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

Información Financiera Requerida
por la Superintendencia General de Entidades Financieras

31 de diciembre de 2004

(Con el informe de los Auditores Independientes)

KPMG

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

Management Letter

December 31, 2004

KPMG
December 31, 2004
This Management Letter contains 2 pages
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KPMG

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Confidential
Mr. Roldán Trujillo, General Manager
Corporación Interamericana para el Financiamiento de Infraestructura, S.A.
San José

January 31, 2005

Dear Mr. Trujillo

We have concluded our audit of the financial statements of Corporación Interamericana para el Financiamiento de Infraestructura, S.A. (the Corporation) as of December 31, 2004, and have issued our report thereon dated January 31, 2005.

In planning and performing our audit of the aforementioned financial statements, we considered the internal control structure in order to determine the auditing procedures for purposes of expressing an opinion on the financial statements, and not to provide assurance on the internal control structure.

During our audit, we observed no matters involving deficiencies in the internal control structure and its operation that we consider to be reportable conditions.

This report is intended solely for the information and use of the management and Board of Directors of Corporación Interamericana para el Financiamiento de Infraestructura, S.A. and should not be used for any other purpose.

Please contact us at your convenience if you have any questions or comments with regard to this letter.

Very truly yours

Eric Alfaro V.
Partner

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

Financial Information Required by the Superintendency General of Financial Entities

December 31, 2004
(With Independent Auditors' Report Thereon)

Independent Auditors' Report

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

We have audited the accompanying balance sheet of Corporación Interamericana para el Financiamiento de Infraestructura, S.A. (the Corporation) as of December 31, 2004, and the related statements of income, stockholders' equity, and cash flows for the year 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 as promulgated by the International Federation of Accountants. 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in note 2-a, the accompanying financial statements have been prepared in accordance with legal rules and accounting regulations issued by the National Financial System Oversight Board (CONASSIF) and the Superintendency General of Financial Entities (SUGEF).

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, 2004, and the results of its operations and its cash flows for the year then ended in conformity with the accounting basis described in note 2-a.

This Independent Auditors' Report is solely for the information of the Board of Directors of the Corporation and SUGEF.

January 31, 2005

San José, Costa Rica

CORPORACIÓN INTERAMERICANA PARA EL FINANCIAMIENTO DE INFRAESTRUCTURA, S.A.
BALANCE SHEET
As of December 31, 2004
(With corresponding figures for 2003)
(In colones and US dollars)

		2004		2003	
	Note	**Colones**	**US dollars**	**Colones**	**US dollars**
ASSETS					
Cash and due from banks	**5**	**2,678,651,732**	**5,852,674**	**481,565,078**	**1,151,959**
Investment securities and deposits	**6**	**8,005,813,812**	**17,492,164**	**3,344,320,000**	**8,000,000**
Held-to-maturity		8,005,813,812	17,492,164	3,344,320,000	8,000,000
Loan portfolio, net	**7**	**15,039,193,549**	**32,859,626**	**15,709,092,619**	**37,577,966**
Current		15,413,909,186	33,678,354	15,948,317,380	38,150,219
Allowance for loan losses	**7-a**	(374,715,637)	(818,728)	(239,224,761)	(572,253)
Accounts and accrued interest receivable, net		**119,836,265**	**261,835**	**174,699,025**	**417,900**
Accrued interest receivable		119,836,265	261,835	174,699,025	417,900
TOTAL ASSETS		**25,843,495,358**	**56,466,299**	**19,709,676,722**	**47,147,825**
LIABILITIES AND STOCKHOLDERS' EQUITY					
Obligations with the public	**8**	**114,420,000**	**250,000**	**-**	**-**
Term deposits		114,420,000	250,000	-	-
Other accounts payable and provisions		**96,772,130**	**211,441**	**32,872,460**	**78,747**
Finance charges payable		754,669	1,649	-	-
Provisions	**10**	64,528,418	140,991	29,883,023	71,595
Sundry accounts payable		31,489,043	68,801	2,989,437	7,152
TOTAL LIABILITIES		**211,192,130**	**461,441**	**32,872,460**	**78,747**
STOCKHOLDERS' EQUITY					
Capital stock		**16,375,245,328**	**46,000,001**	**16,375,245,328**	**46,000,001**
Paid up capital	**11-a**	16,375,245,328	46,000,001	16,375,245,328	46,000,001
Additional paid-in capital	**11-b**	**3,641,600,000**	**8,000,000**	**-**	**-**
Capital reserves		**43,082,530**	**100,243**	**21,668,163**	**53,454**
Prior period retained earnings		**5,572,375,370**	**1,904,614**	**3,279,890,771**	**1,015,623**
TOTAL STOCKHOLDERS' EQUITY		**25,632,303,228**	**56,004,858**	**19,676,804,262**	**47,069,078**
TOTAL LIABILITIES, MINORITY INTEREST, AND STOCKHOLDERS' EQUITY		**25,843,495,358**	**56,466,299**	**19,709,676,722**	**47,147,825**
COMMITMENTS AND CONTINGENCIES	**16**	**1,375,328,400**	**3,005,000**	**-**	**-**

Sergio Ruiz
Legal Representative

Guillermo Smith
Accountant

See accompanying notes to financial statements.

CORPORACIÓN INTERAMERICANA PARA EL FINANCIAMIENTO DE INFRAESTRUCTURA, S.A.
INCOME STATEMENT
Year ended December 31, 2004
(With corresponding figures for 2003)
(In colones and US dollars)

	Note	2004 Colones	2004 US dollars	2003 Colones	2003 US dollars
Financial income					
Cash and due from banks		20,228,109	46,007	18,503,736	46,367
Investment securities and deposits		167,478,549	378,739	146,522,120	369,362
Loan portfolio		887,140,428	2,000,380	708,307,979	1,767,894
Foreign exchange differences, net		1,893,266,286	-	1,849,453,442	-
Total financial income		**2,968,113,372**	**2,425,126**	**2,722,787,277**	**2,183,623**
Financial expense					
Obligations with the public		2,778,636	6,260	-	-
Total financial expense		**2,778,636**	**6,260**	-	-
Expense for impairment of investment securities and allowance for loan losses		110,963,772	246,475	173,754,888	429,588
NET FINANCIAL INCOME		**2,854,370,964**	**2,172,391**	**2,549,032,389**	**1,754,035**
Other operating income					
Other		15,817,226	36,214	13,284,023	32,240
Total other operating income		**15,817,226**	**36,214**	**13,284,023**	**32,240**
Other operating expenses					
Service fees and commissions		17,585,431	39,706	-	-
Taxes, licenses, and statutory allocations		3,531,137	8,057	-	-
Other		224,833	506	10,429,548	26,081
Total other operating expenses		**21,341,401**	**48,269**	**10,429,548**	**26,081**
GROSS OPERATING INCOME		**2,848,846,789**	**2,160,336**	**2,551,886,864**	**1,760,194**
Administrative expenses					
Personnel		194,870,897	444,287	141,229,568	352,194
Other		340,076,926	780,269	244,077,246	614,522
Total administrative expenses	**13**	**534,947,823**	**1,224,556**	**385,306,814**	**966,716**
NET OPERATING INCOME BEFORE TAXES		**2,313,898,966**	**935,780**	**2,166,580,050**	**793,478**
Taxes	**9**	-	-	-	-
NET INCOME FOR THE YEAR		**2,313,898,966**	**935,780**	**2,166,580,050**	**793,478**

Sergio Ruiz
Legal Representative

Guillermo Smith
Accountant

See accompanying notes to financial statements.

CORPORACIÓN INTERAMERICANA PARA EL FINANCIAMIENTO DE INFRAESTRUCTURA, S.A.
STATEMENT OF STOCKHOLDERS' EQUITY
Year ended December 31, 2004
(With corresponding figures for 2003)
(In colones and US dollars)

COLONES	**Notes**	**Capital stock**	**Additional paid-in capital**	**Capital reserves**	**Prior period retained earnings**	**Total stockholders' equity**
Balances at December 31, 2002		**16,375,245,328**	**-**	**5,082,891**	**1,129,895,993**	**17,510,224,212**
Balances at January 1, 2003		**16,375,245,328**	**-**	**5,082,891**	**1,129,895,993**	**17,510,224,212**
Net income for the year		-	-	-	2,166,580,050	2,166,580,050
Appropriation to legal reserve		-	-	16,585,272	(16,585,272)	-
Balances at December 31, 2003		**16,375,245,328**	**-**	**21,668,163**	**3,279,890,771**	**19,676,804,262**
Balances at January 1, 2004		**16,375,245,328**	**-**	**21,668,163**	**3,279,890,771**	**19,676,804,262**
Cash contributions	**11-b**	-	3,641,600,000	-	-	3,641,600,000
Net income for the year		-	-	-	2,313,898,966	2,313,898,966
Appropriation to legal reserve		-	-	21,414,367	(21,414,367)	-
Balances at December 31, 2004		**16,375,245,328**	**3,641,600,000**	**43,082,530**	**5,572,375,370**	**25,632,303,228**

US DOLLARS		**Capital stock**	**Additional paid-in capital**	**Capital reserves**	**Prior period retained earnings**	**Total stockholders' equity**
Balances at December 31, 2002		**46,000,001**	**-**	**13,780**	**261,819**	**46,275,600**
Balances at January 1, 2003		**46,000,001**	**-**	**13,780**	**261,819**	**46,275,600**
Net income for the year		-	-	-	793,478	793,478
Appropriation to legal reserve		-	-	39,674	(39,674)	-
Balances at December 31, 2003		**46,000,001**	**-**	**53,454**	**1,015,623**	**47,069,078**
Balances at January 1, 2004		**46,000,001**	**-**	**53,454**	**1,015,623**	**47,069,078**
Cash contributions	**11-b**	-	8,000,000	-	-	8,000,000
Net income for the year		-	-	-	935,780	935,780
Appropriation to legal reserve		-	-	46,789	(46,789)	-
Balances at December 31, 2004		**46,000,001**	**8,000,000**	**100,243**	**1,904,614**	**56,004,858**

Sergio Ruiz
Legal Representative

Guillermo Smith
Accountant

See accompanying notes to financial statements.

CORPORACIÓN INTERAMERICANA PARA EL FINANCIAMIENTO DE INFRAESTRUCTURA, S.A.
STATEMENT OF CASH FLOWS
Year ended December 31, 2004
(With corresponding figures for 2003)
(In colones)

		2004		2003	
		Colones	**US dollars**	**Colones**	**US dollars**
Cash flows from operating activities					
Net income		2,313,898,966	935,780	2,166,580,050	793,478
Items applied to results not requiring cash					
Unrealized foreign exchange gains, net		(1,893,266,286)	-	(1,242,459,703)	-
Losses on allowance for bad debts		110,963,772	246,475	173,754,840	429,588
Provisions expense		189,279,448	407,261	121,037,923	289,537
Net (increase) decrease in assets					
Credits and cash advances		1,734,194,432	4,471,865	(3,954,545,101)	(9,767,266)
Accrued interest receivable		145,852,490	156,065	(117,920,659)	(267,848)
Net increase (decrease) in liabilities					
Demand and term obligations		114,420,000	250,000	-	-
Other accounts payable and provisions		(199,332,566)	(276,216)	(93,654,010)	(225,295)
Accrued interest payable		754,669	1,649	-	-
Net cash flows from operating activities:		**2,516,764,925**	**6,192,879**	**(2,947,206,660)**	**(8,747,806)**
Net cash provided by (used in) investing activities:					
Increase in deposits and investments		(5,563,055,063)	(14,879,472)	(3,636,937,024)	(8,569,425)
Decrease in deposits and investments		1,601,776,792	5,387,308	5,368,457,070	13,983,734
Net cash provided by (used in) investing activities		**(3,961,278,271)**	**(9,492,164)**	**1,731,520,046**	**5,414,309**
Net cash used in financing activities:					
Capital contributions received in cash	**11**	3,641,600,000	8,000,000	-	-
Net cash used in financing activities:		**3,641,600,000**	**8,000,000**	-	-
Net increase (decrease) in cash and cash equivalents		**2,197,086,654**	**4,700,715**	**(1,215,686,614)**	**(3,333,497)**
Cash and cash equivalents at beginning of year		**481,565,078**	**1,151,959**	**1,697,251,692**	**4,485,456**
Cash and cash equivalents at end of year		**2,678,651,732**	**5,852,674**	**481,565,078**	**1,151,959**

Supplementary cash flow information:				
Interest paid	2,023,967	4,612	-	-
Interest received	1,109,481,737	2,535,171	2,055,409,441	1,869,408

Sergio Ruiz
Legal Representative

Guillermo Smith
Accountant

See accompanying notes to financial statements.

(1) Organization and operations

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 engaged in brokerage activities, and is governed by the Internal Regulations 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 to finance infrastructure projects in Latin America.

As of December 31, 2004 and 2003, the Corporation has 6 employees. Its website is www.cifidc.com and its offices are located at: Barrio Tournón, Los Almendros Building, second floor. The Corporation does not operate branches in Costa Rica or have any automated teller machines under its control.

The Corporation is headquartered in Washington, D.C., United States of America, where its operations take place.

The Independent Auditors' Report, financial statements, and notes thereto have been translated from Spanish into English for the reader's convenience. However, this is not an official translation.

(2) Summary of significant accounting principles

(a) Basis of financial statement preparation

The financial statements have been prepared in accordance with the Chart of Accounts for Financial Entities, the regulation issued by the National Financial System Oversight Board (CONASSIF) and SUGEF.

CONASSIF agreed to apply International Accounting Standard No. 12 (IAS 12), "Income Taxes" and IAS 36, "Impairment of Assets" for the year ended December 31, 2004 (see note 18).

(Continued)

(b) Foreign currency

i. Functional currency

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 the Republic of Costa Rica.

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

The financial statements in Costa Rican currency are obtained by translating figures stated 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: ¢457.68 and ¢418.04 to US$1.00 as of December 31, 2004 and 2003, respectively; stockholders' equity has been translated at the exchange rate ruling at the date of the transaction (historical rate); and income and expenses have been translated at the exchange rate ruling at the date of each transaction.

ii. Foreign currency transactions (Applicable for figures expressed in colones)

Assets and liabilities held in foreign currency are translated to colones at the foreign exchange rate ruling at the balance sheet date, except transactions with a contractually agreed exchange rate. Transactions in foreign currency during the year are translated at the foreign exchange rate ruling at the date of the transaction. The net translation gain is presented in the income statement.

(c) 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 Corporation's financial instruments include primary instruments, i.e. investment securities, credits, receivables, obligations, and payables.

(Continued)

(i) Classification

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

Originated loans and receivables are loans and receivables 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, originated by the Corporation, or held to maturity. These instruments include certain debt securities.

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 recognizes available-for-sale assets on the date it commits to purchase the assets. From that date, any gains and losses arising from changes in fair value of the assets are recognized in equity, pursuant to CONASSIF requirements.

Held-to-maturity assets and originated loans and receivables are recognized on the date they are transferred to the Corporation.

(iii) Measurement

Financial instruments are measured initially at cost, including transaction costs.

Subsequent to initial recognition, all available-for-sale assets are measured at fair value, except that any instrument that does not have a quoted market price in an active market and whose fair value cannot be reliably measured is stated at cost, including transaction costs, less impairment losses.

(Continued)

All non-trading financial assets and liabilities, originated loans and receivables, and held-to-maturity assets are measured at amortized cost, less impairment losses. Premiums and discounts are included in the carrying amount of the related instrument and amortized to financial income/expense.

(iv) Fair value measurement principles

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

(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 surrendered. A financial liability is derecognized when it is extinguished.

(d) Cash and cash equivalents

Cash equivalents comprise bank deposits and investments with original maturities of three months or less.

(e) Investments

Investments that the Corporation holds for the purpose of short-term profit taking are classified as trading instruments. Investments that the Corporation has the intent and ability to hold to maturity are classified as held-to-maturity assets. Other investments are classified as available-for-sale assets.

(Continued)

(f) Loan portfolio

The loan portfolio is 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. The Corporation follows the policy of suspending interest accruals on loans with principal or interest that has been unpaid for at least 90 days.

As of December 31, 2004 and 2003, the Corporation has no nonperforming loans in its portfolio.

(g) Allowance for loan losses

SUGEF defines credits as any operation formalized by a financial intermediary that implies assumption of risk by the Corporation. Credits include loans, factoring, purchases of securities, guarantees in general, advance payments, checking account overdrafts, bank acceptances, accrued interest, and open letters of credit.

The credit portfolio is valued based on applicable regulations established in SUGEF Directive 1-95, summarized as follows:

All loans extended to individuals or legal entities for which principal plus interest is greater than or equal to ¢17,000,000 and ¢15,700,000 for 2004 and 2003, respectively (Criteria 1, SUGEF Directive 1-95), except housing loans (Criteria 3, SUGEF Directive 1-95) are classified according to credit risk. This classification takes a number of factors into consideration, including current economic conditions, the borrower’s ability to pay, and quality of collateral.

Remaining loan operations for which principal plus interest is less than ¢17,000,000 and ¢15,700,000 for 2004 and 2003, respectively, (Criteria 2, SUGEF Directive 1-95), and housing loans (Criteria 3, SUGEF Directive 1-95), are classified based on the current status of loan payments:

(Continued)

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

Notes to Financial Statements

Criteria 2 (balance less than ¢17,000,000 in 2004 and ¢15,700,000 in 2003)		Criteria 3 (housing loans)	
Class	Days overdue	Class	Days overdue
A	Current to 30 days	A	Current to 30 days
B1	31 to 60 days	B1	31 to 60 days
B2	61 to 90 days	B2	61 to 90 days
C1	91 to 120 days	C1	91 to 120 days
C2	121 to 360 days; secured by collateral	C2	121 to 360 days; secured by collateral
C3	Loans have been extended, renewed, refinanced, or directly or indirectly restructured, with or without capitalizing interest, and without technical justification	C3	Loans have been extended, renewed, refinanced, or directly or indirectly restructured, with or without capitalizing interest, and without technical justification
D	121 to 180 days	D	121 to 180 days, unsecured
E	Over 180 days	E	Over 180 days, unsecured

Risk rating classes and allowance percentages for each class are as follows:

Class	Level of risk	Percentage Criteria 1	Percentage Criteria 2	Percentage Criteria 3
A	Normal risk	0.5%	0.5%	0.5%
B1	Circumstantial risk	1%	1%	1%
B2	Medium risk	10%	10%	5%
C1	High risk	20%	20%	10%
C2	High risk	N/A	20%	10%
C3	High risk	N/A	20%	10%
D	Significant expected losses	60%	60%	30%
E	Doubtful recovery	100%	100%	50%

(h) 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.

(Continued)

(i) Accounts payable and other

Accounts payable and other are carried at cost.

(j) Impairment of assets

The carrying amount of the Corporation's assets is reviewed by management 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, and as a revaluation decrease for assets carried at revalued amounts.

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 estimated 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 or statement of stockholders' equity, as appropriate.

(k) Legal reserve

Pursuant to the Costa Rican banking legislation in effect, the Corporation allocates 5% of net earnings to a legal reserve. This legal reserve is computed based on earnings in US dollars, which is the Corporation's functional currency.

(l) 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 the previous years.

(Continued)

ii. *Deferred*

Deferred tax is provided using the balance sheet liability method under International Accounting Standard No. 12, 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.

(m) Basic earnings per share

Basic earnings per share is a measure of an enterprise's performance over the reporting period and is computed by dividing available net earnings by the weighted-average number of common shares outstanding during such period.

(n) Use of estimates

Management of the Corporation has made a number of estimates and assumptions related to the reporting of assets, liabilities, results, and the disclosure of contingent liabilities to prepare these financial statements. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant changes are related to determination of the allowance for loan losses.

(o) Revenue and expense recognition

i. *Interest income*

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

(Continued)

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

Notes to Financial Statements

ii. Fee and commission income

Fee and commission income arises on financial 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.

(3) Collateralized and restricted assets

As of December 31, 2004 and 2003, the Corporation has no collateralized or restricted assets.

(4) Balances and transactions with related parties

The financial statements include balances and transactions with related parties, as follows:

		As of December 31, 2003		
Assets:		Colones		US dollars
Cash and due from banks	¢	2,663,039,081	$	5,818,561
Investments		4,320,037,424		9,438,991
Total assets		6,983,076,505		15,257,552
Liabilities:				
Other financial obligations		47,617,164		104,040
Total liabilities		47,617,164		104,040
Income:				
Interest		99,537,917		227,531
Total income		99,537,917		227,531
Expenses:				
Service fees and commissions		8,223,242		18,797
Administrative		6,562,050		15,000
Total expenses	¢	14,785,292	$	33,797

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

Notes to Financial Statements

		As of December 31, 2004		
Assets:		Colones		US dollars
Cash and due from banks	¢	457,237,500	$	1,093,765
Investments		1,672,160,000		4,000,000
Total assets		2,129,397,500		5,093,765
Liabilities:				
Other financial obligations		2,989,437		7,152
Total liabilities		2,989,437		7,152
Income:				
Interest		83,344,690		209,069
Total income		83,344,690		209,069
Expenses:				
Service fees and commissions		10,241,636		25,600
Administrative		8,428,625		21,250
Total expenses	¢	18,670,261	$	46,850

(5) Cash and due from banks

Cash and due from banks is as follows:

		As of December 31, 2004		
		Colones		US dollars
Local financial entities	¢	2,663,039,081	$	5,818,561
Foreign financial entities		15,612,651		34,113
	¢	2,678,651,732	$	5,852,674

		As of December 31, 2003		
		Colones		US dollars
Local financial entities	¢	457,237,500	$	1,093,765
Foreign financial entities		24,327,578		58,194
	¢	481,565,078	$	1,151,959

(Continued)

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

Notes to Financial Statements

(6) Investment securities and deposits

Investment securities and deposits are classified as held-to-maturity as follows:

	As of December 31, 2004			
	Colones		US dollars	
Held-to-maturity	Cost	Fair value	Cost	Fair value
Local issuers:				
Investment certificate US$ in private banks	¢ 2,475,750,356	2,475,750,356	$ 5,409,348	5,409,348
	2,475,750,356	2,475,750,356	5,409,348	5,409,348
Foreign issuers:				
Investment certificate in US$ in private banks	5,530,063,456	5,530,063,456	12,082,816	12,082,816
	5,530,063,456	5,530,063,456	12,082,816	12,082,816
	¢ 8,005,813,812	8,005,813,812	$ 17,492,164	17,492,164

	As of December 31, 2003			
	Colones		US dollars	
Held-to-maturity	Cost	Fair value	Cost	Fair value
Local issuers:				
Investment certificate US$ in private banks	¢ 836,080,000	836,080,000	$ 2,000,000	2,000,000
	836,080,000	836,080,000	2,000,000	2,000,000
Foreign issuers:				
Investment certificate in US$ in private banks	2,508,240,000	2,508,240,000	6,000,000	6,000,000
	2,508,240,000	2,508,240,000	6,000,000	6,000,000
	¢ 3,344,320,000	3,344,320,000	$ 8,000,000	8,000,000

(Continued)

(7) Loan portfolio

The loan portfolio is classified by economic activity as follows:

	As of December 31, 2004	
	Colones	US dollars
Construction	¢ 801,045,449	$ 1,750,230
Electricity, gas, and water	9,885,783,191	21,599,771
Transportation and communications	4,727,080,546	10,328,353
	15,413,909,186	33,678,354
Allowance for loan losses	(374,715,637)	(818,728)
	¢ 15,039,193,549	$ 32,859,626

	As of December 31, 2003	
	Colones	US dollars
Construction	¢ 2,116,127,138	$ 5,062,021
Electricity, gas, and water	7,910,997,739	18,924,021
Transportation and communications	5,921,192,503	14,164,177
	15,948,317,380	38,150,219
Allowance for loan losses	(239,224,761)	(572,253)
	¢ 15,709,092,619	$ 37,577,966

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

As of December 31, 2004 and 2003, the Corporation has no past due or nonperforming loans, loans in legal collections, or loans for which interest is accrued on a cash basis.

As of December 31, 2004, the annual interest rate on loans ranged between 4.68% and 8.37% (2003: between 4.38% and 8.50%) in US dollars.

(Continued)

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

Notes to Financial Statements

(a) Allowance for loan losses

As of December 31, 2004 and 2003, movement in the allowance for loan losses is as follows:

		Colones		US dollars
Balance as of December 31, 2002	¢	53,983,021	$	142,665
Balance as of January 1, 2003		53,983,021		142,665
Plus:				
Expense for the year for portfolio evaluation		173,754,840		429,588
Exchange differences on allowances in foreign currency		11,486,900		-
Balance as of December 31, 2003		239,224,761		572,253
Balance as of January 1, 2004		239,224,761		572,253
Plus:				
Expense for the year for portfolio evaluation		110,963,772		246,475
Exchange differences on allowances in foreign currency		24,527,104		-
Balance as of December 31, 2004	¢	374,715,637	$	818,728

(8) Obligations with the public

(a) By amount

As of December 31, 2004, obligations with the public correspond to term certificates of deposit with local financial institutions in the amount of US$250,000 (¢114,420,000).

(b) By clients

As of December 31, 2004, obligations with the public correspond to term certificates of deposit acquired from two local financial institutions.

(9) Income tax

Pursuant to the Income Tax Law, the Corporation must file its annual income tax returns as of September 30 of each year. Beginning in 2005, the returns will be filed as of December 31 of each year.

(Continued)

During 2004 and 2003, the Corporation incurred tax losses given that it engages in foreign operations, and investment securities in local financial entities are income tax exempt since they are taxed at the source.

Tax Authorities may review income tax returns filed by the Corporation for the 2004, 2003, and 2002 tax years.

As of December 31, 2004, 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.

(10) Provisions

Movement for provisions in services is as follows:

Balance at December 31, 2002	¢	-	$	-
Balance at January 1, 2003		-		-
Provision made		121,037,923		316,075
Provision used		(91,154,900)		(244,480)
Balance at December 31, 2003		29,883,023		71,595
Balance at January 1, 2004		29,883,023		71,595
Provision made		189,279,448		407,261
Provision used		(154,634,053)		(337,865)
Balance at December 31, 2004	¢	64,528,418	$	140,991

The Corporation establishes provisions for the payment of professional services and SUGEF contributions.

(Continued)

(11) Stockholders' equity

(a) Capital stock

As of December 31, 2004 and 2003, the Corporation's capital stock is comprised of 46,000,001 common shares of US$1.00 par value, for a total of US$46,000,001 (¢16,375,245,328). Of that total, 28,000,001 are Class B common shares and 18,000,000 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.

(b) Additional paid-in capital

At an Extraordinary General Stockholders Meeting held on November 8, 2004, an agreement was reached to increase capital stock through a cash contribution in the amount of US$8,000,000 (¢3,641,600,000). This increase has not been authorized by CONASSIF and SUGEF.

(12) Basic earnings per share

The calculation of basic earnings per share as of December 31 of each year is based on the net profit attributable to common shareholders and a weighted average number of common shares outstanding.

Basic earnings per share are as follows:

	As of December 31, 2004	
	Colones	US dollars
Net profit	¢ 2,313,898,966	$ 935,779
Net profit available for common shareholders	2,292,484,599	888,990
Weighted average number of common shares	46,000,001	46,000,001
Basic net earnings per share	¢ 49.84	$ 0.019

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Notes to Financial Statements

	As of December 31, 2003	
	Colones	US dollars
Net profit	¢ 2,166,580,050	$ 793,478
Net profit available for common shareholders	2,149,994,778	753,804
Weighted average number of common shares	46,000,001	46,000,001
Basic net earnings per share	¢ 46.74	$ 0.016

(13) Administrative expenses

Administrative expenses are as follows:

	As of December 31, 2004	
	Colones	US dollars
Personnel expenses:		
Salaries and bonuses	¢ 132,474,453	$ 300,533
Employer social security taxes	39,933,843	91,431
Personnel insurance	10,071,685	23,728
Per diem and advertising	12,390,916	28,595
	194,870,897	444,287
Outsourced services	289,145,072	663,516
Overhead	48,688,677	111,662
Other	2,243,177	5,091
	¢ 534,947,823	$ 1,224,556

(Continued)

		As of December 31, 2003		
		Colones		US dollars
Personnel expenses:				
Salaries and bonuses	¢	95,409,533	$	238,443
Employer social security taxes		22,650,180		55,880
Personnel insurance		11,106,863		27,623
Per diem and advertising		12,062,992		30,248
		141,229,568		352,194
Outsourced services		217,331,758		547,989
Overhead		19,977,263		49,336
Other		6,768,225		17,197
	¢	385,306,814	$	966,716

(14) Fair value

As of December 31, 2004, fair value of financial instruments is as follows:

		As of December 31, 2004	
In colones		Carrying amount	Fair value
Cash and due from banks	¢	2,678,651,732	2,678,651,732
Investments:			
Held-to-maturity		8,005,813,812	8,005,813,812
Loan portfolio		15,413,909,186	15,062,690,919
Term deposits		114,420,000	114,420,000
	¢	26,212,794,730	25,861,576,463

		As of December 31, 2004	
In US dollars		Carrying amount	Fair value
Cash and cash equivalents	$	5,852,674	5,852,674
Investments:			
Held-to-maturity		17,492,164	17,492,164
Loan portfolio		33,678,354	32,910,966
Term deposits		250,000	250,000
	$	57,273,192	56,505,804

(Continued)

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 balance sheet:

a. Cash and cash equivalents, accrued interest receivable, accounts receivable:

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. Loan portfolio:

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 was calculated by discounting committed cash flows at current market rates for term deposits with similar maturities.

(Continued)

(15) Risk management

The most important types of financial risk to which the Corporation is exposed are credit risk, liquidity risk, foreign currency risk, interest rate risk, and market risk. This section describes the methods used by the Corporation to control those risks.

Liquidity and financing 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.

Since the beginning of operations, the Corporation has invested capital contributed by stockholders in loan operations and liquid markets or instruments, in conformity with the Corporation's liquidity policy. To date, the Corporation has not been required to seek outside financing. Consequently, strategies to match terms and interest rates are not being applied.

Given that in the coming months the Corporation will seek third-party financing, internal lending regulations are being applied with respect to maximum terms, type of interest rate (fixed or variable), and the minimum spread over a given reference rate, e.g. LIBOR.

Additionally, given its policy to avoid exposure to foreign currency risk, the Corporation will only grant loans in US dollars or euros, based on the respective funding currencies.

(Continued)

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As of December 31, 2004, the Corporation's assets and liabilities are matched as follows:

COLONES		Days							
		Demand	1-30	31-60	61-90	91-180	181-365	More than 365	Total
Assets									
Loans	¢	-	127,085,778	152,844,982	189,754,586	396,664,848	763,785,995	13,893,667,399	15,523,803,588
Liabilities		-	-	-	-	115,174,669	-	-	115,174,669
Gap between assets and liabilities	¢	-	127,085,778	152,844,982	189,754,586	281,490,179	763,785,995	13,893,667,399	15,408,628,919

US DOLLARS		Days							
		Demand	1-30	31-60	61-90	91-180	181-365	More than 365	Total
Assets									
Loans	$	-	277,674	333,956	414,601	866,686	1,668,821	30,356,728	33,918,466
Liabilities		-	-	-	-	251,649	-	-	251,649
Gap between assets and liabilities	$	-	277,674	333,956	414,601	615,037	1,668,821	30,356,728	33,666,817

(Continued)

As of December 31, 2003, the Corporation's assets and liabilities are matched as follows:

COLONES		Days							
		Demand	1-30	31-60	61-90	91-180	181-365	More than 365	Total
Assets									
Loans	¢	481,565,078	3,535,695,525	139,606,966	174,142,087	329,425,553	1,725,972,199	13,562,494,075	19,948,901,483
Liabilities		-	-	-	-	-	-	-	-
Gap between assets and liabilities	¢	481,565,078	3,535,695,525	139,606,966	174,142,087	329,425,553	1,725,972,199	13,562,494,075	19,948,901,483

US DOLLARS		Days							
		Demand	1-30	31-60	61-90	91-180	181-365	More than 365	Total
Assets									
Loans	$	1,150,968	8,450,515	333,669	416,210	787,346	4,125,173	32,415,139	47,679,019
Liabilities		-	-	-	-	-	-	-	-
Gap between assets and liabilities	$	1,150,968	8,450,515	333,669	416,210	787,346	4,125,173	32,415,139	47,679,019

Market risk

Interest rate risk

This is the risk of losses in the value of a financial asset or liability arising from fluctuations in rates, when changes in rates for the asset and liability portfolios are mismatched, and the Corporation does not have the necessary flexibility to make a timely adjustment.

The Corporation currently has no bank liabilities and, consequently, it is not required to match terms and interest rates. To date, there are two loans earning fixed interest rates in the loan portfolio since the Corporation has been investing its own capital stock.

Once third-party financing is obtained, the Corporation will match the interest rates and terms of loans granted with financing received.

As of December 31, 2004, interest rate terms for the Corporation's assets and liabilities are matched as follows:

	Interest rate	Total	Days 0-30	31-90	91-180
Assets					
Investments	2.85%	8,015,755,675	3,626,486,517	4,274,094,489	115,174,669
Loans	5.78%	1,461,948,001	194,861,837	552,195,497	714,890,667
		9,477,703,676	3,821,348,354	4,826,289,986	830,065,336
Liabilities					
Obligations with the public	4.00%	115,174,669	230,349,338	115,174,669	115,174,669
Gap between assets and liabilities		9,362,529,007	3,590,999,016	4,711,115,317	714,890,667

As of December 31, 2003, interest rate terms for the Corporation's assets and liabilities are matched as follows:

	Interest rate	Total	Days 0-30	31-90	91-180
Assets					
Investments	2.81%	3,344,320,000	3,344,320,000	-	-
Loans	5.78%	15,948,317,380	4,868,265,051	6,901,742,529	4,178,309,800
		19,292,637,380	8,212,585,051	6,901,742,529	4,178,309,800
Liabilities					
		-	-	-	-
Gap between assets and liabilities		19,292,637,380	8,212,585,051	6,901,742,529	4,178,309,800

Foreign currency risk

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

(Continued)

As of December 31, 2004 and 2003, all of the Corporation's assets and liabilities are denominated in US dollars.

As of December 31, 2004 and 2003, assets and liabilities in US dollars are as follows:

Assets:		2004	2003
Cash and due from banks	US$	5,852,674	1,151,959
Investments		17,492,164	8,000,000
Loan portfolio		33,678,354	38,150,219
Accounts receivable		261,835	417,900
Allowance for credit portfolio		(818,728)	(572,253)
Total assets		56,466,299	47,147,825
Liabilities:			
Obligations with the public		250,000	-
Accounts payable		70,451	7,152
Provisions		140,990	71,595
Total liabilities		461,441	78,747
Net position	US$	56,004,858	47,069,078

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.

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 is represented by the carrying amount of assets in the balance sheet.

At the balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

(Continued)

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Notes to Financial Statements

Concentrations of financial assets are detailed by country as follows:

	As of December 31, 2004	
	Colones	US dollars
Honduras	2,059,560,000	4,500,000
Costa Rica	3,203,760,000	7,000,000
Dominican Republic	4,727,080,546	10,328,353
Trinidad & Tobago	1,304,388,000	2,850,000
Peru	1,107,290,854	2,419,356
Brazil	3,011,829,786	6,580,645
	¢ 15,413,909,186	$ 33,678,354

	As of December 31, 2003	
	Colones	US dollars
Guatemala	1,498,017,913	3,583,432
Honduras	2,090,200,000	5,000,000
Nicaragua	1,254,120,000	3,000,000
Dominican Republic	4,667,072,503	11,164,177
Trinidad & Tobago	1,254,120,000	3,000,000
Peru	980,550,026	2,345,589
Brazil	4,204,236,938	10,057,021
	¢ 15,948,317,380	$ 38,150,219

The Corporation performs strict analyses before extending credit and requires collateral from its customers prior to loan disbursement. One hundred percent of the loan portfolio is secured.

(Continued)

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The following table shows the loan portfolio by type of collateral:

	As of December 31, 2004	
	Colones	US dollars
Chattel	¢ 9,198,319,400	$ 20,097,709
Fiduciary	3,203,760,000	7,000,000
Mortgage	3,011,829,786	6,580,645
	¢ 15,413,909,186	$ 33,678,354

	As of December 31, 2003	
	Colones	US dollars
Chattel	¢ 6,956,374,851	$ 21,509,767
Mortgage	8,991,942,529	16,640,452
	¢ 15,948,317,380	$ 38,150,219

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

		As of December 31, 2004	
	Number of operations	Amount Colones	Amount US dollars
0 to 4.99%	1	¢ 801,045,449	$ 1,750,230
5 to 9.99%	2	2,411,678,854	5,269,356
10 to 14.99%	4	8,997,424,883	19,658,768
15 to 20%	1	3,203,760,000	7,000,000
	8	¢ 15,413,909,186	$ 33,678,354

(Continued)

			As of December 31, 2003		
	Number of		Amount		
	operations		Colones		US dollars
0 to 4.99%	-	¢	-	$	-
5 to 9.99%	4		4,986,807,939		11,929,021
10 to 14.99%	4		8,384,636,938		20,057,021
15 to 20%	1		2,576,872,503		6,164,177
	9	¢	15,948,317,380	$	38,150,219

(16) Commitments and contingencies

As of December 31, 2004, the Corporation has contingent accounts in the amount of US$3,005,000 (¢1,375,328,400), corresponding to a line of credit that has not been disbursed.

(17) Notes required by regulations governing financial information of financial entities, groups, and conglomerates

As of December 31, 2004 and 2003, pursuant to SUGEF Directive 31-04, "Regulations governing financial information of financial entities, groups, and conglomerates", the Corporation discloses that it was not required to present the following notes because it is not engaged in these types of transactions:

i. *Amount, number, and percentage of loans in legal collections*

As of December 31, 2004 and 2003, the Corporation has no loans in legal collections.

ii. *Collateralized or restricted assets*

As of December 31, 2004 and 2003, the Corporation has no collateralized or restricted assets.

iii. Notes on off balance items, contingencies, other memoranda accounts, and other additional information not included in the main body of the financial statements

As of December 31, 2004 and 2003, the Corporation has no other memoranda accounts, trust accounts, or banking mandate accounts. As of December 31, 2003, the Corporation has no contingent accounts.

iv. Trusts and banking mandates

As of December 31, 2004 and 2003, the Corporation has no trusts or banking mandates.

(18) Transition to International Financial Reporting Standards (IFRS)

On May 13, 2002, the National Financial System Oversight Board (CONASSIF) agreed in articles 8 and 5, items 1 through 6 of the minutes of meetings 299-2002 and 300-2002 to gradual adoption of International Financial Reporting Standards (IFRS), promulgated by the International Accounting Standards Board, starting January 1, 2003. In order to regulate implementation of these Standards, the Board issued the Terms of Accounting Regulations Applicable to Entities Supervised by SUGEF, the National Securities Commission (SUGEVAL), and the Pensions Superintendency (SUPEN), and to non-financial issuers. Accordingly, the Board agreed to partial or future application of the following standards:

Although CONASSIF expanded the adoption of IFRS, it also agreed to partial application or non-application of certain standards. This is not in keeping with the spirit of IAS 1, which states that if IFRS are adopted, the company is required to comply with all the requirements of each applicable standard, as well as the relevant interpretations issued by the Standing Interpretations Committee (SIC).

a) IAS 7: Cash Flow Statements

The Board requires application of the indirect method for preparing the statement of cash flows, without the option of electing the direct method, which is also permitted by the Standard.

b) IAS 12: Income Taxes

The Board postponed application of this Standard until the year ended December 31, 2004. As of the date of this report, the Corporation has determined no economic impact from applying this Standard.

c) IAS 18: Revenue

The Board allows supervised financial entities to recognize loan closing fees as revenue if they were collected before January 1, 2003. Additionally, the Board permits deferral of 25% of closing fees for transactions closed during 2003, increasing to 50% for 2004, and to 100% for 2005. The Standard requires deferral of 100% of such fees during the term of the loan.

The Board allows loan closing fees and premiums and discounts on the purchase of financial instruments to be amortized on the straight-line method. The Standard only allows these items to be amortized by the effective interest rate method. The Board postponed application of the effective interest rate method until the year ended December 31, 2004.

As of December 31, 2004 and 2003, the Corporation performed an analysis that determined that loan closing costs exceed commission income. Accordingly, loan closing fees are not deferred.

d) IAS 23: Borrowing Costs

The Board does not permit capitalization of borrowing costs that are directly attributable to the acquisition, construction, or production of qualifying assets, which is established by the Standard as an allowed alternative treatment.

e) IAS 30: Disclosures in the Financial Statements of Banks and Similar Financial Institutions

The Board requires that the loan portfolio be classified in accordance with Directive 1-95, and that the allowance for loan losses be determined based on such classification. The Standard requires the allowance for loan losses to be determined based on a financial analysis of specific and general expected losses.

(Continued)

The Board requires recognition of an allowance for 100% of the value of realizable assets, if not sold within two years of their acquisition date. IFRS require that this type of assets be recorded at the lower of acquisition cost and fair value.

The Board requires that deferred loan fees be recorded as a liability. Both IFRS and international banking practices require that deferred fees be presented as a reduction to the loan portfolio account.

As of December 31, 2004, the Corporation calculates and books an allowance in conformity with SUGEF Directive 1-95, which differs from the Standard.

f) IAS 36: Impairment of Assets

The Board postponed application of this Standard until the year ended December 31, 2004.

g) IAS 37: Provisions, Contingent Liabilities and Contingent Assets

Some regulatory agencies have required enterprises to continue to record provisions that are not in conformity with this Standard.