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

Financial Statements

December 31, 2009

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

Telephone (506) 201-4100
Telefax (506) 201-4131
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 statement of financial position as of December 31, 2009, and the statements of comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility
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. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance 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 is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2009, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG

January 27, 2010
San José, Costa Rica
Erick Brenes F.
Member No. 2520
Policy No. R-1153
Expires 09/30/2010

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

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

Statement of Financial Position

As of December 31, 2009

(With corresponding figures for 2008)

	Notes		2009	2008
Assets				
Cash		US$	4,363,328	16,946,138
Loans receivable, net	6		209,453,785	205,270,816
Interest receivable, net			1,753,892	2,034,408
Other assets			713,796	649,494
Total assets		US$	216,284,801	224,900,856
Liabilities				
Loans payable	7	US$	145,416,341	157,293,954
Interest payable			398,630	759,444
Derivative liabilities held for risk management	10		1,067,740	1,253,931
Other accounts payable			8,829	42,846
Total liabilities			146,891,540	159,350,175
Equity				
Share capital	8		54,000,001	54,000,001
Additional paid-in capital	8		85,000	85,000
Legal reserve			769,637	577,508
Retained earnings			14,538,623	10,888,172
Total equity			69,393,261	65,550,681
Total liabilities and equity		US$	216,284,801	224,900,856
Commitments and contingencies	13	US$	27,386,492	19,270,781

The notes are an integral part of these financial statements.

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

Statement of Comprehensive Income

For the year ended December 31, 2009

(With corresponding figures for 2008)

	Note		2009	2008
Finance income:				
Interest on cash		US$	53,353	57,806
Interest on investment securities			-	25,746
Interest on loans receivable, net			14,297,344	15,664,689
Total finance income			14,350,697	15,748,241
Finance expenses:				
Interest on deposits with the public			-	1,780
Interest on loans payable			6,031,225	8,201,276
(Gain) Loss on fair value of derivative instruments	10		(277,165)	1,030,118
Total finance expenses			5,754,060	9,233,174
Finance income, net			8,596,637	6,515,067
Allowance for loan losses	6		(2,614,170)	(1,773,219)
Allowance for interest receivable			(104,440)	(118,153)
Net finance income after allowances			5,878,027	4,623,695
Operating income (expenses):				
Personnel expenses			(1,813,512)	(1,897,946)
Other administrative expenses			(1,024,396)	(684,112)
Other operating income			802,461	96,021
Total operating expenses, net			(2,035,447)	(2,486,037)
Net income before income tax			3,842,580	2,137,658
Income tax	9		-	-
Net income for the year		US$	3,842,580	2,137,658

The notes are an integral part of these financial statements.

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

Statement of Changes in Equity
For the year ended December 31, 2009
(With corresponding figures for 2008)

	Note		Share capital	Treasury shares	Additional paid-in capital	Legal reserve	Retained earnings	Total equity
Balance at December 31, 2007		US$	54,000,001	-	-	466,401	8,861,621	63,328,023
Purchase of own shares	8		-	(500,000)	-	-	-	(500,000)
Sale of own shares	8		-	500,000	85,000	-	-	585,000
Net income for the year			-	-	-	-	2,137,658	2,137,658
Allocation to legal reserve			-	-	-	111,107	(111,107)	-
Balance at December 31, 2008			54,000,001	-	85,000	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)	-
Balance at December 31, 2009		US$	54,000,001	-	85,000	769,637	14,538,623	69,393,261

The notes are an integral part of these financial statements.

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

Statement of Cash Flows

For the year ended December 31, 2009

(With corresponding figures for 2008)

		2009	2008
Cash flows from operating activities			
Net income for the year	US$	3,842,580	2,137,658
Adjustments for:			
Loss on allowance for loan losses		2,614,170	1,773,220
Loss on allowance for interest receivable		104,440	118,152
Unrealized (gains) losses on fair value of derivative instruments		(186,191)	1,030,118
Finance income, net		(7,908,308)	(7,734,172)
Deferred commission income		429,938	(62,366)
Deferred commission expense		672,053	92,174
Loans receivable		-	-
Loans repayments and prepayments		49,042,318	46,326,938
Disbursements		(56,269,397)	(95,601,069)
Other asstes		(64,301)	(1,944,856)
Deposits with the public		-	(150,000)
Other accounts payable		(34,018)	1,447,076
		(7,756,716)	(52,567,127)
Interest received		14,526,775	15,464,464
Interest paid		(6,803,203)	(7,911,693)
Net cash flows used in operating activities		**(33,144)**	**(45,014,356)**
Cash flows from investment activities			
Sale or disposal of investment securities		-	150,000
Net cash flows from investment activities		**-**	**150,000**
Cash flows from financing activities			
New loans payable		18,000,000	87,000,000
Repayment of loans payable		(30,549,667)	(37,029,667)
Purchase of own shares		-	(500,000)
Sale of own shares		-	585,000
Net cash flows (used in) from financing activities		**(12,549,667)**	**50,055,333**
Net (decrease) increase in cash		(12,582,810)	5,190,977
Cash at beginning of year		16,946,138	11,755,161
Cash at end of year	US$	**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 Corporation was organized as a non-banking financial entity. Its main line of business is extending loans to finance infrastructure projects in Latin America.

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

In May 2008, the National Financial System Oversight Board (CONASSIF) authorized the Corporation's withdrawal from the group of non-banking financial entities regulated by the Superintendency General of Financial Entities (SUGEF). The withdrawal is effective as of August 4, 2008, date on which the withdrawal was registered by SUGEF.

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 27, 2010.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

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

(Continued)

(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 estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

- Doubtful loans receivable – note 6.a
- Derivative financial instruments – note 10
- Fair value measurement – note 12

(e) Changes in accounting policies

Presentation of financial statements

The 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. The change in accounting policy only impacts presentation aspects.

3. Significant accounting policies

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

(a) Foreign currency transactions

The Corporation's functional currency is the US dollar. Assets and liabilities held in foreign currencies are translated at the foreign exchange rate ruling at the date of the statement of financial position. Foreign currency transactions 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) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. The main financial instruments held by the Corporation include cash, investments, loan portfolio, and loans payable.

(i) Classification

Originated loans are loans created by the Corporation providing money to a debtor other than those created with the intention of short-term profit taking.

Available-for-sale assets are financial assets that are not held for trading purposes or held to maturity.

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

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.

(ii) Recognition

The Corporation initially recognizes loans receivable, deposits, and loans payable on the date that they are originated. Purchases and sales of financial assets are accounted for at the date the Corporation commits to purchase or sell the asset. All other financial assets and liabilities (including assets and liabilities carried at fair value through profit or loss) are initially recognized on the trade date at which time the Corporation becomes a party to the contractual provisions of the instrument.

(Continued)

Financial assets and liabilities are measured initially at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

(iii) Amortized cost measurement

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus (or minus) 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.

(iv) Fair value measurement

Fair value is the amount at which the asset could be exchanged or the liability could be liquidated between two informed parties at the date of measurement.

When available, the Corporation measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transaction on an arm's length basis.

If a market for a financial instrument is not active, the Corporation establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Corporation, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factor inherent in the financial instrument. The Corporation calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data.

(v) Gains and losses on subsequent measurement

Gains and losses arising from a change in the fair value of available-for-sale assets are recognized directly in equity, until an investment is considered impaired, at which time the loss is recognized in the income statement. When the financial assets are sold, collected, or otherwise disposed of, the cumulative gain or loss recognized in equity is transferred to the statement of comprehensive income.

(vi) Derecognition

A financial asset is derecognized when the Corporation loses control over the contractual rights that comprise the asset. This occurs when the rights are realized, expire, or are surrendered. A financial liability is derecognized when it is extinguished.

(c) Derivative financial instruments

The Corporation uses derivative financial instruments as part of its operations, which are recognized at fair value in the statement of financial position.

Derivative instruments accounted for by the fair value method hedge exposure to changes in the fair value of an asset or liability recognized in the statement of financial position, or in the fair value of an identified portion of such asset or liability, that are attributable to the specific hedged risk and 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.

(d) Investment securities

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

(Continued)

Fair value through profit or loss

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

These are securities acquired by the Corporation with the intent to hold them for an unspecified period of time and that may be sold in response to liquidity needs or changes in interest rates, exchange rates, or equity prices. Available-for-sale 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 fair value of investments in equity instruments cannot be reliably measured, the investments remain at cost.

Held-to-maturity

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

(e) Loans receivable

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

(f) Allowance for loan losses

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

(Continued)

In determining the allowance for loan losses, the Corporation applies its own credit risk rating system, which takes into account the following risks: type of industry, vulnerability to foreign exchange fluctuations, competitive position, financial structure, sovereign risk, etc. The amount of the allowance is calculated by multiplying the probability that borrowers will fail to meet their obligations by the loss amount that would result therefrom. The system considers the current and future financial position of borrowers, their ability to pay, the quality and liquidity of collateral, and other factors that could affect repayment of principal and interest.

Management considers that the allowance for loan losses is sufficient to cover any potential losses that could arise on recovery of the portfolio.

(g) Offsetting

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

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

(h) Accounts payable and other accounts payable

Accounts payable and other accounts payable are carried at amortized cost.

(i) Impairment of assets

The carrying amount of an asset is reviewed at each date of the statement of financial position 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 statement of comprehensive income 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 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.

(Continued)

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 statement of comprehensive income.

As of December 31, 2009, an asset with a balance of U$1,000,000, which had been fully provisioned in 2008, was written off. As of December 31, 2009, no assets were determined to be impaired.

(j) 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.

(k) Income tax

i. Current

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted at the date of the statement of financial position and any adjustment to tax payable in respect of previous years.

However, the Corporation is not subject to income tax since it conducts its operations abroad and the Costa Rican tax system is based on the territoriality principle.

ii. Deferred

Deferred tax is provided using the balance sheet 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)

(l) 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 maturity.

ii. Fee and commission income

Fee and commission income arises on services provided by the Corporation, including advisory services and disbursement fees. Fee and commission income is recognized when the corresponding service is provided. When a commission is deferred, it is recognized over the term of the loan.

iii. Operating lease expenses

Payments made under operating lease agreements are recognized in the statement of comprehensive income over the life of the lease.

(Continued)

(m) New standards and interpretations not yet adopted

A number of new standards, amendments to standards, and interpretations are not yet effective for the year ended December 31, 2009, and have not been applied in preparing these financial statements. None of these will have an effect on the financial statements of the Corporation, with the exception of:

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

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

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

(Continued)

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

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

4. Collateralized assets

As of December 31, 2008, the Corporation recognized security deposits in the amount of US$16,168 for office space leased as part of other assets (2009: nil).

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

5. Balances and transactions with related parties

As of December 31, 2009 and 2008, 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 Banco HSBC (Costa Rica), S.A., a subsidiary of Primer Banco del Istmo, which in turn owns 9.26% of the Corporation.
- The Corporation has operating bank accounts in Banco HSBC (Costa Rica), S.A.
- As of December 31, 2009 and 2008, the Corporation has received US$37,000,000 in long-term loans from International Finance Corporation (IFC), which owns 15.74% of the Corporation.
- The Corporation entered into 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 comprehensive income, and their effects are as follows:

			December 31, 2009			
Type of entity	Relationship		Assets	Liabilities	Income	Expenses
Legal entities	Related parties	US$	2,261,992	37,167,112	-	1,085,340

			December 31, 2008			
Type of entity	Relationship		Assets	Liabilities	Income	Expenses
Legal entities	Related parties	US$	12,582,605	37,425,162	57,246	672,801

Stockholders and the members of the Board of Directors have not received any per diem reimbursements for attending meetings during the year.

As of December 31, 2009 and 2008, personnel expenses include key executive salaries for US$508,314 and US$310,565, respectively.

In addition to employee salaries, the Corporation provides the following benefits to all full-time employees:

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

(Continued)

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

6. Financial risk management

In the normal course of operations, the Corporation is exposed to different types of financial risk, which are minimized through the application of risk management policies and procedures. Those policies cover credit, liquidity, market, and operating risks.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the corporation's risk management framework. For such purposes, the Board reviews and approves the Corporation's policies and has created the Credit Committee (which also serves as an Asset and Liability Committee) and the Audit Committee. Both report regularly to the Board and are comprised of members of the Board, stockholder employees, and members of management.

The Corporation's risk management policies are established to identify and analyze the risks faced by the Corporation and to set appropriate risk limits and controls. Risk management policies and controls are reviewed regularly to adapt to and reflect changes in market conditions and in the products and services offered by the Corporation. The Corporation uses periodic employee training, management standards, and internal procedures to develop a disciplined and controlled environment in which all employees understand their roles and responsibilities.

The Audit Committee monitors compliance with the Corporation's internal controls and policies, and reviews the effectiveness of the risk management framework. The Audit Committee is assisted in its role by the Controller, who periodically reviews internal controls and procedures and reports the results to the Audit Committee.

a. Credit risk

Credit risk is the risk that the debtor or issuer of a financial instrument owned by the Corporation will fail to 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 portfolio and the liquid investment portfolio, and is represented by the carrying amount of assets in the statement of financial position. 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.

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

Loan portfolio

Loans receivable, net are as follows:

		December 31, 2009	December 31, 2008
Current loans	US$	216,919,356	192,692,279
Past due loans		-	18,000,000
Allowance for loan losses		(6,419,186)	(4,805,017)
Deferred income		(1,046,385)	(616,446)
	US$	209,453,785	205,270,816

In accordance with the Corporation's internal policy, all loans must meet the following conditions:

– no loan shall exceed 25% of the total investment cost for any new project to be financed;
– no loan shall exceed 40% of the total investment cost for any expansion and/or renovation project, provided the Corporation's participation in the renovation operation does not exceed 25% of the total capitalization of the company responsible for the project upon completion of the works, i.e. the sum of term loans and equity:
– generally, loan maturities must be between 5 and 15 years.

The Credit Committee may approve loans that exceed the aforementioned limits.

(Continued)

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 that 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 carrying amount of a fully or partially secured loan is reduced to the appraisal value of the collateral when the loan is more than 180 days past due.

The Corporation has developed a Credit Risk Rating System based on the Altman Z-score method adapted to emerging markets. That system includes quantitative information related to qualitative factors that affect infrastructure projects, and establishes a maximum limit in country classification. The results consider relevant information such as foreign exchange risk, competition, project analysis, and country risk.

The average loan portfolio risk ratings as of December 31, 2009 and December 31, 2008 are BB- and BB respectively. The loan portfolio risk ratings are as follows:

		December 31, 2009	December 31, 2008
Risk rating			
AAA / A-	US$	15,430,469	13,142,857
BBB+ / BBB-		29,406,267	39,851,657
BB+ / BB-		63,982,302	91,355,710
B+ / B-		86,722,652	52,948,330
<= CCC+		21,377,668	13,393,725
	US$	216,919,356	210,692,279

Movement in the allowance for loan losses is as follows:

		December 31, 2009	December 31, 2008
Balance at beginning of year	US$	(4,805,017)	(3,031,797)
Write-offs		1,000,000	-
Expense during the year for portfolio valuation		(2,614,170)	(1,773,220)
Balance at end of year	US$	(6,419,186)	(4,805,017)

As of December 31, 2008, a provision had been established to cover 100% of the account written-off during 2009 for a total of U$1,000,000.

Management of the Corporation follows the policy of requiring collateral from its customers prior to formally granting and disbursing a senior loan. Accordingly, 80% of the loan portfolio is secured as follows:

		December 31, 2009	December 31, 2008
Mortgage	US$	69,185,563	81,958,774
Trust		34,828,102	31,971,768
Chattel		61,056,109	52,412,154
Unsecured		51,849,583	44,349,583
	US$	216,919,356	210,692,279

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

As of December 31, 2009, loans receivable bear interest at rates ranging between 2.61% and 12.02% per annum (2008: between 5.09% and 10.36% per annum).

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

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

	December 31, 2009	
	Number of operations	US dollars
0 to 4.99%	12	23,417,955
5 to 9.99%	14	60,378,762
10 to 14.99%	11	75,505,973
15 to 20%	6	57,616,667
	43	**216,919,356**

	December 31, 2008	
	Number of operations	US 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 and GDP to place countries in the following risk categories: Prime, Normal, Average, or Restricted. Under this system, country size is irrelevant for high-risk countries and of great significance for elevated-risk countries. Each category has a maximum credit limit with respect to the total value of the loan portfolio.

- Sector risk: The Corporation limits its concentration in any sector to 50% of the corresponding country risk limit.

Loans receivable by economic activity are as follows:

		December 31, 2009	December 31, 2008
Gas & oil	US$	35,897,621	25,874,456
Telecommunications		43,212,685	33,166,667
Construction materials		27,166,817	28,264,000
Thermo power		27,499,600	29,223,625
Other power		17,713,617	19,625,476
Airports and seaports		12,500,000	3,988,305
Roads, railroads and other		3,375,000	13,500,000
Water and sanitation		8,766,667	9,983,333
Tourism		12,748,217	8,000,000
Alternative fuels		5,365,854	9,450,000
Power-generating equipment		6,941,667	12,000,000
Construction & engineering		7,350,000	5,853,659
Infrastructure conglomerates		5,240,000	5,240,000
Hydro power		2,198,696	4,579,841
Real estate development		942,916	942,916
Metals & mining		-	1,000,000
		216,919,356	210,692,279
Allowance for loan losses		(6,419,186)	(4,805,017)
Deferred income		(1,046,385)	(616,446)
	US$	209,453,785	205,270,816

Investment portfolio

In order to ensure the security, liquidity, and profitability of its investment portfolio, the Corporation selects its investments based on the following criteria:

- Investments must be made in countries that have a credit rating of at least BB+ from a respected rating agency (Moody's, S&P, Fitch).
- Investments must be in instruments that have a local rating of at least AA.
- A maximum of 25% of the liquid portfolio may be invested in a country that has a rating below AA.
- All investments must be denominated in US dollars, or in local currency provided that a financial institution with a rating of AAA hedges the foreign exchange risk (e.g. currency swaps).
- The maximum term is 90 days.

(Continued)

Qualified interest rate swap counterparties

The Corporation is only authorized to enter into interest rate swaps with counterparties that have a rating of at least “Aa3” or “AA-” from a respected international rating agency (Moody’s, Standard and Poor’s, or Fitch). In addition, those counterparties must have been successful in previous interest rate swap transactions and have equity of at least US$250 million.

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 within 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 about new business units, regarding liquidity needs for the following days, weeks, and months. The Controller then keeps a portfolio of short-term liquid assets, largely comprised of cash in banks, liquid investments in secure instruments in accordance with internal policies on liquid portfolio investment limits, and committed and available lines of credit, to ensure that the Corporation can meet any unexpected liquidity requirements.

The liquidity position is monitored on a regular basis and liquidity stress testing is conducted under scenarios covering both normal and more severe market conditions. All internal policies and procedures for term matching are subject to review and approval by the Board of Directors.

The Credit Committee monitors the Corporation’s liquidity position by evaluating the following requirements established in the Corporation’s current liquidity policy:

- Undisbursed loan commitments + annual operating expense projections < liquid assets + undisbursed portion of the Corporation’s borrowings.

(Continued)

- Assets must exceed liabilities at the calculation date for all cumulative matches during the following year.

- Cumulative matches for projected assets must exceed projected liabilities for the three months following the calculation date.

As of December 31, 2009, the balance of undisbursed and available committed credit facilities with financial institutions amounts to US$106.5 million. A total of US$11 million of available but uncommitted lines of credit is pending disbursement.

The Corporation's asset and liability terms are matched as follows:

	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 365 days	365 days	Total
December 31, 2009							
ASSETS							
Cash	4,363,328	-	-	-	-	-	**4,363,328**
Current loans	18,025,964	1,893,339	3,848,298	7,368,659	19,019,523	166,763,574	**216,919,356**
Accrued interest receivable	601,132	483,270	86,791	582,699	-	-	**1,753,892**
Total assets	**22,990,425**	**2,376,609**	**3,935,089**	**7,951,358**	**19,019,523**	**166,763,574**	**223,036,577**
LIABILITIES							
Loans payable	4,000,000	7,635,417	8,252,000	33,074,917	20,645,833	73,041,666	**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**	**33,458,280**	**20,896,923**	**73,548,551**	**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**

Residual 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, 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 risks*

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 control risk exposure and to ensure that such exposure does not exceed acceptable limits, thus optimizing returns.

Foreign currency risk

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

As of December 31, 2009, all of the Corporation's assets and liabilities are denominated in US dollars. Accordingly, no foreign currency risk is expected.

Moreover, the Corporation is restricted to lending in US dollars in accordance with its foreign currency risk management policy.

The Corporation considers that the net position is adequate since all assets and liabilities are denominated in US dollars.

Interest rate risk

Interest rate risk is the risk that future cash flows and the value of underlying financial instruments will vary due to changes in market interest rates. Interest rate risk is managed by following an internal policy that limits the duration of equity to +/-1.5% years. The Credit Committee is responsible for monitoring interest rate risk.

Most of the Corporation's interest-earning assets and interest-bearing liabilities are repriced at least quarterly.

The Corporation also uses interest rate derivatives to hedge its fixed-rate asset positions by converting them to variable-rate positions in order to comply with the internal duration policy.

December 31, 2009	Assets	Liabilities	Net portfolio
Present value	$221,969,402	($145,626,939)	$76,342,463
Duration (excluding IRS)	0.67	0.15	
Notional IRS	$16,000,000		
IRS duration	(2.10)		
Duration (including IRS)	0.48	0.15	0.43
Floating rate as a % total	78%	100%	
Fixed rate as a % total	20%	0%	
Hybrid rate as a % total	1%	0%	
Duration of equity			1.2
POLICY LIMIT:			+/- 1.5

A change of 100 basis points in interest rates would have increased or decreased the Corporation's net present value of equity by US$926,739, which represents a change of +/-11.1% in net interest income and of +/- 1.34% in equity as of December 31, 2009.

(Continued)

The following tables summarize the Corporation's exposure to interest rate risks. 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, 2009								
Assets:								
Loan portfolio	68,032,036	35,552,624	32,067,541	40,295,326	6,061,507	34,910,322	(1,046,385)	**215,872,971**
Total recovery of rate-sensitive assets	**68,032,036**	**35,552,624**	**32,067,541**	**40,295,326**	**6,061,507**	**34,910,322**	**(1,046,385)**	**215,872,971**
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**	**187,106**	**70,456,631**

	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**

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.

(Continued)

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

- Internal procedures for evaluating, approving, and monitoring loan operations
- Internal procedures for managing the liquid portfolio
- Internal procedures for acquiring derivative instruments
- Internal procedures for complying with the minimum insurance requirement
- Internal policies and controls
- Code of conduct for employees and the Board of Directors
- Corporate Compliance Manual to prevent money laundering activities
- Acquisition of insurance to mitigate operational risk

The Audit Committee monitors compliance with the Corporation's internal policies and procedures on a regular basis.

e. Capital management

The Corporation's capital structure is as follows:

		December 31, 2009	December 31, 2008
I. Tier I capital	US$	54,662,509	54,662,509
II. Tier II capital		14,730,381	10,888,172
III. Deductions		-	-
Capital Base (I + II - III)	US$	69,392,890	65,550,681
		2009	2008
Risk weight of 10%	US$	409,288	1,691,062
Risk weight of 100%		226,660,732	229,833,630
Contingent assets and liabilities adjusted for credit risk	US$	227,070,021	231,524,692
Capital adequacy ratio		30.56%	28.40%
Required capital adequacy ratio		10.00%	10.00%

(Continued)

7. Loans payable

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

		December 31, 2009	December 31, 2008
Foreign financial institutions	US$	146,649,832	159,199,499
Deferred expenses		(1,233,491)	(1,905,545)
	US$	148,693,072	157,293,954

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

		December 31, 2009
Loans outstanding in US$	US$	$146,649,832
Undrawn balance of committed lines of credit		$106,500,000
Undrawn balance of uncommitted lines of credit	US$	$11,000,000

See note 6.b. for information on residual contractual maturities of borrowings.

8. Share capital

As of December 31, 2009 and 2008, the Corporation's share capital is comprised of 54,000,001 ordinary shares of US$1.00 par value each, for a total of US$54,000,001. Of that total, 34,500,001 are Class B ordinary shares and 19,500,000 are Class A preference shares. Class A preference shares have the same rights as ordinary shares, except that preference shares may only be owned by multilateral entities. All shares have voting rights and receive dividends. As of the date of the financial statements, no dividends have been distributed.

In September 2008, IFC became a stockholder 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 from part of the holdings of Unibanco. Caixa Banco de Investimento also increased its ownership interest by acquiring 1,000,000 additional shares from part of the holdings of Unibanco.

(Continued)

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

		Acquired capital	Ownership interest
Caja Madrid	US$	11,000,001	20.37%
IFC		8,500,000	15.74%
CABEI		5,000,000	9.26%
Primer Banco del Istmo		5,000,000	9.26%
Nordfund		5,000,000	9.26%
Caixa Banco de Investimento		5,000,000	9.26%
IIC		3,000,000	5.56%
Unibanco-União de Bancos Brasileiros		3,000,000	5.56%
Caribbean Development Bank		3,000,000	5.56%
Finnfund		3,000,000	5.56%
Banco del Pichincha		2,500,000	4.63%
	US$	54,000,001	

9. Income tax

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

The difference between income tax expense and the amount that would result from applying the income tax rate to pretax income (30%) is reconciled as follows:

		December 31, 2009	December 31, 2008
Expected income tax expense	US$	1,152,662	641,297
Plus:			
Non-deductible expenses		-	-
Less:			
Non-taxable income		15,153,157	15,844,260
Income tax	US$	-	-

Tax returns filed by the Corporation for the years ended December 31, 2009, 2008, 2007, and 2006, are open to review by Tax Authorities.

As of December 31, 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.

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, 2009 and 2008, the Corporation has no taxable income. Accordingly, it reports no income tax expense.

10. Derivative financial instruments

Interest rate derivatives

Management uses interest rate swaps to reduce the interest rate risk on its assets (loans receivable). The Corporation reduces its credit risk in respect of those agreements by dealing with financially sound institutions.

Swap agreements acquired by the Corporation are as follows:

December 31, 2009

	Interest Rate	Remaining Maturity	Notional Value	Fair Value Assets	Fair Value Liabilities
Interest Rate Swap:					
Caja Madrid (Spain)	Variable: LIBOR 6M.	10/3/2012	US$ 10,000,000	-	US$ 851,546
HSBC New York (USA)	Variable: LIBOR 6M.	12/22/2010	5,000,000	-	163,330
HSBC New York (USA)	Variable: LIBOR 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	Fair Value Liabilities
Interest Rate Swap:					
Caja Madrid (Spain)	Variable: LIBOR 6M.	10/3/2012	US$ 10,000,000	-	US$ 937,666
HSBC New York (USA)	Variable: LIBOR 6M.	12/22/2010	5,000,000	-	247,546
HSBC New York (USA)	Variable: LIBOR 6M.	3/15/2013	1,000,000	-	68,719
			US$ 16,000,000	-	US$ 1,253,931

(Continued)

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

As of December 31, 2009, the Corporation recognized a net gain of US$277,165 (2008: net loss of US$1,030,118) in its statement of comprehensive income, resulting from the net change in fair value of those instruments.

As of December 31, 2009, "Other accounts payable" includes the fair value of the above derivative financial instruments for a total of US$1,067,740 (2008: US$1,253,931).

11. Concentration of assets and liabilities

As of December 31, 2009 and 2008, assets and liabilities are concentrated by geographical location as follows:

		December 31, 2009	December 31, 2008
Assets			
Argentina	US$	20,030,193	18,075,196
Barbados		5,105,978	9,853,762
Belize		7,986,859	9,260,527
Bolivia		9,758,084	11,727,294
Brazil		18,869,527	21,014,418
Colombia		28,181,713	19,525,075
Costa Rica		4,137,443	17,083,649
Dominican Republic		37,937,841	31,310,191
Ecuador		10,945,629	13,544,313
El Salvador		2,221,098	2,436,082
Guatemala		20,176,151	21,954,447
Haiti		7,919,208	-
Honduras		17,654,536	18,493,883
Mexico		3,278,655	7,240,766
Nicaragua		(104,481)	-
Panama		10,168,809	7,877,593
Peru		2,382,001	4,610,015
Saint Lucia		7,281,873	8,725,995
Trinidad and Tobago		2,083,240	2,167,650
United States		270,444	-
Total	US$	**216,284,801**	**224,900,856**
Liabilities			
Costa Rica	US$	8,829	42,845
Netherlands		58,053,994	83,805,600
United States		60,984,095	71,558,334
Venezuela		9,011,985	3,005,729
Finland		8,024,120	-
Norway		10,031,972	-
Austria		(75,000)	-
Spain		851,546	937,666
Total	US$	**146,891,540**	**159,350,175**

(Continued)

12. Fair value of financial instruments

Fair value of financial instruments is as follows:

		December 31, 2009				
		Carrying amount	Fair value	Level 1	Level 2	Level 3
Loans receivable	US$	216,919,356	217,606,074	-	217,606,074	-
Loans payable	US$	146,649,832	145,626,939	-	145,626,939	-
Derivatives	US$	1,067,740	1,067,740	1,067,740	-	-

		December 31, 2008				
		Carrying amount	Fair value	Level 1	Level 2	Level 3
Loans receivable	US$	210,692,279	206,292,627	-	206,292,627	-
Loans payable	US$	159,199,499	157,724,306	-	15,774,306	-
Derivatives	US$	1,253,931	1,253,931	1,253,931	-	-

The Corporation measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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.

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.

(Continued)

Fair value estimates are made at a specific date, based on relevant market information and information concerning the financial instruments. These estimates do not reflect any premium or discount that could result from offering for sale a particular financial instrument at a given point in time. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Estimates could vary significantly if changes are made to those assumptions.

Where practicable, the following assumptions were used by management to estimate the fair value of each class of financial instruments both on and off the statement of financial position:

a. Cash, accrued interest receivable and payable, and other accounts payable

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

b. Investment securities

The fair values are based on quoted market prices or prices quoted by brokers.

c. Loans receivable

The fair value of loans receivable 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 made by management based on available market information.

d. Term deposits

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

e. Loans payable

The fair value of loans payable is calculated by discounting committed cash flows at current market rates for loans with similar maturities.

(Continued)

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, 2009, the Corporation has commitments and contingencies for a total of US$27,386,492 (2008: US$19,270,781) corresponding to credits pending disbursement to different companies in the amount of US$17,386,492 (2008: 19,270,781) as well as a commitment for an undersigned guaranty agreement in the amount of US$10,000,000 (2008: nil).

Litigation

To management's best knowledge, the Corporation is not involved in any litigation or claim that is likely to have a significant adverse effect on its business, financial position, or results of operations.