

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

Agreed-upon Procedures

March 31, 2010

*KPMG
May 13, 2010
This certification contains 37 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 Corporacion Interamericana para el Financiamiento de Infraestructura, S.A. (the Company) as of March 31, 2010 and for the three 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 Corporacion Interamericana para el Financiamiento de Infraestructura, S.A. as of March 31, 2010 and for the three 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 Corporacion Interamericana para el Financiamiento de Infraestructura, S.A. as of March 31, 2010 and for the three 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

May 13, 2010

San José, Costa Rica

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

Financial Statements

As of March 31, 2010

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

Statement of Financial Position

As of March 31, 2010

(With corresponding figures for December 2009)

<u>Assets</u>	<u>Notas</u>		<u>2010</u>	<u>2009</u>
Cash		US\$	32,183,632	4,363,328
Loans receivable, net	6.a		200,331,555	209,453,785
Interest receivable, net			2,697,491	1,753,892
Other assets			2,664,067	713,795
Total assets		US\$	<u>237,876,745</u>	<u>216,284,801</u>
 <u>Liabilities and Equity</u>				
Loans payable	7	US\$	165,978,081	145,416,341
Interest payable			499,950	398,630
Other accounts payable			18,293	8,829
Derivative liabilities, net	10		1,165,054	1,067,740
Total liabilities			<u>167,661,379</u>	<u>146,891,540</u>
 <u>Equity</u>				
Capital stock	8		54,000,001	54,000,001
Additional paid-in capital			85,000	85,000
Legal reserve			769,637	577,508
Retained earnings			15,360,728	14,730,752
Total equity			<u>70,215,366</u>	<u>69,393,261</u>
 Total liabilities and equity		US\$	<u>237,876,745</u>	<u>216,284,801</u>
 Commitments and contingencies	13	US\$	<u>38,458,632</u>	<u>27,386,492</u>

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

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

Statement of Comprehensive Income

For three-month period ended March 31, 2010

(With corresponding figures for March 31, 2009)

	Notas	2010	2009
Finance income:			
Interest on cash	US\$	20,586	18,222
Interest on loans receivable, net		3,752,438	3,769,132
Amortization of premiums / discounts		(22,458)	(11,645)
Total finance income		3,750,566	3,775,709
Financial expenses:			
Interest carry on PF Interest Rate Swaps		156,135	46,247
Interest on loans payable, net		1,071,202	1,770,145
Total finance expenses		1,227,337	1,816,391
Finance income, net		2,523,229	1,959,318
Allowance for loan losses	6.a	(985,585)	(767,028)
Allowance for interest receivable		(23,573)	(32,412)
Net finance income after allowances		1,514,072	1,159,878
Operating income / expenses			
Personal expenses		(650,376)	(451,220)
Other administrative expenses		(289,101)	(73,685)
Other operating income		203,933	90,600
Total operating expenses		(735,544)	(434,305)
Operating income		778,527	725,573
Gain / loss on fair value of derivative instruments		43,578	(510)
Net income for the year		822,105	725,063
Income tax	9	-	-
Net income for the year	US\$	822,105	725,063

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

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

Statement of Changes in Equity
For three-month period ended March 31, 2010
(With corresponding figures for March 31, 2009)

		Capital stock	Additional paid-in capital	Legal reserve	Retained earnings	Total equity
Balance at January 1, 2009	US\$	54,000,001	85,000	577,508	10,888,171	65,550,680
Net income for the period		-	-	-	725,064	725,064
Balance at March, 2009	US\$	<u>54,000,001</u>	<u>85,000</u>	<u>577,508</u>	<u>11,613,235</u>	<u>66,275,744</u>
Balance at January 1, 2010	US\$	54,000,001	85,000	769,637	14,538,622	69,393,261
Net income for the period		-	-	-	822,105	822,105
Balance at March 31, 2010	US\$	<u>54,000,001</u>	<u>85,000</u>	<u>769,637</u>	<u>15,360,728</u>	<u>70,215,366</u>

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

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

Statement of cash flow

For three-month period ended March 31, 2010

(With corresponding figures for March 2009)

	2010	2009
Cash flow from operating activities		
Income for the period	US\$ 822,105	725,063
Adjustments for:		
Loss on allowance for loan losses	985,585	767,028
Loss on allowance for interest receivable	23,573	32,412
Unrealized losses (gains) on derivatives	97,314	43,596
Deferred commission income	(68,540)	60,653
Deferred commission expense	(217,509)	159,886
Other asstes	(1,950,272)	109,195
Other account payables	9,464	(37,866)
	(298,281)	1,859,967
Change in accrued interest receivable	(967,172)	(494,167)
Change in accrued interest payable	101,321	(296,003)
Net cash flow provided by operating activities	(1,164,133)	1,069,797
 Cash flow from investment activities		
Loan repayments and prepayments	24,371,050	4,865,328
Disbursements	(16,165,864)	(13,181,402)
Net cash flow used in investment activities	8,205,186	(8,316,075)
 Cash flow from financing activities		
Drawdowns of long-term debt	23,666,667	-
Repayments of long-term debt	(10,887,417)	(7,387,417)
Change in short-term debt	8,000,000	1,000,000
Net cash flow used in financing activities	20,779,250	(6,387,417)
 Net (decrease) increase in cash	27,820,305	(13,633,695)
Cash at the beginning of the year	4,363,328	16,946,138
Cash at the end of the year	US\$ 32,183,632	3,312,444

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

Notes to the Financial Statements

March 31, 2010

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 International Financial Reporting Standards (IFRSs) issued by the International Accounting Standard Board (IASB).

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, except that derivative financial instruments 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 and liabilities 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.

(Continued)

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

(e) Changes in accounting policies

Presentation of financial statements

The Company applies revised IAS 1 *Presentation of Financial Statements (2007)*, which became effective as of January 1, 2009. As a result, the Corporation presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the income statement.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects.

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.

(Continued)

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

Notes to the Financial Statements

(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

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.

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.

(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.

(Continued)

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

Notes to the Financial Statements

(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 statement of financial position date without any deduction for transaction costs.

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 financial instruments are recognized in the profit and loss account.

(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.

(Continued)

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 cannot 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.

(Continued)

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 there from. 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.

(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.

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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 March 31, 2010 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.

(Continued)

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.

(Continued)

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 three-month ended March 31, 2010, and have not been applied in preparing these financial statements. None of these will have an effect on the financial statements of the Corporation, with the exception of:

- IFRS 9 *Financial Instruments*, published on November 12, 2009 as part of phase I of the IASB's comprehensive project to replace IAS 39, deals with classification and measurement of financial assets. The requirements of this standard represent a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories for financial assets: amortized cost and fair value. A financial asset would be measured at amortized cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of *held to maturity*, *available for sale*, and *loans and receivables*. For an investment in an equity instrument which is not held for trading, the standard permits an irrevocable election, at initial recognition, on an individual share-by-share basis, to present all fair value changes in other comprehensive income. No amount recognized in other comprehensive income would ever be reclassified to profit or loss at a later date. However, dividends on such investments are recognized in profit or loss, rather than in other comprehensive income, unless they clearly represent a partial recovery of the cost of the investment. Investments in equity instruments in respect of which an entity does not elect to present fair value changes in other comprehensive income would be measured at fair value with changes therein recognized in profit or loss.

The standard requires that derivatives embedded in contracts with a host contract that is a financial asset within the scope of the standard not be separated; instead the hybrid financial instrument is assessed in its entirety as to whether it should be measured at amortized cost or fair value.

The standard is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(Continued)

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

Notes to the Financial Statements

The Corporation is currently in the process of evaluating the potential effect of this standard. Given the nature of the Corporation's operations, this standard is expected to have an extensive impact on the Corporation's financial statements.

Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items clarifies the existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship. The amendment will become mandatory for the Corporation's 2010 financial statements, with retrospective application required. The amendment is not expected to have a significant impact on the financial statements.

4. Collateralized assets

As of March 31, 2010 and 2009, the Corporation does not recognize collateralized assets as part of other assets.

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

5. Balances and transactions with related parties

As of March 31, 2010 and December 31, 2009, 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 March 31, 2010, the Corporation has received US\$49,000,000 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.

(Continued)

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:

		<u>March 31, 2010</u>				
<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>29,077,880</u>	<u>49,173,253</u>	<u>-</u>	<u>209,559</u>

		<u>December 31, 2009</u>				
<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>2,261,992</u>	<u>37,167,112</u>	<u>-</u>	<u>1,085,340</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.

(Continued)

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.

(Continued)

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>Loan portfolio, net</u>		<u>March 31, 2010</u>	<u>December 31, 2009</u>
Current loans	US\$	202,042,635	216,919,356
Past due loans		6,671,536	-
Allowance for loan losses		(7,404,771)	(6,419,186)
Deferred income		(977,845)	(1,046,385)
	US\$	<u>200,331,555</u>	<u>209,453,785</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.

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.

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

Notes to the Financial Statements

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:

		<u>March 31, 2010</u>	<u>December 31, 2009</u>
Risk rating			
AAA / A-	US\$	14,970,977	15,430,469
BBB+ / BBB-		40,114,600	29,406,267
BB+ / BB-		45,794,205	63,982,302
B+ / B-		86,056,966	86,722,652
<= CCC+		<u>21,777,423</u>	<u>21,377,668</u>
	US\$	<u>208,714,170</u>	<u>216,919,356</u>

Movement in the allowance for loan losses is as follows:

		<u>March 31, 2010</u>	<u>December 31, 2009</u>
Balance at January 1	US\$	(6,419,186)	(4,805,016)
Write-off		-	1,000,000
Expense for the year for portfolio valuation		<u>(985,585)</u>	<u>(2,614,170)</u>
Balance at end of period	US\$	<u>(7,404,771)</u>	<u>(6,419,186)</u>

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

Notes to the Financial Statements

Management of the Corporation follows of the policy of requiring collateral from its customers prior to formally extending and disbursing a loan. Accordingly, 71% of the loan portfolio is secured as follows:

		<u>March 31, 2010</u>	<u>December 31, 2009</u>
Mortgage	US\$	62,217,817	69,185,563
Trust		33,060,852	34,828,102
Chattel		52,260,337	61,056,109
Unsecured		61,175,164	51,849,583
	US\$	<u>208,714,170</u>	<u>216,919,356</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 March 31, 2010, the Corporation had one loan for a total of US\$6,671,536, which was 16 days past due in interest payment. The Corporation expects that the loan will be classified as current in the coming weeks.

As of March 31, 2010, loans receivable bear interest at rates ranging between 2.61% and 11.50% per annum (December 2009: between 2.61% and 12.02% 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.

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

	<u>March 31, 2010</u>	
	<u>Number of operations</u>	<u>US dollars</u>
0 to 4,99%	13	\$ 24,849,239
5 to 9,99%	13	54,790,498
10 to 14,99%	11	72,444,686
15 to 20%	6	56,629,748
	<u>43</u>	<u>\$ 208,714,170</u>

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

Notes to the Financial Statements

December 31, 2009		
	Number of operations	US dollars
0 to 4,99%	12	\$ 23,417,955
5 to 9,99%	14	60,378,762
10 to 14,99%	11	75,505,973
15 to 20%	6	57,616,667
	43	\$ 216,919,356

- 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.

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Loans receivable by economic activity are as follows:

		<u>March 31, 2010</u>	<u>December 31, 2009</u>
Gas & Oil	US\$	54,032,056	43,212,685
Thermo Power		35,094,380	35,897,621
Telecommunications		29,607,933	27,166,817
Construction Materials		27,274,600	27,499,600
Co-generation (Biomass)		17,349,981	17,713,617
Airports and Seaports		11,920,981	12,748,217
Water and Sanitation		8,462,500	8,766,667
Roads, Railroads and Others		2,250,000	12,500,000
Tourism		6,941,667	6,941,667
Construction & Engineering		5,365,854	5,365,854
Infrastructure Conglomerates		5,240,000	5,240,000
Alternative fuels		-	7,350,000
Power-Generating Equipment		2,250,000	3,375,000
Hydro Power (mini)		1,981,304	2,198,696
Real Estate Development		942,916	942,916
		<u>208,714,170</u>	<u>216,919,357</u>
Allowance for loan losses		(7,404,771)	(6,419,186)
Deferred Income		(977,845)	(1,046,385)
	US\$	<u>200,331,555</u>	<u>209,453,785</u>

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.

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Notes to the Financial Statements

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.
- 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.

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As of March 31, 2010, the Corporation maintains undisbursed and available balances of committed credit facilities with financial institutions for US\$82.83 million. A total of US\$3 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
March 31, 2010							
ASSETS							
Cash	32,183,632	-	-	-	-	-	32,183,632
Current loans	1,520,710	7,862,820	3,246,333	4,801,400	17,488,101	173,794,807	208,714,170
Accrued interest receivable	1,232,538	850,107	385,265	221,248	8,333	-	2,697,491
Total assets	34,936,880	8,712,926	3,631,598	5,022,647	17,496,435	173,794,807	243,595,294
LIABILITIES							
Loans payable	12,995,438	2,635,417	25,252,000	9,130,855	18,261,709	99,153,664	167,429,082
Accrued interest payable	356,534	61,853	62,897	18,667	-	-	499,950
Other accounts payable	203,783	-	91,866	144,206	423,720	301,479	1,165,054
Total liabilities	13,555,755	2,697,270	25,406,762	9,293,727	18,685,429	99,455,143	169,094,087
	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 365 days	365 days	Total
December 31, 2009							
ASSETS							
Cash	4,363,328	-	-	-	-	-	4,363,328
Current loans	18,025,964	1,893,339	3,848,298	7,368,659	19,019,523	166,763,574	216,919,356
Accrued interest receivable	601,132	483,270	86,791	582,699	-	-	1,753,892
Total assets	22,990,425	2,376,609	3,935,089	7,951,358	19,019,523	166,763,574	223,036,577
LIABILITIES							
Loans payable	4,000,000	7,635,417	8,252,000	31,149,278	16,794,556	78,818,582	146,649,832
Accrued interest payable	179,098	73,147	57,542	88,842	-	-	398,630
Other accounts payable	-	-	15,244	294,521	251,090	506,886	1,067,740
Total liabilities	4,179,098	7,708,563	8,324,786	31,532,641	17,045,646	79,325,468	148,116,202

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

Notes to the Financial Statements

Outstanding 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
March 31, 2010							
<i>Non-derivative liabilities</i>							
Loans payable	167,429,082	(167,429,082)	(12,995,438)	(27,887,417)	(27,392,564)	(90,023,229)	(9,130,435)
Interest **	499,950	(11,905,117)	(349,736)	(469,180)	(2,598,471)	(6,371,904)	(2,115,826)
<i>Derivative liabilities</i>							
Interest rate swaps **	1,165,054	(1,115,645)	(203,783)	(91,866)	(567,926)	(759,006)	506,935
Total	169,094,087	(180,449,845)	(13,548,957)	(28,448,462)	(30,558,961)	(97,154,139)	(10,739,325)
December 31, 2009							
<i>Non-derivative liabilities</i>							
Loans payable	146,649,832	(146,649,832)	(4,000,000)	(15,887,417)	(47,943,834)	(78,818,582)	-
Interest **	398,630	(7,643,067)	(203,911)	(491,126)	(2,426,229)	(4,521,801)	-
<i>Derivative liabilities</i>							
Interest rate swaps **	1,067,740	(1,075,819)	-	(15,244)	(545,611)	(514,964)	-
Total	148,116,202	(155,368,718)	(4,203,911)	(16,393,786)	(50,915,674)	(83,855,348)	-

* 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.

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As of March 31, 2010, 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.

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 limits the duration of equity to +/-1.5% 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.

March 31, 2010			
	<u>Assets</u>	<u>Liabilities</u>	<u>Net Portfolio</u>
Present Value	\$246,931,623	(\$166,858,684)	\$80,072,940
Duration (excluding IRS)	0.81	0.57	
Notional IRS	\$26,000,000		
IRS Duration	(4.16)		
Duration (including IRS)	0.34	0.57	
Floating Rate as a % Total	63%	93%	
Fix Rate as a % Total	23%	0%	
Hybrid Rate as a % Total	1%	7%	
<u>Duration of Equity</u>			(0.0)
POLICY LIMIT:			+/- 1.5

A change of 100 basis points in interest rates would have increased or decreased the Corporation's net earnings by US\$33,255.82, which represents a change of +/- 1.3% in net interest income and +/- 0.05% in equity as of March 31, 2010.

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Notes to the Financial Statements

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.

	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
March 31, 2010								
<i>Assets:</i>								
Loan portfolio	65,346,656	29,473,571	40,501,107	22,951,760	7,004,423	43,436,653	(977,845)	207,736,325
<i>Total recovery of rate-sensitive assets</i>	65,346,656	29,473,571	40,501,107	22,951,760	7,004,423	43,436,653	(977,845)	207,736,325
<i>Liabilities:</i>								
Loans payable	66,999,999	21,510,417	67,252,000	11,666,667	-	-	(1,451,001)	165,978,081
<i>Total maturity of rate-sensitive liabilities</i>	66,999,999	21,510,417	67,252,000	11,666,667	-	-	(1,451,001)	165,978,081
<i>Total gap</i>	(1,653,343)	7,963,155	(26,750,893)	11,285,094	7,004,423	43,436,653	473,156	41,758,244
	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
December 31, 2009								
<i>Assets:</i>								
Loan portfolio	68,032,036	35,552,624	32,067,541	40,295,326	6,061,507	34,910,322	(1,046,385)	215,872,971
<i>Total recovery of rate-sensitive assets</i>	68,032,036	35,552,624	32,067,541	40,295,326	6,061,507	34,910,322	(1,046,385)	215,872,971
<i>Liabilities:</i>								
Loans payable	40,999,999	29,145,833	58,504,000	18,000,000	-	-	(1,233,491)	145,416,341
<i>Total maturity of rate-sensitive liabilities</i>	40,999,999	29,145,833	58,504,000	18,000,000	-	-	(1,233,491)	145,416,341
<i>Total gap</i>	27,032,037	6,406,790	(26,436,459)	22,295,326	6,061,507	34,910,322	187,106	70,456,631

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.

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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
- 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:

		<u>March 31, 2010</u>	<u>December 31, 2009</u>
I. Core capital	US\$	54,854,638	54,662,509
II. Supplementary capital		15,360,728	14,730,381
III. Deductions		-	-
Capital Base (I + II - III)	US\$	<u>70,215,366</u>	<u>69,392,890</u>
		<u>March 31, 2010</u>	<u>December 31, 2009</u>
Risk weight of 10%	US\$	3,193,603	409,288
Risk weight of 50%		19,229,316	13,693,246
Risk weight of 100%		<u>206,670,958</u>	<u>212,967,857</u>
Contingent assets and liabilities adjusted for credit risk	US\$	<u>229,093,877</u>	<u>227,070,392</u>
Capital adequacy		30.65%	30.56%
Required capital adequacy		15.00%	15.00%

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Notes to the Financial Statements

7. Loans payable

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

		<u>March 31, 2010</u>	<u>December 31, 2009</u>
Foreing financial institutions	US\$	167,429,082	146,649,832
Deferred expense		<u>(1,451,001)</u>	<u>(1,233,491)</u>
	US\$	<u>165,978,081</u>	<u>145,416,341</u>

As of March 31, 2010, the effective interest rates on loans with foreign financial entities range between 1.31% and 4.80% (December 2009: 1.49% and 2.52%).

		<u>March 31, 2010</u>	<u>December 31, 2009</u>
Loans outstanding in US\$	US\$	<u>167,429,082</u>	<u>146,649,832</u>
Undrawdowned balance of committed lines of credit		<u>82,833,333</u>	<u>106,500,000</u>
Undrawdowned balance of uncommitted lines of credit	US\$	<u>3,000,000</u>	<u>11,000,000</u>

Refer to note 6.b. for information on outstanding contractual maturities of borrowings.

8. Capital stock

As of March 31, 2010 and December 31, 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. 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.

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

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As of March 31, 2010 and December 31, 2009, the capital stock is distributed as follows:

	<u>Acquired capital</u>	<u>Ownership interest</u>
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>March 31, 2010</u>	<u>March 31, 2009</u>
Expected income tax expense	US\$ 246.632	217.519
Plus:		
Non-deductible expenses	-	-
Less:		
Non-taxable income	<u>(3.954.499)</u>	<u>(3.866.309)</u>
Income tax	US\$ <u>-</u>	<u>-</u>

Tax Authorities may review income tax returns filed by the Corporation for the 2009, 2008, 2007 and 2006.

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As of March 31, 2010 and 2009, 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 March 31, 2010 and 2009, 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 are as follows:

March 31, 2010

	<u>Interest Rate</u>	<u>Remaining Maturity</u>	<u>Notional Value</u>	<u>Fair Value Liabilities</u>
Interest Rate Swap:				
	Variable:			
Caja Madrid	LIBOR 6M.	10/3/2012	US\$ 10,000,000	US\$ 951,656
	Variable:			
HSBC New York	LIBOR 6M.	12/22/2010	5,000,000	179,956
	Variable:			
HSBC New York	LIBOR 6M.	3/15/2013	1,000,000	54,630
	Variable:			
Goldman Sachs	LIBOR 6M.	8/14/2019	10,000,000	(21,188)
			US\$ <u>26,000,000</u>	US\$ <u>1,165,054</u>

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Notes to the Financial Statements

December 31, 2009

	<u>Interest Rate</u>	<u>Remaining Maturity</u>	<u>Notional Value</u>	<u>Fair Value Assets</u>	<u>Liabilities</u>
Interest Rate Swap:					
	Variable:				
Caja Madrid (Spain)	LIBOR 6M.	10/3/2012	US\$ 10,000,000	-	US\$ 851,546
	Variable:				
HSBC New York (USA)	LIBOR 6M.	12/22/2010	5,000,000	-	163,330
	Variable:				
HSBC New York (USA)	LIBOR 6M.	3/15/2013	1,000,000	-	52,864
			US\$ <u>16,000,000</u>	<u>-</u>	US\$ <u>1,067,740</u>

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

During the period ended March 31, 2010, the Corporation recognized a net gain of US\$43,577.74 (December 2009: net loss of US\$277,164.7) in its income statement, which was derived from the net change in fair value of those instruments.

As of March 31, 2010, the fair value of the above derivative financial instruments in the amount of US\$1,165,054 (December 2009: US\$1,067,740) is included in "Other accounts payable".

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Notes to the Financial Statements

11. Concentration of assets and liabilities

Concentration of the Corporation's assets and liabilities as of March 31, 2010 and December 31, 2009 by geographic location is as follows:

		March 31, 2010	December 31, 2009
Assets			
Argentina	US\$	20,159,073	20,030,193
Barbados		5,246,618	5,105,978
Belize		8,048,722	7,986,859
Bolivia		8,965,222	9,758,084
Brazil		11,400,822	18,869,527
Colombia		28,203,757	28,181,713
Costa Rica		31,980,592	4,137,443
Dominican Republic		26,679,497	37,937,841
Ecuador		10,853,480	10,945,629
El Salvador		2,142,500	2,221,098
Guatemala		19,676,183	20,176,151
Haiti		7,903,780	7,919,208
Honduras		16,591,082	17,654,536
Mexico		2,422,343	3,278,655
Nicaragua		(98,544)	(104,481)
Panama		11,019,193	10,168,809
Peru		6,603,250	2,382,001
Saint Lucia		5,825,278	7,281,873
Trinidad and Tobago		13,487,091	2,083,240
Venezuela		8,333	-
United States		758,473	270,444
Total	US\$	237,876,745	216,284,801
Liabilities			
Costa Rica	US\$	18,293	8,829
Netherlands		49,679,852	58,053,994
United States		70,432,647	60,984,095
Venezuela		17,013,016	9,011,985
Finland		8,076,135	8,024,120
Norway		10,097,068	10,031,972
Austria		(248,063)	(75,000)
Barbados		11,660,775	-
Belgium		(20,000)	-
Spain		951,655	851,546
Total	US\$	167,661,379	146,891,540

(Continued)

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Notes to the Financial Statements

12. Fair value of financial instruments

Fair value of financial instruments is as follows:

		March 31, 2010	
		<u>Carrying amount</u>	<u>Fair value</u>
Cash	US\$	32,183,632	32,183,632
Loans receivable	US\$	208,714,170	214,747,991
Loans payable	US\$	167,429,082	\$166,858,684
Other accounts payable	US\$	1,165,054	1,165,054
		December 1, 2009	
		<u>Carrying amount</u>	<u>Fair value</u>
Cash	US\$	4,363,328	4,363,328
Loans receivable	US\$	216,919,356	217,606,074
Loans payable	US\$	146,649,832	145,626,939
Other accounts payable	US\$	1,067,740	1,067,740

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*

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

(Continued)

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Notes to the Financial Statements

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 March 31, 2010, the Corporation has commitments and contingencies in the amount of US\$38,458,632 (December 2009: US\$27,386,492) corresponding to credits pending disbursement to different companies in the amount of US\$28,486,482; and commitment for an undersigned guaranty agreement in the amount of US\$9,972,150.

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.