INTER-AMERICAN INVESTMENT CORPORATION

Financial Statements
as of September 30, 2015 and 2014

INTER-AMERICAN INVESTMENT CORPORATION

BALANCE SHEET (Unaudited)

USD Thousands	September 30 2015	September 30 2014
ASSETS		
Cash and cash equivalents	$ 16,960	$ 11,403
Investment securities		
Available-for-sale	531,934	453,748
Trading	420,673	188,605
Held-to-maturity	-	39,956
Investments		
Loan investments	922,095	907,559
Less allowance for losses	(39,608)	(45,164)
	882,487	862,395
Equity investments ($10,442 and $12,687 carried at fair value, respectively)	26,581	22,918
Total investments	909,068	885,313
Receivables and other assets	14,196	22,251
Total assets	**$ 1,892,831**	**$ 1,601,276**
LIABILITIES AND CAPITAL		
Accounts payable and other liabilities	$ 42,632	$ 24,434
Interest and commitment fees payable	1,382	1,625
Borrowings, short-term	449,782	139,580
Borrowings, long-term	544,392	569,963
Total liabilities	**1,038,188**	**735,602**
Capital		
Subscribed capital	1,207,040	705,900
Additional paid-in capital	309,634	-
Less subscriptions receivable	(813,511)	(10,310)
	703,163	695,590
Retained earnings	174,936	168,111
Accumulated other comprehensive income/(loss)	(23,456)	1,973
Total capital	**854,643**	**865,674**
Total liabilities and capital	**$ 1,892,831**	**$ 1,601,276**

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

INTER-AMERICAN INVESTMENT CORPORATION

STATEMENT OF INCOME (Unaudited)

USD Thousands	Nine months ended September 30 2015	2014
INCOME		
Loan investments		
Interest and fees	$ 33,464	$ 34,782
Other income	1,660	331
	35,124	35,113
Equity investments		
Dividends	307	395
Gain on sale	-	67
Changes in fair value	(2,855)	(1,269)
Other income	39	33
	(2,509)	(774)
Investment securities	6,144	6,942
Advisory service, cofinancing, and other income	3,794	2,802
Total income	**42,553**	**44,083**
Borrowings-related expense	7,214	9,524
Total income, net of Borrowings-related expense	**35,339**	**34,559**
PROVISION FOR LOAN INVESTMENT LOSSES	**(3,375)**	**(2,700)**
OTHER-THAN-TEMPORARY IMPAIRMENT LOSSES ON EQUITY INVESTMENTS (ALL CREDIT RELATED)	**710**	**68**
OPERATING EXPENSES		
Administrative	26,061	22,390
Pension Plan and Postretirement Benefit Plan expense	6,186	3,112
(Gain)/Loss on foreign exchange transactions, net	489	88
Other expenses	-	112
Total operating expenses	**32,736**	**25,702**
Income before technical assistance activities	**5,268**	**11,489**
Technical assistance activities	476	188
NET INCOME	**$ 4,792**	**$ 11,301**

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

INTER-AMERICAN INVESTMENT CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME/(LOSS) AND CHANGES IN CAPITAL (Unaudited)

STATEMENT OF COMPREHENSIVE INCOME/(LOSS)

USD Thousands	Nine months ended September 30 2015	2014
NET INCOME	$ 4,792	$ 11,301
OTHER COMPREHENSIVE INCOME/(LOSS)		
Unrealized gain/(loss) on investment securities available-for-sale - Note 3	(96)	657
Total other comprehensive income/(loss)	(96)	657
COMPREHENSIVE INCOME/(LOSS)	**$ 4,696**	**$ 11,958**

STATEMENT OF CHANGES IN CAPITAL

USD Thousands	Subscribed shares	Capital stock*	Retained earnings	Accumulated other comprehensive income/(loss)	Total capital
As of December 31, 2013	**70,440**	**$ 693,700**	**$ 156,810**	**$ 1,316**	**$ 851,826**
Nine months ended September 30, 2014					
Net income		-	11,301	-	11,301
Other comprehensive income/(loss)		-	-	657	657
Change in subscribed shares	150				
Payments received for capital stock subscribed		1,890	-	-	1,890
As of September 30, 2014	**70,590**	**$ 695,590**	**$ 168,111**	**$ 1,973**	**$ 865,674**
As of December 31, 2014	**70,590**	**$ 698,353**	**$ 170,144**	**$ (23,360)**	**$ 845,137**
Nine months ended September 30, 2015					
Net income		-	4,792	-	4,792
Other comprehensive income/(loss)		-	-	(96)	(96)
Change in subscribed shares	50,114				
Payments received for capital stock subscribed		4,810	-	-	4,810
As of September 30, 2015	**120,704**	**$ 703,163**	**$ 174,936**	**$ (23,456)**	**$ 854,643**

* Net of subscriptions receivable.

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

INTER-AMERICAN INVESTMENT CORPORATION

STATEMENT OF CASH FLOWS (Unaudited)

USD Thousands	Nine months ended September 30 2015		2014	
CASH FLOWS FROM INVESTING ACTIVITIES				
Loan disbursements	$	(200,924)	$	(174,522)
Equity disbursements		(5,650)		(1,546)
Loan repayments		290,499		291,016
Returns of equity investments		19		3,175
Maturities of held-to-maturity securities		39,850		-
Available-for-sale securities				
Purchases		(35,026)		(138,393)
Sales and maturities		85,591		65,000
Capital expenditures		(1,279)		(1,130)
Proceeds from sales of recovered assets		397		1,045
Net cash provided by/(used in) investing activities	**$**	**173,477**	**$**	**44,645**
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayments of borrowings		(144,984)		(198,801)
Proceeds from issuance of borrowings		42,066		-
Capital subscriptions		4,810		1,890
Net cash provided by/(used in) financing activities	**$**	**(98,108)**	**$**	**(196,911)**
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income		4,792		11,301
Adjustments to reconcile net income to net cash provided by/(used in) operating activities:				
Change in fair value of equity investments		2,855		1,269
Provision for loan investment losses		(3,375)		(2,700)
Change in fair value of investment securities		(580)		(6,926)
Unrealized (gain)/loss on foreign currency		8,706		7,470
Realized (gain)/loss on sales of equity investments		-		(67)
Change in receivables and other assets		7,555		12,181
Change in accounts payable and other liabilities		(1,113)		(5,418)
Trading investment securities				
Purchases		(630,802)		(543,651)
Sales and maturities		540,606		669,427
Other, net		5,557		2,227
Net cash provided by/(used in) operating activities	**$**	**(65,799)**	**$**	**145,113**
Net effect of exchange rate changes on cash and cash equivalents		(181)		283
Net increase/(decrease) in cash and cash equivalents		9,389		(6,870)
Cash and cash equivalents as of January 1		7,571		18,273
Cash and cash equivalents as of September 30	**$**	**16,960**	**$**	**11,403**
Supplemental disclosure:				
Interest paid during the period	$	6,873	$	9,311

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

Purpose

The Inter-American Investment Corporation (the Corporation), a multilateral organization, was established in 1986 and began operations in 1989 with the mission to promote the economic development of its Latin American and Caribbean member countries by financing small and medium-sized enterprises. The Corporation accomplishes this mission by making loan and equity investments where sufficient private capital is not otherwise available on reasonable terms. The Corporation also plays a catalytic role in mobilizing additional project funding from other investors and lenders, either through cofinancing or through loan syndications, loan participations, underwritings, and guarantees. In addition to project finance and resource mobilization, the Corporation provides financial and technical advisory services to clients. The Corporation receives its share capital from its member countries, conducts its operations principally in United States dollars, and limits operational activity to its twenty-nine regional member countries. The Corporation is a member of the Inter-American Development Bank Group (IDB Group), which also includes the Inter-American Development Bank (IDB) and the Multilateral Investment Fund (MIF).

1. Basis of Presentation

Certain financial information that is normally included in annual financial statements prepared in accordance with generally accepted accounting principles in the United States of America (GAAP), but is not required for interim reporting purposes, has been condensed or omitted. References to GAAP issued by the Financial Accounting Standards Board (FASB) in these notes are to the FASB Accounting Standards Codification, sometimes referred to as the Codification or ASC.

All amounts presented in the accompanying financial statements and notes are expressed, unless otherwise indicated, in thousands of dollars of the United States of America (U.S. dollars, USD, or $), which is the Corporation's functional and reporting currency.

2. Summary of Significant Accounting Policies

Use of estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. A significant degree of judgment has been used in the determination of the adequacy of the allowance for losses on loan investments, the evaluation for other-than-temporary impairment on available-for-sale and held-to-maturity investment securities and equity investments, the fair value of investment securities, loan and equity investments, borrowings, and derivative instruments, and the determination of the net periodic benefit cost from pension and postretirement benefit plans and the present value of benefit obligations. There are inherent risks and uncertainties related to the Corporation's operations. The possibility exists that changing economic conditions could impact the Corporation's borrowers and the global investment markets and have an adverse effect on the financial position of the Corporation.

Cash and cash equivalents – Highly liquid investment instruments purchased with original maturities of three months or less, other than those held as trading securities, are considered cash equivalents. The Corporation may hold cash deposits in excess of FDIC insured limits.

Investment securities – As part of its overall portfolio management strategy, the Corporation invests in corporate securities, government and agency securities, and supranational securities according to the Corporation's investment guidelines. These investments include fixed and floating rate bonds, notes, bills, certificates of deposit, commercial paper, and mutual funds.

Investment securities held by the Corporation are classified based on management's intention on the date of purchase. Purchases and sales of investment securities are recorded on a trade date basis. The Corporation's portfolio classified as trading is stated at fair value with unrealized gains and losses reported in income from investment securities. Fixed-term securities classified as held-to-maturity represent securities that the Corporation has both the ability and the intent to hold until maturity and are carried at amortized cost. All other securities are classified as available-for-sale and carried at fair value with net unrealized gains or losses included in accumulated other comprehensive income. Interest and dividends on securities, amortization of premiums, accretion of discounts, and realized gains and losses on trading and available-for-sale securities are reported in income from investment securities. The Corporation's investments in debt securities in Latin American and Caribbean markets resulting from development activities are classified as held-to-maturity and carried at amortized cost in the balance sheet.

The Corporation evaluates its available-for-sale and held-to-maturity securities whose values have declined below their amortized cost to assess whether the decline in fair value is other than temporary. The Corporation considers various factors in determining whether a decline in fair value is other-than-temporary including the issuer's financial condition, the effects of changes in interest rates or credit spreads, the expected recovery period, and other quantitative and qualitative information. The valuation of securities for impairment is a process subject to estimation, judgment and uncertainty and is intended to determine whether declines in fair value of investment securities should be recognized in current period earnings. The risks and uncertainties include changes in general economic conditions and future changes in assessments of the aforementioned factors. It is expected that such factors will change in the future. For impairments of available-for-sale and held-to-maturity securities that are deemed to be other than temporary, the credit portion of an other-than-temporary impairment loss is recognized in earnings and the non-credit portion is recognized in accumulated other comprehensive income.

Loan and equity investments – Loan and equity investment commitments are legal obligations when the loan or equity agreement is signed and are recorded as assets when disbursed. Loans are carried at the principal amount outstanding adjusted for allowance for losses. The Corporation, in certain instances, obtains collateral security such as, but not limited to, mortgages and third-party guarantees. Equity investments include ownership interests in limited partnerships and similar fund structures (LPs) and direct equity investments. Direct equity investments for which the Corporation maintains specific ownership accounts—and on which the Corporation does not have a controlling financial interest or significant influence—are carried at cost less impairment, if any. For LPs, the Corporation has elected fair value accounting under ASC Topic 825 and, as a practical expedient, relies on the reported net asset value (NAV) as the estimate of fair value. The NAVs provided by the LPs are derived from the fair value of the underlying investments held by the LP.

The Corporation considers a loan impaired when, based on current information and events, it is probable that the Corporation will be unable to collect all amounts due according to the loan's contractual terms. Information and events, with respect to the borrower and/or the economic and political environment in which it operates, considered in determining that a loan is impaired include, but are not limited to, the borrower's financial difficulties, the borrower's competitive position in the marketplace, the risk associated with the underlying collateral, the willingness and capacity of the sponsor who organized the project to support the investment, the borrower's management team, as well as geopolitical conflict and macroeconomic crises.

Equity investments that are not accounted for at fair value are assessed for impairment no less than annually on the basis of the latest financial information, operating performance and other relevant information including, but not limited to, macroeconomic conditions, specific industry trends, the historical performance of the company, and the Corporation's intent to hold the investment for an extended period. When impairment is identified and is deemed to be other than temporary, the equity investment is written down to the fair value, which becomes the new carrying value for the equity investment. Impairment losses are not reversed for subsequent recoveries in fair value of the equity investment unless sold at a gain.

Variable interest entities – ASC Topic 810, *Consolidation*, provides for consolidation when a reporting entity is the primary beneficiary for a variable interest entity (VIE), or if an entity does not meet the definitional elements of a VIE, consolidation is required if a reporting entity has a controlling financial interest in an entity. The Corporation evaluated its investees and other entities with which the Corporation has contractual and other arrangements, and concluded that the Corporation is not the primary beneficiary for any VIEs, nor does the Corporation have a significant variable interest in any VIE, which would require disclosure.

Additionally, the Corporation does not hold a controlling financial interest in any other entity, nor does the Corporation hold significant influence over any entities. The Corporation holds investment interests in certain investment funds, which are structured as LPs. The Corporation's direct equity investments are accounted for at cost. The Corporation's interests in LPs are accounted for at fair value in accordance with ASC Topic 820.

Allowance for losses on loan investments – The Corporation recognizes loan portfolio impairment or performance improvement in the balance sheet through the allowance for losses on loan investments, recording a provision or release of provision in net income, which increases or decreases the allowance for losses on loan investments. Loan investments charged off, as well as any subsequent recoveries, are recorded through the allowance account. The allowance for losses is maintained at a level that, in management's judgment, is adequate to absorb estimated probable losses in the loan portfolio. Management's judgment is based on the risk ratings and performance of individual loan investments, economic conditions, and other factors considered significant by management.

The allowance for losses on loan investments reflects estimates of both identified probable losses (specific provision) and probable losses inherent in the portfolio but not specifically identifiable (general provision).

For the specific provision, the determination of the allowance for identified probable losses represents management's best judgment of the creditworthiness of the borrower and is established based upon the periodic review of individual loan investments. This estimate considers all available evidence including, as appropriate, the present value of the expected future cash flows discounted at the loan's contractual effective rate, the fair value of collateral less disposal costs, and other market data. Because of the purpose of the Corporation and the nature of the loans, secondary market values are usually not available.

For the general provision, the allowance for losses is established via a process that estimates the probable loss inherent in the portfolio based on various analyses. Each loan is rated as a function of its risk and loss estimates are derived for each rating classification. These ratings are based on past experience and available market information and include country risk, the risk of correlation or contagion of losses between markets, nonperformance under sponsor guarantees and support agreements, as well as on financial statements prepared in accordance with accounting principles other than those generally accepted in the United States of America. The loss estimates are derived from industry data and the Corporation's historical data. There were no changes, during the periods presented herein, to the Corporation's accounting policies and methodologies used to estimate its allowance for losses on loan investments.

Loans are charged off when the Corporation has exhausted all possible means of recovery, by reducing the loan and related allowance for losses on loan investments. Such reductions in the allowance are partially offset by recoveries associated with previously charged off loans.

Revenue recognition on loan investments – Interest and fees are recognized as income in the periods in which they are earned. A loan is generally placed in nonaccrual status where collectability is in doubt or when payments of interest or principal are past due more than 90 days. The Corporation does not recognize income on loans in nonaccrual status and any uncollected interest accrued on a loan placed in nonaccrual status is reversed out of income and is thereafter recognized as income only when the payment is received and is returned to accrual status once management has concluded that the borrower's ability to make periodic interest and principal payments has been demonstrated. Interest not previously recognized but capitalized as part of a debt restructuring is recorded as deferred income, included in Accounts payable and other liabilities in the balance sheet, and credited to income only when the related principal is received. Such capitalization is considered in the computation of the Allowance for losses on loan investments in the balance sheet.

Net loan origination fees and costs, included in Receivables and other assets in the balance sheet, are deferred and amortized over the life of the loan on a straight-line basis, which approximates how costs would be reflected under the effective interest method.

Revenue recognition on equity investments – Dividend and profit participations received from equity investments that are accounted for under the cost method are recorded as income when such distributions are declared and paid. Gains on the sale or redemption of equity investments accounted for under the cost less impairment method are recorded as income at disposition.

For LPs carried at fair value under the fair value option, unrealized gains and losses are considered in the determination of net asset value and recorded as Changes in fair value of equity investments in the income statement.

Guarantees – The Corporation offers credit guarantees covering, on a risk-sharing basis, third-party obligations on loans undertaken for or securities issued in support of projects located within a member country to enhance their credit standing and enable them to complete a wide variety of business transactions. These financial guarantees are commitments issued by the Corporation to guarantee payment performance by a borrower to a third party. The Corporation's policy for requiring collateral security with respect to these instruments and the types of collateral security held is generally the same as for loans. Guarantees are regarded as issued when the Corporation executes the guarantee agreement, outstanding when the underlying financial obligation of the third party is incurred, and called when the Corporation's obligation under the guarantee has been invoked. There are two obligations associated with the guarantees: (1) the stand-ready obligation to perform; and (2) the contingent obligation to make future payments. The stand-ready obligation to perform is recognized at the issuance date at fair value. The contingent liability associated with the financial guarantee is recognized when it is probable that the guarantee will be called and when the amount of the guarantee can be reasonably estimated. Any stand-ready and contingent liabilities associated with guarantees are included in Accounts payable and other liabilities in the balance sheet. The offsetting entry is consideration received or receivable with the latter included in Receivables and other assets in the balance sheet. In the event the guarantees are called, the amount disbursed is recorded as a loan investment and specific reserves are established based on the estimated probable loss. Income is earned as the Corporation is released from risk.

Borrowings – To ensure funds are available for its general corporate matters, the Corporation borrows in the international capital markets, offering its debt securities to private and public investors. The Corporation's borrowings are carried at amortized cost. The amortization of premiums and accretion of discounts is calculated following a methodology that approximates the effective interest method, and is included in Borrowings-related expense in the statement of income.

The unamortized balance of the borrowing issuance costs is included in Receivables and other assets in the balance sheet.

Interest expense on borrowings is recognized on an accrual basis and is included in Borrowings-related expense in the statement of income.

Risk management activities: derivatives used for non-trading purposes – The Corporation may execute certain derivative instruments for financial risk management purposes. The Corporation manages its exposure to interest rate movements through the use of derivative financial products, which may include interest rate swaps and purchased options positions (i.e., interest rate caps). The derivatives modify the interest rate characteristics of the respective financial instrument to produce the desired interest, and none are designated in hedge accounting relationships. The Corporation does not use derivatives for speculative purposes.

Derivatives are recognized in the balance sheet at their fair value and classified as either assets or liabilities, depending on their nature and their net fair value amount. Changes in fair value of borrowings-related derivatives are recorded in Borrowings-related expense in the statement of income.

Deferred advisory service revenues – Certain revenues related to advisory services for external funds are deferred and amortized over the related service period. These fees are included in Advisory service, cofinancing, and other income in the statement of income.

Deferred expenses – Costs related to the issuance of debt and other financial arrangements are deferred and amortized over the life of the related debt on a straight-line basis, which approximates how the costs would be reflected under the effective interest method. The amounts charged to expense are amortized and included in Borrowings-related expense in the statement of income.

Fixed assets – The Corporation presents fixed assets at cost less accumulated depreciation and amortization. Depreciation and amortization are recognized using the straight-line method over the estimated useful lives of the assets, which range from three to seven years.

Foreign currency transactions – Assets and liabilities not denominated in United States dollars are translated into U.S. dollar equivalents using the foreign exchange rates at which the related asset or liability could be reasonably settled at the transaction date. Revenues and expenses are translated monthly at amounts that approximate weighted average exchange rates. Resulting gains and losses are included in (Gain)/Loss on foreign exchange transactions, net, in the statement of income.

Fair value of financial instruments – The Codification requires entities to disclose information about recurring and non-recurring fair value measurements.

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transfer between market participants at the measurement date under current market conditions. Fair value measurement further assumes that a transaction to sell the asset or liability takes place either in the principal market or, in the absence of a principal market, in the most advantageous market for the asset or liability.

In determining fair value, the Corporation uses various valuation approaches, including market, income and/or cost approaches. The Codification establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Corporation. Unobservable inputs are inputs that reflect the Corporation’s assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1— Unadjusted quoted prices for identical assets or liabilities in active markets.

  Assets and liabilities utilizing Level 1 inputs include investment securities that are actively traded and primarily include debt securities of the United States government and its agencies.

- Level 2—Valuations based on quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities that are not actively traded; or pricing models for which all significant inputs are observable, directly or indirectly, for substantially the full term of the asset or liability.

  Assets and liabilities utilizing Level 2 inputs include investment securities that are not actively traded, and primarily include investments in obligations of non-United States governments, corporate bonds, derivative contracts, and structured borrowings.

- Level 3—Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

  Assets and liabilities utilizing Level 3 inputs include certain loans and equity investments in LPs.

The availability of observable inputs can vary from product to product and is affected by a wide variety of factors, including, for example, the type of product, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Corporation in determining fair value is greatest for instruments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Fair value for the majority of the Corporation's financial instruments is derived using pricing models. Pricing models take into account the contract terms (including maturity) as well as multiple inputs, including, where applicable, interest rate yield curves, credit spreads, creditworthiness of the counterparty, option volatility, and currency rates. In accordance with ASC Topic 820, the impact of the Corporation's own credit spreads would be also considered when measuring the fair value of liabilities, including derivative contracts. Where appropriate, valuation adjustments are made to account for various factors, including bid-ask spreads, credit quality, and market liquidity. These adjustments are applied on a consistent basis and are based upon observable inputs, where available.

The following methods and assumptions were used by management in estimating the recurring fair value of the Corporation's financial instruments:

Cash and cash equivalents: The carrying amount reported in the balance sheet approximates fair value.

Investment securities: Fair values for investment securities are based on quoted prices in active markets for identical assets as of the balance sheet date, when observable. For investments for which prices and other relevant information, generated by market transactions involving identical or comparable assets, are not available, the income approach valuation has been employed, using yield curves, bond or credit default swap spreads, and recovery rates based on collateral values as key inputs. Investment securities are generally categorized in Level 1 and Level 2 of the fair value hierarchy.

Loan investments: The Corporation's methodology to measure the fair value of those loans provided to certain financial institutions through agreements that foster economic development, and for which a combination of observable and unobservable inputs is generally available, requires the use of estimates and present value calculations of future cash flows. The fair value of loan investments is estimated using recently executed transactions, market price quotations (where observable), and market observable credit default swap levels along with proprietary valuation models where such transactions and quotations are unobservable. Determining future cash flows for fair value estimation purposes is subjective and imprecise, and minor changes in assumptions or methodologies may materially affect the estimated values. The lack of objective pricing standards adds a greater degree of subjectivity and volatility to these derived or estimated fair values.

For certain of the Corporation's corporate and financial institution loan investments, it is not practicable to estimate the fair value given the nature and geographic location of the borrower. The Corporation's loan agreements are tailored to the unique risk characteristics and needs of the borrower. Contractual clauses limit the Corporation's ability to sell loans to market participants. Also, the Corporation has been granted preferred creditor status. This status is not transferable, thus limiting the Corporation's ability to transfer assets and liabilities. Furthermore, there are few, if any, transactions with similar credit ratings, interest rates, and maturity dates. Based on management's experience, it is deemed that there are some countries with no participants interested in the Corporation's principal or most advantageous market given the unique country risk, size, and term of many of the Corporation's assets and liabilities. Therefore, in accordance with ASC Topic 820, additional disclosures pertinent to estimating fair value, such as the carrying amount, interest rate, and maturity, are provided. Additional information about loan investments is included in Note 9.

Equity investments: The Corporation purchases the share capital of small and medium-sized private sector enterprises in Latin America and the Caribbean and also invests in LPs. In most cases, market prices are not available, and alternate valuation techniques require a significant degree of judgment. LPs are categorized within Level 3 of the fair value hierarchy. Additional information about LPs carried at fair value is included in Note 9.

The Corporation's direct equity investments are assessed for impairment. However, it is not practicable to precisely determine a fair value in excess of cost as these are custom-tailored private placement transactions operating in the Corporation's regional member countries. Furthermore, contractual clauses limit the Corporation's ability to sell or transfer its participation in the Corporation's principal or most advantageous markets given the size and scale of the Corporation's direct equity investments.

Taxes – The Corporation, its property, other assets, income, and the operations and transactions it carries out pursuant to the Agreement Establishing the Inter-American Investment Corporation, as amended, are immune from taxation and from custom duties in its member countries.

Accounting and financial reporting developments – In August 2015, the FASB issued Accounting Standards Update (ASU) No. 2015-14 that defers the effective date of ASU No. 2014-09, *Revenue from Contracts with Customers* (*Topic 606*), originally issued in May 2014, for all entities for one year. This revenue guidance does not apply to financial instruments and guarantees. This ASU deferred the effective date for the Corporation to the annual reporting period beginning after December 15, 2018. This ASU is not expected to have a material impact on the Corporation's financial position, results of operations, or cash flows.

In May 2015, the FASB issued ASU No. 2015-07, *Fair Value Measurement (Topic 820)*, which eliminates the requirement to categorize in the fair value hierarchy investments for which fair values are measured using the net asset value practical expedient. The disclosure requirements for investments whose fair value is measured at net asset value (or its equivalent) as a practical expedient are not affected by the amendments in this ASU. The ASU is currently effective for the

(dollars in thousands, unless otherwise indicated)

Corporation for the annual reporting period beginning after December 15, 2016, and requires retrospective application to all prior periods presented in the financial statements. Early application is permitted. This ASU is not expected to have a material impact on the Corporation's financial position, results of operations, or cash flows.

In March 2015, the FASB issued ASU No. 2015-03, *Interest—Imputation of Interest (Topic 835)*, which simplifies the presentation of debt issuance costs in an entity's balance sheet. This ASU requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs is not affected by the amendments in this ASU. The ASU is currently effective for the Corporation for the annual reporting period beginning after December 15, 2015, and requires retrospective application to all prior periods presented in the financial statements. Early adoption of the amendments in this Update is permitted. This ASU is not expected to have a material impact on the Corporation's financial positon, results of operations, or cash flows.

In February 2015, the FASB issued ASU No. 2015-02, *Consolidation (Topic 810) – Amendments to the Consolidation Analysis*, which eliminates the deferral of FAS 167 for enterprises that hold investments in entities that are investment companies. This new guidance applies to limited partnerships and similar legal entities and amends the considerations to determine if certain entities are variable interest entities or voting interest entities. This new guidance also requires an entity to evaluate whether fee arrangements to a decision maker or service provider represent a variable interest in the legal entity and how interests of related parties affect the primary beneficiary determination. The ASU is currently effective for the Corporation for the annual reporting period beginning after December 15, 2016. This ASU is not expected to have a material impact on the Corporation's financial positon, results of operations, or cash flows.

3. Investment Securities

Trading securities consist of the following:

	September 30	
USD Thousands	**2015**	**2014**
Corporate securities	$ 349,218	$ 173,428
Government securities	53,457	15,177
Agency securities	9,999	-
Supranational securities	7,999	-
	$ 420,673	**$ 188,605**

Net unrealized gains on trading securities were $297 for the nine months ended September 30, 2015 ($273 net unrealized gains for the nine months ended September 30, 2014).

(dollars in thousands, unless otherwise indicated)

The composition of available-for-sale securities is as follows:

	September 30	
USD Thousands	2015	2014
Corporate securities	$ 409,004	$ 365,113
Agency securities	113,029	76,395
Supranational securities	9,901	12,240
	$ 531,934	**$ 453,748**

The fair value of available-for-sale securities is as follows:

	September 30, 2015			
USD Thousands	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
Corporate securities	$ 408,405	$ 990	$ (391)	$ 409,004
Agency securities	112,084	951	(6)	113,029
Supranational securities	9,897	4	-	9,901
	$ 530,386	**$ 1,945**	**$ (397)**	**$ 531,934**

	September 30, 2014			
USD Thousands	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
Corporate securities	$ 362,441	$ 2,724	$ (52)	$ 365,113
Agency securities	75,530	940	(75)	76,395
Supranational securities	12,122	118	-	12,240
	$ 450,093	**$ 3,782**	**$ (127)**	**$ 453,748**

The length of time that individual available-for-sale securities have been in a continuous unrealized loss position is as follows:

	September 30, 2015					
	Less than 12 months		12 months or more		Total	
USD Thousands	Fair value	Unrealized loss	Fair value	Unrealized loss	Fair value	Unrealized loss
Corporate securities	$ 94,850	$ (266)	$ 19,866	$ (125)	$ 114,716	$ (391)
Agency securities	22,127	(6)	-	-	22,127	(6)
Supranational securities	2,901	-	-	-	2,901	-
	$ 119,878	**$ (272)**	**$ 19,866**	**$ (125)**	**$ 139,744**	**$ (397)**

	September 30, 2014					
	Less than 12 months		12 months or more		Total	
USD Thousands	Fair value	Unrealized loss	Fair value	Unrealized loss	Fair value	Unrealized loss
Corporate securities	$ 19,937	$ (52)	$ -	$ -	$ 19,937	$ (52)
Agency securities	25,018	(75)			25,018	(75)
	$ 44,955	**$ (127)**	**$ -**	**$ -**	**$ 44,955**	**$ (127)**

(dollars in thousands, unless otherwise indicated)

Changes in available-for-sale securities recognized in Other comprehensive income/(loss) are as follows:

USD Thousands	September 30 2015		September 30 2014	
Unrealized gain/(loss) during the period	$	(96)	$	657
Reclassification of gains/(losses) to net income		-		-
Changes due to impaired securities		-		-
Total recognized in Other comprehensive income/(loss) related to available-for-sale securities	**$**	**(96)**	**$**	**657**

The Corporation did not sell any security classified in its available-for-sale securities portfolio during the nine months ended September 30, 2015 (none sold during the nine months ended September 30, 2014).

Investment securities with unrealized losses are the result of pricing changes in the current market environment and not as a result of other-than-temporary credit impairment. As of September 30, 2015, no other-than-temporary impairment has been recognized in the Corporation's available-for-sale investment securities portfolio (none as of September 30, 2014). Further, the Corporation does not have the intent to sell securities within the available-for-sale portfolio and it is more likely than not that the Corporation will not be required to sell prior to recovery of the non-credit portion recognized in accumulated other comprehensive income/(loss).

The maturity structure of available-for-sale securities is as follows:

USD Thousands	September 30 2015		September 30 2014	
Within one year	$	209,870	$	109,012
After one year through five years		322,064		344,736
	$	**531,934**	**$**	**453,748**

As of September 30, 2015, the Corporation held no securities in its held-to-maturity portfolio. The Corporation's one corporate security corresponding to a development-related asset with characteristics similar to other held-to-maturity securities matured on March 29, 2015.

The amortized cost of this corporate security amounted to zero as of September 30, 2015 ($39,956 as of September 30, 2014). The fair value of the held-to-maturity security amounted to zero as of September 30, 2015 ($41,004 as of September 30, 2014). There were no gross unrealized gains or losses on the held-to-maturity security for the nine months ended September 30, 2015 ($420 gross unrealized gains for the nine months ended September 30, 2014).

For the nine months ended September 30, 2015, interest income, net of amortization of premiums and accretion of discounts, was $5,540 ($5,330 for the nine months ended September 30, 2014).

4. Loan and Equity Investments

The Corporation has specific metrics for concentrations and monitors its investments in loans and investments in equity and LPs for credit risk and any potential related effects of geographic concentrations. As of September 30, 2015, individual countries with the largest aggregate credit exposure to the Corporation included Brazil, Costa Rica and Peru (Chile, Panama and Costa Rica as of September 30, 2014). As of September 30, 2015, outstanding investments in loans and investments in equity and LPs denominated in foreign currency amounted to $48,735 ($63,220 as of September 30, 2014). One of the Corporation’s exposures is designated as Regional, which consists of multi-country loan and equity investments.

(dollars in thousands, unless otherwise indicated)

The distribution of the outstanding portfolio by country and by sector is as follows:

USD Thousands	September 30					
	2015			2014		
	Loan	Equity	Total	Loan	Equity	Total
Brazil	$ 110,182	$ 2,079	$ 112,261	$ 85,110	$ 1,188	$ 86,298
Costa Rica	106,958	-	106,958	99,147	-	99,147
Peru	105,148	-	105,148	93,312	-	93,312
Colombia	91,856	950	92,806	78,556	1,326	79,882
Mexico	82,569	9,706	92,275	52,166	9,271	61,437
Chile	87,646	1,600	89,246	103,766	1,600	105,366
Panama	62,601	4,000	66,601	99,551	4,000	103,551
Ecuador	58,431	-	58,431	62,926	-	62,926
El Salvador	36,152	-	36,152	21,225	-	21,225
Uruguay	33,425	-	33,425	18,663	-	18,663
Argentina	32,514	112	32,626	46,241	146	46,387
Paraguay	28,117	-	28,117	35,416	-	35,416
Nicaragua	24,955	-	24,955	41,802	-	41,802
Regional	16,148	7,929	24,077	14,810	4,251	19,061
Dominican Republic	14,838	205	15,043	19,368	1,136	20,504
Honduras	11,070	-	11,070	8,992	-	8,992
Jamaica	7,765	-	7,765	8,633	-	8,633
Haiti	5,482	-	5,482	1,688	-	1,688
Guatemala	4,302	-	4,302	4,852	-	4,852
Plurinational State of Bolivia	1,349	-	1,349	11,335	-	11,335
Bahamas	587	-	587	-	-	-
	$ 922,095	**$ 26,581**	**$ 948,676**	**$ 907,559**	**$ 22,918**	**$ 930,477**
Financial Services	$ 640,921	$ 4,984	$ 645,905	$ 589,510	$ 5,133	$ 594,643
Energy and Power	55,322	-	55,322	78,142	-	78,142
Agricultural Products	36,208	-	36,208	46,999	-	46,999
Transportation and Logistics	33,598	-	33,598	26,934	-	26,934
Fertilizers and Agricultural Serv.	25,519	-	25,519	25,503	-	25,503
Distribution and Retail	14,267	3,802	18,069	19,023	-	19,023
Food and Beverages	14,476	-	14,476	14,470	-	14,470
Hotels and Tourism	14,428	-	14,428	13,193	-	13,193
Construction, Materials and Fixtures	10,676	3,148	13,824	6,307	3,962	10,269
Wood, Pulp, and Paper	12,709	-	12,709	6,073	-	6,073
Investment Funds	1,158	10,442	11,600	1,158	12,687	13,845
Livestock and Poultry	11,524	-	11,524	9,962	-	9,962
Information, Comm. and Tech.	5,635	4,205	9,840	2,700	1,136	3,836
Utilities	9,576	-	9,576	10,021	-	10,021
General Manufacturing	9,072	-	9,072	12,064	-	12,064
Textiles, Apparel, and Leather	8,213	-	8,213	9,064	-	9,064
Health Services and Supplies	6,282	-	6,282	4,971	-	4,971
Oil, Gas and Mining	4,390	-	4,390	9,414	-	9,414
Education	3,160	-	3,160	5,501	-	5,501
Aquaculture and Fisheries	3,015	-	3,015	13,785	-	13,785
Services	1,458	-	1,458	-	-	-
Containers and Packaging	488	-	488	2,765	-	2,765
	$ 922,095	**$ 26,581**	**$ 948,676**	**$ 907,559**	**$ 22,918**	**$ 930,477**

(dollars in thousands, unless otherwise indicated)

Loan and equity investment portfolio

The Corporation's development-related assets are the result of lending and investing activities that include loans, equity investments and certain LPs, investment securities and guarantees that promote the economic development of the Corporation's regional developing member countries through the establishment, expansion and modernization of private enterprises, preferably those that are small and medium in size. The Corporation's portfolio is segmented between financial institutions and corporates. All development-related assets are individually evaluated for purposes of monitoring and evaluating credit performance and risk.

The distribution of the outstanding portfolio by investment type as of September 30, 2015:

USD Thousands	September 30 2015 Financial institutions	Corporates	Total
Loan	$ 642,079	$ 280,016	$ 922,095
Equity	15,426	11,155	26,581
	$ 657,505	**$ 291,171**	**$ 948,676**

The distribution of the outstanding portfolio by investment type as of September 30, 2014:

USD Thousands	September 30 2014 Financial institutions	Corporates	Total
Loan	$ 590,668	$ 316,891	$ 907,559
Equity	17,820	5,098	22,918
Investment security *	39,956	-	39,956
Guarantees **	-	5,397	5,397
	$ 648,444	**$ 327,386**	**$ 975,830**

* Represents an investment in a security that is issued in or by entities domiciled in regional developing member countries the proceeds of which are used for development-related activities.

** Represents maximum potential amount of future payments - Note 10.

Loan and equity investments committed but not disbursed (net of cancellations) are summarized below:

USD Thousands	September 30, 2015
Loan	$ 133,628
Equity	16,693
	$ 150,321

(dollars in thousands, unless otherwise indicated)

Loan investments

The Corporation's loans accrue interest at fixed and variable rates. The unpaid principal balance of the fixed rate loan portfolio amounted to $183,534 as of September 30, 2015 ($239,294 as of September 30, 2014). The Corporation's variable rate loans generally reprice within one year.

The Corporation's nonaccrual loans on which the accrual of interest has been discontinued totaled $12,278 as of September 30, 2015 ($19,125 as of September 30, 2014). Nonaccrual loans that are current totaled $1,646 as of September 30, 2015 ($1,565 as of September 30, 2014). Interest collected on loans in nonaccrual status for the nine months ended September 30, 2015, was $1,524 ($566 for the nine months ended September 30, 2014).

The Corporation's investment in impaired loans as of September 30, 2015, was $10,632 ($17,670 as of September 30, 2014). The average investment in impaired loans for the nine months ended September 30, 2015, was $12,889 ($15,602 for the nine months ended September 30, 2014). The total amount of the allowance related to impaired loans as of September 30, 2015 and 2014, was $6,570 and $10,691, respectively. For the nine months ended September 30, 2015, there were no troubled debt restructurings within the loan portfolio (none for the nine months ended September 30, 2014).

Changes in the allowance for loan losses by investment type are summarized below:

USD Thousands	2015			2014		
	Financial institutions	Corporates	Total	Financial institutions	Corporates	Total
Balance as of January 1	$ 19,794	$ 28,101	$ 47,895	$ 22,189	$ 24,867	$ 47,056
Investments charged off, net	-	(5,309)	(5,309)	-	(237)	(237)
Recoveries	-	397	397	413	632	1,045
Provision for loan investment losses	(1,712)	(1,663)	(3,375)	(3,200)	500	(2,700)
Balance as of September 30	**$ 18,082**	**$ 21,526**	**$ 39,608**	**$ 19,402**	**$ 25,762**	**$ 45,164**

Equity investments

As of September 30, 2015, the Corporation had nine direct equity investments (seven as of September 30, 2014) with a carrying value of $16,139 ($10,231 as of September 30, 2014). The direct equity investments are reported at cost less impairment. Other-than-temporary impairment losses as of September 30, 2015 were $710 ($68 as of September 30, 2014).

The Corporation had nine investments in LPs at fair value of $10,442 as of September 30, 2015 (ten at fair value of $12,687 as of September 30, 2014). The Corporation's investments in LPs may generally be liquidated over a period of 10 years with up to two one-year extensions.

(dollars in thousands, unless otherwise indicated)

5. Receivables and Other Assets

Receivables and other assets are summarized below:

	September 30	
USD Thousands	2015	2014
Other current assets		
Interest receivable on loan investments	$ 5,581	$ 7,217
Interest receivable on investment securities	1,982	15
Other current assets	4,880	4,170
	12,443	11,402
Other noncurrent assets		
Postretirement Benefit Plan, net asset	-	9,373
Other noncurrent assets	1,753	1,476
	1,753	10,849
Total receivables and other assets	**$ 14,196**	**$ 22,251**

As of September 30, 2014, the Postretirement Benefit Plan net asset reflects the overfunded status of the Plan. Refer to Note 14.

6. Accounts Payable and Other Liabilities

Accounts payable and other liabilities are summarized below:

	September 30	
USD Thousands	2015	2014
Pension Plan, net liability	$ 22,221	$ 8,681
Employment benefits payable	7,445	5,413
Deferred revenue	6,057	6,773
Postretirement Benefit Plan, net liability	2,680	-
Due to other IDB Group entities	2,516	1,787
Accounts payable and other liabilities	1,713	1,780
Total accounts payables and other liabilities	**$ 42,632**	**$ 24,434**

As of September 30, 2015 and 2014, the Pension Plan net liability reflects the underfunded status of the Plan. As of September 30, 2015, the Postretirement Benefit Plan net liability reflects the underfunded status of the Plan. Refer to Note 14.

(dollars in thousands, unless otherwise indicated)

7. Borrowings

Borrowings outstanding by currency are as follows:

	September 30			
USD Thousands	2015		2014	
	Amount outstanding	**Weighted average cost**	**Amount outstanding**	**Weighted average cost**
U.S. dollar	$ 943,337	0.60%	$ 630,029	0.83%
Mexican peso	38,450	3.56%	59,555	3.84%
Brazilian real	11,329	10.20%	18,364	10.20%
Euro	1,058	0.89%	1,595	1.10%
	$ 994,174		**$ 709,543**	
Short-term borrowings	(449,782)		(139,580)	
Long-term borrowings	**$ 544,392**		**$ 569,963**	

The Corporation's overall funding plan considers the liquidity forecast and strategy. The current liquidity risk strategy requires the Corporation to have sufficient liquidity available to cover projected operational liquidity needs for at least 18 months. The operational liquidity needs include projected disbursements, administrative and other expenses, and maturing borrowings, effectively requiring that upcoming maturities are adequately funded at least 18 months in advance.

The Corporation has available a renewable borrowing facility with the IDB amounting to $300,000, in place since 1997. In August 2008, the Corporation borrowed $100,000 under this facility and $200,000 remain available for disbursement. Borrowings under the IDB facility are due fifteen years after the respective disbursement. This facility has been renewed four times and expires in November 2020. Other credit facilities available amount to $330,465 as of September 30, 2015.

On November 16, 2012, the Corporation issued U.S.-dollar denominated, 3-month LIBOR plus 0.35% notes as part of its Euro Medium-Term Note (EMTN) Program in the capital markets in the amount of $350,000, maturing in 2015, followed by an additional $50,000 issue on February 19, 2013, which was issued at a premium, maturing in 2015. Interest on the notes is payable quarterly. The term note program offering was the Corporation's first on the international financial market aimed at diversifying its sources of funding. On October 2, 2014, the IIC issued an additional $400,000 U.S.-dollar denominated, 3-month LIBOR plus 0.14% issue under its EMTN Program, maturing in 2017. Interest on the notes is payable quarterly.

On April 27, 2012, the Corporation issued interbank reference rate (TIIE) plus 0.22% foreign-currency bonds in the amount of 800 million Mexican pesos before underwriting and other issuance costs. These bonds matured on April 24, 2015.

(dollars in thousands, unless otherwise indicated)

The maturity structure of borrowings outstanding is as follows:

USD Thousands	2015	2016	2017	2018	2019	Through 2025
Borrowings	$ 438,453	$ 11,329	$ 400,000	$ 1,059	$ -	$ 143,333
	$ 438,453	**$ 11,329**	**$ 400,000**	**$ 1,059**	**$ -**	**$ 143,333**

For the nine months ended September 30, 2015, borrowings-related expense includes interest expense of $6,624 ($8,728 for the nine months ended September 30, 2014).

8. Capital

The Corporation's original authorized share capital was increased from $200 million to $705.9 million, equivalent to 70,590 shares, through a $500 million general capital increase (GCI-I) approved in 1999, and several special increases to allow for admission of new members. The increases allocated a total of $505.9 million for subscriptions by new and existing member countries, during the subscription periods, as set forth in the corresponding resolutions. The Corporation issued full shares, with a par value of ten thousand dollars each, corresponding to these authorized share capital increases.

In May 2012, 1,581 shares issued in the context of the 1999 capital increase reverted back to the Corporation as unsubscribed shares. Of these, 40 shares were purchased each by China and Korea, and 150 were purchased by Canada in the context of its admission to membership in the Corporation. The remaining 1,351 capital increase shares were designated for reallocation among the Corporation's shareholders pursuant to a mechanism adopted by the Board of Executive Directors in 2008. The first round of reallocation subscriptions concluded in May 2013; all 1,351 available shares were subscribed and are expected to be paid in full according to schedule.

On March 30, 2015, the Boards of Governors of the Corporation and the IDB approved the consolidation of the IDB Group private sector activities into the Corporation and authorized the Corporation's second general capital increase (GCI–II). The GCI–II increases the Corporation's authorized capital stock by $2.03 billion, equivalent to 125,474 shares, with an issuance price of $16,178.60 per share. Total authorized shares with this capital increase amounts to 196,064 shares. Subscribed shares are recorded at the date of the subscription instrument at the stock issuance price and are expected to be paid in over time.

Under the Agreement Establishing the Inter-American Investment Corporation, any member may withdraw from the Corporation by notifying the Corporation's principal office in writing of its intention to do so. Such withdrawal shall become effective on the date specified in the notice but in no event prior to six months from the date on which such notice was delivered to the Corporation. Even after withdrawing, a member shall remain liable for all obligations to the Corporation to which it was subject on the date of delivery of the withdrawal notice.

In the event a member withdraws from the Corporation, the Corporation and the member may agree on the withdrawal from membership and the repurchase of the shares of said member on terms appropriate under the circumstances. If such agreement is not reached within three months of the date on which such member expresses its desire to withdraw from membership, or within a term agreed upon between both parties, the repurchase price of the member's shares shall be equal to the book value thereof on the date when the member ceases to belong to the Corporation, such book value to be determined by the Corporation's audited financial statements. Payment for shares shall be made in such installments and at such times, and in such available currencies as the Corporation shall determine, taking into account its financial position.

(dollars in thousands, unless otherwise indicated)

The following table lists the capital stock subscribed and subscriptions receivable from members:

	September 30			
	Shares	Amount	Additional paid-in capital *	Receivable from members **
		USD Thousands		
Argentina	17,281	$ 172,810	$ 56,794	$ 148,714
Austria	737	7,370	2,422	6,342
Bahamas	144	1,440	-	-
Barbados	101	1,010	-	-
Belgium	169	1,690	-	-
Belize	101	1,010	-	-
Bolivarian Republic of Venezuela	9,210	92,100	30,269	79,259
Brazil	17,281	172,810	56,794	149,171
Canada	320	3,200	1,050	2,750
Chile	4,279	42,790	14,062	36,822
Colombia	4,456	44,560	14,643	38,343
Costa Rica	671	6,710	2,206	5,776
Denmark	1,071	10,710	-	-
Dominican Republic	437	4,370	-	170
Ecuador	933	9,330	3,064	8,024
El Salvador	671	6,710	2,206	5,776
Finland	839	8,390	2,756	7,216
France	2,868	28,680	4,362	11,422
Germany	1,334	13,340	-	-
Guatemala	420	4,200	-	-
Guyana	256	2,560	840	2,200
Haiti	671	6,710	2,206	5,776
Honduras	671	6,710	2,206	5,776
Israel	370	3,700	1,217	3,187
Italy	4,619	46,190	15,181	39,751
Jamaica	420	4,200	-	-
Japan	4,680	46,800	13,519	35,399
Mexico	11,124	111,240	36,559	97,799
Netherlands	1,071	10,710	-	-
Nicaragua	671	6,710	2,206	5,776
Norway	839	8,390	2,756	7,215
Panama	699	6,990	2,298	6,018
Paraguay	699	6,990	2,298	6,018
People's Republic of China	333	3,330	1,093	2,864
Peru	4,456	44,560	14,643	38,343
Plurinational State of Bolivia	1,389	13,890	4,566	11,956
Portugal	182	1,820	-	-
Republic of Korea	333	3,330	1,094	2,864
Spain	2,492	24,920	-	-
Suriname	105	1,050	-	40
Sweden	839	8,390	2,756	7,216
Switzerland	2,288	22,880	7,519	19,689
Trinidad and Tobago	314	3,140	-	-
United States	16,019	160,190	-	-
Uruguay	1,841	18,410	6,049	15,839
Total 2015	**120,704**	**$ 1,207,040**	**$ 309,634**	**$ 813,511**
Total 2014	**70,590**	**$ 705,900**	**$ -**	**$ 10,310**

* Represents the amount in addition to par value subscribed by member countries under GCI-II.
** Represents receivable from members under GCI-I and GCI-II.

(dollars in thousands, unless otherwise indicated)

9. Measurements and Changes in Fair Value

The Corporation's assets and liabilities recorded at fair value have been categorized based on a fair value hierarchy in accordance with ASC Topic 820.

The following fair value hierarchy table presents information about the Corporation's assets measured at fair value on a recurring basis as of September 30, 2015:

USD Thousands	Balance as of September 30, 2015	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
ASSETS				
Corporate securities	$ 758,222	$ -	$ 758,222	$ -
Agency securities	123,028	-	123,028	-
Government securities	53,457	-	53,457	-
Supranational securities	17,900	-	17,900	-
Limited partnerships	10,442	-	-	10,442
	$ 963,049	**$ -**	**$ 952,607**	**$ 10,442**

The following fair value hierarchy table presents information about the Corporation's assets measured at fair value on a recurring basis as of September 30, 2014:

USD Thousands	Balance as of September 30, 2014	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
ASSETS				
Corporate securities	$ 538,541	$ -	$ 538,541	$ -
Agency securities	76,395	-	76,395	-
Government securities	15,177	-	15,177	-
Limited partnerships	12,687	-	-	12,687
Supranational securities	12,240	-	12,240	-
	$ 655,040	**$ -**	**$ 642,353**	**$ 12,687**

(dollars in thousands, unless otherwise indicated)

The following table presents gains and losses due to changes in fair value, including foreign currency impact, for items measured at fair value for the nine months ended September 30, 2015:

USD Thousands		Changes in fair value included in earnings for the nine months ended September 30, 2015
ASSETS		
Corporate securities	$	368
Government securities		151
Supranational securities		31
Agency securities		31
Limited partnerships		(3,008)
	$	**(2,427)**

The following table presents gains and losses due to changes in fair value, including foreign currency impact, for items measured at fair value for the nine months ended September 30, 2014:

USD Thousands		Changes in fair value included in earnings for the nine months ended September 30, 2014
ASSETS		
Corporate securities	$	5,139
Government securities		848
Agency securities		924
Supranational securities		15
Limited partnerships		(1,317)
	$	**5,609**

Certain of the Corporation's financial instruments are not measured at fair value on a recurring basis but nevertheless are recorded at amounts that approximate fair value due to their liquid or short-term nature. Such financial assets and financial liabilities include: Cash and cash equivalents, Receivables and other assets, and Accounts payable and other liabilities.

At September 30, 2015, substantially all investment securities are valued based on quoted prices for identical assets or liabilities that are not active, or prices derived from alternative pricing models as these prices are not available from market vendors. These methodologies apply to certain investments in non-U.S. government obligations, agencies, and corporate bonds. Also included are commercial paper (CP) and certificates of deposit (CD) issued on a tailor-made basis under large U.S.-based CP or CD programs. These securities are classified within Level 2 of the fair value hierarchy and are measured at fair value using valuation techniques consistent with the market and income approaches.

The Corporation's loans are generally carried at the principal amount outstanding. For disclosure purposes, the Corporation uses a December 31 measurement date to estimate the fair value of its loan portfolio. Any excess or deficit resulting from the difference between the carrying amounts of the loan portfolio and the fair value disclosed does not necessarily reflect the realizable values (since the Corporation generally holds investments with contractual maturities with the aim of realizing their recorded values and, therefore, maximizing the developmental aspects of the investment).

The Corporation's borrowings are recorded at historical amounts unless elected for fair value accounting under the Fair Value Option Topic 825. The fair value of the Corporation's borrowings would be estimated using either quoted market prices or discounted cash flow analyses based on the Corporation's current borrowing rates for similar types of borrowing arrangements. The Corporation held no borrowings at fair value as of September 30, 2015 and 2014.

As a practical expedient, fair value for investments in LPs was determined using the estimated NAV provided by the LPs. The NAVs that have been provided by the LPs are derived from the fair values of the underlying investments as of the reporting date. All investments for which NAV is used as fair value (a) do not have a readily determinable fair value and (b) either prepare financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. Generally, LPs have finite lives and the Corporation does not sell or redeem its investments in LPs. Investments in LPs are classified as Level 3. Proceeds are distributed to the Corporation as the LPs sell the underlying investment. Adjustments to the net asset value are made when evidence indicates that fair value differs significantly from net asset value.

The carrying value of equity investments reported at cost amounted to $16,139 as of September 30, 2015 ($10,231 as of September 30, 2014). For the Corporation's direct equity investments, the investments are evaluated for impairment, however it is not practicable to accurately determine a fair value in excess of cost as these are custom-tailored private placement transactions for small and medium-sized enterprises operating in the Corporation's regional member countries.

The carrying value of equity investments reported at fair value amounted to $10,442 as of September 30, 2015 ($12,687 as of September 30, 2014).

10. Guarantees

From time to time, the Corporation may provide financial guarantees on behalf of its borrowers for various purposes in return for a guarantee fee. Guarantees entered into by the Corporation generally have maturities consistent with those of the loan portfolio. As of September 30, 2015, the Corporation was not obligated to perform on any open or outstanding guarantee contracts. Additionally, no notices of default have been received since inception of the Corporation's guarantee program.

The maximum potential exposure, which represents the amounts that could be lost under the guarantees in the event there were a total default by the guaranteed party without taking into consideration possible recoveries under recourse provisions or from collateral held or pledged, amounted to zero as of September 30, 2015 ($5,397 as of September 30, 2014). There was no provision for losses on guarantees in the statement of income as of September 30, 2015 (none as of September 30, 2014). The estimated fair value of the guarantee liability is zero as of September 30, 2015 ($1,224 as of September 30, 2014). One guarantee product matured on October 17, 2014.

(dollars in thousands, unless otherwise indicated)

11. Contingencies

In the ordinary course of business, the Corporation is defendant or codefendant or party in various litigation matters inherent to and typical of the operations in which it is engaged. In the opinion of the Corporation's management, the ultimate resolution of these legal proceedings would not have a material adverse effect on the financial position, results of operations, or cash flows of the Corporation.

12. Lending Arrangements

The Corporation mobilizes funds from commercial banks and other financial institutions in connection with certain of its lending arrangements. These arrangements are administered and serviced by the Corporation on behalf of participants. The arrangements are structured such that the participating lenders must fund their respective share of each loan and there is no recourse to the Corporation.

During the nine months ended September 30, 2015, the Corporation called and disbursed $265,263 in funds from participating lenders ($15,690 for the nine months ended September 30, 2014). Undisbursed funds commitments from participating lenders totaled $46,311 as of September 30, 2015 ($14,896 as of September 30, 2014).

13. Related-party Transactions

The Corporation obtains certain administrative and overhead services from the IDB in areas where common services can be efficiently provided by the IDB. The Corporation has a lease agreement with the IDB for its headquarters office space that will expire in 2020.

The Corporation paid the following amounts to the IDB for office space and certain administrative support services:

USD Thousands	Nine months ended September 30 2015	Nine months ended September 30 2014
Office space (headquarters and other)	$ 1,718	$ 1,657
Support services	594	580
Other IDB services	413	213
	$ 2,725	**$ 2,450**

Expected payments under the current lease agreement with the IDB are as follows:

USD Thousands	2015	2016	2017	2018	2019	2020
Office space (headquarters)	$ 531	$ 2,189	$ 2,254	$ 2,322	$ 2,392	$ 2,463
	$ 531	**$ 2,189**	**$ 2,254**	**$ 2,322**	**$ 2,392**	**$ 2,463**

Payables due to the IDB were $2,516 as of September 30, 2015 ($1,787 as of September 30, 2014). Refer to Note 6.

As of September 30, 2015 and 2014, the Corporation had borrowed $100,000 from the IDB credit facility. Refer to Note 7.

The Corporation provides advisory services to IDB Group entities. The Corporation has received payment for fees payable for the full year under these arrangements for a total amount of $100 and has recognized related revenue for the nine months ended September 30, 2015 of $75 ($100 fees were received and $75 were recognized for the nine months ended September 30, 2014).

14. Pension and Postretirement Benefit Plans

The IDB sponsors a defined benefit plan (the Pension Plan) covering substantially all staff of the Corporation and the IDB. The Pension Plan covers international and local employees. Under the Pension Plan, benefits are based on years of service and average compensation, with the staff contributing a fixed percentage of remuneration and the Corporation and the IDB contributing the remainder of the actuarially determined cost of future Pension Plan benefits. Any and all contributions to the Pension Plan are irrevocable and are held separately in retirement funds solely for the payment of benefits under the Pension Plan. The Corporation’s required contribution to the Pension Plan was $2,177 and recognized related expenses of $4,104 for the nine months ended September 30, 2015 ($1,585 in contributions and $2,056 in expenses for the nine months ended September 30, 2014).

The Corporation also provides certain health care and other benefits to retirees. All current staff who contribute to the Pension Plan, while in active service, and who meet certain requirements are eligible for postretirement benefits under the Postretirement Benefit Plan (PRBP). Retirees contribute toward the health care program based on an established premium schedule. The Corporation contributes the remainder of the actuarially determined cost of future health and other benefits. While all contributions and all other assets and income of the PRBP remain the property of the Corporation, they are held and administered separately and apart from the other property and assets of the Corporation solely for the purpose of payment of benefits under the PRBP. The Corporation contributed $2,082 and recognized related expenses of $2,082 to the PRBP for the nine months ended September 30, 2015 ($1,056 in contributions and expenses for the nine months ended September 30, 2014).

Since both the IDB and the Corporation participate in the Pension Plan and the PRBP, each employer presents its respective share of each Plan.

The Corporation uses a December 31 measurement date for the Pension Plan and the PRBP. As of that date, the Corporation will determine the net periodic benefit cost for the Pension Plan and PRBP for the year then ending. Periodic contributions to the Pension Plan and PRBP are projected to approximately equal net annual actuarial costs. Contributions made to the Pension Plan and PRBP are expensed based on the actuarial forecast for the year until the net periodic benefit cost is determined. Management considers that the difference between the amount expensed and the net periodic benefit cost for each reporting period will not have a material impact on its financial position or results of operations. Any difference between the amount forecasted and the amount contributed is recorded as prepaid/payable until the net periodic benefit cost is determined.

15. Management of External Funds

The Corporation administers on behalf of donors, which include member countries and other entities, funds restricted for specific uses that include the cofinancing of certain projects, technical studies for borrowers, project-related studies, and research and training programs. These funds are held in trust by the Corporation and are not commingled with the Corporation's funds, nor are they included in the assets of the Corporation. The Corporation receives a management fee that is generally a percentage of the funds received. This fee is shown as an advisory service fee in the statement of income.