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

Report and Consolidated Interim Financial Statements
September 30, 2024

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

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September 30, 2024

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

Consolidated Interim Statement of Financial Position
September 30, 2024
(Expressed in US Dollars)

	Notes	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Assets			
Cash and cash equivalents	6,8	22,545,077	19,181,978
Investment securities, net	6	10,814,073	18,371,645
Loans receivable, net	6	324,193,121	360,867,850
Furniture, equipment and improvements, net	10	1,015,904	1,229,804
Receivables from advisory and structuring services, net	6	3,372,272	6,512,537
Investments accounted for using the equity method	6,12	15,484,854	7,824,569
Investment property	13	11,434,872	11,434,872
Margin account	6,23	1,600,000	3,450,000
Goodwill	11	2,285,822	2,285,822
Deferred income tax	22	593,550	539,518
Other assets	14	1,561,844	1,889,226
Total assets		394,901,389	433,587,821
Liabilities and Equity			
Liabilities			
Loans payable	6,9,15	112,401,347	150,784,413
Corporate bonds payable	6,9,16	155,510,296	147,606,721
Commercial paper	6,9,17	4,169,999	9,820,873
Accrued interest payable		2,734,975	1,757,501
Derivative liabilities	23	1,991,519	3,570,293
Lease liabilities		678,947	786,790
Other liabilities	18	2,843,940	6,424,641
Total liabilities		280,331,023	320,751,232
Equity			
Share capital	19	54,000,001	54,000,001
Treasury shares	19	(3,673,618)	(3,673,618)
Additional paid-in capital		85,000	85,000
Securities valuation		67,548	(17,762)
Foreign currency subsidiary adjustment		(14,258)	18,090
Retained earnings		64,105,693	62,424,878
Total equity		114,570,366	112,836,589
Total liabilities and equity		394,901,389	433,587,821
Commitments and contingencies			
Loans pending disbursement	25	22,060,597	19,575,074
Undrawn balance of credit facilities	6,15	36,378,800	32,828,800
Notional amount of swaps	23	94,698,532	100,643,532

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

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

Consolidated Interim Statement of Comprehensive Income
For the nine months ended on September 30, 2024
(Expressed in US Dollars)

	Notes	September 30, 2024 (Unaudited)	Septiembre 30, 2023 (Unaudited)
Interest income:			
Cash and cash equivalents		445,319	414,167
Investment securities		657,023	632,673
Loans receivable		24,918,923	27,938,073
Securitized loans	26	-	678,285
Total interest income		26,021,265	29,663,198
Interest expense:			
Loans		(9,351,986)	(11,070,760)
Bonds		(11,185,929)	(11,413,222)
Securitization liabilities	26	-	(678,285)
Lease liabilities		(37,981)	(26,067)
Total interest expense		(20,575,896)	(23,188,334)
Net interest income		5,445,369	6,474,864
Other income:			
Advisory and structuring services, net		4,674,085	7,237,972
Gain on derivative instruments, financial instruments and others, net	21	5,390,606	3,860,866
Other income, net		10,064,691	11,098,838
Operating income		15,510,060	17,573,702
Provision for loan losses	6	(906,741)	(3,012,953)
Provision for accounts receivable	6	58,537	(538,106)
Reversal of provision (provision) for securitized loans	25	-	6,210
Depreciation expense	10	(252,997)	(248,455)
Personnel expenses		(5,492,124)	(5,237,679)
Other administrative expenses		(3,142,619)	(5,395,977)
Income before tax		5,774,116	3,146,742
Income tax	22	(190,055)	(74,678)
Net income		5,584,061	3,072,064
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Net change in valuation of investment securities at FVOCI	6	85,310	150,677
Foreign currency subsidiary adjustment		(32,348)	19,239
Comprehensive income for the period		5,637,023	3,241,980
Basic earnings per share	20	0.11	0.06

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

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

Consolidated Interim Statement of Change in Equity
For the nine months ended on Septiembre 30, 2024
(Expressed in US Dollars)

	Notes	Share capital	Treasury shares	Additional paid-in capital	Investment securities valuation	Other reserves	Retained earnings	Total equity
Balance at December 31, 2022 **(Audited)**		54,000,001	(3,673,618)	85,000	(132,031)	-	59,862,616	110,141,968
Total comprehensive income for the period								
Net income for the period		-	-	-	-	-	3,072,064	3,072,064
Net change in valuation of securities investments at FVOCI		-	-	-	150,677	-	-	150,677
Foreign currency subsidiary adjustment		-	-	-	-	19,239	-	19,239
Comprehensive income for the period		-	-	-	150,677	19,239	3,072,064	3,241,980
Transactions with owners of the Corporation:								
Complementary tax, Panama		-	-	-	-	-	(12,241)	(12,241)
Dividends declared	19	-	-	-	-	-	(4,306,537)	(4,306,537)
Balance at September 30, 2023 **(Unaudited)**		54,000,001	(3,673,618)	85,000	18,646	19,239	58,615,902	109,065,170
Balance at December 31, 2023 **(Audited)**		54,000,001	(3,673,618)	85,000	(17,762)	18,090	62,424,878	112,836,589
Total comprehensive income for the period								
Net income for the period		-	-	-	-	-	5,584,061	5,584,061
Net change in valuation of securities investments at FVOCI		-	-	-	85,310	-	-	85,310
Foreign currency subsidiary adjustment		-	-	-	-	(32,348)	(1,800)	(34,148)
Comprehensive income for the period		-	-	-	85,310	(32,348)	5,582,261	5,635,223
Transactions with owners of the Corporation:								
Complementary tax, Panama		-	-	-	-	-	-	-
Dividends declared	19	-	-	-	-	-	(3,901,446)	(3,901,446)
Balance at September 30, 2024 **(Unaudited)**		54,000,001	(3,673,618)	85,000	67,548	(14,258)	64,105,693	114,570,366

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

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

Consolidated Interim Statement of Cash Flows
For the nine months ended on September 30, 2024
(Expressed in US Dollars)

	Notes	September, 30 2024 (Unaudited)	September, 30 2023 (Unaudited)
Cash flows from operating activities			
Net income for the period		5,584,061	3,072,064
Adjustments to reconcile net incom to net cash provided by operating activities			
Gain on derivative instruments,financial and others instruments, net		(5,390,606)	(3,860,866)
Provision for loan losses	6	906,741	3,012,953
Provision for securitized loans	6	-	(6,210)
Provision for accounts receivables	6	(58,537)	538,106
Depreciation expense	10	252,997	248,455
Share of other comprehensive profit of investments accounted for using the equity method	21	(989,163)	-
Interest income		(26,021,265)	(29,663,198)
Interest expense		20,575,896	23,188,334
Income tax	22	190,055	74,678
Discards of furniture, equipment and improvements		-	63
FX Change rate of furniture, equipment and improvements	10	2,868	(1,906)
		(4,946,953)	(3,397,527)
Net changes in:			
Deposit with original maturity of more than ninety days	8	-	(280,000)
Other assets		9,539,309	8,800,776
Other liabilities		(3,719,595)	671,879
Loan collections		99,079,590	93,625,259
Loan disbursements		(62,333,195)	(79,731,441)
		42,566,109	23,086,473
Income tax paid		(669,824)	(35,000)
Interest received		25,092,048	25,838,396
Interest paid		(19,598,422)	(21,690,992)
		4,823,802	4,112,404
Net cash provided by operating activities		42,442,958	23,801,350
Cash flows from investing activities			
Acquisition of investment securities	6	(216,763,293)	(143,276,083)
Proceeds form sales and redemptions of securities	6	224,271,675	123,949,600
Investments accounted for using the equity method		(7,660,285)	-
Adquisition of goowill		-	-
Acquisition of furniture, equipment and improvements	10	(41,964)	(970)
Net cash provided by (used in) investing activities		(193,867)	(19,327,453)
Cash flows from financing activities			
Proceeds from loans payable	9	35,441,733	33,000,000
Repayment of loans payable	9	(73,824,799)	(51,717,733)
Proceeds from issuance of bonds	9	48,306,000	26,971,000
Repayment of bonds	9	(41,106,606)	(16,858,659)
Proceeds from issuance of commercial paper	9	4,035,000	9,551,000
Repayment of commercial paper	9	(9,685,874)	(17,228,650)
Margin account	23	1,850,000	10,850,000
Complementary tax paid		-	(12,241)
Dividends paid		(3,901,446)	(4,306,537)
Net cash used in financing activities		(38,885,992)	(9,751,820)
Net increase (decrease) in cash and cash equivalents		3,363,099	(5,277,923)
Cash and cash equivalents at the beginning of the period		19,181,978	32,982,453
Cash and cash equivalents at the end of the period	8	22,545,077	27,704,530

The accompanying notes are an integral part of these consolidated interim 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. CIFI was legally redomiciled under the laws of the Republic of Panama on April 4, 2011.

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 it is a logistical enclave that allows quick access to the region.

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

CIFI's business structure is based on three segments: granting loans to finance infrastructure projects in Latin America, Advisory & Structuring services, and Asset Management services. Each segment is evaluated separately.

CIFI owns or controls the following subsidiary companies:

	Activity	Country of Incorporation	Controlling Ownership	
			September 30, 2024	December 31, 2023
CIFI SEM, S. A.	Personnel Management	Panama	100.00%	100.00%
CIFI PANAMA, S. A.	Lending & Financing Structuring	Panama	100.00%	100.00%
CIFI LATAM, S. A.	Lending & Financing Structuring	Panama	100.00%	100.00%
CIFI SERVICES, S. A.	Advisory	Panama	100.00%	100.00%
CIFI ASSET MANAGEMENT LTD.	Administration of Investment Funds	Cayman Islands	100.00%	100.00%
FINENGE CONSULTORIA LTDA.	Advisory Services	Brazil	99.97%	99.97%

This group of companies is denominated the "Corporation".

The consolidated interim financial statements were approved for issuance by the members of the Audit Committee on November 15, 2024.

2. Basis of Preparation

(a) Statement of Compliance

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

The consolidated interim financial statements of the Corporation have been prepared in accordance with IFRS Accounting Standards. IFRS Accounting Standards comprise IFRS Accounting Standards, IAS Standards and Interpretations developed by the IFRS Interpretations Committee (IFRIC Interpretations) or its predecessor body, the Standing Interpretations Committee (SIC Interpretations).

(b) Basis of Measurement

These consolidated interim financial statements have been prepared on the historical cost basis, except for derivative financial instruments and certain loans and investment securities that are measured at fair value, 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 financial position is presented in order of the liquidity position.

(c) Functional and Presentation Currency

The amounts included in the financial statements of each entity 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 interim financial statements are presented in dollars of the United States of America (US$), the Corporation's 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. Additionally, shareholders' contributions and ordinary shares are denominated in that currency.

(d) Use of Estimates and Judgments

The preparation of consolidated interim 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.

2. Basis of Preparation (Continued)

(d) Use of Estimates and Judgments (continued)

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 interim financial statements are included in the following notes:

- Allowance for loan losses, Note 6; and
- Fair value of financial instruments, Note 24.

3. Material Accounting Policies

(a) Amendments Adopted by the Corporation

The following amendments apply for the first time to financial reporting periods commencing on or after January 1, 2024.

Non-current Liabilities with Covenants - Amendments to IAS 1

Amendments made to IAS 1 Presentation of Financial Statements in 2020 clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting year. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarified what IAS 1 means when it refers to the 'settlement' of a liability.

In October 2022, the IASB made further amendments to IAS 1 in response to concerns raised about these changes to the classification of liabilities as current or non-current The new amendments clarify that covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current, even if the covenant is only tested for compliance after the reporting date.

3. Material Accounting Policies (Continued)

(a) Amendments Adopted by the Corporation (continued)

The amendments require disclosures if an entity classifies a liability as noncurrent and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include:

- the carrying amount of the liability
- information about the covenants, and
- facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants.

The amendments must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Special transitional rules apply if an entity had early adopted the 2020 amendments regarding the classification of liabilities as current or non current.

The amendments were due to be applied from January 1, 2022. However, the effective date was subsequently deferred to January 1, 2023 and then further to January 1, 2024.

Lease liability in Sale and Leaseback - *Amendments to IFRS 16*
In September 2022, the IASB finalised narrow-scope amendments to the requirements for sale and leaseback transactions in IFRS 16 Leases which explain how an entity accounts for a sale and leaseback after the date of the transaction.

The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines ‘lease payments’ and ‘revised lease payments’ in a way that does not result in the seller-lessee recognizing any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.

The effective date for this amendment is for periods started on January 1, 2024.

3. Material Accounting Policies (Continued)

(a) Amendments Adopted by the Corporation (continued)

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures:
In May 2023, in response to investor request for greater transparency of the impacts of financing arrangements on financial statements, the Board amended IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures. The amendments introduce additional disclosure requirements for companies entering into such arrangements. However, they do not address the classification and presentation of the related liabilities and cash flows.

The amendments listed above had no impact on the amounts recognized in previous years.

(b) Amendments Issued but not yet Adopted by the Corporation

IFRS 18 – Presentation and disclosures in financial statements: In April 2024, the Board issued the new IFRS 18 standard Presentation and Disclosures in Financial Statements, which will provide investors with more transparent and comparable information on companies' financial performance, helping them make better investment decisions.

IFRS 18 is effective for annual accounting periods beginning on or after January 1, 2027. Early application is permitted.

IFRS 19 Non-public Subsidiaries: Disclosures: In May 2024, the Board issued new IFRS 19 Nonpublic Interest Subsidiaries, which allows subsidiaries to make reduced disclosures, rather than disclosures in accordance with other IFRS. The application of this standard will reduce the costs of preparing the financial statements of subsidiaries, while maintaining the benefit of the information for the users of the financial statements.

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

3. Material Accounting Policies (Continued)

(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 interim financial statements since the date the Corporation obtains control and ceases when the Corporation loses control.

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 interim 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., CIFI Services, S. A., CIFI Asset Management Ltd. and Finenge Consultoria LTDA. 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 interim 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 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.

3. Material Accounting Policies (Continued)

(c) Basis of Consolidation (continued)

(iii) Structured Entities (continued)

- The Corporation has the right 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 to obtain benefits from its activities.

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 above 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 comprehensive income.

(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 an insignificant risk of changes in their fair value and are used by the Corporation for management of its short-term commitments.

3. Material Accounting Policies (Continued)

(f) Financial Assets and Financial Liabilities

(i) Recognition and Initial Measurement

The Corporation initially recognizes loans receivable, debt securities issued loans, corporate bonds and commercial paper on the date on which they 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 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.

3. Material Accounting Policies (Continued)

(f) Financial Assets and Financial Liabilities (continued)

(ii) Classification (continued)

Financial assets (continued)
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.

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 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. Material 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 this assessment, the 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 the credit risk associated with the principal amount outstanding during a particular period 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 the cash flows from specified assets - e.g., non-recourse asset arrangements; and
- Features that modify consideration of the time value of money - e.g., periodic reset of interest rates.

The Corporation holds a portfolio of long-term loans for which it has the option 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 the 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 reflects a consideration for the time value of money, credit risk, other basic lending risks, and costs associated with the principal amount outstanding.

3. Material Accounting Policies (Continued)

(f) Financial Assets and Financial Liabilities (continued)

(ii) Classification (continued)

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

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 other comprehensive income (OCI); and

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

The Corporation has not designated any liabilities 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 surrendered or when the Corporation modifies the terms of loans provided to customers due to commercial renegotiations, or for distressed loans, intending to maximize recovery. The Corporation derecognizes financial liability when its contractual obligations are discharged, canceled, 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 it is the case 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.

3. Material Accounting Policies (Continued)

(f) Financial Assets and Financial Liabilities (continued)

(iv) Modifications to Financial Assets (continued)

If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in the 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 comprehensive income. If such a modification is carried out because of the 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.

(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 consider in pricing a transaction.

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

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

3. Material Accounting Policies (Continued)

(f) Financial Assets and Financial Liabilities (continued)

(vi) Impairment

The Corporation recognizes loss allowances for expected credit losses (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.

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

Measurement of Expected Credit Losses (ECL)

ECL is 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: 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. Material 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 does not result in the 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 does result in the 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:

- The 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;

3. Material Accounting Policies (Continued)

(f) Financial Assets and Financial Liabilities (continued)

(vi) Impairment (continued)

Credit-impaired Financial Assets (continued)

- 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.

A loan that has been renegotiated due to an impairment 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: 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.

3. Material Accounting Policies (Continued)

(f) Financial Assets and Financial Liabilities (continued)

(vi) Impairment (continued)

Write-offs
Loans and debt financial instruments are written off when there is no realistic prospect of recovery, once all efforts for collections are being exercised. 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, to comply with the Corporation's procedures for recovery of amounts due. Any write-off must be recommended by the Risk Committee and approved by the Board of Directors.

Financial Assets
IFRS 9 contains a forward-looking 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.

3. Material Accounting Policies (Continued)

(f) Financial Assets and Financial Liabilities (continued)

(vi) Impairment (continued)

Financial Assets (continued)

- 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 that are considered to have experienced a significant increase in credit risk since initial recognition. This requires the computation of ECL based on the lifetime probability of default (LTPD), which 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 increased in credit risk and the impact of a longer time horizon being considered compared to a 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 three (3) or more notches, in a 6-month consecutive period, the Risk Committee will analyze all loans to decide which loans shall migrate to the “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

  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.

3. Material Accounting Policies (Continued)

(f) Financial Assets and Financial Liabilities (continued)

(vi) Impairment (continued)

Financial Assets (continued)

- 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 the 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 quarterly, 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. For those cases outside this range, they are elevated to the Assets and Liabilities Committee (ALCO) to evaluate the effectiveness of the hedging relationship, based on IFRS 9.

3. Material 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 interim 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 comprenhensive income. 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 could be:

- Debt investment securities are 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 are 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.

- If the Corporation engages in equity investment securities, these would be designated as FVOCI.

3. Material 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 comprehensive income 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 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 has elected to present in OCI changes in the fair value of certain investments in equity instruments that are not held for trading. The election shall be made on an instrument-by-instrument basis on initial recognition and is irrevocable.

Gains and losses on such equity instruments shall be never reclassified to profit or loss and no impairment is recognized in profit or loss. Dividends shall be recognized in profit or loss unless they represent a recovery of part of the cost of the investment, in which case they shall be recognized in OCI. Cumulative gains and losses recognized in OCI shall be transferred to retained earnings on the 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. Material Accounting Policies (Continued)

(j) Furniture, Equipment, and Improvements, Net

Furniture, equipment, and improvements are used in 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 comprehensive income 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 computer 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) Right-of-use Assets

The Corporation recognizes a right-of-use asset, which represents its right to use the underlying asset, and a lease liability, which represents its obligation to make future lease payments.

3. Material Accounting Policies (Continued)

(k) Right-of-use Assets (continued)

The Corporation applies for the exemption from the standard for lease contracts identified as leases in accordance with IAS 17 and IFRIC 4, applying the following practical options for current contracts:

- Exemption for not recognizing assets for rights of use and lease liabilities for contracts with a term of less than 12 months;
- Leases in which the underlying asset is of low value are excluded;
- Initial direct costs of measuring the right-of-use asset are excluded; and
- Hindsight reasoning is used to determine the lease term, when the contract contains options to extend or terminate the lease.

These exemptions to recognition and their respective payments are recorded as rental expenses in the consolidated statement of comprehensive income for the year.

The Corporation measures its right-of-use assets at cost less accumulated depreciation and are depreciated over the lease term. The right-of-use assets are presented with the furniture, equipment and improvements, net in the consolidated statement of financial position.

(l) Investments accounted for using the equity method

Associates are all entities over which the Corporation has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost.

(m) 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. If 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 the 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 change such that it is reclassified as property and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

3. Material Accounting Policies (Continued)

(n) Goodwill

The Corporation recognizes goodwill as of the acquisition date measured as the excess of (a) over (b) below:

(a) the aggregate of:

(i) the consideration transferred measured generally requires acquisition-date fair value;

(ii) the amount of any non-controlling interest in the acquiree; and

(iii) in a business combination achieved in stages, the acquisition-date fair value of the Corporation's previously held equity interest in the acquiree.

(b) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

(o) Provisions

A provision is recognized in the consolidated statement of financial position when the Corporation has acquired a legal or constructive obligation due to a past event, and, probably, 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.

(p) 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.

3. Material Accounting Policies (Continued)

(q) Income and Expense Recognition

(i) Interest Income and Expense

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.

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.

3. Material Accounting Policies (Continued)

(q) Income and Expense Recognition (continued)

(i) Interest Income and Expense (continued)

Calculation of Interest Income and Expense (continued)
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.

(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 included in other operating income, arise from services provided by the Corporation, including advisory and structuring services, and are 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.

3. Material Accounting Policies (Continued)

(q) Income and Expense Recognition (continued)

(ii) Fee and Commission Income and Expenses (continued)
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.
Asset Management	Involves the management of assets on behalf of their clients which generates several kinds of administrative commissions.	Revenue related to transactions is recognized at the point in time when the transaction takes place.

(r) Gain or Derivative Instruments and other Financial Instruments
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 pertain to 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.

(s) 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 attributable to ordinary shareholders of the Corporation by the weighted average number of ordinary shares outstanding during the period.

(t) 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 assigned to the segment and thus evaluate its performance, and for which financial information is available for this purpose.

3. Material Accounting Policies (Continued)

(t) Segment Information (continued)
The Corporation's business structure is based on three segments, as follows:

- Lending: Financing directly infrastructure projects in Latin America and the Caribbean through its statement of financial position or participation.
- Advisory and Structuring: Includes due diligence, structuring, and syndication services to projects in a wide range of sectors and many countries located in Latin America and the Caribbean.
- Asset Management: Provides investors with diversified portfolio management services on direct infrastructure loans in high demographic growth areas while mitigating environmental, social, and governance risks.

(u) 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.

(v) Leases
At the 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;

3. Material Accounting Policies (Continued)

(v) Leases (continued)

- The Corporation has the right to obtain substantially all of the economic benefits from the 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 a reassessment of a contract that contains a lease component, the Corporation allocates the consideration in the contract to each lease component based on 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.

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.

3. Material Accounting Policies (Continued)

(v) Leases (continued)

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.

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.

3. Material Accounting Policies (Continued)

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 have 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.

4. Balances and Transactions with Related Parties

During the period, the Corporation entered into transactions with parties that are considered to be related.

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

		September 30, 2024		September 30, 2024	
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	-	6,718,764	194,001	271,412

		December 31, 2023		September 30, 2023	
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	4,532,414	8,589,418	494,104	113,303

On September 30, 2024, the Corporation fully disbursed committed and uncommitted lines of credit with related parties or other credit facilities (see Note 15).

Members of the Board of Directors have received compensation of US$259,454 (September 30, 2023: US$83,250) for attending meetings during the period. Compensation of key executive officers is included in Note 5.

5. Employee Benefits

For the period ended on September 30, 2024, personnel expenses include salaries and benefits paid to key executive officers for US$854,331 (September 30, 2023: US$646,719).

5. Employee Benefits (Continued)

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 they provide proof of equivalent coverage:

- Medical insurance
- Health and life insurance
- Travel insurance

(b) Retirement plan contributions (Simple IRA): The Corporation contributes 3% (December 31, 2023: 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 focuses on rewarding and motivating the Participants for generating sustainable long-term value for the Corporation.

According to the Plan, the Corporation grants the Participant a right to receive stock options convertible into cash, if certain performance metrics are achieved 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 was amended in 2019.

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 expenses in the year they arise.

The annual pro-rata portion of the Option accumulated for this benefit maintains an open balance of US$124,246 (December 31, 2023: US$679,543), 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 ordinary course of operations, the Corporation is exposed to different types of financial risks, which are minimized by applying 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 establishes and oversees 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 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 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 regularly 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.

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, legal compliance, ethics, and anti-money laundering. 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.

6. Financial Risk Management (Continued)

Risk Management Framework (continued)
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 the management level: Credit, Asset and Liability Committee (ALCO), and Procurement.

The Credit Committee, a 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 the spread, amortization schedule, tenor and/or guarantees) within the limits established by the Board; review the periodic credit follow-up reports of each loan; 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 the management of Interest Rate, Forex, GAP, and Liquidity Risks and comply with technical criteria according 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.

The Procurement Committee, composed of three (3) members of Management, is involved in procuring 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.

6. Financial Risk Management (Continued)

Risk Management Framework (continued)
Following is a detailed explanation of the 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 following the contractual terms and conditions agreed upon 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 3 years.
- In instruments:

  - Type of instruments: Fixed Income Instruments (Bonds), Certificates of Deposits, or Time Deposits.
  - Type of Issuers: Corporates, financial institutions, and US Treasuries.
  - Program Size: a minimum issue or program size of US$200 million (for insuring liquid secondary market), excluding commercial papers programs in Panama (in Spanish, VCN - Valores Comerciales Negociables), with a minimum program size of US$50 million approved by the Superintendency of Securities Market of Panama.
  - Country Risk: issuers located in countries with a rating of at least BBB-/Baa3 from one of the main rating agencies (Moody's, S&P, Fitch). The only exception is Panama in case its rating is less than BBB-/Baa3.
  - Issuer Rating: 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 CIFI's total capital.
- All investments shall be denominated in US$.
- 25% of the nominal value of the investment in the Liquid Portfolio will be included in the overall country loan portfolio exposure.
- For Certificates of Deposit, minimum issue or program size does not apply.
- The investment portfolio could be used as a guarantee for margin credit facilities if it is required and approved by CIFI.

As of September 30, 2024, the concentrations of credit risk by sectors and countries are within the limits established by the Corporation. The nominal amount of each financial asset represents the maximum exposure to credit risk.

The loan portfolio includes the financing of corporate bonds totaling US$17,380,620 (December 31, 2023: US$17,754,851).

The Corporation has a policy in place for granting payment extensions and for restructuring, renegotiating, and refinancing for granting payment extensions and loans. Payment extensions apply only when the borrower is experiencing temporary difficulties and will be able to resume payments in the short term under the original agreement. Restructuring and refinancing are considered part of the overall credit/risk reevaluation framework, provided that a joint and collective effort is made by all participating lenders and that 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 a loan or investment is determined to be uncollectible or if its valuation does not warrant continued recognition as the original asset.

6. Financial Risk Management (Continued)

Risk Management Framework (continued)

(a) Credit risk (continued)

Investment and Loan Portfolios (continued)
As of September 30, 2024, the Corporation held loans receivable by US$45,290,139 (December 31, 2023: US$42,207,885) recognized as FVTPL, adjusted by remeasurement by US$1,407,399 (December 31, 2023: US$864,968).

As of September 30, 2024, the average loan portfolio internal risk rating is "B+" (December 31, 2023: 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 provides information about the credit quality of financial assets measured at FVOCI and investment accounted for using the equity method. As of September 30, 2024, of the total US$26,298,927 (December 31, 2023: US$26,196,214) in securities, the Corporation holds US$3,933,276 (December 31, 2023: US$5,789,458) in US Treasury Bonds; this is an initiative incorporated in 2023 to keep the excess liquidity of the Corporation invested in profitable instruments with very low risk.

	September 30, 2024			
	12-month ECL	Lifetime ECL, not credit impaired	Lifetime ECL, credit impaired	Total
Investment accounted for using the equity method				
AAA / A-	-	-	-	-
BBB + / BBB-	-	-	-	-
BB+ / BB-	-	-	-	-
B+ / B-	15,484,854	-	-	15,484,854
<= CCC+	-	-	-	-
Total investment accounted for using the equity method	15,484,854	-	-	15,484,854
Investment securities at FVOCI (*)				
AAA / A-	6,278,899	-	-	6,278,899
BBB + / BBB-	4,405,793	-	-	4,405,793
BB+ / BB-	-	-	-	-
B+ / B-	-	-	-	-
<= CCC+	-	-	-	-
Total gross amount	10,684,692	-	-	10,684,692
Accrued interest receivable	61,833	-	-	61,833
Investment valuation	67,548	-	-	67,548
Total investment securities	10,814,073	-	-	10,814,073

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

6. Financial Risk Management (Continued)

Risk Management Framework (continued)

(a) Credit Risk (continued)

Investment and Loan Portfolios (continued)

The Corporation´s loan portfolio is allocated as follows:

	September 30, 2024			
	12-month ECL	**Lifetime ECL, not credit impaired**	**Lifetime ECL, credit impaired**	**Total**
Loans receivable at amortized cost (*)				
AAA / A-	-	-	-	-
BBB + / BBB-	1,327,227	-	-	1,327,227
BB+ / BB-	80,758,997	-	6,530,897	87,289,894
B+ / B-	122,327,180	6,473,096	6,748,927	135,549,203
<= CCC+	33,961,339	14,340,155	3,414,728	51,716,222
Total gross amount	238,374,743	20,813,251	16,694,552	275,882,546
Accrued interest receivable	5,560,237	884,000	1,083,326	7,527,563
Allowance for loan losses	(2,270,959)	(1,919,259)	(849,499)	(5,039,717)
Deferred income	(874,809)	-	-	(874,809)
Net carrying amount (*)	240,789,212	19,777,992	16,928,379	277,495,583
Loans receivable at fair Value				
AAA / A-	-	-	-	-
BBB + / BBB-	-	-	-	-
BB+ / BB-	-	-	-	-
B+ / B-	23,583,987	3,846,827	-	27,430,814
<= CCC+	-	19,266,724	-	19,266,724
Net carrying amount	23,583,987	23,113,551	-	46,697,538
Total loans receivable	264,373,199	42,891,543	16,928,379	324,193,121

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

6. Financial Risk Management (Continued)

Risk Management Framework (continued)

(a) Credit Risk (continued)

Investment and Loan Portfolios (continued)

	December 31, 2023			
	12-month ECL	Lifetime ECL, not credit impaired	Lifetime ECL, credit impaired	Total
Investment accounted for using the equity method				
AAA / A-	-	-	-	-
BBB + / BBB-	-	-	-	-
BB+ / BB-	-	-	-	-
B+ / B-	7,824,569	-	-	7,824,569
<= CCC+	-	-	-	-
Total investment accounted for using the equity method	7,824,569	-	-	7,824,569
Investment securities at FVOCI (*)				
AAA / A-	13,838,577	-	-	13,838,577
BBB + / BBB-	4,439,807	-	-	4,439,807
BB+ / BB-	-	-	-	-
B+ / B-	-	-	-	-
<= CCC+	-	-	-	-
Total gross amount	18,278,384	-	-	18,278,384
Accrued interest receivable	111,023	-	-	111,023
Investment valuation	(17,762)	-	-	(17,762)
Total investment securities	18,371,645	-	-	18,371,645

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

6. Financial Risk Management (Continued)

Risk Management Framework (continued)

(a) Credit Risk (continued)

Investment and Loan Portfolios (continued)

	December 31, 2023			
	12-month ECL	**Lifetime ECL, not credit impaired**	**Lifetime ECL, credit impaired**	**Total**
Loans receivable at amortized cost (*)				
AAA / A-	-	-	-	-
BBB + / BBB-	-	-	-	-
BB+ / BB-	100,235,392	-	-	100,235,392
B+ / B-	149,264,065	14,882,616	5,773,927	169,920,608
<= CCC+	44,474,148	3,042,911	371,817	47,888,876
Total gross amount	293,973,605	17,925,527	6,145,744	318,044,876
Accrued interest receivable	5,024,425	495,224	1,029,507	6,549,156
Allowance for loan losses	(2,633,651)	(1,127,509)	(371,816)	(4,132,976)
Deferred income	(936,123)	-	-	(936,123)
Net carrying amount (*)	295,428,256	17,293,242	6,803,435	319,524,933
Loans receivable at fair Value				
AAA / A-	-	-	-	-
BBB + / BBB-	-	-	-	-
BB+ / BB-	11,662,164	-	-	11,662,164
B+ / B-	-	-	-	-
<= CCC+	10,654,000	19,026,753	-	29,680,753
Net carrying amount	22,316,164	19,026,753	-	41,342,917
Total loans receivable	317,744,420	$36,319,995	$6,803,435	360,867,850

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

6. Financial Risk Management (Continued)

Risk Management Framework (continued)

(a) Credit Risk (continued)

Investment and Loan Portfolios (continued)

Reconciliation of cash movements arising from investing activities is presented in the consolidated statement of cash flows as follow:

	September 30, 2024	December 31, 2023
Balance at beginning of year	26,196,214	11,559,078
Change from investing cash flow		
Acquisition of investment securities	224,423,578	217,018,306
Proceeds from sales, redemption and amortization	(224,356,985)	(202,491,620)
Total from investing cash flows	66,593	14,526,686
Accrued interest receivable	(49,190)	(3,819)
Investment valuation	85,310	114,269
Balance at the end of period	26,298,927	26,196,214

Modification of Financial Assets

The Corporation may modify the terms of loans provided to customers due to commercial renegotiations, or for distressed loans, intending to maximize recovery. Such restructuring activities include extended payment term arrangements, payment holidays, and payment forgiveness. Restructuring policies and practices are based on indicators or criteria which, in the judgment of management, indicate that payment will most likely continue. These policies are under continuous review. Restructuring is most commonly applied to term loans.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition when the modification is not substantial and so does not result in the derecognition of the original asset.

6. Financial Risk Management (Continued)

Risk Management Framework (continued)

(a) Credit Risk (continued)

Investment and Loan Portfolios (continued)
The Corporation monitors the subsequent performance of modified assets. As of September 30, 2024, the Corporation doesn´t have a gross carrying amount of such assets held (December 31, 2023: US$40,710,302).

The Corporation continues to monitor if there is a subsequent significant increase in credit risk concerning such assets through the use of specific models for modified assets.

As of September 30, 2024, the Corporation has past-due loans for US$16,694,552 (December 31, 2023: US$6,145,744).

To secure some of its loans payable, as of September 30, 2024, 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 2.54% (December 31, 2023: 2.91%) 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:

	September 30, 2024			
	12 - month ECL	Lifetime ECL, not credit impaired	Lifetime ECL, credit impaired	Total
Loans receivable at amortized cost				
Balance on January 1	2,633,651	1,127,509	371,816	4,132,976
Transfer to 12-month ECL	(65,769)	65,026	743	-
Transfer to lifetime ECL not credit impaired	-	(18,770)	18,770	-
Transfer to lifetime ECL credit impaired	(65,172)	(133,587)	198,759	-
Net remeasurement of loss allowance parameters	(539,203)	879,081	259,410	599,288
New financial assets originated	307,453	-	-	307,453
Financial assets that have been derecognized	-	-	-	-
Write-offs (*)	-	-	-	-
Change in models/risk parameters	-	-	-	-
Balance on September 30	2,270,958	1,919,259	849,499	5,039,717

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

6. Financial Risk Management (Continued)

Risk Management Framework (continued)

(a) Credit Risk (continued)

Investment and Loan Portfolios (continued)

	December 31, 2023			
	12 - month ECL	**Lifetime ECL, not credit impaired**	**Lifetime ECL, credit impaired**	**Total**
Loans receivable at amortized cost				
Balance on January 1	1,657,843	83,265	1,363,766	3,104,874
Transfer to 12-month ECL	(127,036)	127,036	-	-
Transfer to lifetime ECL not credit impaired	-	-	-	-
Transfer to lifetime ECL credit impaired	-	-	-	-
Net remeasurement of loss allowance parameters	(728,820)	917,208	1,283,633	1,472,021
New financial assets originated	635,577	-	-	635,577
Financial assets that have been derecognized	-	-	-	-
Write-offs (*)	-	-	(2,275,583)	(2,275,583)
Change in models/risk parameters	1,196,087	-	-	1,196,087
Balance on December 31	2,633,651	1,127,509	371,816	4,132,976

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

As of September 30, 2024, the Corporation has US$265,632,231 (December 31, 2023: US$317,418,780) of loans evaluated collectively with a provision for a loan portfolio of US$4,190,218 (December 31, 2023: US$3,761,160); and US$17,777,878 (December 31, 2023: US$7,175,251) of loans evaluated individually with a loan portfolio provision of US$849,499 (December 31, 2023: US$371,816).

The movement of provision on receivables from advisory and structuring services is detailed as follows:

	September 30, 2024	**December 31, 2023**
Balance at the beginning of the year	1,056,682	1,149,553
Provision on receivables	(58,537)	910,536
Write-offs	(839,637)	(1,003,407)
Balance at the end of the period	158,508	1,056,682

6. Financial Risk Management (Continued)

Risk Management Framework (continued)

(a) Credit Risk (continued)

Investment and Loan Portfolios (continued)

Management of the Corporation generally follows the policy of requiring collateral from its customers or a corporate loan guarantee before formally extending and disbursing a loan. The loans collaterals and guarantees are as follows:

	September 30, 2024	**Diciembre 31, 2023**
Pledge on property and mortgages on machinery	329,616,030	351,494,452
Corporate	111,913,044	111,913,044
Mortgages or securities on land	74,441,079	74,651,079
Mortgages or securities on buildings	46,154,905	46,154,905
Cash or CD pledge	14,889,113	16,366,408
Accounts receivable	10,726,404	10,726,404
Pledge over rights on contracts or others	8,342,764	12,571,805
Collateral trust agreement for a fiduciary assignment	8,090,540	-
Guarantees issued by the operating companies	6,421,535	6,421,535
Conditional sale agreement	5,048,244	5,048,244
Pledge over rights on contracts	4,099,877	24,563,764
Letter of credit on confirmed and irrevocable imports	456,040	-
Stand-by letters of credit	204,000	204,000
	620,403,575	660,115,640

The Corporation classifies loans as past due when no principal or interest payments have been made thirty-one days after the due date. The Corporation classifies loans as impaired when no principal or interest payment has been made ninety-one days after the due date.

Loans and investment securities earn annual interest rates between 2.40% and 15.76% (December 31, 2023: between 5.50% and 15.14%).

6. Financial Risk Management (Continued)

Risk Management Framework (continued)

(a) Credit Risk (continued)

Investment and Loan Portfolios (continued)

- Maximum risk by economic unit: The maximum risk limit assumed by the Corporation concerning individual borrowers or groups of borrowers having similar economic interests is 18% of the Corporation's net worth of its consolidated financial interim statements. However, exposure to any single client shall not exceed the following criteria, applicable for both periods, based on the Corporation's net worth of its consolidated interim 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 is performed based on an external and independent assessment. Appraisers shall be recommended by the COO based on their technical background and approved by the CEO;

(ii) An analysis must be made related to the underlying credit quality of any collateral and its acceptable value for CIFI, including appraisals. The most recent security valuation that occurred within three years might be accepted for appraisals. However, the valuation will be adjusted yearly according to the appropriate depreciation. If the collateral is related to publicly available market information, collateral should be updated on the quarterly review of the loan/covenant for information from the issuer. The analysis must be included in the Credit Memorandum;

(iii) For mortgages or securities on land, analyzing environmental liabilities must be part of the acceptance process. The level of effort shall be commensurate with the risk and determined by the ESG and the Risk units; and

(iv) After the above value estimation, this valuation will be further adjusted.

6. Financial Risk Management (Continued)

Risk Management Framework (continued)

(a) Credit Risk (continued)

Investment and Loan Portfolios (continued)

- Maximum risk by economic unit: (continued)
  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 September 30, 2024		% of total equity December 31, 2023	
	Number of exposures	**Amount**	**Number of Exposures**	**Amount**
0 to 4.99%	9	21,222,064	12	35,872,608
5 to 9.99%	21	167,433,213	19	155,905,758
10 to 14.99%	6	79,973,512	10	130,582,673
15 to 18%	3	53,951,295	2	37,026,753
	39	322,580,084	43	359,387,792

- 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, Restricted, and Limited. 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, defined every year by the Board of Directors, based on a recommendation by the Risk Committee. As of September 30, 2024, and December 31, 2023, the Corporation complied with country risk exposure limits.

6. Financial Risk Management (Continued)

Risk Management Framework (continued)

(a) Credit Risk (continued)

Investment and Loan Portfolios (continued)

- Country risk (continued)
  An analysis of the concentration of credit risk by country for gross loans and investment securities at the reporting date, is as follows:

	September 30, 2024	**Diciembre 31, 2023**
Chile	109,062,405	104,859,130
Panama	44,660,964	45,804,762
Brazil	33,359,797	39,807,993
Dominican Republic	25,464,455	25,010,000
Argentina	20,409,832	22,209,220
Canada	15,484,854	7,824,569
Honduras	14,078,667	19,318,079
Peru	13,185,543	17,355,603
Belize	11,569,523	12,056,494
El Salvador	11,085,000	11,524,500
Paraguay	10,319,924	10,353,516
Nicaragua	9,774,560	10,592,741
United States of America	9,662,304	16,561,279
Saint Lucia	8,483,846	8,629,249
Guatemala	7,444,540	7,444,540
Ecuador	1,981,983	10,208,434
Mexico	1,327,227	1,390,214
United Kingdom	583,717	593,913
France	506,220	1,105,430
Colombia	371,817	12,823,317
Gross loans and investment portfolio	348,817,178	385,472,983
Accrued interest receivable	7,589,396	6,660,180
	356,406,574	392,133,163

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, and 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, 2023 and 2022, the Corporation complied with sector risk exposure limits.

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

	September 30, 2024	December 31, 2023
Solar Power	140,322,335	128,723,323
Securities	26,237,094	26,085,191
Airports and Seaports	25,793,481	28,868,922
Co-generation (Biomass)	21,052,720	21,763,628
Thermo Power	20,914,498	18,000,000
Alternative Fuel	19,266,724	34,026,753
Tourism	19,062,377	20,012,372
Energy Efficiency	15,232,084	16,091,263
Telecommunications	11,703,233	23,373,567
Geothermal	9,774,560	10,592,741
Wind Power	8,974,897	8,967,094
Hydro Power	8,304,740	9,108,337
Logistical Centers and Other	7,488,321	-
Social Infrastructure	5,994,913	17,922,722
Roads, Railroads and Others	5,773,927	18,225,427
Construction & Engineering	2,921,274	3,711,643
Gross loans and investment portfolio	348,817,178	385,472,983
Accrued interest receivable	7,589,396	6,660,180
	356,406,574	392,133,163

6. Financial Risk Management (Continued)

Risk Management Framework (continued)

(a) Credit Risk (continued)

Investment and Loan Portfolios (continued)
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 to 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.

In addition, commissions receivable from corporate services rendered to third parties, amounting as of September 30, 2024, to US$3,372,272 (December 31, 2023: US$6,512,537), which are presented as receivables from advisory and structuring services, are classified as performing receivables. The Corporation has recognized US$839,637 (December 31, 2023: US$1,003,407) in write-offs related to billing receivables for the period.

ECL impairment on receivables recognized in the statement of comprehensive income for the period ended on September 30, 2024, amounted to US$58,537 (September 30, 2023: US$538,106).

(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.

6. Financial Risk Management (Continued)

Risk Management Framework (continued)

(b) Liquid Risk (continued)

Management of Liquidity Risk (continued)
The Treasurer receives information from the 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 following 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 regularly, and liquidity stress testing is conducted under scenarios covering normal and more severe market conditions. All internal policies and procedures for term matching are subject to review and approval by the Board of Directors. The 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 every quarter:

- Mismatches in the consolidated statement of financial position - asset-liability gap analysis;
- 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 extend its liquidity position from 6 months to 1 year its liquidity position.

As of September 30, 2024, the Corporation had US$22,545,077 (December 31, 2023: US$19,181,978) in cash and cash equivalents and maintained undisbursed and available balances of committed credit facilities with financial institutions for US$19,378,800 (December 31, 2023: US$9,678,800) with tenors at 2024 and 2029 (December 31, 2023: tenors in 2023 and 2024). Additionally, the Corporation maintains undisbursed and available balances of uncommitted short-term revolving credit facilities with financial institutions for US$17,000,000 (December 31, 2023: US$23,150,000). (See Note 15).

6. Financial Risk Management (Continued)

Risk Management Framework (continued)

(b) *Liquidity Risk (continued)*

Management of Liquidity Risk (continued)

According to the Corporation's liquidity policies, the Corporation shall comply with the following three limits: i) Cumulative asset-liability gap from 1 to 180 days > 0, ii) Probability of negative cash flow balance in six months ≤ 1%; and iii) original contractual maturity defined as short term funding, up to 1 year, cannot exceed either $65 million or 25% of total funding. 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 loans payable are allocated to the time band in which management expects their occurrence.

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
September 30, 2024							
Assets							
Cash and cash equivalents	22,545,077	-	-	-	-	-	22,545,077
Investment securities	3,296,944	670,071	-	4,480,058	1,285,000	1,082,000	10,814,073
Loans receivable	1,385,397	1,763,863	4,466,001	22,814,185	21,995,302	271,768,373	324,193,121
Receivables from advisory and structuring services	-	756,410	35,000	2,580,862	-	-	3,372,272
Margin account	1,600,000	-	-	-	-	-	1,600,000
	28,827,418	3,190,344	4,501,001	29,875,105	23,280,302	272,850,373	362,524,543
Liabilities							
Loans payable	1,175,893	3,571,429	(13,316,895)	7,371,815	36,212,038	77,387,067	112,401,347
Corporate bonds	(98,722)	995,000	17,767,233	15,279,460	18,597,194	102,970,131	155,510,296
Commercial paper	-	-	142,000	3,535,000	492,999	-	4,169,999
Derivative liabilities	-	-	-	295,210	719,561	976,748	1,991,519
Accrued interest payable	549,044	443,632	1,324,462	417,837	-	-	2,734,975
	1,626,215	5,010,061	5,916,800	26,899,322	56,021,792	181,333,946	276,808,136

6. Financial Risk Management (Continued)

Risk Management Framework (continued)

(b) Liquidity Risk (continued)

Management of Liquidity 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
December 31, 2023							
Assets							
Cash and cash equivalents	-	18,061,978	-	-	1,120,000	-	19,181,978
Investment securities	6,875,729	9,886	2,537,048	18,460	521,522	8,409,000	18,371,645
Loans receivable	4,538,610	9,314,913	2,513,438	12,746,612	14,472,570	317,281,707	360,867,850
Receivables from advisory and structuring services	364,942	5,563,763	22,944	560,888	-	-	6,512,537
Margin account	3,450,000	-	-	-	-	-	3,450,000
	15,229,281	32,950,540	5,073,430	13,325,960	16,114,092	325,690,707	408,384,010
Liabilities							
Loans payable	3,568,716	(3,842,857)	8,950,000	13,913,162	39,245,143	88,950,249	150,784,413
Corporate bonds	1,684,730	1,684,720	1,484,720	7,008,465	43,603,925	92,140,161	147,606,721
Commercial paper	605,000	996,000	-	-	8,219,873	-	9,820,873
Derivative liabilities	-	-	-	575,541	615,297	2,379,455	3,570,293
Accrued interest payable	153,286	484,785	579,965	535,953	3,512	-	1,757,501
	6,011,732	(677,352)	11,014,685	22,033,121	91,687,750	183,469,865	313,539,800

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
September 30, 2024							
Liabilities:							
Loans payable	112,401,347	(129,505,604)	(1,002,718)	(12,023,757)	(35,850,585)	(80,628,544)	-
Corporate bonds *	155,510,296	(180,387,781)	(6,750,000)	(17,897,617)	(40,186,399)	(115,553,765)	-
Commercial paper	4,169,999	(4,295,565)	-	(143,757)	(4,151,808)	-	-
Derivative liabilities	1,991,519	(94,698,532)	(6,750,000)	(14,000,000)	(5,000,000)	(68,948,532)	-
Margin account	(1,600,000)	(1,600,000)	(1,600,000)	-	-	-	-
Unrecognized loan Commitments	-	(44,378,800)	(44,378,800)	-	-	-	-
	272,473,161	(454,866,282)	(60,481,518)	(44,065,131)	(85,188,792)	(265,130,841)	-
Assets:							
Investment securities	10,814,073	11,032,579	3,337,695	675,728	5,894,530	1,124,626	-
Loans receivable	324,193,121	538,837,737	2,686,980	10,810,568	61,787,612	209,028,375	254,524,202
	335,007,194	549,870,316	6,024,675	11,486,296	67,682,142	210,153,001	254,524,202

6. Financial Risk Management (Continued)

Risk Management Framework (continued)

(b) Liquidity Risk (continued)

Management of Liquidity Risk (continued)

	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
December 31, 2023							
Liabilities:							
Loans payable	150,784,413	(174,196,023)	(12,656,870)	(10,542,711)	(41,508,929)	(109,487,512)	-
Corporate bonds *	147,606,721	(174,725,817)	(2,001,944)	(9,547,458)	(55,133,354)	(108,043,061)	-
Commercial paper	9,820,873	(10,198,251)	(607,311)	(1,002,225)	(8,588,715)	-	-
Derivative liabilities	3,570,293	(100,643,532)	-	(10,000,000)	(31,805,000)	(58,838,532)	-
Margin call	(3,450,000)	(3,450,000)	(3,450,000)	-	-	-	-
Unrecognized loan Commitments	-	(32,828,800)	(32,828,800)	-	-	-	-
	308,332,300	(496,042,422)	(51,544,925)	(31,092,394)	(137,035,998)	(276,369,105)	-
Assets:							
Investment securities	18,371,645	19,030,383	6,879,367	2,571,826	952,884	8,626,306	-
Loans receivable	360,867,850	578,739,692	6,237,153	14,505,757	53,753,756	268,994,896	235,248,129
	379,239,495	597,770,074	13,116,520	17,077,583	54,706,640	277,621,202	235,248,129

*Before fair value hedging adjustment.

(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. Market risk management aims to manage and monitor risk exposure and 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 September 30, 2024, all the Corporation's assets and liabilities are denominated in U.S. dollars. Accordingly, no foreign currency risk is anticipated.

6. Financial Risk Management (Continued)

Risk Management Framework (continued)

(c) Market Risk (continued)

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 +/-2.0%. 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 September 30, 2024, 14% (December 31, 2023: 24%) of interest-earning assets and 14% (December 31, 2023: 8%) of interest-bearing liabilities net of swaps are set to re-price after six months.

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

September 30, 2024	**Assets**	**Liabilities**	**Net**
Present value	389,996,690	(291,995,478)	98,001,212
Duration (excluding interest rate swaps)	0.55	0.40	
Duration (including interest rate swaps)	0.55	0.40	0.15
Floating rate as a % total	86.46%	46.49%	
Fixed-rate as a % total	13.54%	20.28%	
Hybrid rate as a % total	0.00%	33.23%	
Net portfolio's sensitivity to 100bp change in interest rate			0.99
POLICY LIMIT:			+/- 2.00

December 31, 2023	**Assets**	**Liabilities**	**Net**
Present value	421,266,459	(326,273,660)	94,992,799
Duration (excluding interest rate swaps)	0.64	0.43	
Duration (including interest rate swaps)	0.64	0.43	0.21
Floating rate as a % total	84.25%	51.46%	
Fixed-rate as a % total	15.75%	17.23%	
Hybrid rate as a % total	0.00%	31.30%	
Net portfolio's sensitivity to 100bp change in interest rate			1.38
POLICY LIMIT:			+/- 2.00

As of September 30, 2024 a change of 100 basis points in interest rates would have increased or decreased the Corporation's net economic value by US$973,873 (December 31, 2023: US$1,309,420) or 0.85% (December 31, 2023: 1.16%).

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 risk. Assets and liabilities are classified based on the repricing or maturity date, whichever occurs first:

September 30, 2024	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 Days	181 to 365 days	Over 365 days	Total
Asset							
Loans receivables and investments, gross	62,728,040	22,599,525	139,381,211	63,138,360	5,846,410	39,571,230	333,264,776
Liability							
Loans payable, gross	10,000,000	10,714,286	61,650,000	24,363,162	1,325,200	4,859,067	112,811,714
Bonds, gross	6,750,000	2,995,000	14,500,000	35,061,000	18,410,000	85,382,489	163,098,849
Commercial paper, gross	-	-	142,000	3,535,000	500,000	-	4,177,000
Net position	45,978,040	8,890,239	63,089,211	179,198	(14,388,790)	(50,670,325)	53,077,573

December 31, 2023	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 Days	181 to 365 days	Over 365 days	Total
Asset							
Loans receivables and investments, gross	118,643,239	34,989,581	67,472,525	71,424,136	18,436,146	66,700,550	377,666,177
Liability							
Loans payable, gross	12,568,716	14,285,714	30,750,000	81,777,448	5,383,467	6,626,000	151,391,345
Bonds, gross	2,000,000	9,500,000	23,495,000	6,000,000	28,405,000	86,530,849	155,930,849
Commercial paper, gross	605,000	996,000	-	-	8,242,000	-	9,843,000
Net position	103,469,523	10,207,867	13,227,525	(16,353,312)	(23,594,321)	(26,456,299)	60,500,983

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.

6. Financial Risk Management (Continued)

Risk Management Framework (continued)

(c) Market Risk (continued)

Operational Risk (continued)
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 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;
- 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 regularly, based on reports made by the Internal Auditor.

6. Financial Risk Management (Continued)

Risk Management Framework (continued)

(d) Capital Management

The Corporation 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:

	September 30, 2024	December 31, 2023
Tier 1 capital	114,570,366	112,836,589
Total capital	114,570,366	112,836,589
Risk weight of 20%	300,000	912,600
Risk weight of 50%	8,598,272	11,153,909
Risk weight of 100%	256,221,029	309,916,328
Risk weight of 150%	65,342,949	47,017,243
Risk weight of 250%	120,341,732	107,396,127
Risk weight of 400%	71,894,821	57,792,426
Subtotal for credit risk	522,698,803	534,188,633
Concentration	164,683,964	197,127,078
Operational risk	73,623,822	90,059,534
Risk-weighted assets	761,006,589	821,375,245
Capital adequacy	15.06%	13.74%
Required capital adequacy (as established by the Board)	12.50%	12.50%

7. Segment Information

The Corporation maintains three business segments for its financial analysis. Each piece offers different products and services, which are controlled separately in consistency with the data obtained, budgeting, and performance evaluated by the Management.

7. Segment Information (Continued)

The information classified by segment based on the Corporation businesses as of September 30, is as follows:

	September 30, 2024			
	Lending	**Advisory and Structuring**	**Asset Management**	**Total**
Interest income	25,983,937	26,535	10,793	26,021,265
Interest expenses	(20,574,008)	(1,888)	-	(20,575,896)
Other income	6,708,588	1,096,120	2,259,983	10,064,691
Allowance for losses	(949,612)	101,408	-	(848,204)
Personnel expenses	(3,646,522)	(1,058,950)	(786,652)	(5,492,124)
General and administrative expenses	(1,688,547)	(889,501)	(564,571)	(3,142,619)
Depreciation and amortization expenses	(240,338)	(12,659)	-	(252,997)
Income before income tax	5,593,498	(738,935)	919,553	5,774,116
Income tax	(53,148)	(136,907)	-	(190,055)
Net income	5,540,350	(875,842)	919,553	5,584,061
Total assets	390,243,830	1,867,605	2,789,954	394,901,389
Total liabilities	279,706,928	182,536	441,559	280,331,023

	September 30, 2023			
	Lending	**Advisory and Structuring**	**Asset Management**	**Total**
Interest income	28,968,311	-	694,887	29,663,198
Interest expenses	(22,510,049)	-	(678,285)	(23,188,334)
Other income	5,609,736	2,407,396	3,081,706	11,098,838
Allowance for losses	(2,955,116)	(595,943)	6,210	(3,544,849)
Personnel expenses	(4,112,241)	(988,409)	(137,029)	(5,237,679)
General and administrative expenses	(3,105,438)	(327,115)	(1,963,424)	(5,395,977)
Depreciation and amortization expenses	(247,023)	-	(1,432)	(248,455)
Income before income tax	1,648,180	495,929	1,002,633	3,146,742
Income tax	(74,678)	-	-	(74,678)
Comprehensive income	1,573,502	495,929	1,002,633	3,072,064
Total assets	425,561,311	5,469,640	2,556,870	433,587,821
Total liabilities	320,113,487	339,759	297,986	320,751,232

8. Cash and Cash Equivalents

Cash and cash equivalents are detailed as follows:

	September 30, 2024	December 31, 2023
Cash	1,244	1,182
Current account	18,123,833	9,780,796
Time deposits	4,420,000	9,400,000
	22,545,077	19,181,978
Less: Time deposits with original maturity more than ninety days	-	(280,000)
	22,545,077	18,901,978

9. Reconciliation of Movements of Loans Payable and Debt Arising from Financing Activities, as Presented in the Consolidated Statements of Cash Flows

	September 30, 2024			
	Loans Payable	**Corporate Bonds**	**Commercial Paper**	**Total**
Balance on January 1, 2024	150,784,413	147,606,721	9,820,873	308,212,007
Change from financing cash flow				
Proceeds from loans payable	35,441,733	-	-	35,441,733
Repayment of loans payable	(73,824,799)	-	-	(73,824,799)
Proceeds from issuance of corporate Bonds	-	48,306,000	-	48,306,000
Repayment of corporate bonds	-	(41,106,606)	-	(41,106,606)
Proceeds from issuance of commercial paper	-	-	4,035,000	4,035,000
Repayment of commercial paper	-	-	(9,685,874)	(9,685,874)
Total from financing cash flows	(38,383,066)	7,199,394	(5,650,874)	(36,834,546)
Change of fair value for hedge accounting relationship	-	704,181	-	704,181
Balance on September 30, 2024	112,401,347	155,510,296	4,169,999	272,081,642

9. Reconciliation of Movements of Loans Payable and Debt Arising from Financing Activities, as Presented in the Consolidated Statements of Cash Flows (Continued)

	September 30, 2023			
	Loans Payable	**Corporate Bonds**	**Commercial Paper**	**Total**
Balance at January 1, 2023	168,416,140	154,151,414	18,657,693	341,225,247
Change from financing cash flow				
Proceeds from loans payable	33,000,000	-	-	33,000,000
Repayment of loans payable	(51,717,733)	-	-	(51,717,733)
Proceeds from issue corporate bonds	-	26,971,000	-	26,971,000
Repayment of corporate bonds	-	(16,858,659)	-	(16,858,659)
Proceeds from issue of commercial Paper	-	-	9,551,000	9,551,000
Repayment of commercial paper	-	-	(17,228,650)	(17,228,650)
Total from financing cash flows	(18,717,733)	10,112,341	(7,677,650)	(16,283,042)
Change of fair value for hedge accounting relationship	-	6,728,447	-	6,728,447
Balance on September 30, 2023	149,698,407	170,992,202	10,980,043	331,670,652

Reconciliation of cash movements arising from financing activities is presented in the consolidated statement of cash flows.

10. Furniture, Equipment and Improvements, Net

Furniture, equipment and improvements are summarized as follows:

	September 30, 2024				
	Furniture and Equipment	**Property Improvements**	**Computer Equipment**	**Rights-of-Use Assets**	**Total**
Cost					
Balance on January 1, 2024	162,554	1,140,808	234,655	957,497	2,495,514
Acquisitions	-	-	-	41,964	41,964
Adjustments	-	-	-	(6,503)	(6,503)
Finenge	(6,460)	(2,686)	(8,022)	-	(17,168)
Balance on September 30, 2024	156,094	1,138,122	226,633	992,958	2,513,807
Accumulated depreciation					
Balance on January 1, 2024	162,032	721,835	190,343	191,500	1,265,710
Expense of the period	-	84,212	15,645	153,140	252,997
Adjustments	-	-	-	(1,301)	(1,301)
FX change adjustment	(6,903)	(1,033)	(11,567)	-	(19,503)
Balance on September 30, 2024	155,129	805,014	194,421	343,339	1,497,903
Net balance	965	333,108	32,212	649,619	1,015,904

10. Furniture, Equipment and Improvements, Net (Continued)

	December 31, 2023				
	Furniture and Equipment	**Property Improvements**	**Computer Equipment**	**Rights-of-Use Assets**	**Total**
Cost					
Balance on January 1, 2023	161,487	1,139,309	221,359	971,711	2,493,866
Acquisitions	1,067	1,499	19,585	957,497	979,648
Discards	-	-	-	(971,711)	(971,711)
Sales	-	-	(6,289)	-	(6,289)
Balance on December 31, 2023	162,554	1,140,808	234,655	957,497	2,495,514
Accumulated depreciation					
Balance on January 1, 2023	160,673	608,942	169,909	388,685	1,328,209
Expense of the year	-	112,451	25,879	191,500	329,830
Discards	-	-	-	(388,685)	(388,685)
FX change adjustment	1,359	442	781	-	2,582
Sales	-	-	(6,226)	-	(6,226)
Balance on December 31, 2023	162,032	721,835	190,343	191,500	1,265,710
Net balance	522	418,973	44,312	765,997	1,229,804

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

11. Goodwill

On October 6, 2022, the Corporation acquired a 99.97% participation in the Brazilian company Finenge e Associados Ltda. The net asset value for the acquisition as of September 30, 2024 is US$2,875 (December 31, 2023: US$2,875) and a goodwill of US$2,285,822 was recognized (December 31, 2023: US$2,285,822). The acquired company, which generate the goodwill , is located in Sao Paulo City has been active in the advisory and financial structuring business since 1992. Its integration with the Corporation is strategic to ensure sound growth in Brazil for the coming years.

As part of the acquisition agreement, the Corporation recognized a non-recurring expense to the seller concerning advisory fees (net of expenses) per Finenge's previous contracts for 6 months after the acquisition effective date. After this period, all rights and liabilities will be fully in control of the Corporation. The final amount recognized as a non-recurring expense was in 2023 by an equivalent of US$1,303,210, which is recognized in other administrative expenses.

The Corporation completed the accounting calculations for recording the acquisition of Finenge e Associados Ltda., and no additional assets or liabilities were identified after the acquisition.

11. Goodwill (Continued)

The Corporation evaluate and perform the anual impairment test of this asset, by projecting the expected future net cash flows from the company’s business for periods 5 years, defining a projected period end’s multiple to estimate the final cash flow. To calculate the net present value of the projected net cash flows, the Corporation will use a discount rate based on its capital cost for the applicable periods. No impairment was recognized as result of this analysis.

Below are detailed the key assumptions that were used:

- Time horizon: Within the model, 5 years (2024-2028) of projection are being used.
- Income: Includes income from consulting fees and service fees. The forecasted compound annual growth of the banking financial industry for the period of 2024 or 2028 in Brazil is taken into consideration for the growth rate, that is, 4.86%
- Expenses: Management and general operating expenses were projected considering the projected inflation in Brazil during the coming years.
- Terminal Value: The Entity uses the "Exit Multiple" approach, where the terminal value is calculated based on the remaining years of the fund.
- Discount rate: A Weighted Average Cost of Capital (WACC) of 11.01% was used.

12. Investments Accounted for Using the Equity Method

As of September 30, 2024, investments under the equity method are detailed below:

Name of the Society	Main Activity	Place of Constitution and Operations	% Participation 2024	% Participation 2023	September 30, 2024	December 31, 2023
CIFI Sustainable Infrastructure Debt Fund L.P.	Investment Fund	Canada	27.42%	26.00%	15,484,854	7,824,569

The financial information on investments in associates is summarized below:

Name of the Society	Financial Information Date	Assets	Liabilities	Equity	Income	Expenses	Net Gain (Loss)	Recognized Participation in Comprehensive Income
CIFI Sustainable Infrastructure Debt Fund L.P.	September 30, 2024	81,541,701	19,935,323	61,606,378	7,435,030	2,447,150	4,987,880	989,163
	December 31, 2023	27,860,521	31,183	27,829,338	372,981	2,044,334	(1,671,353)	(458,285)

13. Investment Property

Investment property is summarized as follows:

	September 30, 2024	December 31, 2023
Balance at beginning of the year	11,434,872	16,822,974
Changes in fair value (Note 21)	-	493,307
Additions	-	43,055
Sale	-	(5,924,464)
Balance at end of the period	11,434,872	11,434,872

In November 2019, the Corporation accelerated a loan granted to a solar-power company in Honduras, executing the guarantees, 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. During 2023, this property was sold and the Corporation derecognized this asset.

In December 2019, the Corporation had an impairment in a corporate loan granted in Guatemala. As a result of the restructured transaction, a new loan with an independent payment source from the original sponsor was granted by the Corporation. Additionally, a tract of land was received in lieu of payment as part of the restructuring and was recorded as an investment property whose fair value as of September 30, 2024 is US$11,434,872 (December 31, 2023: US$11,434,872).

14. Other Assets

Other assets are summarized as follows:

	September 30, 2024	December 31, 2023
Prepaid expenses and taxes	1,040,515	1,295,561
Treasury prepaid expenses	11,469	8,771
Intangible asset, net	1,856	2,325
Guarantee deposits	20,164	120,164
Other receivables (a)	487,840	462,405
	1,561,844	1,889,226

14. Other Assets (Continued)

The Corporation has an intangible asset recorded as other assets for US$94,268 (December 31, 2023: US$94,770). These assets were totally depreciated, but a non-material variation related to the exchange rate for our subsidiary in Brazil generated a movement for the period of US$1,856 (September 30, 2023: US298).

15. Loans Payable

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

	Maturity	September 30, 2024	December 31, 2023
Foreign financial institutions			
International Finance Bank	2029	10,000,000	-
Caribbean Development Bank	2028	6,626,000	7,951,200
Global Climate Partnership Fund	2027	25,250,000	32,750,000
OPEC Fund for International Development (OFID)	2027	25,000,000	25,000,000
Cargill	2027	10,000,000	10,000,000
Cargill	2026	8,571,429	14,285,714
Micro, Small & Medium Enterprises Bonds, S.A. (Symbiotics)	2026	6,850,000	6,850,000
Cargill	2025	10,714,286	14,285,714
Cargill	2025	6,800,000	10,200,000
FinDev	2025	3,000,000	4,500,000
Bancaribe Curacao	2025	-	8,000,000
Caribbean Development Bank	2024	-	568,716
Banco de Desarrollo de Amércia Latina (CAF)	2024	-	5,000,000
Local financial institutions			
Banco Mercantil, S.A.	2025	-	5,000,000
Banco Internacional de Costa Rica, S.A.	2025	-	7,000,000
		112,811,715	151,391,345
Deferred costs		(410,368)	(606,932)
		112,401,347	150,784,413

The effective annual interest rates on loans with financial institutions range between 4.90% and 10.21% (December 31, 2023: between 4.90% and 10.28%).

15. Loans Payable (Continued)

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

	September 30, 2024	December 31, 2023
Loans payable outstanding, net gross	112,401,347	150,784,413
Undrawn balance of committed lines of credit	19,378,800	9,678,800
Undrawn balance of uncommitted lines of credit	17,000,000	23,150,000

See Note 6(b) for information on outstanding contractual maturities of loans payable. The Corporation does not have any defaults of principal, interest, or other covenant breaches concerning its loans payable.

16. Corporate Bonds Payable

Corporate bonds payable are detailed as follows:

	September 30, 2024	December 31, 2023
Corporate Bond – Panama	95,249,776	91,327,966
Corporate Green Bond – Panama	52,994,748	48,553,655
Corporate Bond – Colombia	7,803,125	8,293,847
	156,047,649	148,175,468
Deferred costs	(537,353)	(568,747)
	155,510,296	147,606,721

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 corporate bonds will pay interest quarterly and may not be redeemed early by the issuer.

16. Corporate Bonds Payable (Continued)

Corporate Bond – Panama (continued)
The terms and conditions of those Corporate bonds issued by the Corporation are detailed below:

	Nominal Interest Rate	Maturity Date	September 30, 2024 Carrying Amount	December 31, 2023 Carrying Amount
Corporate Bonds				
Series N	4.25%	2024	-	2,000,000
Series O	4.50%	2025	2,000,000	2,000,000
Series P	4.75%	2026	3,000,000	3,000,000
Series R	4.25%	2024	-	5,500,000
Series T	4.25%	2024	-	2,000,000
Series U	4.25%	2024	-	500,000
Series V	4.25%	2024	-	1,000,000
Series X	4.00%	2024	-	5,000,000
Series Y	4.00%	2024	-	2,300,000
Series Z	4.00%	2024	-	2,855,000
Series AB	4.00%	2024	6,750,000	6,750,000
Series AC	4.38%	2025	7,000,000	7,000,000
Series AD	4.25%	2025	1,140,000	1,140,000
Series AG	3.50%	2024	-	2,000,000
Series AI	7.25%	2027	10,000,000	10,000,000
Series AJ	5.25%	2025	3,000,000	3,000,000
Series AK	6.00%	2026	3,590,000	3,590,000
Series AL	7.25%	2024	2,000,000	2,000,000
Series AM	7.25%	2024	500,000	500,000
Series AN	7.25%	2025	450,000	450,000
Series AO	7.25%	2025	500,000	500,000
Series AP	7.75%	2027	2,000,000	2,000,000
Series AQ	7.25%	2025	500,000	500,000
Series AR	7.25%	2025	4,500,000	4,500,000
Series AS	7.25%	2025	2,000,000	2,000,000
Series AT	7.25%	2025	500,000	500,000
Series AU	7.25%	2025	85,000	85,000
Series AV	7.25%	2025	426,000	426,000
Series AW	7.25%	2025	600,000	600,000
Series AX	7.00%	2025	1,055,000	1,055,000
Series AY	7.00%	2025	2,260,000	2,260,000
Series AZ	7.25%	2025	1,055,000	1,055,000
Series BA	7.00%	2025	9,000,000	9,000,000
Series BB	7.00%	2025	1,095,000	1,095,000
Series BC	7.00%	2025	704,000	704,000
Series BD	7.25%	2026	7,000,000	7,000,000
Series BE	7.00%	2026	1,500,000	-
Series BF	7.00%	2026	600,000	-
Series BG	7.25%	2027	500,000	-
Series BH	6.75%	2025	3,500,000	-
Series BI	7.00%	2026	500,000	-
Series BJ	7.25%	2027	5,030,000	-
Series BK	7.00%	2026	1,000,000	-
Series BL	7.00%	2026	1,000,000	-
Series BM	7.00%	2026	500,000	-
Series BN	7.62%	2027	2,190,000	-
Series BO	7.62%	2027	2,090,000	-
Series BP	7.62%	2027	1,101,000	-
Series BQ	7.62%	2027	3,763,000	-
Series BR	7.00%	2026	1,000,000	-
Series BS	7.00%	2027	1,499,000	-
			98,483,000	95,865,000
Remeasurement of hedged items			(3,233,224)	(4,537,034)
			95,249,776	91,327,966

16. Corporate Bonds Payable (Continued)

Corporate Green Bond – Panama (continued)
Through Resolution SMV-337-19 of the Superintendency of the Securities Market of Panama, on August 20, 2019, the public offering of the corporate green bonds program in Panama was made, with an authorized nominal value of up to 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 corporate bonds will pay interest quarterly and may not be redeemed early by the issuer.

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

			September 30, 2024	December 31, 2023
	Nominal Interest Rate	Maturity Date	Carrying Amount	Carrying Amount
Green Bonds				
Series B	8.59%	2024	-	12,000,000
Series C	7.87%	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 L	6.75%	2026	10,229,000	10,229,000
Series N	7.00%	2025	2,000,000	2,000,000
Series O	7.00%	2025	880,000	880,000
Series P	7.80%	2027	10,000,000	10,000,000
Series Q	7.00%	2026	750,000	-
Series R	7.00%	2026	5,800,000	-
Series S	7.10%	2028	10,000,000	-
			54,654,000	50,104,000
Remeasurement of hedged items			(1,659,252)	(1,550,345)
			52,994,748	48,553,655

Corporate 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 equivalent to US$52,216,484. The corporate bonds will pay interest quarterly and may not be redeemed early by the issuer.

16. Corporate Bonds (Continued)

Corporate Bond – Colombia (continued)
The terms and conditions of those corporate bonds issued by the Corporation which have not yet matured and been paid are detailed below:

	Nominal Interest Rate	Maturity Date	September 30, 2024 Carrying Amount	December 31, 2023 Carrying Amount
Corporate Bonds				
Series C	8.15%	2026	9,961,849	9,961,849
			9,961,849	9,961,849
Remeasurement of hedged items			(2,158,724)	(1,668,002)
			7,803,125	8,293,847

17. 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 (in Spanish, Valores Comerciales Negociables - VCN) was made, with a nominal value authorized of up to US$50,000,000. The VCNs 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:

	Nominal Interest Rate	Maturity Date	September 30, 2024 Carrying Amount	December 31, 2023 Carrying Amount
Commercial Paper				
Series BO	6.25%	2024	-	605,000
Series BP	6.25%	2024	-	996,000
Series BQ	6.25%	2024	-	5,100,000
Series BR	6.50%	2024	-	2,000,000
Series BS	6.75%	2024	-	1,000,000
Series BT	6.75%	2024	142,000	142,000
Series BU	6.75%	2025	3,535,000	-
Series BV	6.50%	2025	500,000	-
			4,177,000	9,843,000
Deferred costs			(7,001)	(22,127)
			4,169,999	9,820,873

18. Other Liabilities

Other liabilities are summarized as follows:

	September 30, 2024	December 31, 2023
Employment benefits	2,211,968	2,644,265
Tax payable	129,858	701,358
Dividends payable	-	2,872,573
Others payable	502,114	206,446
	2,843,940	6,424,642

19. Equity

Share Capital

The Corporation's share capital is comprised of 54,000,001 (December 31, 2023: 54,000,001) common shares of US$1 par value, for a total of US$54,000,001 (December 31, 2023: US$54,000,001). Treasury shares acquired in 2019 amount to US$3,673,618.

The issued and outstanding share capital (net of Treasury Shares) is distributed as follows:

	September 30, 2024		December 31, 2023	
	Acquired Capital	Ownership Interest	Acquired Capital	Ownership Interest
Valora Holdings, S. A.	22,653,979	45.02%	22,653,979	45.02%
Norwegian Investment Fund for Developing Countries	17,263,819	34.30%	17,263,819	34.30%
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	

During 2024, the Corporation distributed dividends of US$3,901,446. This represents 40% of 2023 total net income. In 2023, the Corporation paid dividends of US$4,306,537. This represents 60% of 2022 total net income.

20. 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:

	September 30, 2024	September 30, 2023
Net income	5,584,061	3,072,064
Weighted average number of shares	50,326,383	50,326,383
Earnings per share	0.11	0.06

21. Gain on Derivative Instruments, Financial Instruments and Others, Net

Net gain on derivative instruments, financial instruments and others are summarized as follows:

	September 30, 2024	September 30, 2023
Financial instruments	3,526,849	(221,660)
Derivatives (Note 23)	874,594	4,082,526
Share of other comprehensive loss of investments accounted for using the equity method (Note 12)	989,163	-
	5,390,606	3,860,866

22. Income Taxes

The income tax expense of US$190,055 (September 30, 2023: US$74,678) is made up of taxes recognized for US$53,148 in Panama (September 30, 2023: US$74,678) and US$136,907 (September 30, 2023: US$ 0) in Brazil.

Panama
The income tax returns of the Corporation are subject to examination by the local income tax authorities, under current Panamanian tax regulation.

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

For corporations in Panama, the current tax rate is 25% for 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 above one million five hundred thousand dollars (US$1,500,000) to determine its base as the amount greater than (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.

The income tax net is detailed below:

	September 30, 2024	**September 30, 2023**
Income tax	107,179	205,473
Deferred income tax	(54,031)	(130,795)
Income tax, net	53,148	74,678

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

	September 30, 2024	**September 30, 2023**
Panama		
Net financial income before income tax	5,774,116	3,146,742
Foreign revenue, exempt and non-taxable, net of costs and expenses	(4,916,684)	(1,502,956)
Tax loss carryforward	(428,716)	(821,893)
Net taxable income	428,716	821,893
Income tax	107,179	205,473

22. Income Taxes (Continued)

Panama (continued)
The movement of the deferred income tax asset is detailed as follows:

	September 30, 2024	December 31, 2023
Balance at the beginning of the year	539,518	719,025
Increase/(Decrease)	54,032	(179,507)
Balance at the end of the period	593,550	539,518

Deferred income tax asset is detailed as follows:

	September 30, 2024	December 31, 2023
Panama		
Deferred income tax - asset		
Allowance for loans losses	204,076	150,044
Tax loss carryforward	389,474	389,474
	593,550	539,518

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, following 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.

22. Income Taxes (Continued)

Brazilian current income tax

The company's tax regimen option for income tax is Presumed Profit according to Brazilian law 9.430, 12/1996 (Chapter I; Section VI)

Current income tax (IRPJ): Calculated quarterly based on the application of 32% rate over gross revenue to get the taxable profit basis and applying 15% over this value plus an additional 10% over the exceeding BRL 20,000 for each month. Financial incomes are also included (income over financial investments, discounts received etc.) but are not subject of the 32% rate. The company also deduct income tax withheld from the amount payable.

The income tax net is detailed below:

	September 30, 2024	September 30, 2023
Income tax	136,907	-

23. Derivatives

Interest Rate Derivatives
Management uses interest rate swaps to reduce interest rate risk on its liabilities (Bonds). The Corporation reduces its interest rate risk in respect of those agreements by dealing with financially sound counterpart institutions.

At September 30, 2024, the Corporation held the following interest rate swaps as hedging instruments in fair value hedges of interest risk:

	Maturity September 30, 2024				
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$)	6,750,000	14,000,000	5,000,000	58,984,000	-
Average fixed interest rate	4.00%	5.15%	4.88%	6.74%	-
Average flotating rate	8.36%	8.46%	8.07%	8.39%	-
Cross Currency risk					
Hedge of issued bonds					
Notional amount (US$)	-	-	-	9,964,532	-
Average fixed interest rate	-	-	-	8.40%	-
Average flotating rate	-	-	-	8.00%	-

23. Derivatives (Continued)

Interest Rate Derivatives (continued)

	Maturity December 31, 2023				
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$)	-	10,000,000	31,805,000	48,874,000	-
Average fixed interest rate	-	4.25%	4.36%	6.11%	-
Average flotating rate	-	9.62%	9.20%	8.90%	-
Cross Currency risk					
Hedge of issued bonds					
Notional amount (US$)	-	-	-	9,964,532	-
Average fixed interest rate	-	-	-	8.40%	-
Average flotating rate	-	-	-	8.62%	-

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

		September 30, 2024					
US$	**Nominal amount**	**Carrying amount Assets**	**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 comprehensive income**	**Line item in profit or loss that includes hedge ineffectiveness**
Interest rate risk Interest rate swaps - hedge of issued bonds	84,734,000	-	322,633	Derivative assets held for risk management	4,887,829	647,445	Other income - gain or loss on derivative instruments
Cross currency risk Cross currency swaps - hedge of issued bonds	9,964,532	-	1,668,886	Derivative assets held for risk management	2,157,726	227,148	Other income - gain or loss on derivative instruments
Total	94,698,532	-	1,991,519		7,045,556	874,593	

23. Derivatives (Continued)

December 31, 2023

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 comprehensive income	Line item in profit or loss that includes hedge ineffectiveness
Interest rate risk							
Interest rate swaps - hedge of issued bonds	90,679,000	-	2,161,918	Derivative assets held for risk management	6,080,001	2,329,475	Other income - gain or loss on derivative instruments
Interest rate swaps - hedge of issued loans	-	-	-	Derivative liabilities held for risk management	-	1,549,020	Other income - gain or loss on derivative instruments
Cross currency risk							
Cross currency swaps - hedge of issued bonds	9,964,532	-	1,408,375	Derivative assets held for risk management	1,663,940	1,326,146	Other income - gain or loss on derivative instruments
Total	100,643,532	-	3,570,293		7,743,941	2,552,349	

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

September 30, 2024

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	-	94,698,532	-	7,045,556	7,045,556

December 31, 2023

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	-	100,643,532	-	7,743,941	7,743,941

23. Derivatives (Continued)

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 a 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.

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.

23. Derivatives (Continued)

Derivatives and Repurchase Agreements (continued)
The following tables present financial assets and liabilities that are offset in the consolidated financial statement or subject to an enforceable master netting arrangement:

Derivative Financial Instruments - Liabilities

September 30, 2024

Description	Gross amount of recognized financial liabilities	Gross amount offset in the consolidated financial position	Net amount of liabilites presented in the consolidated financial position	Gross amount of offset in the consolidated financial position: Financial instruments (Margin Account)	Gross amount of offset in the consolidated financial position: Cash received	Total amount
Bonds	94,698,532	-	94,698,532	1,600,000	-	96,298,535

December 31, 2023

Description	Gross amount of recognized financial liabilities	Gross amount offset in the consolidated financial position	Net amount of liabilities presented in the consolidated financial position	Gross amount of offset in the consolidated financial position: Financial instruments (Margin Account)	Gross amount of offset in the consolidated financial position: Cash received	Total amount
Bonds	100,643,532	-	100,643,532	3,450,000	-	104,093,532

24. 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, the uncertainty of market factors, pricing assumptions, and other risks affecting the specific instrument.

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

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: unobservable inputs. 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.

24. 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. The availability of observable market prices and model inputs reduces the need for management judgment and estimation and reduces the uncertainty associated with determining fair values.

The 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:

	September 30, 2024			
	Carrying amount	Level 1	Level 2	Level 3
Financial assets				
Investment securities	10,814,073	10,814,073	-	-
Loans receivable	46,697,538	-	-	46,697,538
Financial liabilities				
Derivative liabilities	1,991,519	-	1,991,519	-

	December 31, 2023			
	Carrying amount	Level 1	Level 2	Level 3
Financial assets				
Investment securities	18,371,645	18,371,645	-	-
Loans receivable	41,342,917	-	-	41,342,917
Financial liabilities				
Derivative liabilities	3,570,293	-	3,570,293	-

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

The following table sets out 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 whose carrying value approximates fair value:

	September 30, 2024		
	Carrying amount	**Fair value Level 2**	**Fair value Level 3**
Financial assets			
Cash and cash equivalents	22,545,077	-	22,545,077
Loans receivable	277,495,583	-	309,926,025
Receivables from advisory and structuring services	3,372,272	-	3,372,272
Margin account	1,600,000	-	1,600,000
Financial liabilities			
Loans payable	112,401,347	-	120,413,390
Corporate Bonds	155,510,296	-	167,379,367
Commercial paper	4,169,999	-	4,202,721

	December 31, 2023		
	Carrying amount	**Fair value Level 2**	**Fair value Level 3**
Financial assets			
Cash and cash equivalents	19,181,978	-	19,181,978
Loans receivable	319,524,933	-	320,667,740
Receivables from advisory and structuring services	6,512,537	-	6,512,537
Margin account	3,450,000	-	3,450,000
Financial liabilities			
Loans payable	150,784,413	-	157,979,900
Corporate Bonds	147,606,721	-	158,431,989
Commercial paper	9,820,873	-	9,861,772

During the period ended September 30, 2024 and December 31, 2023, there have not been transfers between levels of the fair value hierarchy.

24. 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 (SOFR and OIS (Overnight Index Swap)).

(b) *Loans Receivable*
The 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, and governmental bonds market values with a similar maturity to the loans where no corporate debt information is available, among others.

(c) *Receivables from Advisory and Structuring Services*
The fair value of receivables from advisory and structuring services is the same as the carrying amount. These are short-term financial assets and, therefore, are not subject to discounted cash flows.

(d) *Margin Accoun*t
The margin account's fair value is the same as its carrying amount. It contains cash or short-term financial assets and, therefore, is not subject to discounted cash flows.

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

(f) *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 the fair value hierarchy using a model based on observable market data, including property appraisal and expected future cash flows at current market interest rates to bring the future value to present value. As of September 30, 2024, investment property amounts to US$11,434,872 (December 31, 2023: US$11,434,872). The appraisal used to determined the fair value is less than a year old.

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

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	Average between adjusted appraisal and last sale price available for the property in an orderly market transaction.	Global crisis impacting: – Market value (US$22.5M) – Hair cut of 40% due to size	The estimated fair value would increase (decrease) if: – Market value was higher (lower) – Discount value was lower (higher)

25. Commitments and Contingencies

In the normal course of business, the Corporation maintains off-consolidated financial position statement commitments and contingencies that involve a certain degree of credit and liquidity risk.

As of September 30, 2024, the Corporation has commitments for US$22,060,597 (December 31, 2023: US$19,575,074), corresponding to credits pending disbursement to various entities.

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.

26. 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.
- 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 the event of enforcement of guarantees due to a 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 included receivables which were subject to a securitization arrangement. Under this arrangement, the Corporation had transferred Loans Participations to the Securitization Fund in exchange for cash and is prevented from selling or pledging the loans. However, the Corporation had retained credit risk. Therefore, the Corporation recognized the transferred loan participation in its consolidated statement of financial position.

The amount received from the Securitization Fund under the agreement waspresented as securitization liabilities. The Corporation considered that the held-to-collect business model remained appropriate for these receivables and measured them at amortized cost.

26. Securitization of Loan Participation (Continued)

As the Securitization transaction was executed as a risk management tool, the Corporation started conversations with all parties involved to buy back the securitized assets because it did not accomplish such a goal. This transaction was executed in April 2023 and the impact generated to the comprehensive income was for US$711,902 related to fees expenses.

During the period, these interests were held in a trust account not handled by the Corporation:

	September 30, 2024	September 30, 2023
Interest income		
Securitized receivable	-	678,285
Interest expense		
Securitization payable	-	678,285