

CREDIT ANALYSIS

Inter-American Investment Corporation

Supranational

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Summary Rating Rationale

The Aa2 rating assigned to the Inter-American Investment Corporation (IIC or Corporation) reflects a credit and financial profile characterized by: (i) strong shareholder support; (ii) preferred creditor status; (iii) implicit financial support derived from membership in the Inter-American Development Bank (IDB) Group; (iv) adequate financial management; and (v) robust capitalization.

The Corporation, which began operations in 1989, is mandated by its charter to promote the economic development of its Latin American member countries by encouraging the establishment, expansion, and modernization of private enterprises, preferably those that are small and medium-scale. All of the IIC's direct clients are private enterprises, preferably — although not exclusively — small and medium size.

The rating is constrained by the concentration of the Corporation's lending portfolio in speculative-grade countries typically characterized by high economic volatility. Balance sheet risks resulting from the Corporation's non-government guaranteed lending to small- and medium-size private sector companies also represent a limiting factor for the rating.

The IIC's rating incorporates the view that the Corporation will continue to effectively manage credit risks derived from the challenging operational environment present in the countries where lending activities are carried out. Strong support from its highly-rated non-Latin American shareholders, and the implicit financial support the Corporation derives from its membership in the IDB Group, constitute integral elements of the IIC's current rating.

This Credit Analysis provides an in-depth discussion of credit rating(s) for Inter-American Investment Corporation and should be read in conjunction with Moody's most recent Credit Opinion and rating information available on Moody's website. [Click here to link.](#)

Organizational Structure and Strategy

The IIC was established in 1986 as part of the IDB Group. While the IIC is affiliated with the IDB Group, the Corporation is legally autonomous, and its resources and management are separate from those of the IDB.

The Corporation receives its share capital from forty-four member countries with voting power proportional to each country's paid-in shares. All the powers of the Corporation are vested in its Board of Governors, which appoints a Board of Executive Directors in which authority and powers are delegated to conduct operations.

The IIC is mandated by its charter to promote the economic development of its regional member countries by encouraging the establishment, expansion, and modernization of small-and medium-size private enterprises. To fulfill its mandate, the IIC conducts operations with 26 Latin American and Caribbean member countries offering a range of financial products and services including long-term loans, guarantees, and equity investments, in addition to offering lines of credit through local financial intermediaries that provide funding for corporate investments, refinancing, and working capital. All IIC loans are made without the benefit of a sovereign guarantee. The IIC also provides structured loans, financing for private equity funds, and loans for supply chain support programs.

Given the IIC's developmental mandate and the nature of its portfolio, the Corporation is exposed to substantial increases in credit risk during periods of regional financial distress, since conditions arising during those episodes can lead to a sudden deterioration in the credit profile of its borrowers. Still, the IIC has significantly increased its ability to address such situations in recent years.

Overhaul of Internal Credit Process; Emphasis on Lending Through Financial Institutions

The cumulative impact of strategic initiatives and organizational changes undertaken in previous years allowed the IIC to overcome the severe financial difficulties that the Corporation faced during the 2001-2002 Latin American economic/financial crisis. Strong commitment on the part of management coupled with support from the shareholders proved effective in strengthening both the Corporation's operational performance and its financial standing allowing to better balance its development mandate with the self-imposed medium-term financial sustainability objective.

A main component of the organizational changes involved an overhaul of credit policies, including a restructuring of the Corporation's credit assessment process intended to assure that the quality of the IIC's loan and investment portfolios would be appraised with more accuracy. The creation of a credit risk committee that evaluates on an ongoing basis the risk profile of the IIC's loan and investment portfolios and the use of internal credit rankings for loan investments were central in this respect. Combined, these elements have allowed the Corporation to better identify credit risks and assure adequate provisioning.

Regarding lending operations, a key decision involved a shift towards increased lending through top-tier financial institutions, a move that allowed the IIC to expand its loan portfolio at an accelerated pace. In order to assure that credit standards were preserved as the loan portfolio expanded, the Corporation designed and implemented a pre-qualification process for financial institutions intended to identify those deemed to be exceptionally creditworthy. The IIC also developed a fast-track approval process to streamline loan authorizations for previously-qualified financial institutions. On the whole, the emphasis on lending through financial institutions combined with the fast-track

approval process became the mainstays behind the substantial increase in loan volume that was observed in previous years.¹

A positive by-product of the organizational changes that were introduced involved increased productivity across different lines of business as evidenced by the notable improvement reported in various performance indicators.²

Lending Operations and Equity Investments

A Decline In Outstanding Loans

The IIC makes loan and equity investments to private-sector companies and financial institutions domiciled in the 26 Latin American and Caribbean member countries. After a three-year period (2005-2007) of 30%-plus annual growth in the loan portfolio, indications that loan growth would be moving towards lower — more sustainable — rates emerged in 2008 as the loan portfolio increased 13.5% in nominal terms. The possibility of a smooth transition was abruptly interrupted last year given an adverse operating environment in Latin American that reflected the impact of the global economic crisis in the region. Caution on the part of the Corporation, reflecting uncertainty about the near-term outlook and weak demand for credit as economic activity reported a marked deceleration, led to a decline in the level of gross loans outstanding for the first time since 2002.

After there were virtually no loan approvals during the first months of 2009, the pace accelerated significantly during the second part of the year and by year-end total approvals came to \$299.8 million, a figure similar to the one observed in 2008 (\$300.6 million). Still, this effort was not sufficient to prevent a reduction in the level of outstanding gross loans which went to \$857.6 million in 2009 from \$904.1 million in 2008.

The decline observed in the loan portfolio led to a modest contraction in the IIC's balance sheet as total assets declined to \$1,423 million from \$1,507 million, a reduction that compared with the zero growth target in total assets defined by management at the beginning of 2009.³

At year-end 2009, the countries where the IIC had the largest aggregate credit exposures (loans + equity investments) were Brazil (14.1%) and Colombia (12.9%). Credit exposures to Argentina and Paraguay increased as their respective shares went to 6.1% and 3.3% from 5.0% and 2.8% in 2008, respectively. Alternatively, aggregate credit exposure to Peru declined to 11.2% in 2009 from 13.5% in 2008.

Financial institutions continued to account for the bulk of the loan portfolio representing 70% of total outstanding loans. Alternatively, the distribution of loan approvals during 2009 showed an increased emphasis on financial institutions relative to corporates. Last year, 64.1% of loan approvals went to financial institutions compared with 57.5% in 2008, while the corresponding shares for corporates went to 35.9% from 42.5%, respectively.

¹ The loan portfolio reported 27.5% compound average annual growth during 2004-2008 – 20.2% during 2004-2009.

² During the last six years the ratio of administrative expenses to total loan and equity investments went to 3.15% in 2009 from 4.54% in 2004, During the same period, Net Loan/Equity Investments to # staff went to \$7,695 (2009) from \$3,668 (2004) and projects outstanding to staff went to 1.9 from 1.2, respectively.

³ Management also emphasized the need for a strategic switch that involved focusing in loans to larger companies and financial institutions.

In terms of the outlook, management has indicated that an important near-term challenge involves a large block of maturing assets that will result in total repayments of \$323 million during 2010. The latter means that, in order to preserve the level of development-related assets (loans + equity investments) at levels similar to those observed last year, the IIC will have to make an extraordinary effort in terms of loan approvals/disbursements – even under a best-case scenario development-related assets are likely to remain below 2008 levels.

Diminished Role of Equity Investments

Equity-related investments, which involve limited liability partnerships and direct investments, have reported a steady reduction. After accounting for a significant share of the IIC's development related investment portfolio – 24.2% in 2002 – equity-related investments have declined almost without interruption during the last seven years. Last year was a rare exception as equity investments increased to \$32.2 million from \$29.7 million in 2008 due to adjustments based on fair-value assessments – equity investments represented 3.6% of total development related assets last year.⁴

While the decline in equity investments has been partly related to adjustments in portfolio valuations that reflect revised (fair-value) assessments, the fundamental reason behind the downward trend that has been observed rests on a strategic decision to reduce the IIC's exposure to investments in regional equity funds and to sell direct equity positions. The move towards a diminished role for equity investments was consistent with the Corporation's decision to use its loan portfolio as the main instrument with which to carry out its development mandate.

Given these considerations, equity investments are expected to report only moderate growth in coming years, evolving at a gradual pace and accounting for no more than 5% to 10% of the IIC's total portfolio of development related assets.

Borrowings and Liquidity

Anticipatory Borrowings in 2008; Reduced Financial Leverage in 2009

IIC's borrowings consist of long-term debt and revolving-credit facilities with financial institutions, mostly European and Japanese.⁵ Additionally, the Corporation has access to funding from the IDB through a \$300 million renewable facility.

In August 2008, the IIC borrowed \$100 million from the IDB facility for the first time since it was created in 1997.⁶ The ability to access resources from the facility confirmed the strong support the Corporation derives from the IDB, a condition implicitly incorporated in the IIC's credit profile and captured by Moody's ratings.

The decision to tap the facility was not prompted by liquidity problems. Instead, it was a preventive measure involving anticipatory borrowings intended to improve the IIC's liquidity position given concerns about prospects of continued volatility in financial markets and uncertainty about the availability and cost of funding in the post-Lehman world.

⁴ Equity investments amounted to \$71.2 million in 2003, \$70.2 million in 2004, \$68.9 million in 2005, \$67.4 million in 2006, and \$43.0 million in 2007.

⁵ The IIC has credit facilities for a total of \$1.392 billion with Rabobank (Netherlands), Caja Madrid (Spain), Natixis (France), Caixa Geral de Depositos (Portugal), HSBC (Hong Kong), Mizuho, BBVA-Bancomer (Mexico), Banco Itau (Brazil), Banco de la Nación Argentina, Banco Continental (Peru), and INTESA Sao Paulo (Brazil). New credit facilities were established with Standard Chartered and Wachovia during 2009.

⁶ The IDB facility was last renewed in 2005 allowing the Corporation to borrow up to \$300 million until November 2010. Borrowings are renewable.

Resources from the IDB facility served the intended purpose. They enhanced the IIC's liquidity position allowing the Corporation to avoid tapping the markets during 2009 and, additionally, extended the maturity profile of financial obligations as borrowings from the facility are subject to a 15-year repayment.

Total outstanding borrowings decreased last year going to \$645.6 million from \$733.8 million in 2008 – borrowings were \$545.6 million if the IDB facility is excluded. Financial leverage indicators reported a decline with the ratio of liabilities to equity moving to 88% in 2009 from 103% in 2008.

During 2009, a low interest rate environment led to a reduction in the weighted average cost of borrowings which went to 1.96% in 2009 from 3.07% in 2008.

Management has indicated that while no USDollar-denominated debt liabilities will be coming due in 2010, the Corporation faces principal payments of some \$110 million as long-term debt denominated in Colombia pesos and Mexican pesos will mature. During the 2011-2013 period, upcoming maturities will average \$119 million annually.

Strong Liquidity Position Provides Financial Flexibility

The Corporation emerged from the global financial crisis with an ample (cautionary) liquidity reserve and was able to preserve it throughout 2009. At the end of the year, the corporation reported liquid assets (cash + marketable securities) of \$581.2 million compared with \$600.0 million in 2008. Management indicated that no losses were reported in its portfolio of investment securities as the IIC avoided investments in “complex instruments.”

As part of the financial strategy adopted last year to confront volatile conditions in financial markets, the Corporation changed the composition of its liquidity portfolio reducing the average tenor of the liquid asset portfolio to 53 days. Another sign of the IIC's conservative attitude towards liquidity management involved a decision to terminate the relation with an external fund manager on consideration that their investment profile was deemed to be too aggressive for the Corporation.

The ratio of liquid assets to total assets stood at 40.8% in 2009 versus 39.8% in 2008. Relative to total borrowings and long-term debt, the Corporation's liquidity position improved going to 90.0% in 2009 from 81.8% in 2008. Furthermore, IIC's liquidity was large enough to cover all financial obligations, excluding borrowings from IDB which mature in 2023.⁷

A strong liquidity position provides financial flexibility to the Corporation. Just as it was the case during 2009, indications are that the IIC will not have to tap the markets this year. Instead, the IIC will only renew existing credit facilities with banks.

Management mentioned that in addition to existing liquidity, the Corporation has an important level of un-utilized credit facilities – estimated at \$747.2 million – with financial institutions that, if required, could serve as a back-stop liquidity facility in the event of adverse shocks.

⁷ Existing liquidity is sufficient to cover maturities for the next 10 years.

Asset Quality

Resilient Loan Portfolio and Precautionary Provisioning

The credit profile of the IIC's loan portfolio is strongly influenced by risks associated to its development mandate and the regional market segment it serves. Faced with this condition, improved credit management has been effective in strengthening the risk profile of its asset base contributing to a steady decline in past-due loans. Overall, the improved credit quality of the loan portfolio and high loan-loss provisions⁸ have combined to noticeably strengthen the IIC's balance sheet.

Even though asset quality was affected by the marked deceleration in economic growth observed last year in Latin America, the IIC was able to manage this situation avoiding a significant (negative) impact in terms of the credit standing of its loan portfolio. Problems in the loan portfolio were minimal last year leading in some instances to loan reclassification within the IIC's own rating scale. However, and more importantly, as the loan portfolio performed better than initially anticipated, precautionary provisions made in 2008 to cover possible unidentified losses resulted adequate.

In 2009 the ratio of past-due loans to total outstanding loans stayed flat at a mere 0.6% compared with ratios of 1.5% in 2006 and 5.5% in 2005 – peak value 2002:16.7%. Non-accrual loans remained modest representing 4.3% of total outstanding loans in 2009 compared with 1.5% in 2008 and 1.7% in 2007 – peak value 2001:30.2%.

Using the IIC's own credit risk rankings, 3.6% of its loan investment portfolio was in the lowest categories (loss and doubtful) during 2009 compared with 0.1% in 2008, while 4.7% was classified as substandard compared to 6.4% in the previous years. 0.3% were reported in the loss category during 2009, 3.3% were doubtful and 4.7% substandard. Overall, the credit quality of the portfolio has remained high as 91.7% of the IIC's loan and equity investment portfolio was classified as satisfactory in 2009, compared with 93.5% in 2008 and 97.3% in 2007.

The coverage provided by loan-loss provisions continued to be ample. Provisions were equivalent to 12 times past due loans and 2.1 times impaired assets.⁹

Profitability

Manageable Impact of Adverse Regional Operating Environment on Net Income

A three-year period (2005-2007) of continually improving earnings and profitability has been followed by two years (2008-2009) in which net income, while positive, has reported a significant reduction. Even though net income came to only \$5.2 million during 2009, an amount lower than the \$13.9 million figure reported in 2008 and significantly below the peak value of \$83.5 million for 2007,¹⁰ it is notable that the IIC was able to deliver positive net income in a year in which extremely difficult economic and financial conditions were present – Latin America faced the equivalent of a regional stress test as GDP declined nearly 2% during 2009.

⁸ During 2009, the IIC maintained loan-loss reserves equivalent to 180% of non-accrual loans compared with 395% in 2008 and 283% in 2007.

⁹ Impaired assets were equivalent to 3.6% of total loans in 2009 after being virtually nil during the previous two years.

¹⁰ The record level of net income in 2007 was related to a one-time-only event, the booking of substantial (realized) gains given a \$40 million profit generated by the sale of an equity position. As a result, income from equity investments in 2007 was \$56 million compared with an average annual figure \$2.6 million for the 2008-2009 period.

Considering that the previous economic crisis (2001-2002) had a severe financial impact on the Corporation,¹¹ the ability to manage shocks present in last year's adverse operating environment serves as evidence that changes introduced by management in previous years have strengthened the IIC's balance sheet leading to a more resilient financial profile.

The reduction in the loan portfolio had a negative impact on last year's profitability, which was also adversely affected by the presence of lower interest rates. The reduction in net income was driven by a combination of lower interest income from both loan investments and the portfolio of investment securities. Interest income from loan investments went to \$45.4 million from \$57.3 million in 2008, while income from the treasury portfolio was \$10.6 million compared with \$18.8 million in 2008.

As a result, ROA went to 0.4% in 2009 from 0.9% in 2008, coming to levels similar to those observed during 2003-2004. ROE registered a similar pattern with the corresponding ratio declining to 0.7% in 2009 from 1.9% in 2008.¹²

In terms of the outlook, despite indications of improved economic and credit prospects in the region, we anticipate continued pressures on profitability as the portfolio of loan investments could report only a modest increase. If that is the case, net income would remain at levels similar to those observed during the last two years. Even so, it is our opinion that while near-term financial prospects could point towards moderate levels of net income, the Corporation's financial performance will remain supportive of its medium-term financial sustainability objective.

Capital Adequacy

Strong Capitalization Ratios Support Current Ratings

Unlike other multilateral development banks the Corporation has no callable capital. All IIC's capital is paid-in. The Corporation was established with initial paid-in capital of \$200 million in 1986. In 1999, member countries agreed to a \$500 million capital increase. No additional capital increases are contemplated at present.

Korea joined as a new shareholder in 2005 with a \$1.1 million capital contribution. In January 2009, the People's Republic of China became the forty-fourth member country of the IIC. China subscribed 110 shares of IIC capital stock with a nominal value of \$1.1 million.¹³

At year-end 2009, paid-in capital was \$659 million compared with \$658 million in 2008 – total equity was \$758.9 million in 2009. The United States is the largest shareholder, contributing 25% of total subscribed capital. Argentina and Brazil rank second with 11% of total subscribed capital each. Combined, the 10 largest shareholders account for 76% of subscribed capital.¹⁴

¹¹ During 2001-2002 the IIC reported cumulative losses (negative net income) of \$56.4 million.

¹² ROA was 0.51% in 2003 and 0.72% in 2004. Alternatively, ROE was 0.7% in 2003 and 1.0% in 2004.

¹³ China also made a \$75 million contribution towards the creation of an equity investment fund (China-IIC SME Equity Investment Fund) that will support the IIC's mandate to foster the development of SMEs. The fund will invest in equity, quasi-equity, and hybrid instruments issued by SMEs in the IIC's regional member countries.

¹⁴ Not all capital subscription installments have been paid in accordance with the original deadlines. Capital payments arrears are minimal. To date, subscription receivables amount to \$46.1 million. The Corporation continues to work with member countries to resolve this issue. It is expected that all shares authorized under the 1999 capital increase will be eventually paid.

The IIC's charter requires that the Corporation maintains extremely prudential levels of solvency reflected by minimum levels for the equity-to-assets ratio. The minimum capitalization ratio required by the charter is 25%, considering contingencies and weighting all assets (development-related assets + treasury portfolio) at 100% regardless of their risk level.¹⁵ The long-term strategy set jointly by management and the Board of Executive Directors established a minimum capitalization ratio of 33%. The most recent business plan set the minimum capitalization ratio at 40% for the period ending in 2010 – the capitalization ratio was 53% at year-end 2009.

High capitalization is an important support element of the IIC's rating, as it enhances its financial capability to withstand shocks. As of year-end 2009, equity was equivalent to 93.8% of development-related assets (total gross loans and equity investments), an increase with respect to the 87.5% ratio of 2008. Even though this ratio is slightly below the peak value that was reported in 2007 (107.2%), our opinion remains that the Corporation's capital position is consistent with current ratings.

Rating History

Inter-American Investment Corporation

	ISSUER RATING		SENIOR UNSECURED	OUTLOOK	DATE
	LONG-TERM	SHORT-TERM			
Rating Assigned	--	P-1	--	--	August-08
Rating Assigned	Aa2		--	Stable	October-01

¹⁵ Treasury investments are concentrated in low-risk assets.

Annual Statistics

Balance Sheet Summary

US\$ THOUSANDS	2001	2002	2003	2004	2005	2006	2007	2008	2009
Cash	3,576	1,359	19,110	63,512	49,407	69,451	70,046	111,326	99,012
Marketable Securities	50,436	76,207	65,841	46,257	158,362	190,756	340,333	488,684	482,195
Loan Investments	275,417	268,827	306,314	342,010	432,307	619,390	796,910	904,170	857,626
Loan Allowance	-30,421	-45,702	-45,264	-45,466	-47,743	-39,933	-39,481	-55,124	-66,477
Equity Investments	101,072	114,090	112,364	100,898	78,377	67,423	43,017	29,680	32,168
Equity Allowance	-27,032	-41,146	-41,177	-30,681	-9,415	0	0	0	0
Mortgage Backed Securities	4,338	4,816	0	0	0	0	0	0	0
Total Investments	323,374	300,885	332,237	366,761	453,526	646,880	800,446	878,726	823,317
Fixed Assets	355	364	480	0	0	0	0	0	0
Other Assets	3,707	6,424	8,521	10,854	14,703	32,774	33,391	28,308	19,459
Total Assets	381,448	385,239	426,189	487,384	675,998	939,861	1,244,216	1,507,044	1,423,983
Accounts Payable	6,319	17,868	6,651	8,867	10,197	9,222	8,003	24,869	16,387
Accrued Interest	24	482	2	5	835	1,504	2,707	4,110	3,161
Borrowings	105,000	85,000	80,000	80,000	195,668	342,229	498,966	733,817	645,556
Total Liabilities	111,343	103,350	86,653	88,872	206,700	352,955	509,676	762,796	665,104
Capital	280,025	332,925	388,395	443,850	500,901	568,060	636,526	657,601	658,701
Retained Earnings	-9,920	-51,036	-48,860	-45,338	-31,603	7,806	90,168	104,081	109,292
Accumulated Other Comprehensive Income						11,040	7,846	-17,434	-9,114
Unrealized Loss									
Total Equity	270,105	281,889	339,535	398,512	469,298	586,906	734,540	744,248	758,879
Liabilities and Equity	381,448	385,239	426,188	487,384	675,998	939,861	1,244,216	1,507,044	1,423,983

Income Statement Summary

US\$ THOUSANDS	2001	2002	2003	2004	2005	2006	2007	2008	2009
Marketable Securities	2,873	1,706	1,284	1,079	5,315	9,963	12,440	18,790	10,561
Loan Investments	21,370	14,087	13,429	18,598	24,126	41,705	57,187	59,121	47,360
Equity Investments	3,422	2,176	2,556	4,219	2,237	15,821	56,032	2,482	2,797
Mortgage-backed Security	722	-1,215	1,654	35	0	0	0	0	0
Advisory Services, etc.	3,138	2,110	3,032	2,506	4,319	4,401	6,135	3,030	2,595
Total Income	31,525	18,864	21,955	26,437	35,997	71,890	131,794	83,423	63,313
Admin Expenses	14,103	16,012	15,461	16,667	18,672	19,081	22,307	24,725	26,335
Provision for Losses	25,511	44,480	-515	3,312	-42	-1,571	3,189	14,179	10,285
Other Unrealized Gain (Loss)	619	-2,524	1,906	0	35	-92	-669	7	-41
Borrowing	6,621	2,012	2,926	2,937	5,185	14,333	23,494	30,599	21,523
Total Expenses	46,854	59,980	19,778	22,916	23,916	32,481	48,321	69,510	58,102
Effect of Nontrading (Borrowings-Related) Derivative Instruments	0	0	0	0	1,654	0	0	0	0
Net Income (Loss)	-15,329	-41,116	2,177	3,521	13,735	39,409	83,473	13,913	5,211

Financial Ratios

Performance Statistics (%)

Return on Total Assets	-4.0	-10.7	0.5	0.7	2.0	4.2	6.7	0.9	0.4
Return on Earning Assets	-4.1	-10.9	0.5	0.7	2.1	4.3	6.9	0.9	0.4
Return on Average Equity	-6.1	-14.9	0.7	1.0	3.2	7.5	12.6	1.9	0.7
Interest Coverage Ratio	-1.3	-19.4	1.7	2.2	3.6	3.7	4.6	1.5	1.2

Asset Quality

Total Loans on Non-Accrual	83,246	62,434	51,820	64,278	51,085	28,704	13,943	13,985	36,812
Non-Accruals as % Gross Loans Out.	30.2	23.2	16.9	18.8	11.8	4.6	1.7	1.5	4.3
Non-Accruals as % Loan Loss Res.	273.6	136.6	114.5	141.4	107.0	71.9	35.3	25.4	55.4
Gross Write-offs (Loan & Equity) as % Gross Loans and Equity Investments	2.3	4.1	1.7	4.6	4.2	2.7	0.7	0.0	0.3
Net Write-offs (Loan & Equity) as % Gross Loans & Equity Investments	2.2	3.9	0.0	3.1	3.7	2.3	0.4	-0.1	-0.1
Loss Reserve to Net Write-offs (Loan & Equity) (X)	6.8	5.8	-800.4	5.6	3.0	2.6	11.0	-39.6	18.4

Liquidity Ratios (%)

Liquid Assets/Total Assets	14.2	20.1	19.9	22.5	30.7	27.7	33.0	39.8	40.8
Liquid Assets/Total Borrowings	51.4	91.3	106.2	137.2	106.2	76.0	82.2	81.8	90.0

US\$ THOUSANDS	2001	2002	2003	2004	2005	2006	2007	2008	2009
Equity Ratios									
PIC + Accum. Earn. + Loss Res. as % Gross Assets [1]	74.6	78.1	83.1	84.2	71.8	62.8	59.7	52.3	56.0
PIC + Accum. Earn. + Loss Res. as % Gross Loans + Equity Investments [1]	87.0	96.3	101.7	107.2	103.1	89.7	91.2	87.5	93.8
Borrowings Outstanding as % Subscr. Cap. + Accum. Earn.	15.6	13.3	12.4	12.3	29.2	48.1	62.9	90.7	79.2
Equity Investments net of Loss Reserves as % PIC + Accum. Earnings [1]	27.4	25.9	21.0	17.6	14.7	11.7	5.9	3.9	4.2

[1] PIC equals Paid-in Capital

Ten Largest Exposures in the Outstanding Portfolio by Country of Domicile

(US\$ Thousands as of December 31, 2009)

	LOAN	EQUITY	TOTAL	% GRAND TOTAL
Brazil	125,716	0	125,716	14.1
Colombia	114,590	460	115,050	12.9
Chile	101,946	1,775	103,721	11.7
Peru	99,515	0	99,515	11.2
Mexico	63,581	11,167	74,748	8.4
Argentina	53,602	1,061	54,663	6.1
Ecuador	42,875	0	42,875	4.8
Panama	31,666	0	31,666	3.6
Nicaragua	31,407	0	31,407	3.5
Paraguay	29,255	0	29,255	3.3
Ten Largest Exposures [1]	694,153	14,463	708,616	79.6
Grand Total	857,626	32,168	889,794	100.0

[1] The Corporation also has \$58.749 million exposure designated as Regional, which consists of multi-country private equity investment funds

IIC Ownership Distribution by Ten Largest Shareholders

(US\$ Thousands as of December 31, 2009)

	SUBSCRIBED CAPITAL	% OF GRAND TOTAL
United States	176,000	24.9
Argentina	77,670	11.0
Brazil	77,670	11.0
Mexico	50,000	7.1
Venezuela	43,110	6.1
Spain	23,930	3.4
Japan	23,930	3.4
France	21,620	3.1
Italy	21,620	3.1
Chile [1]	20,030	2.8
Ten Largest Shareholders	535,580	75.9
Grand Total	705,900	100.0

[1] Colombia and Peru also subscribe \$20,030 thousand

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- » www.iic.int
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Report Number: 123795

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