



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

Financial Statements

December 31, 2002

(With Independent Auditors' Report Thereon)



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Independent Auditors' Report

The Board of Directors and Stockholders
Corporación Interamericana para el Financiamiento de Infraestructura, S.A.

We have audited the accompanying balance sheet in colones of Corporación Interamericana para el Financiamiento de Infraestructura, S.A. (the Corporation) as of December 31, 2002, and the related statements of income, stockholders' equity, and changes in financial position in colones for the six months then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing, including the minimum requirements established by the Superintendency General of Financial Entities (SUGEF). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Corporation's management, as well as the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying financial statements have been prepared in accordance with the legal provisions, regulations, and standards issued by the Central Bank of Costa Rica (BCCR) and the Superintendency General of Financial Entities (SUGEF), related to financial intermediary activities, as well as with accounting principles generally accepted in Costa Rica in effect as of December 31, 2000, as discussed in note A.2.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Corporación Interamericana para el Financiamiento de Infraestructura, S.A. as of December 31, 2002, and the results of its operations and changes in its financial position for the six months then ended in conformity with the accounting basis described in the preceding paragraph.



KPMG, S.A. (KPMG, S.A. a Costa Rican corporation),
is a member of KPMG International, a Swiss
association.



Compliance with legal provisions, regulations, and standards issued by the Central Bank of Costa Rica and the Superintendency General of Financial Entities related to financial intermediary activities is the responsibility of the Corporation's management. As part of the process of obtaining reasonable assurance about whether the aforementioned financial statements are free of material misstatement, we performed tests of the Corporation's compliance with those provisions. Such tests were performed by using non-statistical sampling methods. However, the objective of our audit was not to provide an opinion on overall compliance with such provisions.

The results of our tests indicate that, with respect to items tested, Corporación Interamericana para el Financiamiento de Infraestructura, S.A. has complied, in all material respects, with the provisions mentioned in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Corporation has not complied, in all material respects, with those provisions.

Given that the Corporation's operations are executed exclusively in dollars of the United States of America, the accompanying financial statements are presented in US dollars for a better understanding of the financial information.

This Independent Auditors' Report is solely for the information of the Board of Directors and stockholders of Corporación Interamericana para el Financiamiento de Infraestructura, S.A.

KPMG

January 23, 2003



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

BALANCE SHEET
As of December 31, 2002

	In colones	In US dollars
ASSETS		
Cash and due from banks	1,697,251,692	4,485,456
Short-term investments (note I. 1) :	5,075,840,046	13,414,309
In public securities and local financial entities	-	-
In foreign financial entities	5,070,426,000	13,400,000
Other securities	-	-
Accrued interest receivable on short-term investments	5,414,046	14,309
Allowance for short-term investments	-	-
Loan portfolio (note I. 2) :	10,742,621,021	28,390,340
Loan portfolio	10,739,825,676	28,382,953
Matured loans	-	-
Loans in legal collections	-	-
Accrued interest receivable on loan portfolio	56,778,366	150,052
Allowance for loan losses (note C)	(53,983,021)	(142,665)
Other accounts receivable	-	-
Foreclosed assets	-	-
Long-term investments:	-	-
In public securities and local financial entities	-	-
In foreign financial entities	-	-
Other securities	-	-
Accrued interest receivable on long-term investments	-	-
Allowance for long-term investments	-	-
Premises and equipment, net	-	-
Other assets	-	-
TOTAL ASSETS	17,515,712,759	46,290,105
LIABILITIES		
Public obligations:	-	-
Demand obligations	-	-
Other public demand obligations	-	-
Term obligations	-	-
Other term public obligations	-	-
Interest due on public obligations	-	-
Obligations with Central Bank of Costa Rica	-	-
Other financial obligations	-	-
Other accounts payable and provisions	5,488,547	14,505
Other liabilities	-	-
Subordinated obligations	-	-
Obligations convertible into capital	-	-
TOTAL LIABILITIES	5,488,547	14,505
STOCKHOLDERS' EQUITY		
Capital stock (note I. 3)	16,375,245,328	46,000,001
Paid-in capital	16,375,245,328	46,000,001
Donated capital	-	-
Uncapitalized subscribed capital	-	-
Subscribed capital pending capitalization	-	-
Contributions pending capitalization	-	-
Adjustments to stockholder's equity	-	-
Capital reserves	5,082,891	13,780
Prior period retained earnings	-	-
Income for the period (after allocation to reserves)	1,129,895,993	261,819
TOTAL STOCKHOLDERS' EQUITY	17,510,224,212	46,275,600
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	17,515,712,759	46,290,105
CONTINGENT ACCOUNTS	-	-
TRUST MANAGEMENT ACCOUNTS	-	-
OTHER MEMORANDA ACCOUNTS (note 11-n)	-	-

The notes are an integral part of the financial statements.



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

STATEMENT OF INCOME
For the six months ended December 31, 2002

	In colones	In US dollars
Interest income	1,489,115,369	1,244,924
On short-term investments	610,572,647	358,188
On loan portfolio	471,101,651	640,354
On matured loans and loans in legal collections	-	-
On long-term investments	-	-
Other	407,441,071	246,382
Interest expense:	2,044,736	-
On obligations	-	-
Other	2,044,736	-
GROSS INTEREST INCOME	1,487,070,633	1,244,924
On recovery of financial assets	-	-
Expense for loan losses and write-down of financial assets	53,013,803	142,665
NET INTEREST INCOME	1,434,056,830	1,102,259
Sundry operating income:	44,383,374	123,000
Service commissions	-	-
Other	44,383,374	123,000
Sundry operating expenses:	9,046,649	24,562
Service commissions	9,046,649	24,562
Other	-	-
GROSS OPERATING INCOME	1,469,393,555	1,200,697
Management expenses	328,926,124	910,593
OPERATING INCOME BEFORE TAXES	1,140,467,431	290,104
Extraordinary income	-	-
Prior period retained earnings	-	-
Extraordinary expenses	-	-
Expenses from prior periods	-	-
NET INCOME BEFORE TAXES AND STATUTORY ALLOCATIONS	1,140,467,431	290,104
Taxes and statutory allocations on earnings	5,488,547	14,505
Income taxes (note I. 4)	-	-
Statutory allocations on earnings (note I. 5)	5,488,547	14,505
NET INCOME FOR THE PERIOD	1,134,978,884	275,599

The notes are an integral part of the financial statements.



CORPORACIÓN INTERAMERICANA PARA EL FINANCIAMIENTO DE INFRAESTRUCTURA (CIFI), S.A.

STATEMENT OF STOCKHOLDERS' EQUITY

For the six months ended December 31, 2002

(In colones)

	Common stock	Contributions pending capitalization	Equity adjustments	Capital reserves	Prior period retained earnings	Income for the period	Total stockholders' equity
Capital contributions	16,375,245,328	-	-	-	-	-	16,375,245,328
Net income for the period	-	-	-	-	-	1,134,978,884	1,134,978,884
Allocated to legal reserve	-	-	-	5,082,891	-	(5,082,891)	-
Balances at December 31, 2002	16,375,245,328	-	-	5,082,891	-	1,129,895,993	17,510,224,212

(In US dollars)

	Common stock	Contributions pending capitalization	Equity adjustments	Capital reserves	Prior period retained earnings	Income for the period	Total stockholders' equity
Capital contributions	46,000,001	-	-	-	-	-	46,000,001
Net income for the period	-	-	-	-	-	275,599	275,599
Allocated to legal reserve	-	-	-	13,780	-	(13,780)	-
Balances at December 31, 2002	46,000,001	-	-	13,780	-	261,819	46,275,600

The notes are an integral part of the financial statements.



STATEMENT OF CHANGES IN FINANCIAL POSITION

For the six months ended December 31, 2002

	In colones	In US dollars
OPERATING ACTIVITIES:		
Net income for the period	1,134,978,884	275,599
Items not requiring cash:		
Allowances for loan losses	53,013,803	142,665
TOTAL	1,187,992,687	418,264
Net variation in:		
Accrued interest receivable	(62,192,412)	(164,361)
Other accounts payable and provisions	5,488,547	14,505
CASH PROVIDED BY OPERATING ACTIVITIES	1,131,288,822	268,408
FINANCING ACTIVITIES:		
Paid-in capital	16,375,245,328	46,000,001
CASH PROVIDED BY FINANCING ACTIVITIES	16,375,245,328	46,000,001
INVESTING ACTIVITIES:		
Net variation in loan portfolio	(10,738,856,458)	(28,382,953)
CASH USED IN INVESTING ACTIVITIES	(10,738,856,458)	(28,382,953)
Net variation in cash and due from banks and short-term investments	6,767,677,692	17,885,456
Cash and due from banks and short-term investments at beginning of period	-	-
Cash and due from banks and short-term investments at end of period	6,767,677,692	17,885,456

The notes are an integral part of the financial statements.



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

Notes to Financial Statements

December 31, 2002

(A) Significant accounting policies

(1) Organization of the Corporation

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. Stockholders made initial paid-in capital contributions from July 2001 to July 2002.

The Corporation was organized as a non-banking financial entity dedicated to financial intermediary activities, and is regulated by the Organic Law of the National Banking System, the Organic Law of the Central Bank of Costa Rica, and the Law Regulating Non-Banking Financial Entities. The Corporation is subject to the oversight of the Superintendency General of Financial Entities (SUGEF). Its main line of business is extending loans.

(2) Basis of preparation

The financial statements have been prepared in accordance with the legal provisions, regulations, and standards issued by the Central Bank of Costa Rica (BCCR) and SUGEF related to financial intermediary activities, as well as with accounting principles generally accepted in Costa Rica (in effect as of December 31, 2000), except for the matters discussed below, which differ from those accounting principles.

In 1999, the Costa Rican Institute of Certified Public Accountants substantially adopted the International Accounting Standards (IAS) issued by the International Accounting Standards Board (IASB). Such standards are effective as of January 1, 2001 for entities with a fiscal year end of December 31, 2000. However, in articles 10 and 5 of meetings 220-2001 and 222-2001, held on April 16 and 23, 2001, respectively, the National Supervisory Council of the Financial System (CONASSIF) agreed to adopt all IAS for the year ended December 31, 2002. On May 13, 2002, in articles 8 and 5 of meetings 299-2002 and 300-2002, respectively, CONASSIF agreed not to implement the agreements passed at meetings 220-2001 and 222-2001. Consequently, IAS will be partially implemented starting January 1, 2003 (see note K), in conformity with the terms of accounting regulations applicable to entities supervised by SUGEF, National Securities Commission (SUGEVAL), and Superintendency of Pensions (SUPEN), and to non-financial issuers. Accordingly, the accompanying financial statements are presented in accordance with generally accepted accounting principles in Costa Rica in effect as of December 31, 2000, date prior to adoption of International Accounting Standards.

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

Notes to Financial Statements

The items discussed below differ from the aforementioned accounting principles.

- i. The allowance for loan losses is based on determination of the collectibility of loans receivable, based on parameters and allowance percentages that may not consider all relevant factors.
- ii. Financial statement figures are classified in accordance with the Chart of Accounts for Financial Entities established by SUGEF. Such classification does not necessarily adhere to the requirements of generally accepted accounting principles in Costa Rica, as indicated below:

Short and long-term investments

In accordance with the Chart of Accounts for Financial Entities, short-term investments are comprised of investments with maturities not to exceed 180 days, while long-term investments are comprised of investments with maturities over 180 days. Generally accepted accounting principles define short-term investments as highly liquid investments intended to be held for no more than one year or one operating cycle, while long-term investments are those acquired to be held to maturity or for a term exceeding one year or one operating cycle.

Exchange differences

Exchange differences resulting from valuation of assets and liabilities in foreign currency are included as part of the balance of accounts related to such assets presented in the statement of income: interest income on short-term investments and on the loan portfolio. This effect is only presented in the financial statements expressed in colones.

(Continued)

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

Notes to Financial Statements

(3) Currency of operations

The Corporation's transactions are executed in dollars of the United States of America. Its accounting records are kept in colones (¢), in conformity with currency legislation in Costa Rica.

All assets are denominated in US dollars and are invested abroad. Additionally, stockholder contributions and common shares are denominated in US dollars.

The financial statements in Costa Rican currency are obtained by translating figures in US dollars, as follows: monetary assets and liabilities denominated in US dollars are translated at the exchange rate in effect as of the date of the financial statements (¢378.39 to US\$1.00); stockholders' equity has been translated at the exchange rate of the transactions (historical rate); and income and expenses have been translated at the exchange rate in effect on the date of each transaction.

(4) Recognition of main types of income and expenses

Interest income on loans

Interest income is recognized on the accrual basis, except interest on loans over 180 days past due, which is recognized on the cash basis in accordance with SUGEF regulations.

Interest income on investments

Interest income on investments is recognized on the accrual basis.

Preoperating expenses

Preoperating expenses, included in results for the period, mainly correspond to administrative expenses incurred between August 2001 and the date the Corporation began operations as a financial entity.

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

Notes to Financial Statements

(5) Valuation of assets

Short and long-term investments

Short and long-term investments are carried at cost and valued at net realizable value (market value less costs to sell), irrespective of whether the Corporation intends to hold those investments until maturity. Under SUGEF regulations, market value must be calculated based on average quoted market prices for transactions during the preceding month or the preceding three months. If there have been no transactions in recent months or if the trading securities are issued by supervised financial entities or by domestic or foreign public entities and cannot be traded on stock exchanges, securities should be valued at net present value (NPV).

Loan portfolio

SUGEF defines credits as any type of operation formalized by a financial intermediary through which the Corporation assumes a risk. Credits include loans, factoring, purchases of securities, guarantees in general, advance payments, checking account overdrafts, bank acceptances, interest, and the opening of letters of credit.

The loan portfolio is valued in conformity with the provisions of SUGEF Directive 1-95. Such provisions are summarized as follows:

All loans extended to individuals or legal entities for which principal and interest is greater than or equal to ¢14,700,000 (US\$38,841 at the exchange rate in effect as of December 31, 2002), except housing loans (only acceptable type of loan in one borrower's portfolio), are classified based on credit risk. This classification (risk type 1) takes a number of factors into consideration, including current economic conditions, the borrower's ability to pay, and the quality of collateral.

(Continued)

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

Notes to Financial Statements

Risk categories and the corresponding allowance percentages under risk type 1 are detailed below:

<u>Category</u>	<u>Description</u>	<u>Allowance percentage</u>
A	Normal risk	0.5%
B1	Circumstantial risk	1.0%
B2	Medium risk	10.0%
C	High risk	20.0%
D	Significant expected losses	60.0%
E	Doubtful recovery	100.0%

Notwithstanding this classification, increases in the allowance for loan losses are included in the accounting records with authorization by SUGEF, pursuant to article 10 of the Organic Law of the National Banking System.

(6) Accounting treatment of income tax

The Corporation must file its income tax returns for the tax period ending September 30 of each year. During 2002, the Corporation had no taxable income, as all of its transactions were executed outside of Costa Rican territory.

(7) Accounting of absorptions and mergers

During 2002, the Corporation was not involved in any mergers or absorptions of other companies.

(8) Accounting of interest receivable

Interest receivable is recognized on the accrual basis, except interest due on loans more than 180 days past due, which is recognized on the cash basis pursuant to SUGEF regulations.

(Continued)

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

Notes to Financial Statements

(9) Statutory allocations on earnings

Pursuant to article 3 of Regulations to Law No. 8147, “Law to Create a Trust to Protect and Promote Agriculture and Livestock Activities for Small and Medium Producers”, public or private entities licensed for financial intermediary activities shall contribute 5% of their after-tax net income to this trust. In accordance with the Chart of Accounts for Financial Entities, such statutory allocations on annual net earnings are recorded as an expense in the statement of income.

(B) Related party transactions

(1) Operations with related parties:

As of December 31, 2002, the Corporation presents no related party transactions.

(In colones)

<u>Type of entity</u>	<u>Type of relationship</u>		<u>Asset balances</u>		<u>Liability balances</u>
Individuals	-	¢	-		-
Legal entities	-	¢	-		-

(In US dollars)

<u>Type of entity</u>	<u>Type of relationship</u>		<u>Asset balances</u>		<u>Liability balances</u>
Individuals	-	US\$	-		-
Legal entities	-	US\$	-		-

(2) Other operations with related parties:

(In colones)

<u>Type of entity</u>	<u>Type of relationship</u>	<u>Asset balances</u>	<u>Liability balances</u>	<u>Income</u>	<u>Expenses</u>
Individuals	-	¢	-	-	-
Legal entities	Related parties	¢	-	69,968,621	6,655,089

(Continued)

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

Notes to Financial Statements

(In US dollars)

<u>Type of entity</u>	<u>Type of relationship</u>		<u>Asset balances</u>	<u>Liability balances</u>	<u>Income</u>	<u>Expenses</u>
Individuals	-	US\$	-	-	-	-
Legal entities	Related parties	US\$	-	-	190,654	17,961

(C) Recovery and risk reserves

As of December 31, 2002, the allowance for loan losses is detailed as follows:

		In colones		In US dollars
Expense for the year for portfolio valuation	¢	53,013,803	US\$	142,665
Effect of foreign exchange differences		969,218		-
Balance at end of year	¢	53,983,021	US\$	142,665

(D) Bonds, sureties, and guarantees

As of December 31, 2002, the Corporation presents no balances for bonds, sureties, and guarantees.

(E) Foreign currency

The financial statements and notes thereto are expressed in colones (¢), the monetary unit of the Republic of Costa Rica.

The parity of the colon with the US dollar is determined in a free exchange market, under the supervision of the Central Bank of Costa Rica. As of December 31, 2002, the exchange rate was established at ¢378.39 and ¢379.05 to US\$1.00 for the purchase and sale of foreign currency, respectively.

(Continued)

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

Notes to Financial Statements

(1) Valuation method for assets and liabilities in foreign currency:

As of December 31, 2002, assets and liabilities denominated in U.S. dollars were valued as follows:

<u>Asset/Liability</u>	<u>Valuation</u>	<u>Criteria</u>
Asset	¢378.39 to US\$1	Reference buy exchange rate per BCCR
Liability	¢378.39 to US\$1	Reference buy exchange rate per BCCR

(2) Position in foreign currency:

Year		Assets	Liabilities	Net position
2002	US\$	46,290,105	-	46,290,105

(F) Restricted assets

As of December 31, 2002, the Corporation has no restricted assets.

(G) Maturity terms of assets and liabilities

In accordance with statutory regulations issued by SUGEF applicable to the matching of terms, recovery and maturity terms for the Corporation's financial assets and liabilities as of December 31, 2002 are detailed as follows:

(In colones)

		Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years
Assets:	¢	4,029,784,103	2,879,152,861	1,880,656,950	3,998,160,310	4,727,958,534
Liabilities:	¢	5,488,547	-	-	-	-

(In US dollars)

		Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years
Assets:	US\$	10,649,817	7,608,956	4,970,155	10,566,242	12,494,935
Liabilities:	US\$	14,505	-	-	-	-

(Continued)

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

Notes to Financial Statements

Since the Corporation commenced operations, paid-in capital has been invested in loan transactions, with any remaining funds being placed in liquid markets or investment instruments, in conformity with the Corporation's liquidity policy. As of today's date, the Corporation has not needed external financing and, accordingly, is not applying matching of terms or interest rate instruments.

Since the Corporation has plans to obtain third-party financing in the coming months, internal regulations to reduce exposure are being applied to loans, including maximum allowable terms, interest rate type (fixed or variable), and minimum gross margin on a reference rate (for example, the LIBOR rate).

Additionally, due to its aversion to foreign exchange risk, the Corporation will only extend loans in US dollars or euros, based on the currency of funding received.

(H) Interest in other companies

As of December 31, 2002, the Corporation has no interests in other companies.

(I) Composition of financial statement items

Financial statement items corresponding to assets, liabilities, income, expenses, and contingencies with balances exceeding 10% of the balance of the equity class are detailed as follows:

(Continued)

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

Notes to Financial Statements

(1) Short-term investments

As of December 31, 2002, short-term investments are comprised of term certificates of deposit in foreign private financial entities in the amount of US\$13,400,000 (¢5,070,426,000 at the exchange rate of ¢378.39 to US\$1.00), bearing interest between 1.80% and 3.40% per annum, and maturing in January and February 2003.

(2) Loan portfolio

The loan portfolio is detailed as follows:

	In colones		In US dollars
Electricity, gas, and water	¢ 3,586,486,002	US\$	9,478,279
Transportation and communications	4,540,680,000		12,000,000
Construction	<u>2,612,659,674</u>		<u>6,904,674</u>
Total loan portfolio	10,739,825,676		28,382,953
Accrued interest receivable on loan portfolio	<u>56,778,366</u>		<u>150,052</u>
	10,796,604,042		28,533,005
Allowance for loan losses	<u>(53,983,021)</u>		<u>(142,665)</u>
Total loan portfolio	<u>¢ 10,742,621,021</u>	US\$	<u>28,390,340</u>

As of December 31, 2002, the loan portfolio is comprised of direct loans, syndicated loans with foreign commercial banks, and direct and indirect participation in loans with multilateral organizations, including Inter-American Investment Corporation, International Finance Corporation, and Inter-American Development Bank. Those loans have been granted to private entities in Latin America and the Caribbean for the development of infrastructure projects. The loan portfolio is detailed as follows:

	In colones		In US dollars
Direct loans	¢ 1,429,885,495	US\$	3,778,867
Syndicated loans with foreign commercial banks	4,540,680,000		12,000,000
A & B loans with multilateral organizations	<u>4,769,260,181</u>		<u>12,604,086</u>
	<u>¢ 10,739,825,676</u>	US\$	<u>28,382,953</u>

(Continued)

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

Notes to Financial Statements

(3) Common stock

As of December 31, 2002, common stock is comprised of 46,000,001 registered shares of US\$1.00 par value each, for a total of US\$46,000,001 (¢16,375,245,328). Of that amount, 28,000,001 are Class B ordinary shares and 18,000,000 are Class A preferred shares. The latter group has the same rights as ordinary shares, except that they may only be acquired by multilateral organizations.

(4) Taxes

Pursuant to the Income Tax Law, the Corporation must file its income tax returns for the twelve months ending September 30 of each year. For the six months ended December 31, 2002, the Corporation incurred tax losses, mainly due to the exclusion of interest income and exchange differences on trading securities and foreign loans and other tax-exempt income, as well as expenses corresponding to provisions authorized by SUGEF.

Tax Authorities may review income tax returns filed by the Corporation for 2002.

(5) Statutory allocations on earnings

Agriculture and Livestock Trust

The Agriculture and Livestock Trust corresponds to application of Law No. 8147, "Law to Create a Trust to Protect and Promote Agriculture and Livestock Activities for Small and Medium Producers". Article 6, paragraph a of such law mandates contributions by supervised financial entities equivalent to 5% of their after-tax income. As of December 31, 2002, the statement of income includes US\$14,505 (¢5,488,547) for this tax.

(J) Trusts and banking mandates

As of December 31, 2002, the Corporation presents no balances for trusts and banking mandates.

(Continued)

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

Notes to Financial Statements

(K) Significant and subsequent events

Partial adoption of International Financial Reporting Standards

International Accounting Standards (IAS) promulgated by the International Accounting Standards Board (IASB) and the interpretations issued by the Standing Interpretations Committee (SIC) comprise International Financial Reporting Standards (IFRS).

On May 13, 2002, in articles 8 and 5 of the minutes of meetings 299-2002 and 300-2002, respectively, CONASSIF agreed to implement IAS starting January 1, 2003, in conformity with the terms of accounting regulations applicable to entities supervised by SUGEF, SUGEVAL, and SUPEN, and to non-financial issuers. However, under those regulations, IFRS will not be fully implemented or will be implemented with certain modifications.

Given the above, the financial statements prepared by the Corporation starting January 1, 2003 will be presented under accounting regulations applicable to entities supervised by SUGEF, SUGEVAL, and SUPEN, and to non-financial issuers. Since IFRS will not be fully implemented, the financial statements of supervised entities may not indicate that they were prepared based on IFRS, as stipulated in paragraph 11 of IAS 1.

The most significant changes resulting from application of the new accounting regulations will affect the following:

- Financial statement presentation
- Greater disclosure of financial information
- Deferral of income from lending fees
- Classification and valuation of financial instruments, mainly with respect to carrying investment securities available-for-sale and trading securities at market value
- Recognition of deferred income tax
- Recognition of impairment of assets

The Corporation's management is making the necessary changes in processes and information systems to adopt the new accounting standards. The financial effect of such adoption is being determined.