise-wide process to identify, assess and monitor this risk. The Audit Committee monitors compliance with the Corporation's internal policies and procedures on a regular basis, based on reports made by the Internal Auditor.

Actions implemented due to the COVID-19 pandemic
The Corporation has successfully implemented its Business Continuity Plan, implicating among other things, that 100% of its staff can work remotely if needed(telecommuting).

This has increased the frequency of risks associated with cybersecurity, among them:

- Increased e-mail attack attempts; and
- Increased attack attempts due to the widespread use of remote connection protocols.

To counteract these risks, management of the Corporation has reinforced controls as follows:

- Monitoring of main attack vectors was extended to e-mail and end-user devices; and
- The frequency of vulnerability scans has been intensified.

6. Financial Risk Management (Continued)

Risk management framework (continued)

(d) *Capital management*

The Corporation has adopted the Standardized Approach of Basel II, approved by the Board of Directors on December 13, 2018. The Corporation's capital structure is as follows:

	2021	2020
Tier 1 capital	108,936,307	104,869,473
Total capital	108,936,307	104,869,473
Risk weight of 50%	25,493,153	22,039,141
Risk weight of 100%	330,724,167	344,134,641
Risk weight of 150%	85,222,891	105,563,367
Risk weight of 250%	12,044,534	13,274,457
Risk weight of 400%	25,384,274	24,095,046
Subtotal for credit risk	478,869,019	509,106,652
Concentration	183,954,974	196,873,706
Operational risk	78,370,959	78,370,959
Risk - weighted assets	741,194,952	784,351,317
Capital adequacy	14.70%	13.37%
Required capital adequacy (as established by the Board	12.50%	12.50%

For investment property, a 400% risk weight was used in a Solar Power Company as the Corporation owns shares in this company. For the US$1.2 million first loss guarantee related to the securitization program, a 400% risk weight was applied.

(e) *Securitized Loans*

As part of the credit risk management, specifically concentration risk, the Corporation decided to reduce its individual concentration by starting a securitization program with institutional investors in El Salvador (See Note 22).

7. Cash and Cash Equivalents

Cash and cash equivalents are detail as follows:

	2021	2020
Cash	1,000	1,000
Current account	28,447,072	29,221,323
Time deposits	23,150,000	24,023,643
	51,598,072	53,245,966
Less: Time deposits with maturity more than ninety days	(3,000,000)	-
	48,598,072	53,245,966

8. Reconciliation of Movements of Borrowings and Debt Arising from Financing Activities, as Presented in the Consolidated Statements of Cash Flows

	2021			
	Loans	**Bonds**	**Commercial Paper**	**Total**
Balance at January 1, 2021	159,909,764	166,415,132	39,547,711	365,872,607
Change from financing cash flow				
Proceeds from loans payable	76,464,652	-	-	76,464,652
Repayment of loans payable	(86,999,912)	-	-	(86,999,912)
Proceeds from issue bonds	-	75,956,160	-	75,956,160
Repayment of bonds	-	(71,599,824)	-	(71,599,824)
Proceeds from issue of commercial paper	-	-	23,949,000	23,949,000
Repayment of commercial paper	-	-	(43,284,723)	(43,284,723)
Total from financing cash flows	(10,535,260)	4,356,336	(19,335,723)	(25,514,647)
Change of fair value for hedge accounting relationship	-	(16,687,105)	-	(16,687,105)
Balance at December 31, 2021	149,374,504	154,084,363	20,211,988	323,670,855

	2020			
	Loans	**Bonds**	**Commercial Paper**	**Total**
Balance at January 1, 2020	153,892,042	143,706,507	25,036,206	322,634,755
Change from financing cash flow				
Proceeds from loans payable	119,470,916	-	-	119.470,916
Repayment of loans payable	(113,453,194)	-	-	(113,453,194)
Proceeds from issue bonds	-	39,914,400	-	39,914,400
Repayment of bonds	-	(19,685,550)	-	(19,685,550)
Proceeds from issue of commercial paper	-	-	54,662,000	54,662,000
Repayment of commercial paper	-	-	(40,150,495)	(40,150,495)
Total from financing cash flows	6,017,722	20,228,850	14,511,505	40,758,077
Change of fair value for hedge accounting relationship	-	2,479,775	-	2,479,775
Balance at December 31, 2020	159,909,764	166,415,132	39,547,711	365,872,607

Reconciliation of equity movements arising from financing activities are presented in the consolidated statement of changes in equity.

9. Furniture, Equipment, Improvements and Rights-of-Use Assets

Furniture, equipment, improvements, and rights-of-use assets are summarized as follows:

	2021				
	Furniture and Equipment	**Property Improvements**	**Computer Equipment**	**Rights-of-Use Assets (1)**	**Total**
Cost					
Balance at January 1, 2021	147,755	1,120,007	160,572	1,610,639	3,038,973
Acquisitions	-	-	57,026	-	57,026
Adjustment	-	-	3,367	(596,146)	(592,779)
Sales	-	-	(50,095)	-	(50,095)
Balance at December 31, 2021	147,755	1,120,007	170,870	1,014,493	2,453,125
Accumulated depreciation:					
Balance at January 1, 2021	129,986	514,207	130,105	402,660	1,176,958
Expense of the period	17,719	142,130	42,585	201,330	403,764
Adjustment	(66)	(164,697)	(3,269)	(401,091)	(569,123)
Sales	-	-	(41,120)	-	(41,120)
Balance at December 31, 2021	147,639	491,640	128,301	202,899	970,479
Net balance	116	628,367	42,569	811,594	1,482,646

[1] The rights-of-use assets mainly consist of office premises under lease (see Note 3 (t)).

	2020				
	Furniture and Equipment	**Property Improvements**	**Computer Equipment**	**Rights-of-Use Assets (1)**	**Total**
Cost					
Balance at January 1, 2020	147,755	1,120,007	167,378	1,832,331	3,267,471
Lease modifications	-	-	-	(221,692)	(221,692)
Sales	-	-	(6,806)	-	(6,806)
Balance at December 31, 2020	147,755	1,120,007	160,572	1,610,639	3,038,973
Accumulated depreciation:					
Balance at January 1, 2020	100,572	329,362	83,730	229,042	742,706
Expense of the period	29,414	184,845	51,395	173,618	439,272
Sales	-	-	(5,020)	-	(5,020)
Balance at December 31, 2020	129,986	514,207	130,105	402,660	1,176,958
Net balance	17,769	605,800	30,467	1,207,979	1,862,015

[1] They mainly consist of rights of use-assets corresponding to office premises under lease (see Note 3 (t)).

The Corporation has an intangible asset recorded as other assets for an amount of US$90,882 which generated an amortization of US$17,829 during the period ended December 31, 2021 (2020: US$17,829) (Note 11).

10. Investment Property

Investment property is summarized as follows:

	2021	2020
Balance at beginning of the year	17,016,964	13,326,832
Changes in fair value	(1,260,665)	2,322,468
Increase in assets received in satisfaction of loans	-	1,367,664
Balance at end of year	15,756,299	17,016,964

In November 2019, the Corporation accelerated the loan granted to a solar-power company in Honduras, executing the guarantees of the loan, which included the trusts that owned: all the shares of the company, all fixed assets (land and equipment) and the license of the operation of the plant. As of December 31, 2021, the book value of the investment property, and its fair value as of December 31, 2021 is US$5,140,193 (2020: US$6,023,762). In addition, the lessee of the solar power plant paid the Corporation the amount of US$200,000 (2020: US$369,000) for current business as owner, which was also recognized as income.

In December 2019, the Corporation granted a new loan with an independent source of payment from the original sponsor. As a result of the restructured transaction, the new outstanding balance is US$6,956,481. Additionally, a tract of land, was received in lieu of payment as part of the restructuring and was recorded as investment property which fair value as of December 31, 2021 is US$10,616,106 (December 31, 2020: US$10,993,202). As of December 31, 2021, the Corporation has signed a contract to sale this land for a value of US$10,616,106, which will be executed in 2022.

11. Other Assets

Other assets are summarized as follows:

	2021	2020
Administrative prepaid expenses	1,639,888	1,529,768
Treasury prepaid expenses	533,380	527,068
Intangible asset, net (Note 9)	9,166	26,995
Guarantee deposits	16,345	16,345
Ongoing projects	63,760	64,830
Deferred income tax asset (Note 18)	1,044,972	236,537
Other receivables	2,802,939	994,360
Total	6,110,450	3,395,903

12. Loans Payable

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

	Maturity	2021	2020
Foreign financial institutions			
Norwegian Investment Fund	2021	-	25,000,000
Opec Fund for International Development (OFID)	2021	-	4,090,909
Occidental Bank (Barbados) Ltd.	2022	4,000,000	5,000,000
German Investment Corporation (KFW DEG)	2022	6,250,000	12,500,000
Global Climate Partnership Fund	2022	14,900,000	29,800,000
International Finance Bank (IFB)	2023	14,285,714	21,428,571
Finnish Fund for Industrial Cooperation (Finn fund)	2023	12,900,000	-
Bancaribe Curacao	2023	8,000,000	-
Caribbean Development Bank	2024	5,116,307	7,389,034
Development Finance Institute (FinDev)	2025	10,500,000	13,500,000
Cargill Financial Services International	2025	25,000,000	25,000,000
Global Climate Partnership Fund	2026	15,000,000	-
Cargill Financial Services International	2026	20,000,000	-
Local financial institutions			
Pacific Bank	2021	-	3,000,000
Banco Internacional de Costa Rica, S. A.	2021	-	9,605,024
Banco Internacional de Costa Rica, S. A.	2022	9,800,000	5,000,000
Banco Mercantil	2022	5,000,000	-
		150,752,021	161,313,538
Deferred costs		(1,377,517)	(1,403,774)
Total		149,374,504	159,909,764

12. Loans Payable (Continued)

The effective annual interest rates on loans with financial entities range between 3.23% and 5.85% (2020: between 2.59% and 6.00%).

Following is a detail of the loans outstanding payable, undrawn balance of committed lines of credit and undrawn balance of uncommitted lines of credit:

	2021	2020
Loans payable outstanding, net gross	149,374,504	159,909,764
Undrawn balance of committed lines of credit	2,100,000	18,000,000
Undrawn balance of uncommitted lines of credit	25,000,000	13,694,976

See Note 6(b) for information on outstanding contractual maturities of borrowings. The Corporation has not any defaults of principal, interest, or other covenant breaches with respect to its loans payable.

13. Bonds

Bonds are detail as follows:

	2021	2020
Corporate bond - Panama	61,886,497	86,395,086
Corporate Green Bond - Panama	50,762,544	51,723,172
Corporate Green Bond - Colombia	42,707,241	29,571,803
	155,356,282	167,690,061
Deferred costs	(1,271,919)	(1,274,929)
Total	154,084,363	166,415,132

Corporate Bond - Panama
Through Resolution SMV-691-17 of the Superintendency of the Securities Market of Panama, on December 20, 2017, the public offering of a corporate bonds program in Panama was made, with a nominal value of US$100,000,000. The corporate bonds were issued in nominative and rotating titles, registered and without coupons, in denominations of US$1,000 and their multiples. The bonds will pay interest quarterly and may not be redeemed early by the issuer.

13. Bonds (Continued)

The terms and conditions of those bonds issued by the Corporation are detailed below:

	Nominal Interest Rate	Maturity Date	2021 Carrying Amount	2020 Carrying Amount
Corporate Bonds				
Series A	5.00%	2021	-	10,000,000
Series B	5.50%	2023	5,000,000	5,000,000
Series D	5.00%	2023	1,800,000	3,000,000
Series G	6.08%	2021	-	17,500,000
Series H	6.25%	2021	-	7,500,000
Series I	6.25%	2021	-	7,500,000
Series J	6.08%	2021	-	27,500,000
Series K	5.75%	2023	1,500,000	1,500,000
Series L	5.75%	2023	566,000	566,000
Series M	4.00%	2023	2,000,000	-
Series N	4.25%	2024	2,000,000	-
Series O	4.50%	2025	2,000,000	-
Series P	4.75%	2026	3,000,000	-
Series Q	4.00%	2023	1,495,000	-
Series R	4.25%	2024	5,500,000	-
Series S	4.00%	2024	1,000,000	-
Series T	4.25%	2024	2,000,000	-
Series U	4.25%	2024	500,000	-
Series V	4.25%	2024	1,000,000	-
Series W	3.75%	2023	2,000,000	-
Series X	4.00%	2024	5,000,000	-
Series Y	4.00%	2024	2,300,000	-
Series Z	4.00%	2024	2,755,000	-
Series AD	4.25%	2025	1,140,000	-
Series AF	3.50%	2023	1,500,000	-
Series AA	3.25%	2023	2,400,000	-
Series AB	4.00%	2024	6,750,000	-
Series AC	4.38%	2025	7,000,000	
Series AE	3.50%	2023	2,000,000	-
			62,206,000	80,066,000
Remeasurement of hedged items			(319,503)	6,329,086
			61,886,497	86,395,086

Corporate Green Bond - Panama

Through Resolution SMV-337-19 of the Superintendency of the Securities Market of Panama, on August 20, 2019, the public offering of corporate green bonds program in Panama was made, with a nominal value of US$200,000,000. The corporate green bonds were issued in nominative and rotating titles, registered and without coupons, in denominations of US$1,000 and their multiples. The bonds will pay interest quarterly and may not be redeemed early by the issuer.

13. Bonds (Continued)

The terms and conditions of those green bonds issued by the Corporation are detailed below:

	Nominal Interest Rate	Maturity Date	2021 Carrying Amount	2020 Carrying Amount
Green Bonds				
Series A	4.75%	2022	14,997,000	14,997,000
Series B	5.00%	2024	12,000,000	12,000,000
Series C	5.00%	2024	995,000	995,000
Series D	5.15%	2024	7,000,000	7,000,000
Series E	5.15%	2024	7,000,000	7,000,000
Series F	4.50%	2023	500,000	500,000
Series G	5.25%	2023	1,000,000	1,000,000
Series H	4.75%	2021	-	250,000
Series I	5.00%	2022	4,000,000	4,000,000
Series J	5.25%	2023	2,000,000	2,000,000
Series K	4.50%	2022	1,000,000	1,000,000
			50,492,000	50,742,000
Remeasurement of hedged items			270,544	981,172
			50,762,544	51,723,172

Corporate Green Bond - Colombia
Through filing No.2020258225-006-000 of the Financial Superintendency of Colombia, on November 23, 2020, the public offering of an ordinary bonds program in Colombia was made, with a nominal value. The bonds will pay interest quarterly and may not be redeemed early by the issuer.

The terms and conditions of the ordinary bonds issued by the Corporation are detailed below:

	Nominal Interest Rate	Maturity Date	2021 Carrying Amount	2020 Carrying Amount
Green Bonds				
Series A	6.63%	2023	29,600,395	29,600,395
Series B	6.63%	2023	12,654,240	-
Series C	8.15%	2026	9,961,849	-
			52,216,484	29,600,395
Remeasurement of hedged items			(9,509,243)	(28,592)
			42,707,241	29,571,803

14. Commercial Paper

Through Resolution SMV-690-17 of the Superintendency of the Securities Market of Panama, on December 20, 2017, the public offering of a commercial paper program in Panama (Valores Comerciales Negociables – VCN, in Spanish) was made, with a nominal value of US$50,000,000. The VCN were issued in nominative and rotating titles, registered and without coupons, in denominations of US$1,000 and their multiples. The VCN will pay interest quarterly and may not be redeemed early by the issuer.

The terms and conditions of the commercial paper issued by the Corporation are detailed below:

			2021	2020
	Nominal Interest Rate	Maturity Date	Carrying Amount	Carrying Amount
VCN				
Series X	4.25%	2021	-	2,270,000
Series Y	4.75%	2021	-	1,500,000
Series Z	4.25%	2021	-	1,935,000
Series AA	4.25%	2021	-	2,250,000
Series AB	4.25%	2021	-	3,000,000
Series AC	4.25%	2021	-	5,000,000
Series AD	4.38%	2021	-	3,000,000
Series AE	4.38%	2021	-	5,000,000
Series AF	4.38%	2021	-	8,415,000
Series AG	4.00%	2021	-	1,000,000
Series AH	4.00%	2021	-	1,000,000
Series AI	4.00%	2021	-	3,000,000
Series AJ	4.00%	2021	-	1,000,000
Series AK	4.00%	2021	-	1,365,000
Series AL	3.50%	2022	2,000,000	-
Series AM	3.50%	2022	500,000	-
Series AN	3.50%	2022	1,700,000	-
Series AO	3.50%	2022	2,000,000	-
Series AP	3.50%	2022	3,050,000	-
Series AS	3.25%	2022	3,000,000	-
Series AT	2.75%	2022	1,400,000	-
Series AU	2.75%	2022	1,000,000	-
Series AV	2.75%	2022	1,000,000	-
Series AW	2.75%	2022	1,000,000	-
Series AY	2.75%	2022	1,000,000	-
Series AZ	2.75%	2022	328,000	-
Series AX	2.75%	2022	2,281,000	-
			-	-
			20,259,000	39,735,000
Deferred costs			(47,012)	(187,289)
			20,211,988	39,547,711

15. Other Liabilities

Other liabilities are summarized as follows:

	2021	2020
Employment benefits	1,428,339	1,636,810
Tax payable	478,832	234,304
Others payable	2,806,464	1,586,813
	4,713,635	3,457,927

16. Equity

Share Capital

The Corporation's share capital is comprised of 54,000,001 (2020: 54,000,001) common shares of US$1 par value, for a total of US$54,000,001 (2020: US$54,000,001). Treasury shares acquired in 2019 amount to US$3,673,618.

The issued and outstanding share capital is distributed as follows:

	2021		2020	
	Acquired Capital	Ownership Interest	Acquired Capital	Ownership Interest
Norwegian Investment Fund for Developing Countries	17,263,819	34.30%	17,263,819	34.30%
Valora Holdings, S. A.	10,408,585	20.68%	10,408,585	20.68%
Central American Bank for Economic Integration	6,122,697	12.17%	6,122,697	12.17%
Caixa Banco de Investimento, S. A.	6,122,697	12.17%	6,122,697	12.17%
Caribbean Development Bank	3,673,618	7.30%	3,673,618	7.30%
Finnish Fund for Industrial Cooperation Ltd.	3,673,618	7.30%	3,673,618	7.30%
Banco Pichincha C. A.	3,061,349	6.08%	3,061,349	6.08%
	50,326,383		50,326,383	

17. Basic Earnings Per Share

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

	2021	**2020**
Net income	9,685,602	9,364,613
Number of shares	50,326,383	50,326,383
Earnings per share	0.19	0.19

18. Income Taxes

Panama
The income tax returns of the Corporation are subject to examination by the local income tax authorities for the last three (3) years, including the year ended December 31, 2021, in accordance with current Panamanian tax regulation.

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 deposit with banks operation in Panama, and investment securities issued by the Government of Panama and securities listed with the Superintendency of the Securities Market and traded the Panama Stock Exchange.

For corporations in Panama, the current tax rate is 25% of taxable net income.

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

18. Income Taxes (Continued)

Panama (continued)
The income tax net is detailed below:

	2021	2020
Estimated income tax	237,579	148,432
Deferred income tax	(808,434)	(236,537)
Income tax benefit, net	(570,855)	(88,105)

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

	2021	2020
Panama		
Net financial income before income tax	9,114,747	9,276,508
Foreign revenue, exempt and non-taxable, net of costs and expenses	(7,214,115)	(8,682,779)
Tax loss carryforward	(950,316)	-
Net taxable income	950,316	593,729
Income tax	237,579	148,432

The movement of the deferred income tax asset is detailed as follows:

	2021	2020
Balance at the beginning of the year	236,537	-
Increase	808,435	236,537
Balance at the end of the year	1,044,972	236,537

Deferred income tax asset is detailed as follows:

	2021	2020
Panama		
Deferred income tax - asset		
Allowance for loans losses	205,532	236,537
Tax loss carryforward	839,440	-
	1,044,972	236,537

18. Income Taxes (Continued)

Panama (continued)

Transfer Price Regime
Law No.52 of August 28, 2012 established as of the 2012 fiscal period the transfer pricing regime aimed at regulating for tax purposes the transactions carried out between related parties, and applicable to operations that the taxpayer carries out with related companies that are tax residents of other jurisdictions. The most relevant aspects of this regulation include:

- Taxpayers must submit, annually, an informative declaration of the operations related to related parties, within six (6) months following the closing of the corresponding fiscal period.

- Failure to present the previous report will be sanctioned with a fine equivalent to 1% of the total amount of operations with related parties.

- The entities obliged to present the report referred to in the previous point must maintain a study of transfer prices, which must contain the information and analysis that allow assessing and documenting their operations with related parties, in accordance with the established provisions in the law.

- The taxpayer must only present this study at the request of the General Directorate of Revenue within 45 days after their request.

19. Derivatives Held for Risk Management Purposes

Interest rate derivatives
Management uses interest rate swaps to reduce interest rate risk on its assets (loans) and liabilities (bonds). The Corporation reduces its credit risk in respect of those swaps entered into by dealing with financially sound counterparty institutions.

As of December 31, 2021, the Corporation held the following interest rate swaps as hedging instruments in fair value hedges of interest risk.

19. Derivatives Held for Risk Management Purposes (Continued)

	Maturity 2021				
Risk category	**Less than 1 month**	**1-3 months**	**3 months – 1 year**	**1-5 years**	**More than 5 years**
Interest rate risk					
Hedge of issued bonds					
Notional amount (US$)	-	-	17,687,000	73,266,000	-
Average fixed interest rate	-	-	4.75%	4.49%	-
Average spread over Libor	-	-	4.39%	3.90%	-
Interest rate risk					
Hedge of issued loans	-	-	-	-	7,777,778
Notional amount (US$)	-	-	-	-	8.25%
Average fixed interest rate	-	-	-	-	6.85%
Average spread over Libor	-	-	-	-	-
Cross Currency risk					
Hedge of issued bonds					
Notional amount (US$)	-	-	-	52,231,167	-
Average fixed interest rate	-	-	-	7.33%	-
Average spread over Libor	-	-	-	3.16%	-

	Maturity 2020				
Risk category	**Less than 1 month**	**1-3 months**	**3 months – 1 year**	**1-5 years**	**More than 5 years**
Interest rate risk					
Hedge of issued bonds					
Notional amount (US$)	-	-	-	132,770,077	-
Average fixed interest rate	-	-	-	3.30%	-
Average spread over Libor	-	-	-	3.06%	-
Interest rate risk					
Hedge of issued loans					
Notional amount (US$)	-	-	-	-	8,888,889
Average fixed interest rate	-	-	-	-	6.65%
Average spread over Libor	-	-	-	-	0%

19. Derivatives Held for Risk Management Purposes (Continued)

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows:

2021

US$	Nominal amount	Carrying amount Assets	Carrying amount Liabilities	Line item in the consolidated statement of financial position where the hedging instrument is included	Change in fair value used for calculating hedge ineffectiveness	Ineffectiveness recognized in profit or loss	Line item in profit or loss that includes hedge ineffectiveness
Interest rate risk							
Interest rate swaps – hedge of issued bonds	90,953,000	-	69,196	Derivative assets held for risk management	41,790	3,341,546	Other income – gain or loss on derivative instruments
Interest rate swaps – hedge of issued loans	7,777,778	-	100,844	Derivative liabilities held for risk management	92,184	8,508	Other income – gain or loss on derivative instruments
Cross currency risk							
Cross currency swaps – hedge of issued bonds	52,231,167	-	9,364,844	Derivative assets held for risk management	9,348,114	(26,510)	Other income – gain or loss on derivative instruments

2020

US$	Nominal amount	Carrying amount Assets	Carrying amount Liabilities	Line item in the consolidated statement of financial position where the hedging instrument is included	Change in fair value used for calculating hedge ineffectiveness	Ineffectiveness recognized in profit or loss	Line item in profit or loss that includes hedge ineffectiveness
Interest rate risk							
Interest rate swaps – hedge of issued bonds	132,770,077	7,687,044	-	Derivative assets held for risk management	7,349,251	2,036,419	Other income – gain or loss on derivative instruments
Interest rate swaps – hedge of issued loans	8,888,889	-	410,804	Derivative liabilities held for risk management	410,804	(68,423)	Other income – gain or loss on derivative instruments

19. Derivatives Held for Risk Management Purposes (Continued)

The amounts relating to items designated as hedged items were as follows:

2021

Line item in the consolidated statement of financial position in which the hedged item is included	Carrying amount Assets	Carrying amount Liabilities	Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item Assets	Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item Liabilities	Change value used for calculating hedge ineffectiveness
Bonds	-	143,184,167	9,389,904	-	9,389,904
Loans	7,777,778	-	92,184	-	92,184

2020

Line item in the consolidated statement of financial position in which the hedged item is included	Carrying amount Assets	Carrying amount Liabilities	Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item Assets	Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item Liabilities	Change value used for calculating hedge ineffectiveness
Bonds	-	132,770,077	-	(7,349,251)	(7,349,251)
Loans	8,888,889	-	410,804	-	410,804

Derivatives and repurchase agreements

In the ordinary course of business, the Corporation enters into derivative financial instrument transactions under industry standards agreements. Depending on the collateral requirements stated in the contracts, the Corporation and counterparties can receive or deliver collateral based on the fair value of the financial instruments transacted between parties. Collateral typically consists of pledged cash deposits and securities. The master netting agreements include clauses that, in the event of default, provide for close-out netting, which allows all positions with the defaulting counterparty to be terminated and net settled with a single payment amount.

The International Swaps and Derivatives Association master agreement ("ISDA") and similar master netting arrangements do not meet the criteria for offsetting in the consolidated statement of financial position. This is because they create for the parties to the agreement a right of set-off of recognized amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Corporation or the counterparties or following other predetermined events.

Such arrangements provide for single net settlement of all financial instruments covered by the agreements in the event of default on any one contract. Master netting arrangements do not normally result in an offset of balance–sheet assets and liabilities unless certain conditions for offsetting are met.

19. Derivatives Held for Risk Management Purposes (Continued)

Although master netting arrangements may significantly reduce credit risk, it should be noted that:

- Credit risk is eliminated only to the extent that amounts due to the same counterparty will be settled after the assets are realized.

- The extent to which overall credit risk is reduced may change substantially within a short period because the exposure is affected by each transaction subject to the arrangement.

The following tables presents financial assets and liabilities that are offset in the consolidated financial statement or subject to an enforceable master netting arrangement:

Derivative financial instruments - liabilities

2021

				Gross amount of offset in the consolidated financial position		
Description	**Gross amount of recognized financial liabilities**	**Gross amount offset in the consolidated financial position**	**Net amount of assets presented in the consolidated financial position**	**Financial instruments**	**Cash received**	**Net amount**
Bonds	143,184,167	-	143,184,167	6,230,000	-	149,414,167
Total	143,184,167	-	143,184,167	6,230,000	-	149,414,167

2020

				Gross amount of offset in the consolidated financial position		
Description	**Gross amount of recognized financial liabilities**	**Gross amount offset in the consolidated financial position**	**Net amount of assets presented in the consolidated financial position**	**Financial instruments**	**Cash received**	**Net amount**
Bonds	132,770,077	-	132,770,077	-	(5,012,000)	127,758,077
Total	132,770,077	-	132,770,077	-	(5,012,000)	127,758,077

20. Fair Value of Financial Instruments and Investment Property

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 observable market 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.

20. Fair Value of Financial Instruments and Investment Property (Continued)

The Corporation uses widely recognized valuation models for determining the fair value of common and simpler financial instruments, such as interest rate and currency swaps that use only observable market data and require little management judgment 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 judgment 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:

	2021		
	Carrying amount	**Level 2**	**Level 3**
Derivative liabilities	9,534,884	9,534,884	-

	2020		
	Carrying amount	**Level 2**	**Level 3**
Derivative assets	7,687,044	7,687,044	-
Derivative liabilities	410,804	410,804	-

20. Fair Value of Financial Instruments and Investment Property (Continued)

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, except those short-term financial instruments which carrying value approximates fair value:

	Carrying amount	Fair value Level 2	Fair value Level 3
Financial assets			
Investment securities	4,081,560	4,082,381	-
Loans receivable	357,321,168	-	372,736,846
Financial liabilities			
Loans payable	149,374,504	-	156,871,532
Bonds	154,084,363	-	175,768,191
Commercial paper	20,211,988	-	20,353,915

	Carrying amount	Fair value Level 2	Fair value Level 3
Financial assets			
Investment securities	4,457,147	4,427,141	-
Loans receivable	391,229,995	-	361,955,398
Financial liabilities			
Loans payable	159,909,764	-	166,847,210
Bonds	166,415,132	-	176,487,763
Commercial paper	39,547,711	-	40,442,461

During the years ended December 31, 2021 and 2020, there have not been transfers between Levels of the fair value hierarchy.

20. Fair Value of Financial Instruments and Investment Property (Continued)

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

(a) Investment securities
Fair values are determined by using a model based on observable market data, such as: yield rates (LIBOR and OIS (Overnight Index Swap)).

(b) Loans receivable
Fair value of loans is determined by grouping loans into classes with similar financial characteristics. The fair value of each class of loans is calculated by discounting cash flows expected until maturity, using a discount market 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, such as corporate debt market prices, governmental bonds market values with similar maturity to the loans where no corporate debt information is available, among others.

(c) Loans payable
Fair value of loans payable is calculated by discounting committed cash flows at current market rates for loans with similar maturities.

(d) Bonds and commercial paper
Fair values of bonds and commercial paper are calculated by discounting committed cash flows at current market rates for instruments with similar maturities.

Investment property
Fair values of investment properties are determined within the level 3 of fair value hierarchy using a model based on observable in the market data, including property appraisal and expected future cash flows at current market interest rates in order to bring the future value to present value.

20. Fair Value of Financial Instruments and Investment Property (Continued)

The following table shows the valuation techniques used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Asset	Valuation technique	Significant unobservable inputs	Inter-relationship between unobservable inputs and fair value measurement
Land	*Discounted cash flows:* the valuation model considers the present value of net cash flows generated from the sale of property and related selling and maintenance costs. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the country and risk-free premiums, US$ local interest rates and taxes.	COVID-19 crisis impacting: – Market value (values between US$19M to US$24M) – Selling date (expected between January and December 2022) – Risk-adjusted discount rates (between 14% to 16%)	The estimated fair value would increase (decrease) if: – Market value was higher (lower) – Selling date was shorter (longer) – Risk-adjusted discount rates was lower (higher)
Photovoltaic energy plant	*Discount cash flows:* the valuation model considers the present value of net cash flows generated from the sale of electrical energy to the system less O&M costs and CAPEX. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the country risk premium and the Corporation's cost of funding.	– Selling date to a new client (expected between March and December 2022) – Off-taker actions that can impact the plant cash flow stability	The estimated fair value would increase (decrease) if: – Selling date was shorter (longer) – Off-taker actions impacted positively (negatively) cash flow stability

21. 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 December 31, 2021, the Corporation has commitments and contingencies in the amount of US$50,986,307 (2020: US$39,621,134), corresponding to credits pending disbursement to various entities.

In addition, due to the El Salvador Securitization, the Corporation has an additional contingency of $1,205,875 related to the first loss guarantee granted to investors. (Note 22)

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

22. Securitization of Loan Participation

On December 15, 2021, Ricorp Titularizadora issues the CIFI Securitization Fund ("Securitization Fund Ricorp Titularizadora CIFI Cero Uno"). The CIFI Securitization placed in the primary market the series A, negotiated through the Electronic Trading System of the El Salvador Stock Exchange for US$25 million for a term of 180 months. This series A is the first placement of a total authorized amount of US$100 million. The securitization allows CIFI to reduce individual credit risk concentration and obtain financing by assigning in exchange for cash, loan portfolio participations for infrastructure development of CIFI that are likely to generate income in the future.

Among others, the characteristics of this securitization are as follows:

- The payments of the sub-participated loans are collected through a Trust with an international bank, which makes the pro rata payments. The Corporation has no obligation to pay to the Securitization Fund any amount that is not actually received from the debtors.
- The returns on the participations have been assigned in favor of the CIFI Securitization Fund.

22. **Securitization of Loan Participation (Continued)**

- Regarding the treatment of defaults, a first loss guarantee is only extended up to 5% of the total Serie assigned through a Stand-by letter of credit in favor of the Securitization Fund.
- The subsidiary CIFI Assets Management will charge a percentage for the accounting of the loans which is not representative.
- In case of default, the Corporation will be in charge of the execution of the guarantees. Recoveries will be transferred to the Securitization Fund.
- Early redemptions may be given in the event of early prepayments of credits or in the event of enforcement of guarantees due to lack of payments. In the case of early redemption, it is established that a general meeting of holders of issued securities must deal with certain issues, which include the decision on early redemption.

The carrying amounts of the Securitization of Loan Participations include receivables which are subject to a securitization arrangement. Under this arrangement, the Corporation has transferred Loans Participations to the Securitization Fund in exchange for cash and is prevented from selling or pledging the loans. However, the Corporation has retained credit risk. Therefore, the Corporation continues to recognize the transferred loans participations in its consolidated statement of financial position.

The amount received from the Securitization Fund under the agreement is presented as securitization liabilities. The Corporation considers that the held to collect business model remains appropriate for these receivables and hence continues measuring them at amortized cost.

The relevant carrying amounts are as follows:

	2021	2020
Carrying amount		
Securitized loans	24,117,501	-
Securitization liabilities	24,117,501	-

	2021	2020
Fair value		
Securitized of loans participations	24,685,492	-
Securitization liabilities	24,685,492	-
Net position	-	-