KPMG

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

Financial Information Required by the Superintendency General of Financial Entities

December 31, 2006

(With Independent Auditors' Report Thereon)

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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, 2006, 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, 2006, 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 26, 2007

San José, Costa Rica

CORPORACIÓN INTERAMERICANA PARA EL FINANCIAMIENTO DE INFRAESTRUCTURA, S.A.
BALANCE SHEET
As of December 31, 2006
(With corresponding figures for 2005)
(In colones and US dollars)

		2006		2005	
	Note	**Colones**	**US dollars**	**Colones**	**US dollars**
ASSETS					
Cash and due from banks	**5**	**4,066,928,954**	**7,884,090**	**6,867,284,127**	**13,855,108**
Investment securities and deposits	**6**	**5,218,869,741**	**10,117,226**	**123,912,500**	**250,000**
Held-to-maturity		5,218,869,741	10,117,226	123,912,500	250,000
Loan portfolio, net	**7**	**59,620,406,459**	**115,579,262**	**28,504,789,692**	**57,509,916**
Current		60,902,193,619	118,064,116	29,417,968,422	59,352,302
Allowance for loan losses	**7-a**	(1,281,787,160)	(2,484,854)	(913,178,730)	(1,842,386)
Accounts and accrued interest receivable, net		**550,847,378**	**1,067,865**	**356,093,651**	**718,438**
Accrued interest receivable		550,847,378	1,067,865	354,136,220	714,488
Sundry accounts receivable		-	-	1,957,431	3,950
Other		**12,510,741**	**24,253**	**42,977,598**	**86,710**
TOTAL ASSETS		**69,469,563,273**	**134,672,696**	**35,895,057,568**	**72,420,172**
LIABILITIES AND STOCKHOLDERS' EQUITY					
LIABILITIES					
Obligations with the public	**8**	**77,376,000**	**150,000**	**123,912,500**	**250,000**
Term deposits		77,376,000	150,000	123,912,500	250,000
Obligations with foreign financial entities	**9**	**32,706,320,944**	**63,404,003**	**7,002,248,288**	**14,127,405**
Other accounts payable and provisions		**5,628,482,691**	**10,911,296**	**163,409,828**	**329,689**
Finance charges payable		181,004,471	350,893	34,404,886	69,414
Provisions	**10**	106,145,592	205,772	128,806,806	259,875
Income tax liability	**12**	78,761,020	152,685	-	-
Sundry accounts payable	**11**	5,262,571,608	10,201,946	198,136	400
Other liabilities		**149,443,878**	**289,710**	**-**	**-**
Deferred income		149,443,878	289,710	-	-
TOTAL LIABILITIES		**38,561,623,513**	**74,755,009**	**7,289,570,616**	**14,707,094**
STOCKHOLDERS' EQUITY					
Capital stock		**20,016,845,328**	**54,000,001**	**20,016,845,328**	**54,000,001**
Paid up capital	**13-a**	20,016,845,328	54,000,001	20,016,845,328	54,000,001
Capital reserves		**142,277,767**	**295,884**	**85,416,492**	**185,654**
Prior period retained earnings		**10,748,816,665**	**5,621,802**	**8,503,225,132**	**3,527,423**
TOTAL STOCKHOLDERS' EQUITY		**30,907,939,760**	**59,917,687**	**28,605,486,952**	**57,713,078**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**69,469,563,273**	**134,672,696**	**35,895,057,568**	**72,420,172**
CONTINGENCIES	**18**	**4,258,817,396**	**8,256,082**	**3,524,763,427**	**7,111,396**

Sergio Ruiz
Legal Representative

Guillermo Smith
Accountant

See accompanying notes to financial statements.

CORPORACIÓN INTERAMERICANA PARA EL FINANCIAMIENTO DE INFRAESTRUCTURA, S.A.
STATEMENT OF INCOME
Year ended December 31, 2006
(With corresponding figures for 2005)
(In colones and US dollars)

		2006		2005	
	Note	**Colones**	**US dollars**	**Colones**	**US dollars**
Financial income					
Cash and due from banks		44,501,344	87,354	42,760,858	88,542
Investment securities and deposits		175,061,294	340,263	192,832,347	404,602
Loan portfolio		3,573,789,034	6,983,227	1,511,688,320	3,154,979
Foreign exchange differences, net		1,155,857,141	-	2,154,340,381	-
Total financial income		**4,949,208,813**	**7,410,844**	**3,901,621,906**	**3,648,123**
Financial expense					
Obligations with the public		4,194,780	8,231	4,431,179	9,276
Financial obligations		1,544,122,866	3,008,523	38,914,187	79,960
Other		24,594	49	60,027	123
Total financial expense		**1,548,342,240**	**3,016,803**	**43,405,393**	**89,359**
Expense for impairment of investment securities and allowance for loan losses	**7-a**	326,116,567	642,468	497,167,154	1,023,658
NET FINANCIAL INCOME		**3,074,750,006**	**3,751,573**	**3,361,049,359**	**2,535,106**
Other operating income					
Other		195,807,142	345,761	210,553,774	396,647
Total other operating income		**195,807,142**	**345,761**	**210,553,774**	**396,647**
Other operating expenses					
Service fees and commissions		12,942,989	25,283	13,106,409	25,779
Taxes, licenses, and statutory allocations		4,658,063	9,129	3,738,756	7,824
Other expenses with related parties		12,880,672	25,166	7,152,261	15,000
Total other operating expenses		**30,481,724**	**59,578**	**23,997,426**	**48,603**
GROSS OPERATING INCOME		**3,240,075,424**	**4,037,756**	**3,547,605,707**	**2,883,150**
Administrative expenses					
Personnel		550,923,924	1,075,319	220,798,273	462,649
Other		307,937,672	605,143	353,623,710	712,281
Total administrative expenses	**15**	**858,861,596**	**1,680,462**	**574,421,983**	**1,174,930**
NET OPERATING INCOME BEFORE TAXES		**2,381,213,828**	**2,357,294**	**2,973,183,724**	**1,708,220**
Taxes	**12**	78,761,020	152,685	-	-
NET INCOME FOR THE YEAR		**2,302,452,808**	**2,204,609**	**2,973,183,724**	**1,708,220**

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, 2006
(With corresponding figures for 2005)
(In colones and US dollars)

IN COLONES

	Note	Capital stock	Additional paid-in capital	Capital reserves	Prior period retained earnings	Total stockholders' equity
Balances at December 31, 2004		**16,375,245,328**	**3,641,600,000**	**43,082,530**	**5,572,375,370**	**25,632,303,228**
Balances at January 1, 2005		**16,375,245,328**	**3,641,600,000**	**43,082,530**	**5,572,375,370**	**25,632,303,228**
Net income for the year		-	-	-	2,973,183,724	2,973,183,724
Capitalization of paid-in capital	**13-b**	3,641,600,000	(3,641,600,000)	-	-	-
Appropriation to legal reserve		-	-	42,333,962	(42,333,962)	-
Balances at December 31, 2005		**20,016,845,328**	**-**	**85,416,492**	**8,503,225,132**	**28,605,486,952**
Balances at January 1, 2006		**20,016,845,328**	**-**	**85,416,492**	**8,503,225,132**	**28,605,486,952**
Net income for the year		-	-	-	2,302,452,808	2,302,452,808
Appropriation to legal reserve		-	-	56,861,275	(56,861,275)	-
Balances at December 31, 2005		**20,016,845,328**	**-**	**142,277,767**	**10,748,816,665**	**30,907,939,760**

IN US DOLLARS

		Capital stock	Additional paid-in capital	Capital reserves	Prior period retained earnings	Total stockholders' equity
Balances at December 31, 2004		**46,000,001**	**8,000,000**	**100,243**	**1,904,614**	**56,004,858**
Balances at January 1, 2005		**46,000,001**	**8,000,000**	**100,243**	**1,904,614**	**56,004,858**
Net income for the year		-	-	-	1,708,220	1,708,220
Capitalization of paid-in capital	**13-b**	8,000,000	(8,000,000)	-	-	-
Appropriation to legal reserve		-	-	85,411	(85,411)	-
Balances at December 31, 2005		**54,000,001**	**-**	**185,654**	**3,527,423**	**57,713,078**
Balances at January 1, 2006		**54,000,001**	**-**	**185,654**	**3,527,423**	**57,713,078**
Net income for the year		-	-	-	2,204,609	2,204,609
Appropriation to legal reserve		-	-	110,230	(110,230)	-
Balances at December 31, 2006		**54,000,001**	**-**	**295,884**	**5,621,802**	**59,917,687**

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, 2006
(With corresponding figures for 2005)
(In colones and US dollars)

	2006		2005	
	Colones	**US dollars**	**Colones**	**US dollars**
Cash flows from operating activities				
Net income	2,302,452,808	2,204,609	2,973,183,723	1,708,220
Items applied to results not requiring cash				
Unrealized foreign exchange loss (gain), net	(1,047,935,691)	-	2,154,340,381	-
Losses on allowance for bad debts	326,116,567	642,468	497,167,154	1,023,658
Provision expense	226,323,884	473,601	122,381,734	118,884
Financial income, net	(2,245,034,026)	(4,394,090)	(1,791,572,132)	(3,629,862)
Income tax	78,761,020	152,685	-	-
Deferred income	149,443,878	289,710	-	-
Transaction costs of financial obligations	272,042,708	569,349	-	-
Net (increase) decrease in assets				
Credits and cash advances	(30,101,127,848)	(58,711,814)	(15,446,941,639)	(25,673,948)
Other assets	(1,146,235,764)	(2,226,344)	(475,479,310)	(959,305)
Net increase (decrease) in assets				
Demand and term obligations	(51,183,000)	(100,000)	12,715,003	-
New borrowings	26,243,250,000	51,000,000	7,434,750,000	15,000,000
Other accounts payable and provisions	5,013,388,374	9,673,842	58,988,502	(1,249)
	20,262,910	(425,984)	(4,460,466,584)	(12,413,602)
Interest paid	(1,401,718,061)	(2,735,275)	(9,755,176)	(21,595)
Interest received	3,596,640,514	7,057,467	1,512,981,568	3,195,468
Net cash flows from operating activities	**2,215,185,363**	**3,896,208**	**(2,957,240,192)**	**(9,239,729)**
Net cash provided by (used in) investing activities				
Increase in deposits and investments	(57,574,279,990)	(111,779,331)	(77,008,826,142)	(162,302,050)
Decrease in deposits and investments	52,558,739,454	101,912,105	84,154,698,729	179,544,213
Net cash (used in) provided by investing activities	**(5,015,540,536)**	**(9,867,226)**	**7,145,872,587**	**17,242,163**
Net (decrease) increase in cash and cash equivalents	**(2,800,355,173)**	**(5,971,018)**	**4,188,632,395**	**8,002,434**
Cash and cash equivalents at beginning of year	**6,867,284,127**	**13,855,108**	**2,678,651,732**	**5,852,674**
Cash and cash equivalents at end of year	**4,066,928,954**	**7,884,090**	**6,867,284,127**	**13,855,108**

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 financial intermediary 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.

The Corporation has 9 employees and its website is www.cifidc.com. 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.

In 2007, the Corporation’s headquarters in Washington, D.C., United States of America will be relocated to Arlington, Virginia, U.S.A., where operations will 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.

The financial statements were approved for issue by the Board of Directors on February 9, 2007.

(2) Summary of significant accounting principles

(a) Basis of financial statement preparation

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

(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 is 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: ¢515.84 and ¢495.65 to US$1.00 as of December 31, 2006 and 2005, 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. 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 payables.

(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 or held to maturity.

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

(ii) Recognition

The Corporation 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 amortized cost, including transaction costs.

Subsequent to initial recognition, all available-for-sale assets are measured at fair value.

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.

The fair value of financial instruments that can not be based on quoted market prices is calculated using net present value at their effective rate.

(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

(Continued)

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) 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, 2006 and 2005, the Corporation has no nonperforming loans in its portfolio.

(f) Allowance for loan losses

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

As of December 31, 2006, the loan portfolio is valued in accordance with provisions established in SUGEF directive 1-05 "Regulations for Borrower Classification", which was approved by CONASSIF on November 24, 2005, published in Official Gazette No. 238 on December

(Continued)

9, 2005, and effective as of October 9, 2006. Those provisions are summarized below:

Loan operations approved for individuals or legal entities with a total outstanding balance exceeding ¢50,000,000 (Group 1 under SUGEF directive 1-05) are classified by credit risk, based on the following considerations:

- Ability to pay, which includes an analysis of projected cash flows, an analysis of financial position, consideration for experience in the line of business, quality of management, stress analysis of critical variables, and an analysis of the creditworthiness of individuals, regulated financial intermediaries, and public institutions.

- Historical payment behavior, which is determined by the borrower's payment history over the previous 48 months, considering servicing of direct loans, both current and settled, in the National Financial System as a whole. SUGEF calculates the level of historical payment behavior for borrowers reported by entities during the previous month.

- Collateral, which can be used to mitigate risk for purposes of calculating the allowance for loan losses. The fair value of collateral should be considered and adjusted at least once annually. The percentage of acceptance of collateral is also a mitigating factor. Collateral must be depreciated six months after appraisal.

The risk categories are summarized below:

Risk category	Days overdue	Historical payment behavior	Ability to pay
A1	Less than or equal to 30 days	Level 1	Level 1
A2	Less than or equal to 30 days	Level 2	Level 1
B1	Less than or equal to 60 days	Level 1	Level 1 or Level 2
B2	Less than or equal to 60 days	Level 2	Level 1 or Level 2
C1	Less than or equal to 90 days	Level 1	Level 1 or Level 2
C2	Less than or equal to 90 days	Level 1 or Level 2	Level 1, Level 2, or Level 3
D	Less than or equal to 120 days	Level 1 or Level 2	Level 1, Level 2, or Level 3

(Continued)

Remaining loan operations, for which the total outstanding balance is less than ¢50,000,000 (Group 2 under SUGEF directive 1-05), are classified in the following categories based on historical payment behavior and days overdue:

Risk category	Days overdue	Historical payment behavior
A1	Less than or equal to 30 days	Level 1
A2	Less than or equal to 30 days	Level 2
B1	Less than or equal to 60 days	Level 1
B2	Less than or equal to 60 days	Level 2
C1	Less than or equal to 90 days	Level 1
C2	Less than or equal to 90 days	Level 1 or Level 2
D	Less than or equal to 120 days	Level 1 or Level 2

Borrowers are to be classified in risk category E if they fail to meet the conditions for classification in risk categories A through D mentioned above, are in a state of bankruptcy, meeting of creditors, court protected reorganization procedure, or takeover, or consider classification in such category to be appropriate.

The risk categories and allowance percentages required for each category are indicated below:

Risk category	Allowance percentage
A1	0.5%
A2	2%
B1	5%
B2	10%
C1	25%
C2	50%
D	75%
E	100%

As an exception in the case of risk category E, the minimum allowance for loans to a borrower whose historical payment behavior is rated as level 3 should be calculated as follows:

Days overdue	Allowance percentage
0-30 days	20%
31-60 days	50%
More than 61 days	100%

However, SUGEF defines a minimum allowance for loan losses as the greater of:

- The structural allowance determined based on percentages defined by SUGEF (see above);
- The adjusted allowance (which corresponds to the allowance resulting from the most recent SUGEF review); and
- The lower of the allowance booked by the entity as of September 30, 2004 and adjusted monthly based on the change in the Consumer Price Index (CPI), and the ratio of the allowance booked by the entity as of September 30, 2004 to the total balance of loan operations subject to the allowance.

The Corporation has determined a structural allowance (application of SUGEF directive 1-05) of ¢624,281,870. However, the allowance booked as of December 31, 2006 is ¢1,281,787,160. The expense for the allowance for loan losses and impairment corresponds to the amount necessary to attain the minimum required allowance.

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 (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, (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:

Criteria 2		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	Over 360 days; secured by collateral	C3	Over 360 days; secured by collateral
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%

Management also has a methodology for loan portfolio valuation, which considers risks such as type of business and location. The percentages established by management using this methodology exceed those defined by current legislation.

As of December 31, 2006 and 2005, management considers the allowance to be adequate to absorb any potential losses that could arise from loan recovery.

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(g) Offsetting

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

(h) Accounts payable and other

Accounts payable and other are carried at amortized cost.

(i) 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.

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.

As of December 31, 2006 and 2005, no impaired assets were identified, and the Corporation has recorded no impairment losses for the year then ended.

(j) Provisions

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

(k) 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.

ii. Deferred

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

(Continued)

(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 the year.

(n) Revenue and expense recognition

i. Interest income and expense

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

ii. Fee and commission income

Fee and commission income arises on advisory services provided by the Corporation, including advisory services and commitment 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.

(o) Use of estimates

Management of the Corporation has made a number of estimates and assumptions related to the reporting of assets, liabilities, taxes, results, fair value of financial instruments 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.

(Continued)

(3) Collateralized and restricted assets

As of December 31, 2006, investment securities and deposits denominated in US dollars in private banks for ¢5,141,493,741 (US$9,967,226) are restricted for future loan disbursements, as they represent a cash guarantee given to the Corporation by a third party in connection with a loan granted and will be released once the borrower has complied with all of the clauses of the loan agreement. The Corporation also holds collateralized deposits in the amount of ¢8,340,493 (US$16,169) as part of other assets.

To secure its financial obligations, the Corporation assigned rights to cash flows derived from certain loan agreements in its lending portfolio to lenders.

As of December 31, 2005, 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, 2006	
	Colones	US dollars
Assets:		
Cash and due from banks	¢ 3,788,263,690	$ 7,343,873
Investments	77,533,976	150,306
Total assets	3,865,797,667	7,494,179
Liabilities:		
Other financial obligations	78,446,997	152,076
Total liabilities	78,446,997	152,076
Income:		
Interest	46,295,427	84,410
Total income	46,295,427	84,410
Expenses:		
Interest	1,818,677	3,564
Service fees and commissions	7,522,508	14,633
Administrative	12,880,672	25,166
Total expenses	¢ 22,221,857	$ 43,363

(Continued)

		As of December 31, 2005		
		Colones		US dollars
Assets:				
Cash and due from banks	¢	6,826,927,387	$	13,773,686
Investments		49,709,566		100,292
Total assets		6,876,636,953		13,873,978
Liabilities:				
Other financial obligations		49,709,566		100,292
Total liabilities		49,709,566		100,292
Income:				
Interest		128,003,120		267,356
Total income		128,003,120		267,356
Expenses:				
Service fees and commissions		11,226,819		23,435
Administrative		7,152,750		15,000
Total expenses	¢	18,379,569	$	38,435

(5) Cash and due from banks

Cash and due from banks is as follows:

		As of December 31, 2006		
		Colones		US dollars
Local financial entities	¢	3,788,263,690	$	7,343,873
Foreign financial entities		278,665,264		540,217
	¢	4,066,928,954	$	7,884,090

		As of December 31, 2005		
		Colones		US dollars
Local financial entities	¢	6,826,927,387	$	13,773,686
Foreign financial entities		40,356,740		81,422
	¢	6,867,284,127	$	13,855,108

(Continued)

(6) Investment securities and deposits

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

		December 31, 2006				
		Colones			US dollars	
		Cost	Fair value		Cost	Fair Value
Local issuers:						
Investment certificate US$ in private banks	¢	77,376,000	77,376,000	$	150,000	150,000
Foreign issuers:						
Bonds in US$ in the government (treasure bonds)		5,141,493,741	5,141,493,741		9,967,226	9,967,226
	¢	5,218,869,741	5,218,869,741	$	10,117,226	10,117,226

Investment securities denominated in US dollars in private banks correspond to collateralized cash deposits associated with a loan operation, which will be disbursed once the loan terms have been met by the borrower.

		December 31, 2005				
		Colones			US dollars	
Held-to-maturity		Cost	Fair value		Cost	Fair Value
Local issuers:						
Investment certificate US$ in private banks	¢	123,912,500	120,632,436	$	250,000	243,382
		123,912,500	120,632,436		250,000	243,382

(Continued)

(7) Loan portfolio

The loan portfolio is classified by economic activity as follows:

		December 31, 2006	
		Colones	US dollars
Construction	¢	7,479,680,000	14,500,000
Electricity, gas and water		18,193,529,179	35,269,714
Transportation and communications		22,791,382,605	44,183,046
Other		12,437,601,835	24,111,356
		60,902,193,619	118,064,116
Allowance for loan losses		(1,281,787,160)	(2,484,854)
	¢	59,620,406,459	115,579,262

		December 31, 2005	
		Colones	US dollars
Construction	¢	3,469,550,000	7,000,000
Electricity, gas and water		14,570,511,128	29,396,775
Transportation and communications		4,581,059,657	9,242,529
Other		6,796,847,637	13,712,998
		29,417,968,422	59,352,302
Allowance for loan losses		(913,178,730)	(1,842,386)
	¢	28,504,789,692	57,509,916

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

As of December 31, 2006 and 2005, the Corporation has no past due, nonperforming loans, loans in legal collections, or loans for which interest is accounted for on a cash basis.

As of December 31, 2006, the annual interest rate on loans ranged between 6.88% and 10.22% (2005: between 4.38% and 8.52%) in US dollars.

(Continued)

(a) Allowance for loan losses

As of December 31, 2006 and 2005, movement in the allowance for loan losses is as follows:

		Colones		US dollars
Balances at December 31, 2004	¢	374,715,637	$	818,728
Balances at January 1, 2005		374,715,637		818,728
Plus:				
Expense for the year for portfolio evaluation		497,167,154		1,023,658
Exchange differences on allowances in foreign currency		41,295,939		-
Balances at December 31, 2005		913,178,730		1,842,386
Balances at January 1, 2006		913,178,730		1,842,386
Plus:				
Expense for the year for portfolio evaluation		326,116,567		642,468
Exchange differences on allowances in foreign currency		42,491,863		-
Balance as of December 31, 2006	¢	1,281,787,160	$	2,484,854

(8) Obligations with the public

(a) By amount

As of December 31, 2006 and 2005, obligations with the public correspond to term certificates of deposit with local financial institutions in the amount of US$150,000 (¢77,376,000) and US$250,000 (¢123,912,500), respectively.

(b) By clients

As of December 31, 2006, obligations with the public correspond to term certificates of deposit acquired from one local financial institution (2005: two local financial institutions).

(9) Other financial obligations

The other financial obligations are as follows:

	December 31, 2006	
	Colones	US dollars
Obligations with foreign financial entities	¢ 34,045,440,000	$ 66,000,000
Transaction costs	(1,339,119,056)	(2,595,997)
	¢ 32,706,320,944	$ 63,404,003

	December 31, 2005	
	Colones	US dollars
Obligations with foreign financial entities	¢ 7,434,750,000	$ 15,000,000
Transaction costs	(432,501,712)	(872,595)
	¢ 7,002,248,288	$ 14,127,405

On June 9, 2005, the Corporation subscribed a credit facility for US$50,500,000 with the Inter-American Development Bank (IDB). That loan was comprised of tranche "A" in the amount of US$25,000,000 for an eight-year term, bearing an annual interest rate at Libor + 2.25%, and tranche "B" in the amount of US$25,500,000 for a six-year term, bearing an annual interest rate at Libor + 2.00%. Both tranches have a two-year grace period. As security for the loan, the Corporation assigned the IDB rights to cash flows derived from loan agreements in its lending portfolio, up to a coverage ratio of 120% of the amount of the IDB loan.

The first disbursement of US$15,000,000 was received on December 6, 2005 (¢7,434,750,000). As of December 31, 2006, a total of US$43,000,000 (¢22,181,120,000) has been disbursed. Loan fees in the amount of US$664,193 (¢342,617,308) have not been paid.

(Continued)

On June 23, 2006, the Corporation subscribed a credit facility for US$100,000,000 with Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V., the Central American Bank for Economic Integration (CABEI), Deg-Deutsche Investitions-Und Entwicklungsgesellschaft Mbh, and Finnish Fund For Industrial Cooperation Ltd. That loan is comprised of one tranche in the amount of US$44,000,000 for a four-year term, bearing interest at Libor + 1.75%, and a second tranche in the amount of US$56,000,000 for a seven-year term, bearing interest at Libor + 2.00%. Both tranches have a two-year grace period. As security for the loan, the Corporation assigned rights to cash flows derived from loan agreements in its lending portfolio to lenders, up to a coverage ratio of 110% of the amount of the loan.

On August 4, 2006, the first disbursement was received in the amount of US$18,000,000 (¢9,285,120,000). As of December 31, 2006, a total of US$23,000,000 (¢11,864,320,000) was disbursed, and loan fees have not been paid in the amount of US$1,931,804 (¢996,501,748).

As of December 31, 2006, the effective interest rates on loans with foreign financial entities range between 7.11% and 7.60% (2005: 6.39% and 6.64%), with maturity in 2013.

(10) Provisions

Movement in provisions for services is as follows:

		Colones		US dollars
Balances at December 31, 2004	¢	64,528,418	$	140,991
Balances at January 1, 2005		64,528,418		140,991
Provision made		241,126,280		498,694
Provision used		(176,847,892)		(379,810)
Balances at December 31, 2005		128,806,806		259,875
Balances at January 1, 2006		128,806,806		259,875
Provision made		226,323,884		473,601
Provision used		(248,985,098)		(527,704)
Balances at December 31, 2006	¢	106,145,592	$	205,772

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

(Continued)

(11) Other accounts payable

As of December 31, 2006, this account includes the sum of US$10,000,000 (¢5,158,400,000), which corresponds to cash deposited as collateral for a loan operation. That amount will be reimbursed to the borrower once the terms of the loan agreement have been met.

(12) Income tax

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

Income tax expense differs from the amount that would result from applying the income tax rate (2006 and 2005: 30%) to pretax income as a result of the following:

		December 31, 2006		
		Colones		US dollars
"Expected" income tax on pretax income	¢	714,364,148	$	707,188
Plus:				
Nondeductible expenses		850,772,263		2,349,028
Less:				
Nontaxable income		1,486,375,391		2,903,531
Income tax	¢	78,761,020	$	152,685

		December 31, 2005		
		Colones		US dollars
"Expected" income tax on pretax income	¢	891,955,117	$	512,466
Plus:				
Nondeductible expenses		9,379,010		19,652
Less:				
Nontaxable income		1,016,874,759		2,130,696
Income tax	¢	-	$	-

Tax Authorities may review income tax returns filed by the Corporation for the 2005, 2004, and 2003 tax years, as well as the return that will be filed for the year ended December 31, 2006.

(Continued)

As of December 31, 2006 and 2005, 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.

(13) Stockholders' equity

(a) Capital stock

As of December 31, 2006 and 2005, the Corporation's capital stock is comprised of 54,000,001 common shares of US$1.00 par value, for a total of US$54,000,001 (¢20,016,845,328). Of that total, 36,000,001 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.

In October 2005, Banco Galicia informed the Corporation's stockholders of its decision not to subscribe and pay the US$4,500,000 that would be required to reach the US$5,000,000 it had originally expressed interest in paying. That decision was based on the bank's inability to make the disbursement due to the restructuring that resulted from Argentina's financial crisis in recent years. Consequently, the corporation did not issue the corresponding shares.

(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). The capital increase was authorized by CONASSIF and SUGEF in February 2005 through private letter ruling SUGEF 261-2005/200410631 dated January 21, 2005.

(c) Dividends

No dividends have been declared nor paid since the corporation's inception.

(14) Basic earnings per share

The calculation of basic earnings per share 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, 2006			
		Colones		US dollars
Net profit	¢	2,302,452,808	$	2,204,609
Net profit available for common shareholders		2,245,591,533		2,094,379
Weight average number of common shares		54,000,001		54,000,001
Basic net earnings per share	¢	41.59	$	0.039

	As of December 31, 2005			
		Colones		US dollars
Net profit	¢	2,973,183,722	$	1,708,220
Net profit available for common shareholders		2,930,849,760		1,622,809
Weighted average number of common shares		54,000,001		54,000,001
Basic net earnings per share	¢	54.27	$	0.030

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Notes to Financial Statements

(15) Administrative expenses

Administrative expenses are as follows:

		As of December 31, 2006		
		Colones		US dollars
Personnel expenses:				
Salaries and bonuses	¢	366,766,018	$	715,632
Employer social security taxes		110,779,591		216,560
Personnel insurance		27,744,921		54,230
Per diem		34,972,439		68,306
Training		10,660,955		20,591
		550,923,924		1,075,319
Outsourced services		244,011,199		480,900
Overhead		16,73,802		32,619
Other		47,252,671		91,624
		307,937,672		605,143
	¢	858,861,596	$	1,680,462

		As of December 31, 2005		
		Colones		US dollars
Personnel expenses:				
Salaries and bonuses	¢	129,797,556	$	271,693
Employer social security taxes		47,883,066		100,523
Personnel insurance		21,380,527		44,767
Per diem		21,021,211		44,166
Training		715,913		1,500
		220,798,273		462,649
Outsourced services		328,309,346		659,649
Overhead		23,108,287		48,015
Other		2,206,077		4,617
		353,623,710		712,281
	¢	574,421,983	$	1,174,930

(Continued)

(16) Fair value

Fair value of financial instruments is as follows:

		As of December 31, 2006	
		Carrying amount	Fair Value
Colones:			
Cash and due from banks	¢	4,066,928,954	4,066,928,954
Investment securities and deposits	¢	5,218,869,741	4,997,324,833
Loan portfolio	¢	60,902,193,619	60,973,243,408
Term deposits	¢	77,376,000	75,800,625
Obligations with financial entities	¢	34,045,440,000	34,058,445,874
Other accounts payable	¢	5,262,571,608	5,262,571,608

		As of December 31, 2006	
		Carrying amount	Fair Value
US dollars:			
Cash and due from banks	$	7,884,090	7,884,090
Investment securities and deposits	$	10,117,226	9,687,742
Loan portfolio	$	118,064,116	118,201,852
Term deposits	$	150,000	146,946
Obligations with financial entities	$	66,000,000	66,025,213
Other accounts payable	$	10,201,946	10,201,946

		As of December 31, 2005	
		Carrying amount	Fair Value
Colones:			
Cash and due from banks	¢	6,867,284,127	6,867,284,127
Investment securities and deposits	¢	123,912,500	120,632,436
Loan portfolio	¢	29,417,968,422	28,608,477,367
Term deposits	¢	123,912,500	120,632,436
Obligations with financial entities	¢	7,434,750,000	7,266,013,367

(Continued)

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Notes to Financial Statements

		As of December 31, 2005	
		Carrying amount	Fair Value
US dollars:			
Cash and due from banks	$	13,855,108	13,855,108
Investment securities and deposits	$	250,000	243,382
Loan portfolio	$	59,352,302	57,719,111
Term deposits	$	250,000	243,382
Obligations with financial entities	$	15,000,000	14,659,547

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 due from banks, accrued interest receivable, accounts receivable, and other accounts payable:

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

b. Investment securities:

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

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.

e. Financial obligations:

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

(17) 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.

(Continued)

To date, since the Corporation has required to 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.

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As of December 31, 2006, the Corporation's assets and liabilities are matched as follows:

COLONES		Days							
		Demand	1-30	31-60	61-90	91-180	181-365	Over 365	Total
Assets									
Cash and due from banks	¢	4,066,928,954	-	-	-	-	-	-	4,066,928,954
Investments		-	5,141,493,741	-	-	77,533,976	-	-	5,219,027,717
Loans		-	393,071,968	788,415,737	192,078,832	1,016,195,989	2,880,229,120	56,182,891,375	61,452,883,021
Total assets recovered		4,066,928,954	5,534,565,709	788,415,737	192,078,832	1,093,729,965	2,880,229,120	56,182,891,375	70,738,839,692
Liabilities									
Obligations with the public		-	-	-	-	77,376,000	-	-	77,376,000
Obligations with financial entities		-	-	-	-	-	2,718,907,011	31,326,532,989	34,045,440,000
Charges payable		-	-	148,850,393	31,996,102	157,976	-	-	181,004,471
Total matured liabilities		-	-	148,850,393	31,996,102	77,533,976	2,718,907,011	31,326,532,989	34,045,440,000
Gap between assets and liabilities	¢	4,066,928,954	5,534,565,709	639,565,344	160,082,730	1,016,195,989	161,322,109	24,856,358,386	36,435,019,221

(Continued)

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Notes to Financial Statements

DOLLARS		Days							
		Demand	1-30	31-60	61-90	91-180	181-365	Over 365	Total
Assets									
Cash and due from banks	$	7,884,090	-	-	-	-	-	-	7,884,090
Investments		-	9,967,226	-	-	150,306	-	-	10,117,532
Loans		-	762,004	1,528,411	372,361	1,969,983	5,583,571	108,915,345	119,131,675
Total assets recovered		7,884,090	10,729,230	1,528,411	372,361	2,120,289	5,583,571	108,915,345	137,133,297
Liabilities									
Obligations with the public		-	-	-	-	150,000	-	-	150,000
Obligations with financial entities		-	-	-	-	-	5,270,834	60,729,166	66,000,000
Charges payable		-	-	288,559	62,028	306	-	-	350,893
Total matured liabilities		-	-	288,559	62,028	150,306	5,270,834	60,729,166	66,500,893
Gap between assets and liabilities	$	7,884,090	10,729,230	1,239,852	310,333	1,969,983	312,737	48,186,179	70,632,404

(Continued)

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

Notes to Financial Statements

As of December 31, 2005, the Corporation's assets and liabilities are matched as follows:

COLONES		Days							
		Demand	1-30	31-60	61-90	91-180	181-365	Over 365	Total
Assets									
Cash and due from banks	¢	6,867,284,127	-	-	-	-	-	-	6,867,284,127
Investments		-	-	-	-	124,693,149	-	-	124,693,149
Loans		-	189,897,983	422,504,446	69,610,484	445,648,080	1,014,943,496	27,628,719,503	29,771,323,992
Total assets recovered		6,867,284,127	189,897,983	422,504,446	69,610,484	570,341,229	1,014,943,496	27,628,719,503	36,763,301,268
Liabilities									
Obligations with the public		-	-	-	-	123,912,500	-	-	123,912,500
Obligations with financial entities		-	-	33,624,237	-	-	-	7,434,750,000	7,468,374,237
Charges payable		-	-	-	-	780,649	-	-	780,649
Total matured liabilities		-	-	33,624,237	-	124,693,149	-	7,434,750,000	7,593,067,386
Gap between assets and liabilities	¢	6,867,284,127	189,897,983	388,880,209	69,610,484	445,648,080	1,014,943,496	20,193,969,503	29,170,233,882

(Continued)

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

Notes to Financial Statements

DOLLARS		Days							
		Demand	1-30	31-60	61-90	91-180	181-365	Over 365	Total
Assets									
Cash and due from banks	$	13,855,108	-	-	-	-	-	-	13,855,108
Investments		-	-	-	-	251,575	-	-	251,575
Loans		-	383,129	852,425	140,443	899,118	2,047,702	55,742,398	60,065,215
Total assets recovered		13,855,108	383,129	852,425	140,443	1,150,693	2,047,702	55,742,398	74,171,898
Liabilities									
Obligations with the public		-	-	-	-	250,000	-	-	250,000
Obligations with financial entities		-	-	-	-	-	-	15,000,000	15,000,000
Charges payable		-	-	67,839	-	1,575	-	-	69,414
Total matured liabilities		-	-	67,839	-	251,575	-	15,000,000	15,319,414
Gap between assets and liabilities	$	13,855,108	383,129	784,586	140,443	899,118	2,047,702	40,742,398	58,852,484

(Continued)

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.

As of December 31, 2006, interest rate terms for the Corporation's assets and liabilities are matched as follows:

COLONES	Interest rate	Total	0-30	31-90	91-180	181-365	361-720	Over 720	Not sensitive
Assets									
Investments	3.50%	¢ 5,219,027,717	5,414,493,741	-	77,533,976	-	-	-	-
Loans	8.49%	61,452,883,021	11,708,075,180	35,087,731,335	10,913,901,652	262,965,947	525,931,894	2,954,277,013	-
		66,671,910,738	16,849,568,921	35,087,731,335	10,991,435,628	262,965,947	525,931,894	2,954,277,013	-
Liabilities									
Obligations with the public	3.50%	77,533,976	-	-	77,533,976	-	-	-	-
Obligations with financial entities	7.21%	34,226,286,494	-	34,226,286,494	-	-	-	-	-
		34,303,820,470	-	34,226,286,494	77,533,976	-	-	-	-
Gap between assets and liabilities		¢ 32,368,090,268	16,849,568,921	861,444,841	10,913,901,652	262,965,947	525,931,894	2,954,277,013	-

(Continued)

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

Notes to Financial Statements

	Interest Rate		Total	0-30	31-90	91-180	181-360	361-720	Over 720	Not Sensitive
Assets										
Investments	3,50%	$	10.117.532	9.967.226	-	150.306	-	-	-	-
Loans	8,49%		119.131.675	22.697.106	68.020.571	21.157.533	509.782	1.019.564	5.727.119	-
			129.249.207	32.664.332	68.020.571	21.307.839	509.782	1.019.564	5.727.119	-
				-	-	-	-	-	-	-
Liabilities	3,50%		150.306	-	-	150.306	-	-	-	-
Obligations with the public	7,21%		66.350.586	-	66.350.586	-	-	-	-	-
Obligations with financial entities			66.500.893	-	66.350.586	150.306	-	-	-	-
		$	62.748.314	32.664.332	1.669.985	21.157.533	509.782	1.019.564	5.727.119	-

(Continued)

As of December 31, 2005, interest rate terms for the Corporation's assets and liabilities are matched as follows:

	Interest rate		Total	0-30	31-90	91-180	181-365	361-720	Over 720	Not sensitive
Assets										
Investments	4.00%	¢	124,693,149	-	-	124,693,149	-	-	-	-
Loans	5.78%		29,771,323,993	1,825,542,983	13,819,451,602	3,898,841,629	665,014,596	1,422,963,568	8,139,509,615	-
			29,896,017,142	1,825,542,983	13,819,451,602	4,023,534,778	665,014,596	1,442,963,568	8,139,509,615	-
Liabilities										
Obligations with the public	4.00%		124,693,149	-	-	124,693,149	-	-	-	-
Obligations with financial entities	6.51%		7,468,374,237	-	-	33,624,237	-	-	7,434,750,000	-
			7,593,067,386	-	-	158,317,386	-	-	7,434,750,000	-
Gap between assets and liabilities		¢	22,302,949,756	1,825,542,983	13,819,451,602	3,865,217,392	665,014,596	1,422,963,568	704,759,615	-

(Continued)

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

Notes to Financial Statements

	Interest Rate		Total	0-30	31-90	91-180	181-360	361-720	Over 720	Not sensitive
Assets										
Investments	4,00%	$	251.575	-	-	251.575	-	-	-	-
Loans	5,78%		60.065.215	3.683.129	27.881.472	7.866.118	1.341.702	2.870.904	16.421.890	-
			60.316.790	3.683.129	27.881.472	8.117.693	1.341.702	2.870.904	16.421.890	-
Liabilities				-	-	-	-	-	-	
Obligations with the public	4,00%		251.575	-	-	251.575	-	-	-	-
Obligations with financial entities	6,51%		15.067.839	-	-	67.839	-	-	15.000.000	-
			15.319.414	-	-	319.414	-	-	15.000.000	-
Gap between assets and liabilities		$	44.997.377	3.683.129	27.881.472	7.798.280	1.341.702	2.870.904	1.421.890	-

(Continued)

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.

As of December 31, 2005 and 2006, all of the Corporation's assets and liabilities are denominated in US dollars.

The assets and liabilities in US dollars are as follows:

		As of December 31, 2006	2005
Assets:			
Cash and due from banks	US$	7,884,090	13,855,108
Investments		10,117,226	250,000
Loan portfolio		118,064,116	59,352,302
Allowance for credit portfolio		(2,484,854)	(1,842,386)
Accounts receivable		1,067,865	718,438
Others		24,253	86,710
Total assets		134,672,696	72,420,172
Liabilities:			
Obligations with the public		150,000	250,000
Obligations with financial entities		63,404,003	14,127,405
Accounts payable		10,552,836	69,814
Provisions		205,775	259,875
Other liabilities		289,710	-
Total liabilities		74,62,324	14,707,094
Net position	US$	60,070,372	57,713,078

The net position is not hedged because all assets and liabilities are denominated in US dollars.

(Continued)

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.

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

Concentrations of financial assets are detailed by country as follows:

	As of December 31, 2006	
	Colones	US dollars
Dominican Republic	¢ 12,012,706,256	$ 23,287,660
Bolivia	7,880,146,818	15,276,339
Brazil	7,737,600,000	15,000,000
Guatemala	5,777,923,840	11,201,000
Mexico	5,158,400,000	10,000,000
Chile	4,126,720,000	8,000,000
Honduras	3,736,702,608	7,243,918
Caribbean Islands	3,610,880,000	7,000,000
Peru	3,494,400,011	6,774,193
Ecuador	2,579,200,000	5,000,000
Panama	1,837,680,000	3,562,500
El Salvador	1,635,032,259	3,169,650
Trinidad & Tobago	1,314,801,827	2,548,856
	¢ 60,902,193,619	$ 118,064,116

	As of December 31, 2005			
		Colones		US dollars
Guatemala	¢	5,600,845,000	$	11,300,000
Dominican Republic		4,581,059,657		9,242,529
Costa Rica		3,469,550,000		7,000,000
Brazil		3,469,550,000		7,000,000
Bolivia		3,414,336,673		6,888,605
Ecuador		2,478,250,000		5,000.000
Panama		2,044,556,250		4,125,000
Honduras		1,982,600,000		4,000,000
Trinidad & Tobago		1,337,954,715		2,699,394
Peru		1,039,266,127		2,096,774
	¢	29,417,968,422	$	59,352,302

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.

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

	As of December 31, 2006			
		Colones		US dollars
Chattel	¢	16,893,760,000	$	32,750,000
Fiduciary		17,014,302,925		32,983,683
Mortgage		23,383,250,694		45,330,433
Parent company guarantees		3,610,880,000		7,000,000
	¢	60,902,193,619	$	18,064,116

	As of December 31, 2005			
		Colones		US dollars
Chattel	¢	10,985,436,750	$	22,163,698
Fiduciary		10,997,781,672		22,128,604
Mortgage		3,965,200,000		8,000,000
Parent company guarantees		3,469,550,000		7,000,000
	¢	29,417,968,422	$	59,352,302

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

	Number of operations		As of December 31, 2006 Amount Colones		US dollars
0 to 4.99%	3	¢	2,745,841,839	$	5,323,049
5 to 9.99%	9		18,294,124,956		35,464,727
10 to 14.99%	8		29,545,426,824		57,276,340
15 to 20%	2		10,316,800,000		20,000,000
	22	¢	60,902,193,619	$	118,064,116

	Number of operations		As of December 31, 2005 Amount Colones		US dollars
0 to 4.99%	1	¢	1,039,266,127	$	2,096,774
5 to 9.99%	7		14,060,065,622		28,366,923
10 to 14.99%	4		14,318,636,673		28,888,605
15 to 20%	-		-		-
	12	¢	29,417,968,422	$	59,352,302

(18) Contingencies

As of December 31, 2006, the Corporation has contingent accounts in the amount of US$8,256,082 (¢4,258,817,396), corresponding to two lines of credit that have not been disbursed.

As of December 31, 2005, the Corporation has contingent accounts in the amount of US$7,111,396 (¢3,524,763,185), corresponding to two lines of credit that have not been disbursed.

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

As of December 31, 2006 and 2005, 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, 2006 and 2005, the Corporation has no loans in legal collections.

ii. *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, 2006 and 2005, the Corporation has no other memoranda accounts, trust accounts, or banking mandate accounts.

(20) Transition to International Financial Reporting Standards (IFRSs)

Through various resolutions, CONASSIF (the Board) agreed to partial adoption starting January 1, 2004 of IFRSs promulgated by the International Accounting Standards Board (IASB). In order to regulate application of those 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. Over the last four years, the IASB has revised nearly all existing standards and has issued new standards. However, the Board has not enforced application of those standards. Following is a description of the main differences between the accounting standards issued by the Board and IFRSs, as well as the IFRSs or International Financial Reporting Interpretations Committee (IFRIC) interpretations that have not yet been adopted.

a) IAS 1: Presentation of Financial Statements

The presentation of financial statements required by the Board differs in many aspects from presentation under IAS 1. Following are some of the most significant differences:

IAS 1 requires that profit or loss attributable to equity holders of the parent be shown separately from the profit or loss attributable to the minority interest. IAS 1 further prescribes that minority interest be included in the equity section and that the statement of changes in equity present total income and expense for the period, showing separately the total amounts attributable to equity holders of the parent and to minority interest. These requirements have not been adopted by the Board.

SUGEF's model financial statements do not require separate presentation of current and deferred income taxes, while IAS 1 does prescribe separate disclosure. SUGEF standards do not allow certain transactions, such as clearing house balances, to be presented on a net basis. Given their nature, IAS 1 would require those balances to be presented net to prevent overstatement of assets and liabilities.

IAS 1 requires that an enterprise disclose the judgments, apart from those involving estimations, that management has made in the process of applying the entity's accounting policies. It also requires disclosure of information about key assumptions concerning the future, and other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities. These disclosures have not been adopted by the Board.

b) IAS 7: Statement of Cash Flows

The Board has only authorized the use of the direct method of presentation of the cash flow statement. The indirect method is also acceptable under IAS 7.

c) IAS 8: Accounting Policies, Changes in Accounting Estimates, and Errors

IAS 8, last revised in December 2003, requires that errors and voluntary changes in accounting policy be corrected retrospectively (with their effect on prior periods), thereby eliminating the alternative method of recognizing those effects in net profit or loss. The revised version of IAS 8 also eliminates the distinction between fundamental errors and other types of material errors. These changes have not been adopted by the Board.

(Continued)

d) IAS 12: Income Taxes

The Board has not included all deferred income tax items in SUGEF's Chart of Accounts. Consequently, entities have followed the practice of recognizing those items in accounts considered to be inappropriate under IAS 12. For example, deferred tax income is not included in the deferred tax expense account in the income statement.

e) IAS 15: Information Reflecting the Effects of Changing Prices

This Standard was withdrawn from IFRSs. However, the Board continues to recognize it as an applicable standard.

f) IAS 16: Property, Plant and Equipment

The standard issued by the Board and applicable to entities regulated by SUGEF allows enterprises to revalue assets based on appraisals made by independent appraisers or the Industrial Producer Price Index (IPPI). However, IAS 16 does not permit revaluation using price indexes.

SUGEF has allowed certain regulated entities to convert (capitalize) revaluation surplus into capital stock. IAS 16 only permits realization of revaluation surplus through the sale or depreciation of the asset. As a result of this treatment, regulated entities must recognize the effect of any impaired fixed assets in results of operations, since the effect cannot be credited to equity. Under IAS 16, impairment is charged to revaluation surplus, and any difference recognized in the income statement.

Additionally, under IAS 16, depreciation continues on property, plant and equipment, even if the asset is idle. The standard issued by the Board allows entities to suspend the depreciation of idle assets.

(Continued)

g) IAS 17: Leases

IAS 17 requires that in a lease of land and buildings, the minimum lease payments be allocated between the land and building elements in proportion to their relative fair values. This is because the land element is normally classified as an operating lease, whereas the buildings element could be classified as a finance lease. Under the revised version of IAS 17, initial direct costs incurred by lessors in negotiating leases must be recognized over the lease term. They may no longer be charged to expense when incurred. These changes have not been adopted by the Board.

h) IAS 18: Revenue

The Board has allowed regulated financial entities to recognize loan fees collected prior to January 1, 2003 as revenue. Additionally, the Board has permitted the deferral of 25%, 50%, and 100% of lending fees for transactions completed in 2003, 2004, and 2005, respectively. IAS 18 prescribes deferral of 100% of those fees over the loan term.

The Board has also allowed deferral of the excess of loan fee income minus expenses incurred for activities such as assessment of the borrower's financial position, evaluation and recognition of collateral, sureties, or other guarantee instruments, negotiation of the terms of the instrument, preparation and processing of documents, and settlement of the operation. IAS 18 does not allow deferral on a net basis of such income. Instead, it prescribes deferral of 100% of income, and of only certain incremental transaction costs, rather than all costs defined by the Board. Accordingly, when costs exceed income, loan fee income is not deferred, since the Board only allows the net excess of income over expenses to be deferred. This treatment does not conform to IAS 18 and 39, which indicate that income and expenses should be treated separately (see comments on IAS 39).

The Board has allowed loan fees and premiums and discounts on the purchase of financial instruments to be amortized on the straight-line method. IAS 18 only allows these items to be amortized by the effective interest method. The Board postponed application of the effective interest method until the year ended December 31, 2004.

(Continued)

i) IAS 21: The Effects of Changes in Foreign Exchange Rates

The Board requires that the financial statements of regulated entities be presented in colones. However, IAS 21 stipulates that financial statements are to be displayed in the functional currency, and establishes the procedure for presenting the financial statements in a currency other than the functional currency.

j) IAS 22: Business Combinations

Although this Standard was withdrawn from IFRSs, the Board continues to recognize it. IAS 22 was superseded by IFRS 3 *Business Combinations*, which has not been adopted by the Board.

k) IAS 23: Borrowing Costs

The Board does not permit capitalization of borrowing costs, which is established by IAS 23 as an allowed alternative treatment.

l) IAS 24: Related Party Disclosures

IAS 24 requires additional disclosures regarding key management personnel compensation, as well as the terms and conditions of related party transactions. These changes have not been adopted by the Board.

m) IAS 27: Consolidated and Separate Financial Statements

The Board requires that the financial statements of a parent be presented separately, measuring its investments by the equity method. Under IAS 27, a parent is required to present consolidated financial statements. A parent need not present consolidated financial statements when the ultimate or any intermediate parent of the parent produces consolidated financial statements available for public use, provided certain other requirements are also met. However, in this case, IAS 27 requires that investments be accounted for at cost.

(Continued)

n) IAS 28: Investments in Associates

The Board requires consolidation of investments in companies with equity of 25% or more, irrespective of any considerations of control. Such treatment does not conform to IAS 27 and 28.

o) 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 1-05, and that the allowance for loan losses be determined based on such classification. It also allows excess allowances to be recorded. IAS 30 requires that the allowance for loan losses be determined based on a financial analysis of losses incurred. Additionally, amounts set aside by a bank for contingencies do not qualify as provisions. Therefore, a bank recognizes such amounts as appropriations of retained earnings or risk reserves. The latter treatment is not allowed by SUGEF, which means that assets and liabilities could be understated or overstated. IAS 30 eliminated the possibility of non-accrual of interest; however, SUGEF requires that an enterprise cease accruing interest when a loan is identified as impaired (no payments of principal or interest for more than 180 days).

p) IAS 32: Financial Instruments: Disclosure and Presentation

The revised version of IAS 32 provides new guidelines clarifying the classification of a financial instrument issued by an enterprise as a liability or as equity (e.g. preferred shares). It further requires a broad range of disclosures and policies about financial instruments, including information as to their fair values. These changes have not been adopted by the Board.

q) IAS 33: Earnings per Share

Significant changes were made to IAS 33 regarding additional disclosure requirements, which have not been adopted by the Board.

(Continued)

r) IAS 34: Interim Financial Reporting

Interim financial reporting by regulated entities must be in accordance with the standards issued by the Board. Such presentation differs from presentation under IAS 34, which specifies the content of an interim financial report that is described as conforming to IAS 1 *Presentation of Financial Statements*, in addition to other minimum required content, which must be in accordance with all other IASs and IFRSs.

s) IAS 36: Impairment of Assets

IAS 36 was substantially revised in 2004. The main changes are associated with the frequency of determination of impairment, method for calculating value in use, identification of an asset's cash-generating unit, allocation of goodwill to the acquirer's cash-generating units, frequency of tests for impairment of goodwill acquired, and other disclosures. These changes have not been adopted by the Board.

Of the changes mentioned above, one of the most significant differences is associated with the accounting treatment for goodwill acquired in a business combination. Under IAS 36, this type of intangible asset has an indefinite useful life. Accordingly, amortization is prohibited, although the recoverable amount should be measured annually. The standard issued by the Board prescribes the amortization of goodwill acquired for up to twenty years.

SUGEF requires that the impairment of assets which revaluation surplus was capitalized as capital stock be recorded in the income statement. This does not conform to IAS 36, which prescribes the initial reversal of the surplus and subsequent recognition of the difference against results of operations.

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

SUGEF prescribes recognition of a provision for possible losses on contingent assets. This type of provision is prohibited under IAS 37.

(Continued)

u) IAS 38: Intangible Assets

The Board has determined that subsequent to initial recognition, intangible assets should be carried at acquisition cost less accumulated amortization and impairment losses. Among the main differences, IAS 38 defines the terms indefinite life and finite life. Depending on its classification, the asset is either amortized or assessed for impairment. The Board has not incorporated these definitions.

v) IAS 39: Financial Instruments: Recognition and Measurement

The revised version of IAS 39 introduced changes with respect to classification of financial instruments, which have not been adopted by the Board. The revised version includes the following amendments:

- The option of classifying loans and receivables as available-for-sale was established.
- Values quoted in an active market may be classified as available-for-sale, held-for-trading, or held-to-maturity.
- The 'fair value option' was established to designate any financial asset or liability to be measured at fair value, with value changes recognized in profit or loss, provided a series of requirements are met (e.g. the instrument has been measured at fair value since the original acquisition date).
- The category of loans and receivables was expanded to include acquired loans and receivables that are not quoted in an active market.

Additionally, the Board has established maximum amounts for sales of investments held-to-maturity, which do not have an effect on classification of the investment portfolio. No such limits have been established under IAS 39. The Board prescribes amortization over the investment term of premiums and discounts on securities with adjustable interest rates. This treatment does not conform to IAS 39.

(Continued)

The Board has also allowed capitalization of the direct costs incurred for assessment of the borrower's financial position, evaluation and recognition of collateral, sureties, or other guarantee instruments, negotiation of the terms of the instrument, preparation and processing of documents, net of income from loan fees. However, IAS 39 only prescribes deferral of incremental transaction costs, which are to be presented as part of the financial instrument and may not be netted against loan fee income (see comments on IAS 18).

w) IAS 40: Investment Property

IAS 40 allows enterprises to choose between a fair value model and a cost model to remeasure their investment property. The standard issued by the Board only allows enterprises to use the fair value model to remeasure this type of assets.

x) IFRS 1: First-time Adoption of International Financial Reporting Standards

This Standard has not been adopted by the Board.

y) IFRS 2: Stock-Based Payments

This Standard has not been adopted by the Board.

z) IFRS 3: Business Combinations

This Standard has not been adopted by the Board, which prescribes recognition of business combinations by comparing the carrying amount of the company acquired to consideration paid, with the resulting difference representing goodwill acquired that is amortizable for up to twenty years. Such treatment does not conform to IFRS 3, under which business combinations are accounted for by the purchase method, measuring the fair values of the assets given and liabilities incurred and identifying any intangible assets with an indefinite or finite life. The portion of acquisition cost that cannot be identified is recognized as goodwill and is not amortized, but must be tested for impairment at least annually.

(Continued)

aa) IFRS 4: Insurance Contracts

This Standard has not been adopted by the Board.

bb) IFRS 5: Non-current Assets Held for Sale and Discontinued Operations

This Standard has not been adopted by the Board, which requires an allowance for 100% of the carrying amount of assets that have not been sold within two years. The Board also prescribes an allowance for 100% of the value of foreclosed assets starting on the acquisition date. Under IFRS 5, non-current assets are measured at the lower of fair value less costs to sell and its carrying amount, which means that the assets of enterprises could be understated, with excess allowances.

cc) IFRS 7: Financial Instruments: Disclosures

This Standard includes amendments to IAS 1 – Presentation of Financial Statements, including capital disclosures, disclosures about the significance of financial instruments for an entity's financial position and performance, and qualitative and quantitative disclosures on the nature and extent of risks. IFRS 7 and amended IAS 1, which become mandatory for the Corporation's 2007 financial statements, have not been adopted by the Board.

dd) IFRS 8: Operating Segments

IFRS 8 requires segment disclosure based on the components of the entity that management monitors in making decisions about operating matters. Such components (operating segments) would be identified on the basis of internal reports that the entity's chief operating decision maker (CODM) reviews regularly in allocating resources to segments and in assessing their performance. This "management approach" differs from IAS 14, which currently requires the disclosure of two sets of segments, business and geographical segments, based on a disaggregation of information contained in the financial statements. Under IFRS 8 operating segments become reportable based on threshold tests related to revenues, results and assets.

IFRS 8 requires the disclosure of "a measure" of operating segment profit or loss, particular income and expense items, assets and liabilities, which comprises the amounts reported to the CODM. Further profit or loss information, as well as an explanation of how segment profit or loss and segment assets and liabilities are measured for each reportable segment, should be disclosed. Reconciliations of the totals of segment information to the entity's financial statements also are required.

IFRS 8 will become mandatory for the Corporation’s 2009 financial statements. This Standard has not been adopted by the Board.

ee) IFRIC 7, Applying the Restatement Approach under IAS 29 – Financial Reporting in Hyperinflationary Economies

This Interpretation addresses the application of IAS 29 when an economy first becomes hyperinflationary and in particular the accounting for deferred tax. IFRIC 7, which becomes mandatory for the Corporation’s 2007 financial statements, has not been adopted by the Board.

ff) IFRIC 8, Scope of IFRS 2 – Shared-based Payment

This Interpretation addresses the accounting for share-based payment transactions in which some or all of goods or services received cannot be specifically identified. IFRIC 8 will become mandatory for the Corporation’s 2007 financial statements, with retrospective application required. This Interpretation has not been adopted by the Board.

gg) IFRIC 9, Reassessment of Embedded Derivatives

This Interpretation requires that a reassessment of whether embedded derivatives should be separated from the underlying host contract should be made only when there are changes to the contract. IFRIC 9, which becomes mandatory for the Corporation’s 2007 financial statements, has not been adopted by the Board.

(Continued)

hh) IFRIC 10, Interim Financial Reporting and Impairment

This Interpretation prohibits the reversal of an impairment loss recognized in a previous interim period in respect of goodwill, an investment in an equity instrument, or a financial asset carried at cost. IFRIC 10 will become mandatory for the Corporation's 2007 financial statements, and will apply to goodwill, investments in equity instruments, and financial assets carried at cost prospectively from the date that the Corporation first applied the measurement criteria of IAS 36 and IAS 39, respectively (i.e. 1 January 2004). IFRIC 10 has not been adopted by the Board.

ii) IFRIC 11: IFRS 2 Share-based Payment – Group and Treasury Share Transactions

This interpretation addresses the classification of a share-based payment transaction (as equity- or cash-settled), in which equity instruments of the parent or another group entity are transferred, in the financial statements of the entity receiving the services.

IFRIC 11, which becomes mandatory for the Corporation's 2007 financial statements, has not been adopted by the Board.

jj) IFRIC 12: Service Concession Arrangements

This interpretation provides guidance to private sector entities on certain recognition and measurement issues that arise in accounting for public-to-private service concession arrangements

IFRIC 12, which becomes mandatory for the Corporation's 2008 financial statements, has not been adopted by the Board.