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

Financial Statements

December 31, 2010, 2009 and 2008

(With Independent Auditors' Report Thereon)

KPMG, S. A.
Multiplaza Boulevard, KPMG Bldg.
San Rafael de Escazu
P.O. Box 10208
San Jose, Costa Rica 1000

Telephone (506) 2201-4100
Telefax (506) 2201-4131
Internet www.kpmg.co.cr

Independent Auditors' Report

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

We have audited the accompanying financial statements of Corporación Interamericana para el Financiamiento de Infraestructura, S.A. (the Corporation), which comprise the statements of financial position as of December 31, 2010, 2009 and 2008, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements give a true and fair view of the financial position of the Corporation as at December 31, 2010, 2009 and 2008, and of its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

KPMG

February 22, 2011

San José, Costa Rica
Erick Brenes F.
Member No. 2520
Policy No. R-1153
Expires 09/30/2011

¢1,000 tax stamp paid pursuant to Law No. 6663
and affixed to the original document

COSTA RICA
TIMBRE
COLONES

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

Statement of Financial Position

As of December 31, 2010, 2009 and 2008

Assets	Note		2010	Re-presented 2009	Re-presented 2008
Cash		US$	14,222,410	4,363,328	16,946,138
Investment securities	5.a		52,137,016	28,849,561	23,835,641
Loans receivable, net	5.a		190,556,837	181,273,462	182,030,815
Interest receivable, net			2,551,914	1,753,892	2,034,408
Derivative assets held for risk management	10		328,277	-	-
Other assets			-	44,558	53,853
Total assets		US$	**259,796,454**	**216,284,801**	**224,900,855**
Liabilities					
Loans payable, net	6	US$	182,738,423	145,416,341	157,293,954
Interest payable			792,892	398,630	759,444
Other accounts payable			34,901	8,829	42,845
Derivative liabilities held for risk management	10		1,378,456	1,067,740	1,253,931
Total liabilities			**184,944,672**	**146,891,540**	**159,350,174**
Equity					
Share capital	7		54,000,001	54,000,001	54,000,001
Additional paid-in capital	7		85,000	85,000	85,000
Reserves			1,487,864	769,637	577,508
Retained earnings			19,278,917	14,538,623	10,888,172
Total equity			**74,851,782**	**69,393,261**	**65,550,681**
Commitments and contingencies	13		-	-	-
Total liabilities and equity		US$	**259,796,454**	**216,284,801**	**224,900,855**

The notes are an integral part of these financial statements.

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

Statement of Comprehensive Income

For the years ended December 31, 2010, 2009 and 2008

	Note		2010	Re-presented 2009	Re-presented 2008
Interest income:					
Interest on cash		US$	85,227	53,353	57,806
Interest on investment securities			4,199,904	2,103,664	2,000,579
Interest on loans receivable			11,995,656	12,193,680	13,689,857
Total interest income			16,280,788	14,350,697	15,748,242
Interest expense:					
Interest on derivative instruments			(914,942)	(411,163)	(124,241)
Interest on loans payable			(5,069,378)	(5,620,062)	(8,078,815)
Total interest expense			(5,984,320)	(6,031,225)	(8,203,056)
Net interest income			10,296,468	8,319,472	7,545,186
Net income from other financial instruments at fair value through profit or loss	11		129,370	277,165	(1,030,118)
Other operating income			1,858,238	802,461	96,019
			1,987,608	1,079,626	(934,099)
Operating income			12,284,076	9,399,098	6,611,087
Provision for loan losses and interest receivable			(2,351,469)	(2,718,610)	(1,891,371)
Personnel expenses			(2,674,440)	(1,813,512)	(1,897,946)
Other administrative expenses			(1,115,610)	(1,024,396)	(684,112)
Net income before income tax			6,142,557	3,842,580	2,137,658
Income tax	9		-	-	-
Net income for the year			6,142,557	3,842,580	2,137,658
Other comprehensive income:					
Fair value reserve (available-for-sale financial assets):					
Net change in fair value			378,000	-	-
Net loss amount transferred to profit or loss			33,099	-	-
Other comprehensive income for the year			411,099	-	-
Total comprehensive income for the year		US$	6,553,656	3,842,580	2,137,658
Basic and diluted earnings per share	8	US$	0.11	0.07	0.04

The notes are an integral part of these financial statements.

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

Statement of Changes in Equity

For the years ended December 31, 2010, 2009 and 2008

	Notes		Share capital	Additional paid-in capital	Reserves: Fair value reserve	Reserves: Legal reserve	Reserves: Total reserves	Retained earnings	Total equity
Balance at December 31, 2007		US$	54,000,001	85,000	-	466,401	466,401	8,861,621	63,413,023
Purchase of own shares			(500,000)	-	-	-	-	-	(500,000)
Sale of own shares			500,000	-	-	-	-	-	500,000
Net income for the year			-	-	-	-	-	2,137,658	2,137,658
Allocation to legal reserve			-	-	-	111,107	111,107	(111,107)	-
Balance at December 31, 2008			54,000,001	85,000	-	577,508	577,508	10,888,172	65,550,681
Net income for the year			-	-	-	-	-	3,842,580	3,842,580
Allocation to legal reserve			-	-	-	192,129	192,129	(192,129)	-
Balance at December 31, 2009			54,000,001	85,000	-	769,637	769,637	14,538,623	69,393,261
Net income for the year			-	-	-	-	-	6,142,557	6,142,557
Other comprehensive income									
Net change in fair value			-	-	378,000	-	378,000	-	378,000
Net loss amount transferred to profit or loss			-	-	33,099	-	33,099	-	33,099
Total other comprehensive income			-	-	411,099	-	411,099	-	411,099
Total comprehensive income for the year			-	-	411,099	-	411,099	6,142,557	6,553,656
Transactions with owners, recorded directly in equity									
Dividends distributed to equity holders	7		-	-	-	-	-	(1,095,135)	(1,095,135)
Allocation to legal reserve			-	-	-	307,128	307,128	(307,128)	-
Balance at December 31, 2010		US$	54,000,001	85,000	411,099	1,076,765	1,487,864	19,278,917	74,851,782

The notes are an integral part of these financial statements.

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

Statement of Cash Flows

For the years ended December 31, 2010, 2009 and 2008

		2010	Re-presented 2009	Re-presented 2008
Cash flows from operating activities				
Net income for the year	US$	6,142,557	3,842,580	2,137,658
Adjustments for:				
Loss on allowance for loan losses and interest receivable		2,351,469	2,718,610	1,891,372
Net interest income		(10,296,468)	(8,319,472)	(7,545,186)
Net (income) loss from other financial instruments at fair value through profit or loss		(129,370)	(277,165)	1,030,118
Amortization of other assets		44,558	9,294	(35,941)
		(1,887,254)	**(2,026,153)**	**(2,521,979)**
Change in other accounts payable		26,073	(34,015)	(159,245)
Interest received		15,241,548	14,883,115	15,197,410
Interest paid		(5,681,568)	(5,629,012)	(8,106,411)
		7,698,799	**7,193,935**	**4,409,775**
Deposits with the public		-	-	(150,000)
Loan repayments and prepayments		73,757,475	49,042,318	43,926,938
Loan disbursements		(85,334,558)	(51,269,396)	(90,701,069)
Net cash from (used in) operating activities		**(3,878,284)**	**4,966,857**	**(42,514,356)**
Cash flows from investing activities				
Proceeds from investment securities		10,240,000	-	-
Acquisition of investment securities		(32,966,000)	(5,000,000)	(2,350,000)
Net cash used in investing activities		**(22,726,000)**	**(5,000,000)**	**(2,350,000)**
Cash flows from financing activities				
Proceeds from loans payable		58,166,668	18,000,000	87,000,000
Repayments of loans payable		(20,608,167)	(30,549,667)	(37,029,667)
Purchase of own shares		-	-	(500,000)
Sale of own shares		-	-	585,000
Dividends paid		(1,095,135)	-	-
Net cash from (used in) financing activities		**36,463,366**	**(12,549,667)**	**50,055,333**
Net increase (decrease) in cash		9,859,082	(12,582,810)	5,190,977
Cash at the beginning of the year		4,363,328	16,946,138	11,755,161
Cash at the end of the year	US$	14,222,410	4,363,328	16,946,138

The notes are an integral part of these financial statements.

1. Reporting entity

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

The entity was organized as a corporation. The Corporation's business structure is based on one segment, as its main line of business is extending loans to finance infrastructure projects in Latin America. However, it also offers other services such as "Advisory & Structuring" services, which are not evaluated as a separate segment of the Corporation's business but rather assessed in conjunction with its lending activities.

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

The shareholders authorized the transfer of the Corporation's country of incorporation from Costa Rica to Panama since Panama's exchange rate system matches the Corporation's functional currency, which is favorable for the Corporation due to its intention to become a regulated financial entity in a U.S. dollar-based economy. In addition, Panama is a financial and logistics center for Latin America that has an enhanced loan and mandate origination capacity. The process is expected to be completed in the first quarter of 2011, after which the Corporation will become a Panamanian corporation but will continue operating as is.

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standard Board (IASB). The financial statements were authorized for issue by the Audit Committee on January 19, 2011.

(b) Basis of measurement

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

(Continued)

(c) Functional and presentation currency

The financial statements are presented in U.S. dollars (US$), which is the Corporation's functional currency.

All of the Corporation's assets and liabilities are denominated in U.S. dollars. Additionally, shareholder contributions and ordinary shares are denominated in that currency.

(d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in 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 are included in the following notes:

- Allowance for loan losses and interest receivable – note 5.a
- Derivatives held for risk management purposes – note 10
- Fair value of financial instruments – note 12

(e) Re-presented financial information

The Corporation followed the policy of recording investment securities as part of loans receivable since the characteristics of the former instruments are similar to those of credit transactions and the Corporation intended to hold those instruments until maturity. However, in 2010, the Corporation decided to present investment securities as part of its investment portfolio and classify them under held-to-maturity investments. Consequently, investment securities for the amounts of US$18,520,565, US$28,849,561, and US$23,835,641 that were included under the caption "Loan portfolio" in the 2010, 2009, and 2008 periods, respectively, were reclassified to held-to-maturity investments and in the statements of comprehensive income and cash flows. The reclassification had no effect on the statements of comprehensive income and cash flows because both categories of instruments are measured at amortized cost. Additionally, in 2010, the Corporation's Board of Directors agreed, for the first time, to invest in available-for-sale investment securities and raised the limit of the sum of held-to-maturity and available-for-sale investment securities to 25% of total assets.

(Continued)

(f) Changes in accounting policies

Presentation of financial statements

The Corporation 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 statement of comprehensive income.

3. Significant accounting policies

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

(a) Foreign currency transactions

The Corporation's functional currency is the U.S. dollar. Assets and liabilities held in foreign currency are translated at the foreign exchange rate ruling at the date of the statement of financial position. 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 statement of comprehensive income.

(b) Cash and cash equivalents

Cash and cash equivalents include coins on hand, unrestricted balances held with banks, and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Corporation in the management of its short-term commitments.

Cash and cash equivalents are carried at amortized cost in the statement of financial position.

(Continued)

(c) Financial assets and financial liabilities

(i) Recognition

The Corporation initially recognizes loans receivable and loans payable on the date at which they are originated. Regular way purchases and sales of financial assets are recognized on the trade date at which 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 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.

(ii) 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.

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

(iii) Offsetting

Financial assets and liabilities are offset and the net amount presented in the financial statements when the Corporation has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expense are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a group of similar transactions.

(Continued)

(iv) 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 the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

(v) Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between two informed parties on the measurement date.

The fair value of financial instruments is based on their quoted market price, when available, at the date of the statement of financial position without any deductions for transaction costs. A market is regarded as active if quoted prices are readily and regularly available and represent occurring market transactions on an arm's length basis.

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.

(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.

(d) <u>Derivatives held for risk management purposes and hedge accounting</u>

Management uses derivative financial instruments as part of its operations. Those instruments are recognized at fair value in the statement of financial position.

The Corporation designates certain derivatives held for risk management as hedging instruments in qualifying hedging relationships. On initial designation of the hedge, the Corporation formally documents the relationship between the hedging instrument and hedged item, including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The Corporation makes an assessment, both at the inception of the hedge relationship as well as on a monthly basis, as to whether the hedging instrument is expected to be 'highly effective' in offsetting the changes in the fair value or cash flows of the respective hedged item during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125 percent.

Derivative instruments recognized as fair value hedges hedge exposure to changes in the fair value of an asset or liability recognized in the statement of financial position, or in the fair value of an identified portion of such asset or liability that is attributable to the specific hedged 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 statement of comprehensive income.

When a derivative is designated as the hedging instrument in a hedge of the change in fair value of a recognized asset or liability, or of an identified portion of such asset or liability, or a firm commitment that could affect profit or loss, changes in the fair value of the hedge item that are attributable to the hedged risk are recognized in the same line item in the statement of comprehensive income as the hedged instrument.

If the hedging derivative expires or is sold, terminated, or exercised, or the hedge no longer meets the criteria for fair value hedge accounting, or the hedge designation is revoked, hedge accounting is discontinued prospectively. Any adjustment up to that point to a hedged item for which the effective interest method is used, is amortized to profit or loss as part of the recalculated effective interest rate of the item over its remaining life.

(Continued)

(e) Investment securities

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

Fair value through profit or loss

Investment securities at fair value through profit or loss are financial assets and liabilities for which changes in fair value are recognized directly in the results for the year. An investment security 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

Available-for-sale securities are acquired by the Corporation with the intent to hold them for an unspecified period of time but may be sold in response to liquidity needs or changes in interest rates, exchange rates, or equity prices. Available-for-sale investment securities 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 equity.

When the 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.

(f) Loans receivable

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

(Continued)

(g) Allowance for loan losses

Loans are defined as operations relating to any type of underlying instrument or document, except investment securities, whereby credit risk is assumed by the entity, either by providing or committing to provide funds or credit facilities, acquiring collection rights, or guaranteeing that third parties will honor their obligations.

In determining the allowance for loan losses, the Corporation applies its own credit risk rating system that takes into account the following: type of industry, vulnerability to foreign exchange fluctuations, competitive position, financial structure, sovereign risk, etc. The system considers the current and forecasted 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. The system is an additional tool to determine if there is any objective evidence that a financial asset or group of financial assets is impaired.

Management considers that the allowance for loan losses represents a reasonable estimate of loan impairment losses incurred at each reporting date.

(h) Other accounts payable

Other accounts payable are carried at amortized cost.

(i) Provisions

A provision is recognized in the statement of financial position 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 date of the statement of financial position, directly affecting the statement of comprehensive income.

(j) Income tax

The Corporation is not subject to income tax payments since it conducts its operations abroad and the Costa Rican tax system is based on the territoriality principle. Therefore, the Corporation does not present a deferred tax effect.

(Continued)

(k) Income and expense recognition

i. Interest income and expense

Interest income and expense is recognized in the statement of comprehensive income 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 its maturity.

ii. Fee and commission income and expense

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate. When a commission is deferred, it is recognized over the term of the loan.

Other fee and commission income is included in other operating income, arises from services provided by the Corporation, including advisory services and disbursement fees, and is recognized as the related services are performed.

Other fee and commission expense is included in other administrative expenses and relate mainly to transaction and service fees, which are expensed as the services are received.

(l) Net income from other financial instruments at fair value through profit or loss

Net income from other financial instruments at fair value through profit or loss relates to non-trading derivatives held for risk management purposes that do not form part of qualifying hedge relationships and financial assets and liabilities designated at fair value through profit or loss, and includes all realized and unrealized fair value changes.

(m) Basic and diluted earnings per share

The Corporation presents basic and diluted earnings per share (EPS) data for its shares (see note 8).

(Continued)

(n) <u>New standards and interpretations not yet adopted</u>

A number of new standards, amendments to standards, and interpretations are effective for annual periods beginning after January 1, 2010, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements 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, on 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 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 in fair value recognized in profit or loss.

  The standard requires that derivatives embedded in contracts with a host 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)

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 impact on the Corporation's financial statements.

4. Balances and transactions with related parties

As of and for the years ended December 31, 2010 and 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 HSBC Panama, which in turn owns 9.26% of the Corporation.
- The Corporation has operating bank accounts in HSBC Costa Rica.
- As of December 31, 2010, the Corporation has received US$68,500,000 under a long-term loan from the International Finance Corporation (IFC). Of that amount, the total of US$12,562,500 has been repaid. IFC owns 15.74% of the Corporation.
- As of December 31, 2010, the Corporation has received US$11,666,667 under a long-term loan from the Caribbean Development Bank (CDB). CDB owns 5.56% of the Corporation.
- As of December 31, 2010, the Corporation has received US$20,000,000 under a short-term loan from the Central American Bank for Economic Integration (CABEI). CABEI owns 9.26% of the Corporation.
- As of December 31, 2010, the Corporation has received US$5,000,000 under a short-term loan from the Inter-American Investment Corporation (IIC). IIC owns 5.56% of the Corporation.
- As of December 31, 2010, the Corporation has received US$8,000,000 under a short-term loan from Finnfund. Finnfund owns 5.56% of the Corporation.
- The Corporation has an interest rate derivative with Caja Madrid, which owns 20.37% of the Corporation.

(Continued)

The above items were included in the statements of financial position and of comprehensive income, and their effects are as follows:

		December 31, 2010			
Type of entity	Relationship	Assets	Liabilities	Income	Expenses
Legal entities	Related parties	US$ 13,791,354	100,837,463	-	2,851,424

		December 31, 2009			
Type of entity	Relationship	Assets	Liabilities	Income	Expenses
Legal entities	Related parties	US$ 2,261,992	54,736,541	-	1,955,241

		December 31, 2008			
Type of entity	Relationship	Assets	Liabilities	Income	Expenses
Legal entities	Related parties	US$ 12,582,605	36,627,934	57,246	1,414,665

Shareholders and members of the Board of Directors have not received remuneration or per diem reimbursements for attending meetings during the year.

As of December 31, 2010, 2009, and 2008, personnel expenses include salaries paid to key executives for US$750,233, US$508,314, and US$310,565, respectively.

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. During 2010, 2009, and 2008, the Corporation recognized expenses for retirement plan contributions in the amount of US$22,583, US$21,666, and US$24,576, respectively.

(Continued)

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

5. 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 of Directors and are comprised of members of the Board.

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 applies 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 fails to meet 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 and investment securities (bonds) portfolios, and is represented by the carrying amount of the assets in the statement of financial position.

(Continued)

Liquid 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 higher rating from a respected rating agency (Moody's, S&P, Fitch).
- Liquid investments must be in instruments with a local rating of AA or higher.
- A maximum of 25% of the liquid portfolio may be invested in countries with a rating lower than AA.
- All investments must be denominated in U.S. 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 for the liquid portfolio is 90 days.

Loan and investment securities portfolios

The investment security issue, at the time of purchase, shall have, as a minimum, a "BB-" long-term foreign currency rating from Moody's, Standard & Poor's, or Fitch. The investment securities portfolio shall not represent more than 25% of total assets. 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. The Corporation shall have the firm intention to buy and hold the investment securities to maturity or for an unspecified period of time until they may be sold in response to liquidity needs according to the Contingency Liquidity Plan, as defined in its Liquidity Policy. The investment securities portfolio will not be used for speculative purposes.

As of and during the years ended December 31, 2010, 2009, and 2008, 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 nominal amount of each financial asset.

(Continued)

Loans receivable and investment securities are as follows:

Loans and investment securities, net		**December 31, 2010**	**December 31, 2009**	**December 31, 2008**
Held-to-maturity	US$	30,900,000	28,240,000	23,240,000
Unamortized premiums and discounts, net		793,016	609,561	595,641
		31,693,016	28,849,561	23,835,641
Available-for-sale, par value		18,000,000	-	-
Premiums and discounts		2,066,000	-	-
Gains / losses, net		378,000	-	-
		20,444,000	-	-
Total investment securities	US$	52,137,016	28,849,561	23,835,641
Current loans	US$	199,549,252	188,679,356	169,452,278
Past due loans		-	-	18,000,000
Allowance for loan losses		(8,036,228)	(6,419,186)	(4,805,016)
Deferred income		(956,186)	(986,709)	(616,447)
	US$	190,556,837	181,273,462	182,030,815
Total investments and loans	US$	248,449,252	216,919,356	210,692,278
Total investments and loans, net	US$	242,693,853	210,123,023	205,866,456

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

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

The Corporation has developed a Credit Risk Rating System based on the Altman Z-score method adapted to emerging markets. The method identifies certain key factors based on a company's financial performance that determine the probability of default, and combine or weight them into a quantitative score. That system also includes quantitative information and qualitative factors that affect infrastructure projects and emerging markets. The results consider relevant information such as foreign exchange risk, competition, project analysis, and country risk.

The average loan and investment portfolio risk rating is BB, BB-, and BB as of December 31, 2010, 2009, and 2008, respectively, based on the Corporation's standards, which are not necessarily comparable to international credit rating standards.

Portfolio risk ratings are as follows:

December 31, 2010		**Loans**		**Investment securities**	
Risk rating		**Gross**	**Net**	**Gross**	**Net**
AAA / A-	US$	14,657,778	14,437,911	-	-
BBB+ / BBB-		33,505,690	32,703,105	20,000,000	20,000,000
BB+ / BB-		64,601,957	63,274,428	23,900,000	23,900,000
B+ / B-		76,296,578	74,025,634	5,000,000	5,000,000
<= CCC+		10,487,249	7,071,946	-	-
	US$	199,549,252	191,513,024	48,900,000	48,900,000

December 31, 2009		**Loans**		**Investment securities**	
Risk rating		**Gross**	**Net**	**Gross**	**Net**
AAA / A-	US$	15,430,469	15,353,317	-	-
BBB+ / BBB-		29,406,267	29,259,236	-	-
BB+ / BB-		50,982,302	50,352,918	13,000,000	13,000,000
B+ / B-		76,722,652	74,742,471	10,000,000	10,000,000
<= CCC+		16,137,668	12,552,231	5,240,000	5,240,000
	US$	188,679,356	182,260,173	28,240,000	28,240,000

December 31, 2008		**Loans**		**Investment securities**	
Risk rating		**Gross**	**Net**	**Gross**	**Net**
AAA / A-	US$	13,142,857	13,077,143	-	-
BBB+ / BBB-		39,851,657	39,652,399	-	-
BB+ / BB-		78,355,708	77,567,811	13,000,000	13,000,000
B+ / B-		42,708,330	40,908,253	10,240,000	10,240,000
<= CCC+		13,393,725	11,441,655	-	-
	US$	187,452,278	182,647,261	23,240,000	23,240,000

(Continued)

As of December 31, 2010, the Corporation's loan portfolio was current and one asset of US$9,158,119 was determined to be impaired.

To secure some of its loans payable, the Corporation pledged to the lenders rights to cash flows derived from certain loans receivable granted by the Corporation. Seventy-four percent of the loan and investment securities portfolios cash flows are pledged as of December 31, 2010.

Movements in the allowance for loan losses are as follows:

		December 31, 2010	December 31, 2009	December 31, 2008
Balance at beginning of year	US$	(6,419,186)	(4,805,016)	(3,031,797)
Write-offs		707,187	1,000,000	-
Additional allowance		(2,324,229)	(2,614,170)	(1,773,219)
Balance at end of year	US$	(8,036,228)	(6,419,186)	(4,805,016)

Management of the Corporation generally follows the policy of requiring collateral from its customers or a corporate loan guarantee prior to formally extending and disbursing a loan. Accordingly, as of December 31, 2010, 97% of the loan portfolio is secured (94% as of December 31, 2009 and 2008) as follows:

		December 31, 2010	December 31, 2009	December 31, 2008
Mortgage on fixed assets	US$	74,097,512	69,185,562	81,958,774
Trust		34,829,087	34,828,102	31,971,768
Pledge		48,864,187	56,056,109	52,412,153
Corporate guarantor		34,789,474	18,000,000	10,000,000
Unsecured		6,968,992	10,609,583	11,109,583
	US$	199,549,252	188,679,356	187,452,278

As of December 31, 2010, approximately 31% of the investment securities portfolio is secured (2009: 17%; 2008: 0%) as follows:

		December 31, 2010	December 31, 2009	December 31, 2008
Mortgage on fixed assets	US$	10,000,000	-	-
Pledge		5,000,000	5,000,000	-
Unsecured		33,900,000	23,240,000	23,240,000
	US$	48,900,000	28,240,000	23,240,000

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

(Continued)

As of December 31, 2010, floating rate loans bear interest at rates ranging between 2.65% and 11% per annum (2009: between 2.61% and 12.02% per annum; 2008: between 5.09% and 10.36% per annum).

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

  The concentration of the loan and investment securities portfolios in individual borrowers or groups of borrowers having similar economic interests based on capital and reserves in U.S. dollars is as follows:

December 31, 2010

% of capital & reserves	Number of operations	U.S. dollars
0 to 4.99%	10	$ 18,100,214
5 to 9.99%	16	65,836,155
10 to 14.99%	8	57,320,075
15 to 20%	11	107,192,807
	45	$ 248,449,252

December 31, 2009

% of capital & reserves	Number of operations	U.S. 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

December 31, 2008

% of capital & reserves	Number of operations	U.S. dollars
0 to 4.99%	11	$ 19,918,906
5 to 9.99%	13	52,786,898
10 to 14.99%	8	60,369,808
15 to 20%	7	77,616,667
	39	$ 210,692,279

- Country risk: The Corporation uses a series of classifications by country risk and gross domestic product to place countries in the following risk categories: Prime, Normal, Fair, and 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. As of December 31, 2010, 2009, and 2008, the Corporation complied with country risk exposure limits.

- An analysis of the concentration of credit risk for loans and investment securities at the reporting date is as follows:

		December 31, 2010	December 31, 2009	December 31, 2008
Argentina	US$	33,718,689	21,240,000	18,490,000
Colombia		30,000,000	27,975,000	19,000,000
Peru		28,289,474	2,500,000	4,629,032
Panama		23,472,683	10,271,042	7,911,920
Brazil		17,058,119	20,071,057	20,788,005
Dominican Republic		14,740,417	38,439,884	31,988,305
Honduras		13,718,992	17,791,667	18,666,667
Guatemala		12,880,000	20,207,636	21,967,432
Trinidad and Tobago		11,950,000	2,100,000	2,250,000
Nicaragua		8,716,000	-	-
Ecuador		8,636,019	11,314,531	13,887,795
Belize		7,777,778	8,222,222	9,358,967
Bolivia		7,642,357	9,754,007	12,655,928
Haiti		7,448,276	8,000,000	-
Chile		5,900,000	-	-
Barbados		5,000,000	5,000,000	10,000,000
Saint Lucia		4,500,450	7,500,150	9,000,000
El Salvador		4,000,000	2,214,246	2,405,312
Mexico		3,000,000	4,317,915	7,692,916
	US$	248,449,252	216,919,356	210,692,278

- Sector risk: The Corporation limits its concentration in any sector to 50% of the corresponding country risk limit. As of December 31, 2010, 2009, and 2008, the Corporation complied with sector risk exposure limits.

Investments and loans receivable by economic activity are as follows:

		December 31, 2010	December 31, 2009	December 31, 2008
Gas & oil	US$	54,384,172	34,276,612	20,482,529
Airports and seaports		36,198,750	12,748,217	3,988,305
Telecommunications		35,788,131	27,166,817	33,166,667
Thermal power		22,009,349	35,897,621	29,223,625
Construction materials		18,108,400	27,499,600	28,264,000
Co-generation (biomass)		17,696,644	17,713,617	19,625,476
Roads, railroads, and other		16,247,290	21,436,073	18,891,928
Hydro power (large)		10,000,000	-	-
Geothermal		8,716,000	-	-
Infrastructure conglomerates		8,000,000	5,240,000	5,240,000
Construction & engineering		7,290,244	5,365,854	5,853,659
Power distribution		6,789,474	-	-
Tourism		3,941,667	6,941,667	8,000,000
Water and sanitation		1,950,000	8,766,667	9,983,333
Hydro power (mini)		1,329,130	2,198,696	4,579,841
Alternative fuels		-	7,350,000	9,450,000
Power-generating equipment		-	3,375,000	12,000,000
Real estate development		-	942,916	942,916
Metals & mining		-	-	1,000,000
	US$	248,449,252	216,919,356	210,692,278

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 expected and 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:

- Mismatches in the statement of financial position – Asset-Liability Gap Analysis
- Anticipated funding needs and strategies
- Liquidity position
- Stress analysis of the Corporation's forecasted cash flow

As of December 31, 2010, the Corporation maintains undisbursed and available balances of committed credit facilities with financial institutions for US$78.33 million. A total of US$10 million of available but uncommitted lines of credit is pending disbursement.

According to the Corporation's liquidity policies, the Corporation shall comply with the following two limits: i) Cumulative Asset-Liability gap from 1 to 365 days > 0, and ii) Probability of negative cash flow balance in 1 year ≤ 1%. To apply the policy, the Asset-Liability gap analysis aggregates all contractual cash flows of on- and off-balance sheet assets and liabilities in its corresponding time band and cash flows attributed to undrawn loan commitments and borrowings are allocated to the time band in which management expects its occurrence.

(Continued)

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

Notes to the Financial Statements

The Corporation's on-balance sheet 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
December 31, 2010							
ASSETS							
Cash	14,222,410	-	-	-	-	-	14,222,410
Current loans and investments	3,343,129	1,835,036	3,657,800	25,461,364	15,632,648	198,519,274	248,449,252
Accrued interest receivable	337,015	987,356	429,637	797,906	-	-	2,551,914
Derivative assets	-	(12,283)	-	(52,438)	(47,212)	440,209	328,277
Total assets	17,902,554	2,810,108	4,087,437	26,206,833	15,585,437	198,959,484	265,551,853
LIABILITIES							
Loans payable	26,187,500	2,635,417	12,500,000	27,239,583	31,291,667	84,354,167	184,208,333
Accrued interest payable	498,913	43,059	205,592	45,327	-	-	792,892
Derivative liabilities	-	157,797	16,201	210,618	351,031	642,810	1,378,456
Total liabilities	26,686,413	2,836,273	12,721,793	27,495,529	31,642,697	84,996,976	186,379,681

	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 and investments	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
Derivative liabilities	-	-	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

	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, 2008							
ASSETS							
Cash	16,946,138	-	-	-	-	-	16,946,138
Current loans	1,766,124	3,565,703	4,868,501	8,732,484	15,387,113	158,372,353	192,692,278
Past due loans	-	-	-	10,000,000	-	8,000,000	18,000,000
Accrued interest receivable	784,600	354,475	373,336	521,999	-	-	2,034,409
Total assets	19,496,862	3,920,178	5,241,837	19,254,482	15,387,113	166,372,353	229,672,825
LIABILITIES							
Loans payable	3,000,000	2,635,417	4,752,000	7,387,417	21,774,833	119,649,832	159,199,499
Accrued interest payable	430,891	181,619	146,935	-	-	-	759,444
Derivative liabilities	-	-	3,160	86,038	177,087	987,646	1,253,931
Total liabilities	3,430,891	2,817,036	4,902,095	7,473,455	21,951,920	120,637,478	161,212,874

(Continued)

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

Notes to the Financial Statements

The Corporation's asset and liability terms including on-balance and off-balance sheet items are matched as follows:

December 31, 2010	Assets - cash	Loans & securities	Liabilities - debt	Gap	Cumulative Gap
1 to 30 days	14,222,410	2,392,640	(6,187,500)	10,427,550	10,427,550
31 to 60 days	-	(1,210,633)	17,364,583	16,153,951	26,581,501
61 to 90 days	-	277,883	(12,500,000)	(12,222,117)	14,359,383
91 to 180 days	-	24,934,073	(2,239,583)	22,694,490	37,053,873
181 to 365 days	-	13,521,952	(32,482,143)	(18,960,191)	18,093,682
> 365 days	-	208,533,337	(148,163,690)	60,369,646	78,463,329
Total	14,222,410	248,449,252	(184,208,333)	78,463,329	

December 31, 2009	Assets - cash	Loans & securities	Liabilities - debt	Gap	Cumulative Gap
1 to 30 days	4,363,328	16,103,658	(3,000,000)	17,466,987	17,466,987
31 to 60 days	-	(12,185,186)	21,364,583	9,179,397	26,646,384
61 to 90 days	-	2,404,829	3,248,001	5,652,831	32,299,214
91 to 180 days	-	5,355,286	(3,074,917)	2,280,369	34,579,584
181 to 365 days	-	12,600,289	(20,645,833)	(8,045,545)	26,534,039
> 365 days	-	192,640,480	(144,541,667)	48,098,814	74,632,853
Total	4,363,328	216,919,356	(146,649,832)	74,632,853	

December 31, 2008	Assets - cash	Loans & securities	Liabilities - debt	Gap	Cumulative Gap
1 to 30 days	16,946,138	730,410	46,500,000	64,176,548	64,176,548
31 to 60 days	-	2,610,130	(2,635,417)	(25,287)	64,151,261
61 to 90 days	-	739,399	(4,752,000)	(4,012,601)	60,138,660
91 to 180 days	-	15,386,941	(7,387,417)	7,999,525	68,138,185
181 to 365 days	-	7,320,531	(21,774,833)	(14,454,302)	53,683,883
> 365 days	-	183,904,866	(169,149,832)	14,755,034	68,438,917
Total	16,946,138	210,692,278	(159,199,499)	68,438,917	

(Continued)

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
December 31, 2010							
Non-derivative liabilities							
Loans payable	184,208,333	184,208,333	26,187,500	15,135,417	58,531,250	68,681,090	15,673,077
Interest **	792,892	12,237,120	578,164	605,831	2,577,191	6,072,352	2,403,582
Derivative liabilities							
Interest rate swaps **	1,378,456	1,501,989	-	173,998	561,649	1,005,951	(239,608)
Total	186,379,681	197,947,443	26,765,664	15,915,245	61,670,089	75,759,392	17,837,052
December 31, 2009							
Non-derivative liabilities							
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)	-
Derivative liabilities							
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)	-
December 31, 2008							
Non-derivative liabilities							
Loans payable	159,199,499	(159,199,499)	(3,000,000)	(7,387,417)	(29,162,250)	(118,074,407)	(1,575,426)
Interest **	759,444	(14,646,949)	(524,650)	(1,206,256)	(4,246,041)	(8,647,190)	(22,812)
Derivative liabilities							
Interest rate swaps **	1,253,931	(1,149,868)	-	(3,160)	(263,125)	(883,582)	-
Total	161,212,875	(174,996,315)	(3,524,650)	(8,596,833)	(33,671,415)	(127,605,179)	(1,598,237)

* 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 jeopardizing returns.

Foreign currency risk

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

As of December 31, 2010, 2009, and 2008, all of the Corporation's assets and liabilities are denominated in U.S. dollars. Accordingly, no foreign currency risk is anticipated.

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%. 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 some of its fixed-rate asset positions by converting them to a variable rate position in order to comply with the internal duration policy.

(Continued)

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.

December 31, 2010

	Assets	Liabilities	Net Portfolio
Present value	$268,944,510	($184,209,416)	$84,735,094
Duration (excluding Interest Rate Swap)	1.10	0.51	
Notional IRS	$29,000,000		
IRS duration	(4.93)		
Duration (including Interest Rate Swap)	0.51	0.51	
Floating rate as a % total	67%	94%	
Fixed rate as a % total	28%	6%	
Hybrid rate as a % total	1%	0%	
Duration of equity			0.7%
POLICY LIMIT:			+/- 1.5%

A change of 100 basis points in interest rates would have increased or decreased the Corporation's net value by US$589,874, which represents a change of +/- 9.6% in net income and +/- 0.79% in equity as of December 31, 2010.

(Continued)

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

Notes to the Financial Statements

The following tables summarize the Corporation's exposure to interest rate risk. Assets and liabilities are classified 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
December 31, 2010								
Assets:								
Loans and investments	48,236,738	49,798,042	46,500,486	45,348,086	1,061,507	57,504,393	(956,186)	247,493,066
Total recovery of rate-sensitive assets	48,236,738	49,798,042	46,500,486	45,348,086	1,061,507	57,504,393	(956,186)	247,493,066
Liabilities:								
Loans payable	87,937,500	13,604,167	63,000,000	8,000,000	-	11,666,667	(1,469,910)	182,738,423
Total maturity of rate-sensitive liabilities	87,937,500	13,604,167	63,000,000	8,000,000	-	11,666,667	(1,469,910)	182,738,423
Total gap	(39,700,762)	36,193,876	(16,499,514)	37,348,086	1,061,507	45,837,726	513,724	64,754,642

	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								
Assets:								
Loans and investments	68,032,036	35,552,624	32,067,541	40,295,326	6,061,507	34,910,322	(986,709)	215,932,648
Total recovery of rate-sensitive assets	68,032,036	35,552,624	32,067,541	40,295,326	6,061,507	34,910,322	(986,709)	215,932,648
Liabilities:								
Loans payable	40,999,999	29,145,833	58,504,000	18,000,000	-	-	(1,233,491)	145,416,341
Total maturity of rate-sensitive liabilities	40,999,999	29,145,833	58,504,000	18,000,000	-	-	(1,233,491)	145,416,341
Total gap	27,032,037	6,406,790	(26,436,459)	22,295,326	6,061,507	34,910,322	246,783	70,516,307

	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, 2008								
Assets:								
Loan portfolio	62,533,047	28,880,233	51,168,971	36,392,344	1,634,783	30,082,900	(616,447)	210,075,830
Total recovery of rate-sensitive assets	62,533,047	28,880,233	51,168,971	36,392,344	1,634,783	30,082,900	(616,447)	210,075,830
Liabilities:								
Loans payable	39,999,999	34,687,500	84,512,000	-	-	-	(1,905,545)	157,293,954
Total maturity of rate-sensitive liabilities	39,999,999	34,687,500	84,512,000	-	-	-	(1,905,545)	157,293,954
Total gap	22,533,048	(5,807,267)	(33,343,029)	36,392,344	1,634,783	30,082,900	1,289,098	52,781,876

(Continued)

d. Operational risk

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

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

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

- 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
- Environmental and social policies
- Compliance with internal policies and controls
- Code of conduct for employees and the Board of Directors and its Committees
- 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 has a capital adequacy policy that was approved by the Board of Directors on October 22, 2009. The Corporation's capital structure is as follows:

		December 31, 2010	December 31, 2009	December 31, 2008
Tier 1 capital	US$	74,440,683	69,393,261	65,550,680
Tier 2 capital		226,104	-	-
Deductions		-	-	-
Total capital	US$	74,666,787	69,393,261	65,550,680

		December 31, 2010	December 31, 2009	December 31, 2008
Risk weight of 0%	US$	-	-	-
Risk weight of 20%		2,910,137	872,666	3,389,228
Risk weight of 50%		10,765,744	13,693,246	9,635,391
Risk weight of 100%		245,245,767	211,921,473	207,954,716
Risk weighted assets	US$	258,921,648	226,487,385	220,979,335
Capital adequacy		28.84%	30.64%	29.66%
Required capital adequacy		15.00%	15.00%	15.00%

6. Loans payable

Loans payable, net of origination costs (commissions paid) are as follows:

		December 31, 2010	December 31, 2009	December 31, 2008
Foreign financial institutions	US$	184,208,333	146,649,832	159,199,499
Deferred expense		(1,469,910)	(1,233,491)	(1,905,545)
	US$	182,738,423	145,416,341	157,293,954

As of December 31, 2010, the effective interest rates on loans with foreign financial entities range between 1.54% and 4.50% per annum (2009: between 1.49% and 2.52% per annum; 2008: between 3.81% and 5.88% per annum).

		December 31, 2010	December 31, 2009	December 31, 2008
Loans outstanding	US$	184,208,333	146,649,832	159,199,499
Undrawn balance of committed lines of credit	US$	78,333,333	106,500,000	49,500,000
Undrawn balance of uncommitted lines of credit	US$	10,000,000	11,000,000	12,000,000

See note 5.b. for information on outstanding contractual maturities of borrowings. The Corporation has not had any defaults of principal, interest or other breaches with respect to its loans payable during 2010, 2009 and 2008.

7. Equity

Share capital

As of December 31, 2010, 2009, and 2008, the Corporation's share capital 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 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, the amount of US$1,095,135 has been distributed as dividends, which is equivalent to US$0.02 per share.

In September 2008, IFC became a shareholder of the Corporation by acquiring 8,500,000 shares, as follows: the entire holdings of Republic Bank of Trinidad and Tobago (1,000,000 shares), treasury shares (500,000), and a portion of the holdings of the Inter-American Investment Corporation (IIC) (7,000,000 shares). Caja Madrid increased its ownership interest by acquiring 1,000,000 additional shares, which were part of the holdings of Unibanco. Caixa Banco de Investimento also increased its ownership interest by acquiring 1,000,000 additional shares, which were part of the holdings of Unibanco.

(Continued)

As of December 31, 2010, 2009, and 2008, share capital is distributed as follows:

	Acquired capital	Ownership interest
Caja de Ahorros y Monte de Piedad de Madrid	11,000,001	20.37%
International Finance Corporation	8,500,000	15.74%
Central American Bank for Economic Integration	5,000,000	9.26%
HSBC Bank (Panama), S.A.	5,000,000	9.26%
Nordfund	5,000,000	9.26%
Caixa Banco de Investimento	5,000,000	9.26%
Inter-American Investment Corporation	3,000,000	5.56%
Itau Unibanco, S.A.	3,000,000	5.56%
Caribbean Development Bank	3,000,000	5.56%
Finnfund	3,000,000	5.56%
Banco Pichincha CA	2,500,000	4.63%
	54,000,001	

Reserves

- *Legal reserve:*

Pursuant to Costa Rican legislation, the Corporation allocates 5% of net income to a legal reserve, not to exceed 20% of outstanding share capital.

- *Fair value reserve:*

The fair value reserve includes the cumulative net change in the fair value of available-for-sale securities until the securities are derecognized.

8. Earnings per share

The calculation of basic earnings per share as of December 31 was based on the profit attributable to shareholders and a weighted average number of shares, as follows:

		2010	2009	2008
Net income for the year	US$	6,142,557	3,842,580	2,137,658
Number of shares		54,000,001	54,000,001	54,000,001
Earnings per share	US$	0.11	0.07	0.04

(Continued)

9. Income tax

Tax Authorities may review income tax returns filed by the Corporation for the 2010, 2009, 2008, and 2007 tax years.

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 December 31, 2010, 2009, and 2008, the Corporation presented no taxable income. Accordingly, it reports no income tax expense.

As of December 31, 2010, 2009, and 2008, the Corporation determined no temporary taxable differences that give rise to a deferred tax. A deferred tax liability represents a temporary taxable difference and a deferred tax asset represents a deductible temporary difference.

10. Derivatives held for risk management purposes

Interest rate derivatives

Management uses interest rate swaps to reduce 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:

December 31, 2010

	Interest rate	Remaining maturity		Notional value		Fair value Assets	Fair value Liabilities
Non-designated derivatives held for risk managment							
Caja Madrid	Variable: L+ 6M.	10/3/2012	US$	10,000,000	US$	-	763,942
HSBC New York	Variable: L+ 6M.	3/15/2013		1,000,000		-	69,550
				11,000,000		-	833,492
Designated fair value hedges of interest rate risk							
Goldman Sachs	Variable: L+ 6M.	8/14/2019		10,000,000		-	544,964
Goldman Sachs	Variable: L+ 6M.	5/7/2020		5,000,000		307,059	-
Goldman Sachs	Variable: L+ 6M.	8/19/2014		3,000,000		21,218	-
				18,000,000		328,277	544,964
Total derivatives			US$	29,000,000	US$	328,277	1,378,456

(Continued)

December 31, 2009

	Interest rate	Remaining maturity		Notional value		Fair value Assets	Liabilities
Non-designated derivatives held for risk managment							
Caja Madrid	Variable: L+ 6M.	10/3/2012	US$	10,000,000	US$	-	851,546
HSBC New York	Variable: L+ 6M.	12/22/2010		5,000,000		-	163,330
HSBC New York	Variable: L+ 6M.	3/15/2013		1,000,000		-	52,864
			US$	16,000,000	US$	-	1,067,740

December 31, 2008

	Interest rate	Remaining maturity		Notional value		Fair value Assets	Liabilities
Non-designated derivatives held for risk managment							
Caja Madrid	Variable: L+ 6M.	10/3/2012	US$	10,000,000	US$	-	937,666
HSBC New York	Variable: L+ 6M.	12/22/2010		5,000,000		-	247,546
HSBC New York	Variable: L+ 6M.	3/15/2013		1,000,000		-	68,719
			US$	16,000,000	US$	-	1,253,931

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

For the period ended December 31, 2010, the Corporation recognized a net profit, excluding interest expense, of US$129,370 (2009: net profit of US$277,165; 2008: net loss of US$1,030,118) in the statement of comprehensive income, which was derived from the net change in fair value of those instruments and, if applicable, the fair value of the specific risk hedged.

11. Net income from other financial instruments at fair value through profit or loss

		2010	2009	2008
Derivatives held for risk management purposes:				
Interest rate swap		162,470	277,165	(1,030,118)
Fair value hedges:				
Interest rate swap		(33,099)	-	-
	US$	129,370	277,165	(1,030,118)

(Continued)

12. Fair value of financial instruments

As of December 31, 2010, 2009, and 2008, the financial instruments recorded at fair value by hierarchical level areas follows:

		December 31, 2010			
		Carrying amount	Level 1	Level 2	Level 3
Investment securities	US$	20,444,000	20,444,000	-	-
Derivative assets	US$	328,277	-	328,277	-
Derivative liabilities	US$	(1,378,456)	-	(1,378,456)	-
		December 31, 2009			
		Carrying amount	Level 1	Level 2	Level 3
Derivative liabilities	US$	(1,067,740)	-	(1,067,740)	-
		December 31, 2008			
		Carrying amount	Level 1	Level 2	Level 3
Derivative liabilities	US$	(1,253,931)	-	(1,253,931)	-

For assets recorded at fair value in the statement of financial position, the hierarchical levels for purposes of fair value disclosures are as follows:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly or indirectly. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation techniques includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

(Continued)

The fair value of financial assets and liabilities carried at amortized cost in the statement of financial position are as follows:

		December 31, 2010	
		Carrying amount	Fair value
Cash	US$	14,222,411	14,222,411
Investment securities	US$	31,693,016	33,266,146
Loans receivable	US$	199,549,252	200,493,801
Loans and interest payable	US$	183,531,315	184,209,416

		December 31, 2009	
		Carrying amount	Fair value
Cash	US$	4,363,328	4,363,328
Investment securities	US$	28,849,561	29,340,967
Loans receivable	US$	188,679,356	188,265,107
Loans and interest payable	US$	145,814,971	145,626,939

		December 31, 2008	
		Carrying amount	Fair value
Cash	US$	16,946,138	16,946,138
Investment securities	US$	23,835,641	18,378,865
Loans receivable	US$	187,452,278	187,913,762
Loans and interest payable	US$	158,053,398	157,724,306

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.

(Continued)

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. Investment securities

The fair values are based on quoted market prices.

b. Loans receivable

The fair value of loans is determined by creating classes of loans 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.

c. 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 December 31, 2010, the Corporation has commitments and contingencies in the amount of US$21,531,488 (2009: US$27,386,492; 2008: US$19,270,781) corresponding to credits pending disbursement to different companies in the amount of US$11,945,296 (2009: US$17,386,492; 2008: US$19,270,781); and a commitment for an undersigned guaranty agreement in the amount of US$9,586,192 (2009: US$10,000,000; 2008: nil).

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.