

**Corporación Interamericana para el  
Financiamiento de Infraestructura, S.A.**

Agreed-upon Procedures

June 30, 2009

*KPMG  
August 13, 2009  
This certification contains 38 pages  
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### *Agreed-upon Procedures*

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

We have been engaged to perform certain agreed-upon procedures with the purpose of certifying that the financial figures included in the enclosed Statement of Financial Position and Statement of Comprehensive Income of Corporación Interamericana para el Financiamiento de Infraestructura, S.A. (the Company) as of June 30, 2009 and for the six months then ended agree with the balances shown in the Company's accounting records as of that date.

The agreed-upon procedures engagement includes a comparison of the balances of financial statement accounts (Statement of Financial Position and Statement of Comprehensive Income) with the figures shown in the accounting records of Corporación Interamericana para el Financiamiento de Infraestructura, S.A. as of June 30, 2009 and for the six months then ended. For informational purposes, the Company includes the statement of changes in equity, the cash flow statement, and the notes to the financial statements. The accounting records were generated by the information system used by the Company to record its operations. Figures in the Company's accounting records are not compared to the amounts shown in its legal books.

Under articles 20 and 21 of the Regulations governing the Costa Rican Institute of Certified Public Accountants, and as a result of the engagement described above, the undersigned Certified Public Accountant certifies that the financial figures included in the Statement of Financial Position and Statement of Comprehensive Income of Corporación Interamericana para el Financiamiento de Infraestructura, S.A. as of June 30, 2009 and for the six months then ended were prepared by management of the Company using figures taken from the accounting records as of that date.

Given that the procedures described above do not constitute an audit in accordance with International Standards on Auditing, we do not express an opinion on the enclosed financial statements of the Company. Had we performed an audit of the financial statements of the Company in accordance with International Auditing Standards, matters might have come to our attention that would have been reported to you.

KPMG

August 13, 2009

San José, Costa Rica

**Attachment**

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

**Financial Statements**

**As of June 30, 2009**

**CORPORACION INTERAMERICANA PARA EL FINANCIAMIENTO  
DE INFRAESTRUCTURA, S.A. Y SUBSIDIARIAS**

Statement of Financial Position

As of June 30, 2009

(With corresponding figures for December 2008)

<u>Assets</u>	<u>Note</u>	<u>2009</u>	<u>2008</u>
Cash		7,238,876	16,946,138
Loans receivable, net	6.a	205,480,746	205,270,816
Current loans		211,351,784	192,692,279
Past due loans		-	18,000,000
Less:			
Allowance for loan losses		(5,267,959)	(4,805,016)
unearned commissions		(603,079)	(616,447)
		<u>212,719,622</u>	<u>222,216,954</u>
Interest receivable, net		1,736,902	2,034,408
Other assets		514,019	649,494
<b>Total assets</b>		<b><u>214,970,543</u></b>	<b><u>224,900,856</u></b>
 <b><u>Liabilities and equity</u></b>			
Loans payable	7	146,392,692	157,293,954
Interest payable		459,409	759,444
Other accounts payable		1,032,186	1,296,777
<b>Total liabilities</b>		<b><u>147,884,287</u></b>	<b><u>159,350,175</u></b>
 <b><u>Equity</u></b>			
Capital stock	8	54,000,001	54,000,001
additional paid-in capital	8	85,000	85,000
Legal reserve		577,508	577,508
Retained earnings		12,423,747	10,888,172
<b>Total equity</b>		<b><u>67,086,256</u></b>	<b><u>65,550,681</u></b>
 <b>Total liabilities and equity</b>		 <b><u>214,970,543</u></b>	 <b><u>224,900,856</u></b>
 Commitments and contingencies	 13	 <u>11,908,459</u>	 <u>19,270,781</u>

The notes are an integral part of the financial statements.

**CORPORACION INTERAMERICANA PARA EL FINANCIAMIENTO  
DE INFRAESTRUCTURA S. A Y SUBSIDIARIAS**

Statement of Comprehensive Income  
For six-month period ended June 30, 2009  
(With corresponding figures for June 2008)

	Notas	2009	2008
Finance income:			
Interest on cash		26,262	30,375
Interest on investments securities		-	25,746
Interest on loans receivable, net		7,362,491	7,331,412
Amortization of premiums / discounts		(36,181)	(30,076)
<b>Total finance income</b>		<b>7,352,572</b>	<b>7,357,457</b>
Financial expenses:			
Interest on deposit with the public		-	1,780
Interest carry on PF Interest Rate Swaps		151,301	30,721
Interest on loans payable, net		3,250,341	3,714,778
<b>Total finance expenses</b>		<b>3,401,642</b>	<b>3,747,279</b>
<b>Finance income, net</b>		<b>3,950,930</b>	<b>3,610,178</b>
Allowance for loan losses		(1,462,943)	(327,626)
Allowance for interest receivable		(56,247)	-
<b>Net finance income after allowances</b>		<b>2,431,740</b>	<b>3,282,552</b>
Personal expenses		(880,090)	(1,037,161)
Other administrative expenses		(500,682)	(331,034)
Other operating income		190,230	11,812
<b>Total operating expenses</b>		<b>(1,190,542)</b>	<b>(1,356,383)</b>
<b>Operating income</b>		<b>1,241,198</b>	<b>1,926,169</b>
<b>Gain / loss on fair value of derivative instruments</b>		294,377	(17,058)
<b>Net income por the period</b>		<b>1,535,575</b>	<b>1,909,111</b>

The notes are an integral part of the financial statements.

**CORPORACION INTERAMERICANA PARA EL FINANCIAMIENTO  
DE INFRAESTRUCTURA, S.A.**

Statement of changes in equity

For the six-month period ended June 30, 2009

(With corresponding figures for June 2008)

Note	Capital stock	Additional paid-in capital	Treasury shares	Legal reserve	Retained earnings	Total equity
Balances at January 1, 2008	54,000,001	-	-	466,401	8,861,621	63,328,023
Net income for the period	-	-	-	-	1,909,111	1,909,111
Purchase of own shares	-	-	(500,000)	-	-	(500,000)
<b>Balances at June 2008</b>	<b>54,000,001</b>	<b>-</b>	<b>(500,000)</b>	<b>466,401</b>	<b>10,770,732</b>	<b>64,737,134</b>
Balances at January 1, 2009	54,000,001	85,000	-	577,508	10,888,172	65,550,681
Net income for the period	-	-	-	-	1,535,575	1,535,575
<b>Balances at June 2009</b>	<b>54,000,001</b>	<b>85,000</b>	<b>-</b>	<b>577,508</b>	<b>12,423,747</b>	<b>67,086,256</b>

The notes are an integral part of the financial statements.

**CORPORACION INTERAMERICANA PARA EL FINANCIAMIENTO  
DE INFRAESTRUCTURA, S.A.**

**Statement of cash flow**

**For the six-month period ended June 30, 2009**

**(With corresponding figures for June 2008)**

	<b>2009</b>	<b>2008</b>
<b>Cash flow from operating activities</b>		
Income for the period	US\$ 1,535,575	1,909,111
Adjustments for:		
Loss on allowance for loan losses	1,462,943	327,626
Loss on allowance for interest receivable	56,247	-
Unrealized losses (gains) on derivatives	(232,274)	74,113
Deferred commission income	(13,369)	(12,374)
Deferred commission expense	373,571	361,689
Other asstes	135,475	(732)
Other account payables	(32,316)	52,095
	<u><b>3,285,852</b></u>	<u><b>2,711,528</b></u>
Interest received	241,210	(94,702)
Interest paid	(300,035)	(133,454)
<b>Net cash flows provided by operating activities</b>	<u><b>3,227,027</b></u>	<u><b>2,483,372</b></u>
 <b>Cash flows from investments activities</b>		
Loan repayments	15,702,818	17,706,470
Increase in portfolio	(17,362,324)	(45,412,684)
Sale or disposal of invetment securities	-	150,000
<b>Net cash flows used in investment activities</b>	<u><b>(1,659,506)</b></u>	<u><b>(27,556,214)</b></u>
 <b>Cash flows from financing activities</b>		
Issuances of long-term debt	4,500,000	50,000,000
(Repayments) of long-term debt	(15,774,783)	(16,254,833)
Change in short-term debt	-	(150,000)
Own shares	-	(500,000)
<b>Net cash flows (used in) provided by financing activities</b>	<u><b>(11,274,783)</b></u>	<u><b>33,095,167</b></u>
 Net (decrease) increase in cash	(9,707,262)	8,022,325
Cash at the beginning of the period	16,946,138	11,755,161
Cash at the end of the period	US\$ <u><u>7,238,876</u></u>	<u><u>19,777,486</u></u>

The notes are an integral part of the financial statements.

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

Notes to the Financial Statements

1. Reporting entity

Corporación Interamericana para el Financiamiento de Infraestructura, S.A. (the Corporation) was organized on August 10, 2001 under the laws of the Republic of Costa Rica and began operations in July 2002.

The Corporation was organized as a non-banking financial entity. Its main line of business is extending loans to finance infrastructure projects in Latin America.

The Corporation's main offices are located at 1100 Wilson Blvd. Suite 2950, Arlington, Virginia, 22209 USA.

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with IFRSs issued by the International Accounting Standard Board (IASB). The period ended December 31, 2008 is the first year the Corporation has adopted IFRSs; however, that adoption had no impact on the Corporation's financial position, financial performance, or cash flows.

(b) Basis of measurement

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

(c) Functional currency

The financial statements are expressed in US dollars (US\$), the Corporation's functional currency.

All of the Corporation's assets are denominated in US dollars. Additionally, stockholder contributions and common stock are denominated in US dollars.

(d) Use of estimates and judgments

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

## Corporación Interamericana para el Financiamiento de Infraestructura, S.A.

## Notes to the Financial Statements

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

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

- Doubtful loans receivable – note 6.a
- Derivative financial instruments – note 10
- Fair value measurement – note 12

3. Significant accounting policies

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

(a) Foreign currency transactions

The Corporation's functional currency is the US dollar. Assets and liabilities held in foreign currency are translated at the foreign exchange rate ruling at the balance sheet date. Transactions in foreign currency during the year are translated at the foreign exchange rate ruling at the date of the transaction. Translation gains or losses are presented in the income statement.

(b) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. The main financial instruments held by the Corporation are cash, investments, loan portfolio, and loans payable.

(i) *Classification*

Trading instruments are those that the Corporation holds for the purpose of short-term profit taking.

Originated loans are loans created by the Corporation providing money to a debtor other than those created with the intention of short-term profit taking.

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

## Corporación Interamericana para el Financiamiento de Infraestructura, S.A.

## Notes to the Financial Statements

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

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

*(ii) Recognition*

The Corporation initially recognizes loans receivable, deposits, and loans payable on the date that they are originated. Purchases and sales of financial assets are accounted for at the date the Corporation commits to purchase or sell the asset. All other financial assets and liabilities (including assets and liabilities carried at fair value through profit or loss) are initially recognized on the trade date at which time the Corporation becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are measured initially at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

*(iii) Amortized cost measurement*

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

*(iv) Fair value measurement*

Fair value is the amount at which the asset could be exchanged or the liability could be liquidated between two informed parties at the date of measurement.

The fair value of financial instruments is based on their quoted market price, when available, at the balance sheet date without any deduction for transaction costs.

## Corporación Interamericana para el Financiamiento de Infraestructura, S.A.

## Notes to the Financial Statements

When no fair value is available for a financial instrument, its fair value is estimated based on the fair value of similar assets or liabilities. When no such assets or liabilities exist, fair value is estimated by applying valuation techniques consistent with market focus, income, and cost, provided excessive costs or efforts are not required to obtain the information necessary for their application. In all cases, fair value measurement techniques must emphasize relevant market variables, including those arising from active markets

(v) *Gains and losses on subsequent measurement*

Gains and losses arising from a change in the fair value of available-for-sale assets are recognized directly in equity, until an investment is considered impaired, at which time the loss is recognized in the income statement. When the financial assets are sold, collected, or otherwise disposed of, the cumulative gain or loss recognized in equity is transferred to the income statement.

(vi) *Derecognition*

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

(c) Derivative financial instruments

Management uses derivative financial instruments as part of its operations, which are recognized at fair value in the balance sheet.

Derivative instruments accounted for by the fair value method hedge exposure to changes in the fair value of an asset or liability recognized in the balance sheet, or an identified portion of such asset or liability attributable to the specific risk that could affect the net gain or loss recognized in the financial statements.

The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognized in the income statement.

## Corporación Interamericana para el Financiamiento de Infraestructura, S.A.

## Notes to the Financial Statements

(d) Investment securities

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

*At fair value through profit or loss*

Financial instruments at fair value through profit or loss are those financial assets and liabilities for which changes in fair value are recognized directly in results for the year. A financial instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition or if the Corporation manages the investments and makes purchase and sale decisions based on their fair value.

*Available-for-sale*

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

When fair value of investments in equity instruments can not be reliably measured, the investments remain at cost.

*Held-to-maturity*

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

(e) Loans receivable

Loans receivable are presented at the value of unpaid principal. Interest on loans is calculated based on the unpaid principal and contractual interest rates, and is accounted for as income on the accrual basis of accounting.

## Corporación Interamericana para el Financiamiento de Infraestructura, S.A.

## Notes to the Financial Statements

(f) Allowance for loan losses

Credits are defined as operations relating to any type of underlying instrument or document, except investment securities, whereby credit risk is assumed by the enterprise, either by providing or committing to provide funds or credit facilities, acquiring collection rights, or guaranteeing that third parties will honor their obligations. Credits include loans, guarantees, letters of credit, pre-approved lines of credit, and loans pending disbursement.

In determining the allowance for loan losses, the Corporation applies its own credit risk rating system that takes into account the following risks: type of industry, vulnerability to foreign exchange fluctuations, competitive position, financial structure, sovereign risk, etc. The amount of the allowance is calculated by multiplying the probability that borrowers will fail to meet their obligations by the loss that would result therefrom. The system considers the current and future financial position of borrowers, their ability to pay, the quality and liquidity of collateral, and other factors that could affect repayment of principal and interest.

Management considers the allowance for loan losses to be adequate to cover any potential losses that could arise from loan recovery.

(g) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the financial statements when the Corporation has a legally enforceable right to set off the recognized amounts and the transactions are intended to be settled on a net basis or the assets and liabilities will be realized simultaneously.

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

(h) Accounts payable and other accounts payable

Accounts payable and other accounts payable are carried at amortized cost.

(i) Impairment of assets

The carrying amount of an asset is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Such loss is recognized in the income statement for assets carried at cost.

## Corporación Interamericana para el Financiamiento de Infraestructura, S.A.

## Notes to the Financial Statements

The recoverable amount of assets is the greater of their net selling price and value in use.

The net selling price is equivalent to the value obtained in an arm's length transaction. Value in use is the present value of future cash flows and disbursements expected to arise from the continuing use of an asset and from disposal at the end of its useful life.

If in a subsequent period the amount of the impairment loss decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the income statement.

As of June 30, 2009, an asset with a balance of U\$1,000,000 was written off. As of June 30, 2008, no assets were determined to be impaired.

(j) Provisions

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

(k) Income tax

*i. Current*

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted at the balance sheet date and any adjustment to tax payable in respect of previous years.

However, the Corporation is not subject to income tax since it conducts its operations abroad and the Costa Rican tax system is based on the territoriality principle.

## Corporación Interamericana para el Financiamiento de Infraestructura, S.A.

## Notes to the Financial Statements

*ii. Deferred*

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. In accordance with this standard, temporary differences are identified as either taxable temporary differences (which result in future taxable amounts) or deductible temporary differences (which result in future deductible amounts). A deferred tax liability represents a taxable temporary difference and a deferred tax asset represents a deductible temporary difference. A deferred tax asset is recognized only to the extent that there is reasonable probability of realization.

**(1) Revenue and expense recognition***i. Interest income and expense*

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

*ii. Fee and commission income*

Fee and commission income arises on services provided by the Corporation, including advisory services and disbursement fees. Fee and commission income is recognized when the corresponding service is provided. When a commission is deferred, it is recognized over the term of the loan.

*iii. Operating lease expenses*

Payments made under operating lease agreements are recognized in the income statement over the life of the lease.

## Corporación Interamericana para el Financiamiento de Infraestructura, S.A.

## Notes to the Financial Statements

(m) New standards and interpretations not yet adopted

A number of new standards, amendments to standards, and interpretations are not yet effective for the period ended June 30, 2009, and have not been applied in preparing these financial statements:

- Revised IFRS 3, *Business Combinations* (2008), incorporates the following changes that are likely to not be relevant to the Corporation's operations:
  - The definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations.
  - Contingent consideration will be measured at fair value, with subsequent changes therein recognized in profit or loss.
  - Transaction costs, other than share and debt issue costs, will be expensed as incurred.
  - Any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognized in profit or loss.
  - Any non-controlling (minority) interest will be measured at either fair value or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

Revised IFRS 3, which becomes mandatory for the Corporation's 2010 financial statements, will be applied prospectively, and therefore, there will be no impact on prior periods in the Corporation's 2010 financial statements.

- Amended IAS 27, *Consolidated and Separate Financial Statements* (2008), requires accounting for changes in ownership interests in a subsidiary, while maintaining control, to be recognized as equity transactions. When the Corporation loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognized in profit or loss. The amendments to IAS 27, which become mandatory for the Corporation's 2010 financial statements, are not expected to have a significant impact on the financial statements.

## Corporación Interamericana para el Financiamiento de Infraestructura, S.A.

## Notes to the Financial Statements

4. Collateralized assets

As of June 30, 2009 and 2008, the Corporation does not recognize collateralized assets as part of other assets.

To secure its loans payable, the Corporation assigned the lenders rights to cash flows derived from certain loans granted by the Corporation.

5. Balances and transactions with related parties

As of June 30, 2009 and 2008, the Corporation entered into transactions with parties that are considered to be related. Those transactions generated income and expenses for services rendered and were executed under the same conditions established for transactions with other customers.

- The Corporation has a “Back Office” agreement with HSBC Costa Rica, a subsidiary of Primer Banco del Istmo, which in turn owns 9.26% of the Corporation.
- The Corporation has operating bank accounts in HSBC Costa Rica.
- As of June 30, 2009, the Corporation has received US\$37,000,000 in long-term loans from International Finance Corporation (IFC), which owns 15.74% of the Corporation.
- The Corporation has an interest rate derivative with Caja Madrid, which owns 20.37% of the Corporation.

## Corporación Interamericana para el Financiamiento de Infraestructura, S.A.

## Notes to the Financial Statements

The above items were included in the balance sheet and income statement and their effects are as follows:

<b>June 30, 2009</b>						
<u>Type of entity</u>	<u>Relationship</u>		<u>Assets</u>	<u>Liabilities</u>	<u>Income</u>	<u>Expenses</u>
Legal entities	Related parties	US\$	<u>5,150,067</u>	<u>37,231,102</u>	<u>-</u>	<u>651,893</u>
<b>December 31, 2008</b>						
<u>Type of entity</u>	<u>Relationship</u>		<u>Assets</u>	<u>Liabilities</u>	<u>Income</u>	<u>Expenses</u>
Legal entities	Related parties	US\$	<u>12,582,605</u>	<u>37,425,162</u>	<u>57,246</u>	<u>672,801</u>

Stockholders and members of the Board of Directors have not received any per diem reimbursements for attending meetings during the year

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

- a) All full-time employees are required to participate in the following insurance plans, unless proof of equivalent coverage is provided:
  - Medical insurance
  - Disability insurance
  - Travel insurance
- b) Retirement plan contributions (Simple IRA): Employees may contribute a maximum of US\$10,000 per year, while the Corporation contributes 3% of each employee's annual base salary. The Corporation makes its contributions to an independent fund manager and expenses those contributions as incurred. The Corporation has no future commitment to manage the funds contributed.

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

## Corporación Interamericana para el Financiamiento de Infraestructura, S.A.

## Notes to the Financial Statements

6. Financial risk management

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

*Risk management framework*

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

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

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

*a. Credit risk*

Credit risk is the risk that the debtor or issuer of a financial instrument owned by the Corporation will fail to discharge an obligation fully and on time in accordance with the contractual terms and conditions agreed when the Corporation acquired the financial asset. Credit risk is mainly associated with the loan portfolio and the liquid investment portfolio, and is represented by the carrying amount of assets in the balance sheet. For reporting purposes, the Corporation consolidates all elements related to credit risk exposure, e.g. credit risk by economic unit, country risk, and sector risk.

## Corporación Interamericana para el Financiamiento de Infraestructura, S.A.

## Notes to the Financial Statements

At the balance sheet date, concentrations of credit risk by sectors and countries are within the limits established by the Corporation. There are no significant concentrations of credit risk by economic unit, sector, or country. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

*Loan portfolio*

Loans receivable, net are as follows:

	<u>June 30, 2009</u>	<u>December 31, 2008</u>
Current loans	US\$ 211,351,784	192,692,279
Past due loans	-	18,000,000
Allowance for loan losses	(5,267,959)	(4,805,017)
Unearned commissions	(603,079)	(616,446)
	<u>US\$ 205,480,746</u>	<u>205,270,816</u>

In accordance with the Corporation's internal policy, all loans must meet the following conditions:

- no loan shall exceed 25% of the total investment cost for any new project to be financed,
- no loan shall exceed 40% of the total investment cost for any expansion and/or renovation project, provided the Corporation's participation in the renovation operation does not exceed 25% of the total capitalization of the company responsible for the project upon its completion, i.e. the sum of term loans and equity
- generally, loan maturities must be between 5 and 15 years.

The Credit Committee may approve loans that exceed the limits defined above.

## Corporación Interamericana para el Financiamiento de Infraestructura, S.A.

## Notes to the Financial Statements

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

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

The carrying amount of a fully or partially secured loan is reduced to the appraisal value of the subsidiary guaranty when the loan is 180 or more days past due.

The Corporation has developed a Credit Risk Rating System based on the Altman Z-score method adapted to emerging markets. That system includes quantitative information related to qualitative factors that affect infrastructure projects, and establishes a maximum limit in country classification. The results consider relevant information such as foreign exchange risk, competition, project analysis, and country risk.

The average loan portfolio risk rating is BB- and BB, respectively. The loan portfolio risk ratings are as follows:

		<b>June 30, 2009</b>	<b>December 31, 2008</b>
Risk rating			
AAA / A-	US\$	24,037,951	13,142,857
BBB / BBB-		19,000,000	39,851,657
BB+ / BB-		96,854,691	91,355,710
B+ / B-		52,516,291	52,948,330
<= CCC+		18,942,852	13,393,725
	US\$	<u>211,351,784</u>	<u>210,692,279</u>

## Corporación Interamericana para el Financiamiento de Infraestructura, S.A.

## Notes to the Financial Statements

Movement in the allowance for loan losses is as follows:

		<u>June 30, 2009</u>	<u>December 31, 2008</u>
Balance at January 1	US\$	(4,805,016)	(3,031,796)
Write-off		1,000,000	-
Expense for the year for portfolio valuation		<u>(1,462,943)</u>	<u>(1,773,220)</u>
Balances at March 31	US\$	<u><u>(5,267,959)</u></u>	<u><u>(4,805,016)</u></u>

An allowance had been established to cover 100% of the account written-off in the amount US\$1,000,000.

Management of the Corporation follows of the policy of requiring collateral from its customers prior to formally extending and disbursing a loan. Accordingly, 80.0% of the loan portfolio is secured as follows:

		<u>June 30, 2009</u>	<u>December 31, 2008</u>
Mortgage	US\$	82,897,093	81,958,774
Trust		28,173,261	31,971,768
Chattel		57,931,847	52,412,154
Unsecured		42,349,583	44,349,583
Fiduciary		-	-
Parent company guarantees		-	-
	US\$	<u>211,351,784</u>	<u>210,692,279</u>

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

As of June 30, 2009, loans receivable bear interest at rates ranging between 2.71% and 13.20% per annum (December 2008: between 5.09% and 10.36% per annum).

- Maximum risk by economic unit: The maximum limit of risk assumed by the Corporation with respect to individual borrowers or groups of borrowers having similar economic interests is 20% of capital plus reserves.

## Corporación Interamericana para el Financiamiento de Infraestructura, S.A.

## Notes to the Financial Statements

The concentration in individual borrowers or groups of borrowers having similar economic interests based on capital and reserves in US dollars is as follows:

<b>As of June 30, 2009</b>			
	<b>Number of operations</b>		<b>US dollars</b>
0 to 4,99%	11	\$	20,112,029
5 to 9,99%	12		48,901,253
10 to 14,99%	11		68,396,842
15 to 20%	8		73,941,660
	<b>42</b>	<b>\$</b>	<b>211,351,784</b>
<b>As of December 31, 2008</b>			
	<b>Number of operations</b>		<b>US dollars</b>
0 to 4,99%	11	\$	19,918,906
5 to 9,99%	13		52,786,898
10 to 14,99%	8		60,369,808
15 to 20%	7		77,616,667
	<b>39</b>	<b>\$</b>	<b>210,692,279</b>

- Country risk: The Corporation uses a series of classifications by country and GDP to place countries in the following risk categories: Excellent, Normal, Average, or Restricted. Under this system, country size is irrelevant for high-risk countries and of great significance for elevated-risk countries. Each category has a maximum credit limit on the total value of the corresponding loan portfolio.
- Sector risk: The Corporation limits its concentration in any sector to 50% of the corresponding country risk limit.

## Corporación Interamericana para el Financiamiento de Infraestructura, S.A.

## Notes to the Financial Statements

Loans receivable by economic activity are as follows:

	<u>June 2009</u>	<u>December 2008</u>
Ports and airports	US\$ 13,611,338	3,988,305
Alternative fuels	8,400,000	9,450,000
Construction and engineering	5,853,659	5,853,659
Construction materials	27,724,600	28,264,000
Gas and oil	31,600,790	25,874,457
Hydroelectric plants	2,633,478	4,579,841
Energy and other	18,857,563	19,625,476
Energy and equipment	7,687,500	12,000,000
Social infrastructure	942,916	942,916
Roads, railroads, and other	13,000,000	13,500,000
Infrastructure conglomerates	5,240,000	5,240,000
Telecommunications	31,166,660	33,166,667
Thermal power plants	28,258,279	29,223,625
Tourism	7,000,000	8,000,000
Water and sanitation	9,375,000	9,983,333
Mines and metals		1,000,000
	<u>211,351,784</u>	<u>210,692,279</u>
Allowance for loan losses	(5,267,959)	(4,805,017)
Unearned commissions	(603,079)	(616,446)
	<u>US\$ 205,480,746</u>	<u>205,270,816</u>

*a. Investment portfolio*

In order to ensure the security, liquidity, and profitability of its investment portfolio, the Corporation selects its investments based on the following criteria:

- Investments must be in countries that have received a BB+ or better rating from a respected rating agency (Moody's, S&P, Fitch).
- Investments must be in instruments with a local rating of AA or better.
- A maximum of 25% of the liquid portfolio may be invested in a country with a rating lower than AA.
- All investments must be denominated in US dollars, or in local currency provided a financial institution with an AAA international rating hedges the foreign exchange risk (e.g. currency swap).
- The maximum term is 90 days.

## Corporación Interamericana para el Financiamiento de Infraestructura, S.A.

## Notes to the Financial Statements

*Qualified Interest Rate Swap Counterparts*

The Corporation is only authorized to enter into interest rate swaps with counterparts that have received a rating of “Aa3”, “AA-” or better from a respected international rating agency (Moody’s, Standard and Poor’s, or Fitch) and have had past success with interest rate swap transactions. Additionally, the counterpart must have equity of US\$250 million or more.

*b. Liquidity risk*

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

*Management of liquidity risk*

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

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

The liquidity position is monitored on a regular basis and liquidity stress testing is conducted under scenarios covering both normal and more severe market conditions. All internal policies and procedures for term matching are subject to review and approval by the Board of Directors.

The Credit Committee monitors the Corporation’s liquidity position by evaluating the following requirements established in the Corporation’s current liquidity policy:

- Undisbursed loan commitments + annual operating expense projections < liquid assets + undisbursed portion of the Corporation’s borrowings.

## Corporación Interamericana para el Financiamiento de Infraestructura, S.A.

## Notes to the Financial Statements

- Assets must exceed liabilities on the calculation date for all cumulative matches during the following year.
- Cumulative matches for projected assets must exceed projected liabilities for the three months following the calculation date.

As of June 30, 2009, the Corporation maintains undisbursed and available balances of committed credit facilities with financial institutions for US\$70 million. A total of US\$18 million of available but uncommitted lines of credit is pending disbursement.

The Corporation's asset and liability terms are matched as follows:

	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 365 days	365 days	Total
<b>June 2009</b>							
<b>ASSETS</b>							
Cash	7,238,876	-	-	-	-	-	7,238,876
Current loans	5,079,912	10,005,759	10,755,270	7,739,168	17,943,637	159,828,039	211,351,784
Accrued interest receivable	491,062	633,064	141,492	471,284	-	-	1,736,902
<b>Total assets</b>	<b>12,809,850</b>	<b>10,638,822</b>	<b>10,896,762</b>	<b>8,210,452</b>	<b>17,943,637</b>	<b>159,828,039</b>	<b>220,327,562</b>
<b>LIABILITIES</b>							
Loans payable	2,000,000	2,635,417	8,252,000	10,887,417	43,962,333	80,187,499	147,924,666
Accrued interest payable	232,961	113,695	80,197	32,557	-	-	459,409
Other accounts payable	-	-	8,869	222,123	198,385	592,281	1,021,657
<b>Total liabilities</b>	<b>2,232,961</b>	<b>2,749,112</b>	<b>8,341,066</b>	<b>11,142,096</b>	<b>44,160,718</b>	<b>80,779,780</b>	<b>149,405,732</b>
<b>December 2008</b>							
<b>ASSETS</b>							
Cash	16,946,138	-	-	-	-	-	16,946,138
Current loans	1,766,124	3,565,703	4,868,501	8,732,484	15,387,113	158,372,354	192,692,279
Past due loans	-	-	-	10,000,000	-	8,000,000	18,000,000
Accrued interest receivable	784,600	354,475	373,336	521,999	-	-	2,034,410
<b>Total assets</b>	<b>19,496,862</b>	<b>3,920,178</b>	<b>5,241,837</b>	<b>19,254,483</b>	<b>15,387,113</b>	<b>166,372,354</b>	<b>229,672,827</b>
<b>LIABILITIES</b>							
Loans payable	3,000,000	2,635,417	4,752,000	7,387,417	21,774,833	119,649,832	159,199,499
Accrued interest payable	430,891	181,619	146,935	-	-	-	759,445
Other accounts payable	-	42,845	-	-	-	-	42,845
<b>Total liabilities</b>	<b>3,430,891</b>	<b>2,859,881</b>	<b>4,898,935</b>	<b>7,387,417</b>	<b>21,774,833</b>	<b>119,649,832</b>	<b>160,001,789</b>

## Corporación Interamericana para el Financiamiento de Infraestructura, S.A.

## Notes to the Financial Statements

Residual contractual maturities of financial liabilities are as follows:

	Carrying amount*	Gross nominal inflow/ (outflow)	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 Years
<b>June 30, 2009</b>							
<i>Non-derivative liabilities</i>							
Loans payable	147,924,666	(147,924,666)	(2,000,000)	(10,887,417)	(39,424,111)	(95,613,138)	-
Interest **	459,409	(11,186,582)	(279,944)	(724,208)	(3,487,495)	(6,694,936)	-
<i>Derivative liabilities</i>							
Interest rate swaps **	1,021,657	(1,054,783)	-	(8,869)	(420,507)	(625,407)	-
<b>Total</b>	<b>149,405,732</b>	<b>(160,166,031)</b>	<b>(2,279,944)</b>	<b>(11,620,493)</b>	<b>(43,332,113)</b>	<b>(102,933,480)</b>	<b>-</b>
<b>December 31, 2008</b>							
<i>Non-derivative liabilities</i>							
Loans payable	159,199,499	(173,846,448)	(3,524,650)	(8,593,673)	(33,408,291)	(126,721,596)	(1,598,237)
<i>Derivative liabilities</i>							
Interest rate swaps	1,253,931	(1,149,868)	-	(3,160)	(263,125)	(883,582)	-
<b>Total</b>	<b>160,453,430</b>	<b>(174,996,315)</b>	<b>(3,524,650)</b>	<b>(8,596,833)</b>	<b>(33,671,415)</b>	<b>(127,605,179)</b>	<b>(1,598,237)</b>

\* Excludes deferred commissions

\*\* Includes estimated interest payments at projected forward LIBOR rates

*c. Market risk*

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

*Foreign currency risk*

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

As of June, 2009, all of the Corporation's assets and liabilities are denominated in US dollars. Accordingly, no foreign currency risk is anticipated.

Moreover, the Corporation is restricted to lending in US dollars in accordance with its foreign currency risk management policy.

## Corporación Interamericana para el Financiamiento de Infraestructura, S.A.

## Notes to the Financial Statements

The net position is not hedged. The Corporation considers that the net position is kept at an acceptable level since all assets and liabilities are denominated in US dollars.

*Interest rate risk*

Interest rate risk is the risk that future cash flows and the value of underlying financial instruments will vary due to changes in market interest rates. Interest rate risk is managed by following an internal policy that restricts the difference in the duration of the Corporation's assets and liabilities to +/- 0.4 years. The Credit Committee is responsible for monitoring interest rate risk.

Most of the Corporation's interest-earning assets and interest-bearing liabilities are repriced at least quarterly.

The Corporation also uses interest rate derivatives to hedge its fixed-rate asset positions by converting them to a variable rate position in order to comply with the internal duration policy.

	<u>Assets</u>	<u>Liabilities:</u>	<u>Net portfolio</u>
Present Value	\$215,696,857.99	(\$146,644,540.53)	\$69,052,317.47
Duration (excluding IRS)	0.56	0.15	
Notional IRS	\$16,000,000.00		
IRS duration	-2.54		
Duration (including IRS)	0.35	0.15	0.20
<b>POLICY LIMIT:</b>			<b>+/- 0.40</b>
Floating Rate as a % Total	81.84%	100.00%	
Fixed Rate as a % Total	13.76%	0.00%	
Hybrid Rate as a % Total	1.05%	0.00%	
Portfolio's sensitivity to 100bp change in interest rates, net			0.85

A change of 100 basis points in interest rates would have increased or decreased the Corporation's net earnings by US\$589,998.24, which represents a change of +/-35.69% in earnings and +/- 0.88% in equity as of June 30, 2009.

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

## Corporación Interamericana para el Financiamiento de Infraestructura, S.A.

## Notes to the Financial Statements

	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 365 days	More than 365 days	Non-sensitive	Total
<b>June 2009</b>								
<b>Assets:</b>								
Current loans	65,960,574	45,588,615	6,817,391	63,312,304	1,822,283	27,850,617	(603,079)	210,748,705
<i>Total recovery of rate-sensitive assets</i>	<b>65,960,574</b>	<b>45,588,615</b>	<b>6,817,391</b>	<b>63,312,304</b>	<b>1,822,283</b>	<b>27,850,617</b>	<b>(603,079)</b>	<b>210,748,705</b>
<b>Liabilities:</b>								
Loans payable	38,999,999	29,416,667	75,008,000	4,500,000	-	-	(1,531,974)	146,392,692
<i>Total maturity of rate-sensitive liabilities</i>	<b>38,999,999</b>	<b>29,416,667</b>	<b>75,008,000</b>	<b>4,500,000</b>	<b>-</b>	<b>-</b>	<b>(1,531,974)</b>	<b>146,392,692</b>
<b>Total gap</b>	<b>26,960,575</b>	<b>16,171,948</b>	<b>(68,190,609)</b>	<b>58,812,304</b>	<b>1,822,283</b>	<b>27,850,617</b>	<b>928,895</b>	<b>64,356,013</b>
<b>Dec-08</b>								
<b>Assets:</b>								
Loan portfolio	62,533,047	28,880,233	51,168,971	36,392,344	1,634,783	30,082,900	(616,447)	210,075,831
<i>Total recovery of rate-sensitive assets</i>	<b>62,533,047</b>	<b>28,880,233</b>	<b>51,168,971</b>	<b>36,392,344</b>	<b>1,634,783</b>	<b>30,082,900</b>	<b>(616,447)</b>	<b>210,075,831</b>
<b>Liabilities:</b>								
Loans payable	39,999,999	34,687,500	84,512,000	-	-	-	(1,905,545)	157,293,954
<i>Total maturity of rate-sensitive liabilities</i>	<b>39,999,999</b>	<b>34,687,500</b>	<b>84,512,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,905,545)</b>	<b>157,293,954</b>
<b>Total gap</b>	<b>22,533,048</b>	<b>(5,807,267)</b>	<b>(33,343,029)</b>	<b>36,392,344</b>	<b>1,634,783</b>	<b>30,082,900</b>	<b>1,289,098</b>	<b>52,781,877</b>

*d. Operational risk*

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

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

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

- Internal procedures for evaluating, approving, and monitoring loan operations
- Internal procedures for managing the liquid portfolio
- Internal procedures for acquiring derivative instruments
- Internal procedures for the minimum insurance requirement

## Corporación Interamericana para el Financiamiento de Infraestructura, S.A.

## Notes to the Financial Statements

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

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

*e. Capital management*

The Corporation's capital structure is as follows:

		Jun-09	Dec-08
I. Core capital	US\$	54,662,509	54,662,509
II. Supplementary capital		12,423,747	10,888,172
III. Deductions		-	-
Capital Base ( I + II - III )	US\$	<u>67,086,256</u>	<u>65,550,681</u>
		2009	2008
Risk weight of 10%	US\$	1,406,542	1,691,062
Risk weight of 100%		<u>214,288,975</u>	<u>229,833,630</u>
Contingent assets and liabilities adjusted for credit risk	US\$	<u>215,695,517</u>	<u>231,524,692</u>
Capital adequacy		31.10%	28.40%
Required capital adequacy		10.00%	10.00%

7. Loans payable

On June 9, 2005, the Corporation subscribed a credit facility for US\$50,500,000 with the Inter-American Development Bank (IDB). That loan was comprised of tranche "A" in the amount of US\$25,000,000 for an eight-year term, bearing interest at Libor + 2.25%, and tranche "B" in the amount of US\$25,500,000 for a six-year term, bearing interest at Libor + 2.00%. Both tranches have a two-year grace period. As security for the loan, the Corporation assigned the IDB rights to cash flows derived from loans granted by the Corporation, up to a coverage ratio of 120% of the amount of the IDB loan. The first disbursement of US\$15,000,000 was received on December 6, 2005, and the final disbursement was received on January 30, 2007. As of June 30, 2009, a total of US\$29,416,666.67 remains unpaid (2008: US\$39,958,333.33).

## Corporación Interamericana para el Financiamiento de Infraestructura, S.A.

## Notes to the Financial Statements

On September 23, 2006, the Corporation subscribed a credit facility for US\$100,000,000 with Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V., the Central American Bank for Economic Integration (CABEI), Deg-Deutsche Investitions-Und Entwicklungsgesellschaft Mbh, and Finnish Fund For Industrial Cooperation Ltd. That loan is comprised of one tranche in the amount of US\$44,000,000 for a four-year term, bearing interest at Libor + 1.75%, and a second tranche in the amount of US\$56,000,000 for a seven-year term, bearing interest at Libor + 2.00%. Both tranches have a two-year grace period. As security for the loan, the Corporation assigned the lenders rights to cash flows derived from loans granted by the Corporation, up to a coverage ratio of 110% of the amount of the loan. The first disbursement was received in the amount of US\$18,000,000 on August 4, 2006, and the final disbursement was received on June 30, 2008. As of June 30, 2009, a total of US\$75,008,000 remains unpaid (2008: US\$94,016,000).

On June 20, 2008, the Corporation subscribed a credit line for US\$68,500,000 with IFC. That loan is comprised of one tranche in the amount of US\$35,000,000 for a six-year term and with a three-year grace period, bearing interest at Libor + 1.90%, and a second tranche in the amount of US\$33,500,000 for a four-year term and with a two-year grace period, bearing interest at Libor + 1.75%. As security for the loan, the Corporation assigned the IFC rights to cash flows derived from loans granted by the Corporation, up to a coverage ratio of 110% of the amount of the IFC credit line.

On August 20, 2008, the first disbursement was received in the amount of US\$35,000,000. As of June 30, 2009, the amount of US\$31,500,000 remains to be disbursed.

On November 14, 2008, the Corporation subscribed a credit facility for US\$18,000,000 with Finnish Fund For Industrial Cooperation Ltd and Norfund. That loan is for one-year term, bearing interest at Libor + 1.5%, unsecured with a bullet payment one year after the first disbursement. The first disbursement was received in the amount of US\$4,500,000 on April 9, 2009. As of June 30, 2009, the amount of US\$13,500,000 remains to be disbursed.

On June 9, 2009, the Corporation subscribed a credit line for US\$25,000,000 with the Caribbean Development Bank (CDB) for a fourteen-year term and with a three-year grace period, bearing interest at 5.32%. As security for the loan, the Corporation assigned the CDB rights to cash flows derived from loans granted by the Corporation, up to a coverage ratio of 110% of the amount of the CDB credit line. As of June 30, no drawdown has been made.

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## Notes to the Financial Statements

On June 11, 2009, the renovation and expansion for an uncommitted and unsecured credit line of US\$20,000,000 was signed with the Andean Development Corporation (CAF). The credit line has a one-year renewable term and bears interest at LIBOR + 1.5%. This line will be used for cash flow management. As of June 30, 2009, disbursements have been received for US\$2,000,000 (2008: US\$9,000,000).

As of June 30, 2009, the effective interest rates on loans with foreign financial entities range between 2.76% and 3.18% (2008: 4.33% and 5.70%).

The balance of loans payable, net of origination costs (commissions paid) is as follows:

	<u>Jun-09</u>	<u>Dec-08</u>
Foreign financial institutions	US\$ 147,924,666	159,199,499
Prepaid commissions	<u>(1,531,974)</u>	<u>(1,905,545)</u>
	US\$ <u>146,392,692</u>	<u>157,293,954</u>

8. Capital stock

As of June 30, 2009, the Corporation's capital stock is comprised of 54,000,001 common shares of US\$1.00 par value, for a total of US\$54,000,001. Of that total, 34,500,001 are Class B common shares and 19,500,000 are Class A preferred shares. As of March 31, 2008, the Corporation's capital stock was comprised of 54,000,001 common shares of US\$1.00 par value, for a total of US\$54,000,001. Of that total, 36,000,001 were Class B common shares and 18,000,000 were Class A preferred shares. Class A preferred shares have the same rights as common shares, except that preferred shares may only be owned by multilateral entities. All shares have the right to vote and receive dividends. As of the date of the financial statements, no dividends had been distributed.

## Corporación Interamericana para el Financiamiento de Infraestructura, S.A.

## Notes to the Financial Statements

As of June 30, 2009, the capital stock is distributed as follows:

		<b>Acquired capital</b>	<b>Ownership interest</b>
Caja Madrid	US\$	11,000,001	20.37%
IFC		8,500,000	15.74%
CABEI		5,000,000	9.26%
Primer Banco del Istmo		5,000,000	9.26%
Nordfund		5,000,000	9.26%
Caixa Banco de Investimento		5,000,000	9.26%
IIC		3,000,000	5.56%
Unibanco-União de Bancos Brasileiros		3,000,000	5.56%
Caribbean Development Bank		3,000,000	5.56%
Finnfund		3,000,000	5.56%
Banco del Pichincha		2,500,000	4.63%
	US\$	<u>54,000,001</u>	

#### 9. Income tax

Pursuant to the Income Tax Law, the Corporation must file its annual income tax returns as of December 31 of each year.

The difference between income tax expense and the amount that would result from applying the income tax rate to pretax income (30%) is reconciled as follows

		<u>2009</u>	<u>2008</u>
Expected income tax expense	US\$	-	-
Plus:			
Non-deductible expenses		-	-
Less:			
Non-taxable income		<u>7,578,983</u>	<u>7,399,345</u>
Income tax	US\$	<u>-</u>	<u>-</u>

Tax Authorities may review income tax returns filed by the Corporation for the 2008, 2007, 2006, 2005, and 2004 tax years and the income tax return to be filed for the 2008 tax year.

## Corporación Interamericana para el Financiamiento de Infraestructura, S.A.

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As of June 30, 2009 and 2008, the Corporation determined no temporary taxable differences that give rise to a deferred tax. A deferred tax liability represents a temporary taxable difference and a deferred tax asset represents a deductible temporary difference.

The Corporation is exempt from payment of income tax on income not produced in Costa Rica or with Costa Rican funds. During the periods ended June 30, 2009 and 2008, the Corporation has no taxable income. Accordingly, it reports no income tax expense.

10. Derivative financial instruments*Interest rate derivatives*

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

Swap agreements acquired by the Corporation as of June 30, 2009 and 2008 are as follows:

	Interest rate	Remaining maturity	Notional value	<u>June 30, 2009</u>	
				Assets	Fair value Liabilities
Interest Rate Swaps:					
	Variable:				
Caja Madrid (Spain)	LIBOR 6M.	10/3/2012	US\$ 10,000,000	-	US\$ 791,081
	Variable:				
HSBC New York (USA)	LIBOR 6M.	12/22/2010	5,000,000	-	188,342
	Variable:				
HSBC New York (USA)	LIBOR 6M.	3/15/2013	1,000,000	-	42,234
			US\$ 16,000,000	-	US\$ 1,021,657

## Corporación Interamericana para el Financiamiento de Infraestructura, S.A.

## Notes to the Financial Statements

							<b><u>June 30, 2008</u></b>						
							<u>Assets</u>	<u>Fair value</u>					
								<u>Liabilities</u>					
							<u>Interest rate</u>	<u>Remaining maturity</u>	<u>Notional value</u>	<u>Assets</u>	<u>Fair value</u>	<u>Liabilities</u>	
Interest Rate Swaps:													
Variable:													
Caja Madrid (Spain)	LIBOR 6M.	10/3/2012	US\$	10,000,000	-	US\$	251,323						
Variable:													
HSBC New York (USA)	LIBOR 6M.	12/22/2010		5,000,000	-		43,210						
Variable:													
HSBC New York (USA)	LIBOR 6M.	3/15/2013		1,000,000	-		(18,306)						
							US\$	<u>16,000,000</u>	<u>-</u>	US\$	<u>276,228</u>		

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

During the period ended June 30, 2009, the Corporation recognized a net gain of US\$294,377 (2008: net loss of US\$17,058) in its income statement, which was derived from the net change in fair value of those instruments.

As of June 30, 2009, the fair value of the above derivative financial instruments in the amount of 1,021,657 (2008: US\$276,227) is included in "Other accounts payable".

## Corporación Interamericana para el Financiamiento de Infraestructura, S.A.

## Notes to the Financial Statements

11. Concentration of assets and liabilities

Concentration of the Corporation's assets and liabilities as of June 30, 2009 and December 2008 by geographic location is as follows:

		<u>June 2009</u>	<u>Dec 2008</u>
<b>Assets</b>			
Argentina	US\$	14,537,445	18,075,196 <sup>▼</sup>
Barbados		8,836,590	9,853,762
Belize		10,263,381	9,260,527
Bolivia		10,483,492	11,727,294 <sup>▼</sup>
Brazil		21,119,846	21,014,418
Colombia		19,467,105	19,525,075
Costa Rica		7,077,269	17,083,649
Dominican Republic		39,290,937	31,310,191
Ecuador		12,241,276	13,544,313
El Salvador		2,320,813	2,436,082 <sup>▼</sup>
Guatemala		21,049,867	21,954,447
Honduras		16,846,103	18,493,883
Mexico		5,392,649	7,240,766
Panama		11,969,468	7,877,593
Peru		2,977,474	4,610,015
Saint Lucia		8,733,564	8,725,995
Trinidad and Tobago		2,157,098	2,167,650
United States		206,166	-
<b>Total</b>	US\$	<b><u>214,970,543</u></b>	<b><u>224,900,856</u></b>
<b>Liabilities</b>			
Costa Rica	US\$	10,529	42,845
Netherlands		74,443,333	83,805,600
United States		66,182,384	71,558,334
Venezuela		2,001,858	3,005,729 <sup>▼</sup>
Finland		1,980,045	-
Norway		2,475,056	-
Spain		791,081	937,666 <sup>▼</sup>
<b>Total</b>	US\$	<b><u>147,884,287</u></b>	<b><u>159,350,175</u></b>

## Corporación Interamericana para el Financiamiento de Infraestructura, S.A.

## Notes to the Financial Statements

12. Fair value of financial instruments

Fair value of financial instruments is as follows:

		<b>June 30, 2009</b>	
		<u>Carrying amount</u>	<u>Fair value</u>
Cash	US\$	7,238,876	7,238,876
Loans receivable	US\$	211,351,784	208,457,982
Loans payable	US\$	147,924,666	146,644,541
Other accounts payable	US\$	1,021,657	1,021,657
		<b>June 30, 2008</b>	
		<u>Carrying amount</u>	<u>Fair value</u>
Cash	US\$	19,777,487	19,777,487
Loans receivable	US\$	189,124,362	190,953,943
Loans payable	US\$	142,974,333	143,451,252
Other accounts payable	US\$	276,228	276,228

The fair value of financial instruments is the amount at which the instrument could be exchanged between willing parties other than in a forced liquidation. Fair value is best determined based on quoted market prices.

Fair value estimates are made at a specific date, based on relevant market information and information concerning the financial instruments. These estimates do not reflect any premium or discount that could result from offering for sale a particular financial instrument at a given point in time. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Estimates could vary significantly if changes are made to those assumptions.

Where practicable, the following assumptions were used by management to estimate the fair value of each class of financial instrument both on and off the balance sheet:

- a. *Cash, accrued interest receivable and payable, and other accounts payable*

## Corporación Interamericana para el Financiamiento de Infraestructura, S.A.

## Notes to the Financial Statements

The carrying amounts approximate fair value because of the short maturity of these instruments.

*b. Investment securities*

The fair values are based on quoted market prices or prices quoted by brokers.

*c. Loans receivable*

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

*d. Term deposits*

The fair value of term deposits is calculated by discounting committed cash flows at current market rates for term deposits with similar maturities.

*e. Loans payable*

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

13. Commitments and contingencies

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

As of June 30, 2009, the Corporation has commitments and contingencies in the amount of US\$11,908,459 (2008: US\$19,270,781) corresponding to credits pending disbursement to different companies.

*Litigation*

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