

NOTES TO THE FINANCIAL STATEMENTS

As of March 31, 2014

In Thousands of Peruvian Nuevos Soles

1. Background and Economic Activity

(a) Background

Fondo MIVIVIENDA S.A. (hereinafter "the Fund") is a state-owned company under private law and is governed by Law No. 28579 and the Fund's Bylaws. The Fund falls under the purview of the Peruvian National Fund for the Financing of Business Activities of the State (Fondo Nacional de Financiamiento de la Actividad Empresarial del Estado or "FONAFE" as per the Spanish acronym) under the Ministry of Housing, Construction and Sanitation (Ministerio de Vivienda, Construcción y Saneamiento or "MVCS" as per the Spanish acronym). The aforementioned Law No. 28579 provided for the conversion of the former Mortgage Fund for the Promotion of Housing (Fondo Hipotecario de Promoción de la Vivienda - Fondo MIVIVIENDA) into a corporation named Fondo MIVIVIENDA S.A. effective as of January 1, 2006.

(b) Economic Activity

The Fund's objectives are the promotion and financing of the acquisition, improvement and construction of homes, especially those of social interest, promotion of activities to invest into the home lending market, participation in the primary and secondary market for mortgage loans, and contributing to the development of the Peruvian capital market. The Fund's activities are regulated by the Superintendency of Banking, Insurance and Pension Funds Administrators (Superintendencia de Banca, Seguros y Administradoras Privadas de Fondos de Pensiones or "SBS", as per the Spanish acronym), pursuant to the provisions of SBS Resolution No. 980-2006 "Fondo MIVIVIENDA S.A. Regulations"

The legal address of the Fund is Avenida Paseo de la República 3121, San Isidro, Lima, Peru.

As of the date of these financial statements, the Fund manages the following programs and financial resources:

(i) MIVIVIENDA Program.

(ii) Techo Propio Program - Management of the Household Housing Bonus (Bono Familiar Habitacional, or "BFH", as per the Spanish acronym), as commissioned by the Ministry of Housing, Construction and Sanitation - MVCS.

(iii) Resources of the Fondo Ley No. 27677, as commissioned by the Ministry of Economy and Finance (hereafter "MEF" as per the Spanish acronym).

The characteristics of each program are as follows:

(i) MIVIVIENDA Program

The Fund, through a Trust Agreement with Corporación Financiera de Desarrollo S.A. ("COFIDE" as per the Spanish acronym) channels resources to financial institutions that are participants in the Peruvian financial system to grant mortgage loans. Among its features are the Good Payer Award (Premio al Buen Pagador or "PBP" as per the Spanish acronym) and the Credit Risk Coverage (Cobertura de Riesgo Crediticio or "CRC" as per the Spanish acronym).

The MIVIVIENDA Program includes the following products:

- Nuevo crédito MIVIVIENDA
- Crédito MICONSTRUCCIÓN
- Crédito MIVIVIENDA estandarizado (*)
- Crédito MIHOGAR (*)
- Crédito MIVIVIENDA tradicional (*)
- Crédito complementario Techo Propio (Complementary financing to the household housing bonus - BFH)
- Servicio de cobertura de riesgo crediticio y premio al buen pagador (Financiamiento de las instituciones financieras intermediarias) - Service of Credit Risk Coverage and Good Payer Award (Funding to Intermediary Financial Institutions, hereinafter IFI) (*)
- Crédito MICASA MAS

(*) As of December 31, 2014, these lending products have been discontinued. The remaining balance of loans under these programs consists solely of uncollected amounts (note 8). CRC-PBP services and Crédito MIVIVIENDA estandarizado were discontinued in November 2009, Crédito MIHOGAR was discontinued in August 2009, and Crédito MIVIVIENDA tradicional in May 2006.

(ii) Techo Propio program - Management of the household housing bonus (BFH)

Loans under the Techo Propio Program are granted in three modalities: (i) acquisition of a new home; (ii) construction on owned lot; and (iii) house renovations. In all modalities, mortgage loan financing within this program involves up to three components: (a) a subsidy channeled by the Fund with resources from the Peruvian government - the aforementioned

household housing bonus (BFH); (b) household savings and (c) if necessary, complementary financing to household housing bonus (Techo Propio Program) which must be granted by an IFI.

According to the third transitional provision of Law No. 28579, at the end of 2005, the Fund was engaged by the Government to manage the household housing bonus and the Techo Propio program resources, through an agreement entered into with the Ministry of Housing, Construction and Sanitation.

On April 28, 2006, the Fund, the Ministry of Housing, Construction and Sanitation and FONAFE entered into the "Agreement on Management of the Household Housing Bonus and the Funds of the Techo Propio Program", whereby the Fund became responsible for managing both the BFH and the Techo Propio Program resources, including the promotion, registration, recording and verification of information, the qualification of applicants, allocation and transfer of the BFH funds to the developer, seller-builder or the respective technical unit. This agreement establishes that FONAFE must allocate resources to the Fund to manage the costs and expenses of the program.

(iii) Fondo Ley No. 27677

By virtue of Law No. 27677 dated March 1, 2002, the Fund was entrusted with the administration, reimbursement and channeling of the proceeds resulting from the liquidation of Fondo Nacional de Vivienda (FONAVI, as per the Spanish acronym). Law No. 29625, which became effective on December 8, 2010, provides for the reimbursement of the amounts that were contributed to FONAVI to the workers that made those contributions. Article 4 of Law No. 29625 contemplated the formation of an Ad Hoc Committee responsible for conducting and supervising all procedures relating to the reimbursement of the FONAVI contributions. The current composition of such Ad Hoc Committee was approved on September 24, 2012 by Ministerial Resolution No. 609-2012-EF/10.

Likewise, the Fund established the CRC-PBP trusts, one in Peruvian Nuevos Soles and the other in US Dollars, to cover the Fund's obligations to provide PBP payments and CRC in an amount equivalent to one-third (1/3) of the total loan portfolio balance reported by each IFI that contracted such service. These trusts are governed by SBS Resolution No. 980-2006, which approves the Fondo MIVIVIENDA S.A. Regulations.

Under the service contracts with the CRC-PBP trusts, the Fund provides the IFI with the following services:

- Credit Risk Coverage (CRC service), as defined by Article 21 of the CRC and PBP Regulations, is a guarantee the Fund provides to the intermediary financial institution the lower of one third of the unpaid balance of the covered loan or one-third (1/3) of the loss, whichever the lower. Said amount shall be duly notified by the IFI to the Fund, under the terms provided for in such Regulations.
- Good Payer Award (PBP service), as defined in Article 24 of the CRC and PBP Regulation, is the service to the IFI for which the Fund assumes payment of the installments corresponding to the concessional part (the amount of the Good Payer Award) for covered loans whose beneficiaries have promptly paid the installments corresponding to the non-concessional part of the loan. This award is aimed to settle – every six months – the amount of the installment payable in the corresponding period for the concessional part of the MIVIVIENDA loans.

(c) Approval of the financial statements

These financial statements as of December 31, 2014, presented to the Superintendency of Banking, Insurance and AFP, were approved by Board of Directors on April 14, 2014.

The Financial Statements as of December 31, 2013 have been approved by Management on January 13, 2014 and by the Annual Shareholder's Meeting on March 25, 2014.

The Financial Statements as of March 31, 2013 have been approved by the Board on April 14, 2014.

(1) Trust agreement - Corporación Financiera de Desarrollo S.A. (COFIDE)

On March 25, 1999, a Trust Agreement was signed between the Mortgage Fund for Housing Promotion (Fondo Hipotecario de Promoción de la Vivienda – MIVIVIENDA), now Fondo MIVIVIENDA S.A. and Corporación Financiera de Desarrollo S.A. (COFIDE). Its purpose was the creation of a trust through which COFIDE receives the resources from the Fund and acts as the trustee on behalf of the Fund, in order to channel the funds for loans to final borrowers through the IFIs that in turn are required to use the funds provided to generate loans that are used by final borrowers to finance the acquisition, expansion or improvement of homes and residences, in accordance with article 12 of Supreme Decree No. 001-99-MTC "Regulations on the Fondo Hipotecario de Promoción de la Vivienda – Fondo MIVIVIENDA".

The main duties of COFIDE are as follows:

- Compliance with articles 241 to 274 of the General Law of the Financial and Insurance System and Organic Law of the SBS – Law No. 26702, as amended.
- Verify compliance with requirements and conditions of the IFI according to Supreme Decree No. 001-99 –MTC.
- Sign the agreement on resources intermediation with IFI's that have fulfilled the corresponding requirements and conditions.
- Monitor the use of resources, according to the provisions of the Fund's Regulations and the agreement on resources intermediation.
- Collect the loans granted to the IFI's.
- Contract the necessary audits of the Fund.
- Periodically submit reports on the development of the aforementioned trusts, as well as make recommendations for exposure limits of IFI's (*).
- Establish operating procedures necessary for the proper administration of the Fund.
- Other duties necessary to ensure the normal development of the objectives and functions of both the Trust and the Fund.

(*) On May 18th 2012, the Fund executed the first amendment to the Trust Agreement with COFIDE, which discharged the latter from the obligation to issue recommendations on portfolio concentration limits with intermediary financial institutions given the fact that the Fund is a Corporation supervised by the SBS. By virtue of SBS Resolution No. 3586-2013, the Fund is no longer subject to the lending limits established by Article 204 of Law 26702, the Peruvian Banking Law, to the extent the Fund acts as a second-tier bank. However, the fund has established internal limits to prevent the concentration of loans to intermediary financial institutions, which take into account factors related to the size of regulatory capital, risk classification and risk-weighted regulatory capital ratio.

The main duties of the Fund are the following:

- Establish the policies for the management and use of the Fund's resources.
- Approve the borrower eligibility criteria used by the IFI's that will receive resources from the Fund for use in financing house purchases and approve the borrowing limits for each of them.
- Establish the terms and conditions under which the Fund will make resources available to the IFIs, and the modalities for placing them.


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As trustee, COFIDE is entitled to the following:

- Intermediate and monitor the Fund's resources, being able to enter into and sign all kinds of public and private documents, for that purpose.
- Require that the IFI's constitute guarantees on behalf of the beneficiaries.
- Exercise all the powers contained in articles 74 and 75 of the Civil Procedure Code necessary for carrying out the assignment given as trustee. Consequently, COFIDE may sue, counterclaim, answer complaints and counterclaims, desist processes or claims, agree to claims, reconcile, settle and to arbitrate the claims at issue in the process.
- It is stated that COFIDE is not responsible for the solvency of the IFI.

The term of this trust Agreement is 5 years and is automatically renewable if none of the parties expresses its willingness to terminate it.

(2) Basis for the preparation of the financial statements

(a) Statement of compliance

The accompanying financial statements have been prepared in Nuevos Soles from the accounting records of the Fund and are presented in accordance with current legal regulation and accounting principles authorized by the SBS. In accordance with the rules of the SBS, the hierarchy of application of accounting standards includes specific rules and regulations promulgated by local regulation, International Financial Reporting Standards (IFRS) as adopted in Peru by the Peruvian Accounting Board (CNC) including Standards and Interpretations issued by the International Accounting Standards Board (IASB), International Accounting Standards (IAS), and the Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

The Resolution No. 053-2013-EF/30 issued by the CNC on September 11, 2013, made official the 2013 version of IFRS. In Peru, the CNC authorized standards as of December 31, 2013 are IAS 1 to 41, IFRS 1 to 13, IFRIC 1 to 20 and SIC 7 to 32.

Certain accounting principles applied by the Fund that conform to accounting standards prescribed by the SBS may differ from generally accepted accounting principles in other countries.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, except for the following, that are measured at fair value:

- Derivative financial instruments.
- Financial instruments at fair value through profit or loss.
- Available-for-sale financial assets.

(c) Functional and presentation currency

The financial statements are presented in Nuevos Soles (S/.) according to SBS standards, which is the Fund's functional and presentation currency. Financial information has been rounded to the nearest thousand (S/. 000), except as otherwise indicated.

(d) Critical accounting estimates and criteria

The preparation of the financial statements in conformity with the accounting principles requires management to use certain critical accounting estimates and criteria. Estimates and criteria are reviewed on an on-going basis according to experience and include reasonable assumptions about the future in every circumstance. Since these are estimates, final results may differ; however, based on the opinion of the Fund's management, these estimates and assumptions do not have significant risk of causing a material adjustment to the balances of assets and liabilities of subsequent financial statements.

The significant estimates related to the financial statements correspond to the provision for doubtful accounts receivable, valuation of investments, estimates of useful life and the recoverable amount of property, furniture and equipment and intangible assets, estimate of deferred income tax recovery, provision for current tax, and the valuation of derivative financial instruments, which accounting criteria is described in note 3.

(3) Accounting principles and practices

The significant accounting principles and practices applied to prepare the Fund's financial statements, which have been applied consistently to those of the previous period, unless otherwise indicated, are the following:

(a) Changes in accounting policies

- (a.1) On September 19, 2012, the SBS issued the Resolution No. 7036-2012 to modify certain aspects of the Accounting Manual for financial entities. The main changes are:

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- Incorporation of the IFRS Conceptual Framework in the preparation of the financial statements.
- Incorporation of the two statements approach for the presentation of the income statements, which includes: i) statement of income and, ii) statement of income and other comprehensive income.
- Provisions for doubtful accounts receivables are presented deducting from every type of receivable account.
- Liabilities for collecting taxes which are part of accounts payable, are no longer presented as "other obligations". Now the general sales tax payable and third-category income tax payable are presented as "current taxes" and the remaining other taxes payable are presented as accounts payable.
- The financial income and financial expense are now presented separately in the statement of income. The financial income and financial expense line items have been replaced by items denominated interest income and interest expense ensuring that only ledger accounts related to interest-related income and expenses will be recorded and presented under these captions. Other financial income and expenses are presented in the "Income from financial transactions (ROF)" caption.


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- The SBS will not require a comparative presentation for interim financial statements presented on a quarterly basis during 2013. However, financial entities should disclose accounting standards and changes therein in notes to financial statements.

The Fund's Management considers that the application of amendments of the Accounting Manual only affects the presentation of the financial statements and does not have an impact over the Fund results. These changes have been applied retroactively.

- (a.2) On January 1, 2013, the SBS Resolution No. 7033-2012, became effective, and it repealed the Regulation on classification and valuation of investments approved by SBS Resolution 10639-2008.

The main amendment in the resolution is the introduction of a standard methodology for the identification of impairment of financial instruments classified as available-for-sale and held-to-maturity investments, see Note 3 (g).

As a result of the application of this methodology there has been no need to make any additional registration to reflect the analysis of impairment of investments.

- (b) U.S. Dollars transactions

In accordance with SBS regulations, the Fund's functional and presentation currency is the Nuevo Sol. Assets and liabilities in U.S. Dollars are recorded at the transaction date exchange rate. Monetary assets and liabilities denominated in U.S. Dollars are converted to Nuevos Soles at the month-end exchange rate set by the SBS (note 4). Gains or losses from restatement of monetary assets and liabilities denominated in U.S. Dollars at the exchange rates prevailing at the financial position reporting date are recorded in the statements of income.

Foreign exchange differences corresponding to the CRC-PBP trusts in U.S. Dollars is included as in "Other financial income" within "Financial income" caption in the statement of income.

Non-monetary assets and liabilities acquired in U.S. Dollars are recorded in Nuevos Soles at the exchange rate at the date of its acquisition.

- (c) Financial instruments

Financial instruments are classified as assets, liabilities or equity according to the substance of the contractual agreement that

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originated them. Interests, dividends, gains and losses generated by financial instruments classified as assets or liabilities are recorded as income or expense. Financial instruments are offset when the Fund has a legal right to offset them and Management has the intention to settle them on a net basis or to realize the asset and settle the liability simultaneously. Refer to note 9(b) related to criteria for accounting records of accounts receivable from the CRC-PBP trusts.

The financial assets and liabilities presented in the statement of financial position comprise cash and due from banks, accounts receivable, other receivables, investments, obligations with the public, other payables and other liabilities in general. Additionally, all derivatives are considered financial instruments.

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As of March 31, 2013 and December 31, 2013, the Fund classified financial assets and liabilities in the following:

As of March 31, 2014	In thousands of S/.			
	Loans and items receivable	Available for sale at fair value	Held to maturity	Hedging derivatives
Financial Assets:				
Cash and due from banks	341,668	-	-	-
Investments available for sale				
Debt instruments	-	358,595	-	-
Investments held to maturity	-	-	6,527	-
Accounts receivable (Trust Agreement - COFIDE)	4,599,298	-	-	-
Accounts receivable from financial derivatives	-	-	-	719
Other receivables	-	-	-	-
Other receivables CRC-PBP Trust	-	56,482	6,617	-
	4,940,966	415,077	13,144	719

As of December 31, 2013	In thousands of S/.			
	Loans and items receivable	Available for sale at fair value	Held to maturity	Hedging derivatives
Financial Assets:				
Cash and due from banks	408,506	-	-	-
Investments available for sale				
Debt instruments	-	330,731	-	-
Investments held to maturity	-	-	6,447	-
Accounts receivable (Trust Agreement - COFIDE)	4,355,071	-	-	-
Accounts receivable from financial derivatives	-	-	-	737
Other receivables	1,461	-	-	-
Other receivables CRC-PBP Trust	1,648	57,817	9,084	(1,458)
	4,766,686	388,548	15,531	(721)

Accounting policies related to recognition and valuation of these financial instruments are described below in this note.

(d) Recognition of revenues and expenses

(d.1) Interest income and expenses

Interest income and interest expenses are recognized in profit or loss in the period they accrue, depending on the lifetime of the operations that generate them and the interest rates established.

Interest income from accounts receivable (Trust agreement-COFIDE) is recognized in profit or loss in the period they accrue, consistent with SBS rules for the Fund, in-suspense interests income are not recognized.

Interest income in debt instruments is recognized in profit or loss in the statement of income.

Interest income and commissions for services are recognized in profit or loss of the period when earned, based on the time of operations that generated them.

Income from other receivables, banks in liquidation, past due balances, refinanced loans, in court collection, as well as loans classified as doubtful and lost, are recognized in profit or loss when effectively received.

Other income and expenses are recorded in the period they accrue.

(d.2) Bonuses and awards for good payers

In accordance with the accounting treatment stipulated by SBS for the Fund, the Good Payer Bonus and the Good Payer Award, including applicable interest, are recognized as follows:

- (i) The Good payer bonus (Bono al Buen Pagador, or "BBP" for its acronym in Spanish) was created in compliance with Law No. 29033, issued on June 7, 2007, as a non-reimbursable direct assistance payable to eligible final borrowers up to a maximum of S/.12,500 starting on April 22, 2010 (S/.10,000 for loans originated before April 22, 2010), which is granted to borrowers who have paid on time for six consecutive monthly installments related to the non-concessional tranche of the relevant Crédito MIVIVIENDA loan.

For this purpose, the Fund divides the total amount of Crédito MIVIVIENDA plus its interest into two schedules:

- A half-annual schedule called "concessional tranche" that corresponds to the BBP (principal and interest); and
- A monthly schedule called "non-concessional tranche" that corresponds to the loan amount less


the concessional tranche (principal and interest) amount.

In these cases, the BBP is received from the Ministry of Housing, Construction and Sanitation - MVCS (to the extent MVCS has funds available) at the request of the Fund and it is recorded for financial reporting and control as a liability in the "Good payer bonus - received" ledger account (Note 14).

Upon being granted, the total amount disbursed on the Crédito MIVIVIENDA loan is recorded as placement in the "Accounts receivable (Trust Agreement - COFIDE)" caption and generates the 2 aforementioned schedules.

Subsequently, the Fund sends to the MVCS the list of BBP beneficiaries, reclassifying such bonus to eligible borrowers from "Good payer bonus - received" to "Good payer bonus - assigned" (note 15).

- (ii) In cases where the Good payer bonus is directly assumed by the Fund (when the requirement of Law 29033, as amended are not met; for instance, when the value of the property which acquisition is being financed is greater than 25 Tax Units or when the BBP is granted with Fund's own resources, among others), it is called "Good payer award" (PBP).
- (iii) In both cases, the bonus or award are earned by the final borrower by making timely payments of six installments of the schedule called non-concessional section, such amount varies depending on the type of loan granted.
- (iv) When the good payer bonus is made effective, provided the recipient has complied with the timely payment of six consecutive monthly installments, the Fund credits the accounts receivable (principal) of the concessional section and charges it to the liability on the account "Good payer bonus - assigned". Interest on such amounts of the concessional section are recognized as an expense of the Fund and is presented net of the "Income from accounts receivable (Trust agreement - COFIDE)" item included in the "Interest income" caption of the statement of income.
- (v) When the good payer award is made effective (see paragraph (ii) above, for example, when the PBP is assumed directly by the Fund) provided the fulfillment of the conditions by the final beneficiary, the Fund records such amounts as expenses; by reducing the principal


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amount of as consequence, the accounts receivable (principal) of the installments of the concessional section are reduced and the amount is recorded in the "Interest expenses" caption, while interest, as in the previous case, is recognized as expense and presented net of the "Income from accounts receivable (Trust agreement - COFIDE)" item which is included in the "Interest income" caption of the statement of income.

(d.3) Commissions for CRC-PBP trusts administration services are recognized as income when received.

(e) Accounts receivable and provision for doubtful accounts receivable

This item includes the receivable for services other than financing operations. Accounts receivable generated in favor of the trustee or originator are also included in this item.

Accounts receivable are initially recognized at fair value, which is generally equal to the cost.

Although accounts receivable held by the Fund are not direct loans, the accounting treatment applied is that stipulated by the SBS for direct loans and its provisions.

(e.1) Accounts receivable (Trust agreement - COFIDE)

Accounts receivable are recorded upon the disbursement of funds through COFIDE to the IFI that channels the Fund's resources for the credit placement of the MIVIVIENDA products.

According to the Fund's Regulation, enacted by SBS Resolution

No. 980-2006 issued on August 14, 2006, the calculation of the allowance is performed based on the criteria established by the SBS in the "Regulation for the evaluation and classification of debtor and allowance requirements", as established in SBS Resolution No. 11356-2008, in accordance with the following methodology approved by SBS:

- The capital balance of each disbursement is separated into two types:
 - Balance of capital with mortgage collateral
 - Balance of capital without mortgage collateral
- The balance of capital with mortgage collateral of each disbursement is separated into two types: balance of capital with mortgage collateral with credit risk coverage

and balance of capital with mortgage collateral without credit risk coverage.

- The allowance is determined based on the classification the Fund assigns to the IFI and to the final borrowers.
- The allowance relating to the balance of capital with mortgage collateral with credit risk coverage is calculated as follows: (balance of mortgage principal with credit risk coverage)* (coverage factor)* (% SBS of table 2 according to the classification of the final borrower).
- The allowance relating to the balance of capital with mortgage collateral without credit risk coverage is calculated as follows: (balance of mortgage principal without credit risk coverage)* (% SBS of table 2 according to the classification of the IFI.)
- The allowance relating to the balance of capital without mortgage collateral is calculated as follows: (balance of mortgage principal without credit risk coverage)* (% SBS of table 1 according to the classification of the IFI.)

According to the SBS Resolution No. 11356-2008, the Fund applies the following percentages to determine provisions:

Risk category	%	
	Table 1	Table 2
Normal	0.70	0.70
With potential problem (CPP)	5.00	2.50
Substandard	25.00	12.50
Doubtful	60.00	30.00
Loss	100.00	60.00

To determine IFI's risk classification, the Fund has established among its internal standards a provision chart based on the risk category assigned by the SBS, as follows:

Risk classification according to financial institution

Table 1		Table 2	
Risk	Equivalent	Risk	Equivalent
A+	Normal	B-	CPP
A	Normal	C+	CPP
A-	Normal	C	CPP
B+	Normal	C-	CPP
B	Normal	N.C.	CPP

Provisions for accounts receivables are presented net of balance for the same in the asset.

(e.2) Accounts receivable related to CRC-PBP Trusts

Includes the assets of the CRC-PBP trusts, which correspond to assets (due from banks, investments and accrued yields) and liabilities of the Fund, but according to SBS regulation (SBS Resolution No. 980-2006, the Fondo MIVIVIENDA S.A. Regulation), they must be presented as a net balance in the "Other accounts receivable, net" caption in the statement of financial position, since the Fund legally acts simultaneously as trustee and trust beneficiary. The assets and liabilities included in such trusts are valued according to the criteria used by the Fund for similar items, as described in this note.

Likewise, the surplus (deficits) generated by such trusts is recorded as "Interest Income (expenses)" in the statement of income.

The CRC-PBP trusts were established in 2007 to ensure the availability of resources to meet the Fund's obligations relating to CRC and PBP service contract, signed with certain IFI's; and to manage trust resources efficiently.

(e.3) Other accounts receivable, net

Includes accounts receivable from time deposits, certificates of deposits among others that the Fund holds in banks that are in liquidation, and other accounts receivable from third parties that, since they are under litigation or judicial proceeding, do not accrue interest. Any recovery is recorded on a cash basis.

To determine provision for other doubtful accounts receivable, the Fund assigns a risk classification in accordance with SBS Resolution No. 11356-2008.

The provision for other doubtful accounts receivable is performed based on the review the Fund's Management regularly conducts to classify it into the categories of "normal", "with potential problem", "substandard" "doubtful" or "loss", depending on the degree of each borrower's risk to fail to pay. Collateral received is considered by the Fund only to the extent it is registered in the Public Registry without observations or annotations.

Provision for borrowers classified as doubtful or loss by more than 36 and 24 months, respectively, are determined without considering the value of the collaterals.

(f) Derivative financial instruments

All derivative financial instruments are classified as trading derivative financial instruments, which are initially recognized in the Fund's statement of financial position at cost and subsequently are remeasured at fair value. Derivatives are registered as an asset when the fair value is positive and as a liability when the fair value is negative. The (nominal) notional amount of the operation is recorded in memorandum accounts at the notional amount of the involved currency (note 17).

Fair values are estimated based on prevailing market exchange and interest rates. Gains and losses arising from changes in the fair value of derivatives are recorded in profit or loss for the period.

As of March 31, 2014 and December 31, 2013, Management considers that the Fund holds economic hedging derivatives for administrative purposes, recognizing gains and losses arising from their measurement at fair value in profit or loss for the fiscal year. Likewise, as of these dates, the Fund does not hold any embedded derivatives.

(g) Investments

According to described in note (a.2), as of March 31, 2014 and December 31, 2013, investments are valued in accordance with SBS Resolution No. 7033-2012.

Classification**(g.1) Available-for-sale investments**

Designated as such because they are held for an indefinite period and may be sold for purposes of liquidity or changes in interest rates, exchange rates or cost of capital; or are not qualified to be classified at fair value through profit and loss or held-to-maturity.

The estimated value of available-for-sale investments is determined primarily on the basis of open market quotations or, lacking these, based on discounted cash flows using market rates that reflect the credit quality and maturity of the investment.

(g.2) Held-to-maturity investments

Investment instruments classified in this category, must meet the following requirements:

- Acquired or reclassified for the purpose of holding them until their maturity date; except for the cases when sale, assignment or reclassification are allowed by the SBS.
- The companies must have the financial capacity and the intention to hold investment instruments until their maturity.

- Investment must have risk classifications as required by the SBS.
- In order to classify investments in this category, the companies shall assess whether it has the financial capacity to maintain such investment instruments until their maturity whenever they decide to classify the instrument and at the closing of each annual fiscal year.

Recording date of the transaction

Transactions related to available-for-sale and held-to-maturity investments are recorded on their trading date, that is, the date at which the reciprocal obligations must be fulfilled within the term established by regulations and practices in the market in which the operation takes place.

Initial recognition

The initial recognition of available-for-sale and held-to-maturity investments are carried at fair value plus transaction costs that are directly attributable to the acquisition of such investments.

Amortized cost

Any premium or discount related to these investments is considered in determining the amortized cost using the effective interest rate method, recognizing the accrued interest in the "Interest on available-for-sale and held-to-maturity investments" item within the "Interest income" caption of the statement of income.

Valuation

(g.1) Available-for-sale investments

These investments are recorded at fair value and unrealized gains and losses generated by them are recognized in net equity.

When the instrument is sold or gains or losses previously recognized as part of the net equity are realized, such gains or losses are recognized in profit or loss for the fiscal year. On the other hand, when Fund's Management believes that the decline in market value is permanent or is caused by credit impairment, it takes the respective provisions and transfers the estimated loss from equity to profit or loss for the fiscal year.

In any of the aforementioned cases, if the SBS considers necessary to provide some additional provision for any type of investment, such provision will be determined by the SBS based on each individual asset and then communicated to the Fund, for its recognition in profit or loss for the fiscal year.

(g.2) Held-to-maturity investments

These investments are recorded at amortized cost using the effective interest rate method.

Impairments are recorded individually for negative changes in the credit capacity of the issuer, analogous to the treatment of direct loans, directly affecting profit or loss for the period.

When these investments are sold without complying with the requirements of SBS regulation and similar financial instruments are again acquired from the same issuer, they may not be recorded in this category without SBS express authorization.

Impairment assessment

SBS Resolution No. 7033-2012 provides a standard methodology for the identification of impairment of financial instruments classified as available-for-sale and held-to-maturity investments. This analysis methodology includes two filters, as described below:

First filter:

The following conditions are assessed for all representative debt and principal portfolios on a quarterly basis:

- a) Significant decrease in fair value - In the event that the fair value at the date of the financial statements decreases below 50% of the acquisition value.
- b) Prolonged decrease in fair value - In the event that monthly average fair value decreases for 12 consecutive months and the aggregate decline in fair value in the period is at least 20%.

This analysis is performed in the original currency of the instrument, in order to isolate the variation in the exchange rate.

Second filter:

With respect of instruments that passed the first filter, the following circumstances relating to qualitative aspects of the issuer are assessed:

- Impairment of financial ratios or financial position of the issuer and its business group.
- Adverse conditions of investment and the issuer.
- Downgrade in risk rating due to factors other than those mentioned above.
- Interruption in the in payment of interest or principal due to financial distress of the issuer.
- Disruption of a transaction or of an active market due to financial distress of the issuer.

- Forced renegotiation of the contractual terms of the instrument by legal or economic factors related to the issuer.
- Evidence that the issuer will be subject to a forced restructuring or bankruptcy procedure.
- Decline in value due to policy changes (tax, regulatory or other governmental regulations).
- The Fund does not have the intention and ability to hold the under performing investment until its value is recovered. For that, it is necessary to make a projection of the estimated time for the recovery of value and an analysis of the evidence supporting, based on historical information and the financial position of the company, if the intention and ability to hold the investment throughout such period.

According to such resolution, if at least two of the factors mentioned above exist, there is value impairment. Once a loss due to value impairment is recognized, subsequent evaluations are made on the book value of the instruments, net of losses due to value impairment previously recognized.

(h) Property, furniture and equipment

Items of property, furniture and equipment are recorded at acquisition cost, less accumulated depreciation.

Depreciation is calculated on a straight-line basis using the following estimated useful lives:

	<u>Years</u>
Buildings	25
Premises	10
Furniture and fixtures	10
Computer equipment	4
Various equipment	10
Vehicles	5

Maintenance and repair costs are charged to profit or loss; all renewals and improvements are capitalized only when expenditures improve the condition of the asset and increase its useful life beyond the time originally estimated. The cost and related accumulated depreciation of assets sold or retired are eliminated from the respective accounts and the gain or loss generated is recognized in profit or loss for the fiscal year.

(i) Intangible assets

Intangible assets, included in the "Other assets, net" caption on the statement of financial position, comprise development and licensing of computer software used in the Fund's operations. Software licenses purchased by the Fund

are capitalized on the basis of costs incurred to acquire and bring to use the specific program. These intangible assets are amortized on a straight-line basis for a maximum of 4 years.

The amortization method are reviewed annually to ensure they are consistent with the expected pattern of economic benefits of the intangible assets items.

As of March 31, 2014 and December 31, 2013, the Fund does not hold any intangible assets with indefinite useful lives.

(j) Impairment of long-lived assets

When events or economic changes indicate that the value of a long-lived asset may not be recoverable, Fund's management reviews the value of its property, furniture and equipment and intangible assets to verify there is no permanent impairment in value. When the book value of the asset exceeds its recoverable amount, an impairment loss is recognized in statements of income for the items of property, furniture and equipment and intangible assets held at cost. A recoverable amount is the higher of the net selling price and its value in use. The net selling price is the amount that can be obtained from the sale of an asset in a free market, while the value in use is the present value of future expected cash flows from the continued use of an asset and its residual value at the end of its useful life.

In Management's opinion, there is no evidence of impairment in the value of such assets as of March 31, 2014 and December 31, 2013.

(k) Received as payment and repossessed asset

Realizable assets received as payment and repossessed assets are regulated by SBS Resolution No. 1535-2005, and mainly include property received as payment for doubtful loans, and are initially recorded at the lower of the value determined by the court or arbitrator, the recovery value, estimated market value or the value of the unpaid debt amount.

According to current legislation, the treatment to record provisions for this type of asset is as follows:

- Received as payment and repossessed assets are initially recorded in books at cost and at the same time, a provision equivalent to 20% of the cost. If net realizable

value, according to a valuation report, is impaired by more than 20% then the required initial provision shall be an amount equivalent to the amount effectively impaired.

- A provision shall be recorded for real estate properties that has not been sold or leased within one year from its recovery or repossession. This provision shall be a uniform monthly provision over a term of three and a half years until there is a 100% provision of the net carrying amount obtained in the eighteenth or twelfth month, depending on if there is or is not an extension approved by the SBS, respectively.

Impairment is recognized when these assets suffer a decline in fair value (when the net realizable value is lower than the net carrying value), therefor, the carrying value shall be reduced and the loss shall be recognized in the statement of income. In cases where the net realizable value is higher than the net carrying amount, the higher value shall not be recognized in the books.

The annual update of these assets' valuations, determined by an independent appraiser, involves, if necessary, the constitution of an impairment provision.

(I) Income tax

Current income tax is determined based on the taxable income and recorded according to tax legislation applicable to the Fund (note 23).

Deferred income tax is recorded using the liability method based on temporary differences derived from tax basis of assets and liabilities, and their balances in the financial statements. Deferred income tax is determined based on current tax rates and legislation expected to be applied when the deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets and liabilities are recognized without considering the estimated time when the temporary differences disappear. A deferred income tax asset is only recognized to the extent it is probable that there are future tax benefits, so that the deferred income tax asset can be used.

(m) Employee benefits

The employee benefits include all contributions paid by the Fund in exchange for workers' services.

(m.1) Employees' profit sharing

Both active and inactive employees who have provided services to the Fund in the corresponding period, receive profit sharing, whereby the Fund recognizes a liability and an expense of personnel, determined in accordance with current tax legislation.

SBS Official Letter No. 4049-2011, dated January 21, 2011, established a change in treatment of employees' profit sharing plans indicating that this should be recorded according to International Accounting Standard 19 "Employee Benefits". Consequently, this profit sharing should be recognized as personnel expense and liability related with benefits to employees and shall not recognize deferred assets or liability as a result of temporary differences between financial and tax bases.

(m.2) Vacation and other employee benefits

Annual vacation, compensated absences, family allowance and other employee benefits are recorded on an accrual basis.

(m.3) Severance payment

The provision for severance payment (CTS, for its acronyms in Spanish) is calculated according to current legislation, on the employees' total remuneration and must be paid through deposits to authorized financial entities chosen by them. Calculation is made for the amount that to be paid as of the date of the statement of financial position and is included in the provision for fringe benefits.

(n) Provisions

Provisions are recognized when the Fund has a present obligation (legal or constructive) as a result of a past event, it is probable that resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each date and adjusted to reflect the best estimate at the date of the statement of financial position. When the effect of the time value of money is material, the amount of the provision is equal to the present value of the expenditure expected to settle the obligation.


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(o) Contingencies

Contingent liabilities are not reflected in the financial statements. They are disclosed in notes of the financial statements, unless the probability of an economic flow being disbursed is remote.

A contingent asset is not recorded in the financial statements; but it is disclosed when its degree of contingency is probable.

(p) Deferred income

The deferred income mainly arises from the difference between book value and market value of financial instruments that the Fund transferred to CRC-PBP trusts in Nuevos Soles and U.S. Dollars at the time of transfer (2007).

In accordance with SBS Resolution No. 0084-2000, and the standards for the Accounting Treatment of the Trust and the Commissions of Trust, if the trustee's rights under the trust are greater than the assets transferred to the trust, a deferred gain shall be recognized, which shall be accrued according to the amortization, realization and/or expiration of those rights.

(q) Other comprehensive income

Unrealized loss on available-for-sale investments, net of the amount of deferred tax gains is presented as part of other comprehensive income.

As of March 31, 2014, non-realizable earnings of the effect of contracted SWAP of the cash flow rate have also been presented, where only ineffective part of the earnings is affected.

(r) Statement of changes in the equity

Adjustments to retained earnings corresponding to the fluctuation of the value on available-for-sale investments are part of other comprehensive income.

(s) Cash and cash equivalents

Cash presented in the statements of cash flows includes cash and due from banks balance with original maturities of 91 days or less, excluding due from banks included in the trusts (note 5).

(t) Subsequent events

Events subsequent to year-end that provide additional information about the financial position of the Fund at the date of the statement of financial position (adjusting events) are included in the financial statements. Important subsequent events that are not adjusting events are disclosed in the notes to the financial statements.

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(4) Balances in foreign currency

The statement of financial position includes balances of transactions in foreign currency, mainly in U.S. Dollars (US\$), which are recorded in nuevos soles (S/.) at the exchange rate established by the SBS. As of March 31, 2014 and December 31, 2013, these rates were US\$ 1= S/. 2.808 and S/. 2.795, respectively.

Foreign currency transactions in the country and international trade transaction, referring to the concepts approved by the Banco Central de Reserva del Perú, are channeled through the Free Banking Market. The buy and sell exchange rate used were:

	Buying	Selling
As of 03/31/2014	2.809	2.811
As of 12/31/2013	2.794	2.796

Foreign currency balances stated in thousands of U.S. Dollars as of December 31, 2014 and as of December 31, 2013 are summarized as follows:

	<u>In thousands of US\$</u>	
	<u>03/31/2014</u>	<u>12/31/2013</u>
Assets:		
Cash and due from banks	110,936	120,707
Investments	79,082	65,805
Accounts receivable, net (Trust agreement - COFIDE)	139,087	144,722
Other accounts receivable, net	299,331	40
Other assets, net	34	8
	-----	-----
	628,470	331,282
	-----	-----
Liabilities:		
Debts and financial obligations	(795,602)	(500,586)
Hedging Derivatives	(446)	
Other accounts payable	(417)	(478)
Other liabilities	(1,529)	(1,975)
	-----	-----
	(797,994)	(503,039)
	-----	-----
	(169,524)	(171,757)
Derivative financial instruments	158,534	72,787
	-----	-----
(Liability) asset position, net	(10,990)	(98,970)
	=====	=====

In the first quarter of 2014, the Fund recorded a loss on exchange difference amounting to S/. 3,565 thousand, which is presented in "Loss on exchange difference" account of the statement of income

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(loss of S/. 22,127 thousands for the fiscal year 2013; and gain of S/. 1,938 thousands in the first quarter of 2013).

Likewise, in the first quarter of 2014, the Fund recorded a loss on derivative financial instruments transactions of S/. 1,431 thousand (loss on hedge transactions of S/. 11,053 thousands for the fiscal year 2013; loss on hedge transactions of S/. 2,128 in the first quarter of 2013).

(5) Cash and due from banks

This item comprises the following:

	In thousands of S/.	
	03/31/2014	12/31/2013
Banco Central de Reserva del Perú (a)	4,043	198
Checking and saving accounts (b)	337,186	352,902
Term deposits (c)	0	55,178
Other cash and due from banks	440	228
	341,669	408,506

(a) Funds denominated in nuevos soles and U.S. Dollars held in Banco Central de Reserva del Perú (BCRP) are mainly used in transactions entered into by the Fund with COFIDE, under the Trust Agreement.

(b) Correspond to deposits in nuevos soles and U.S. Dollars in banks and other financial system companies in Peru; they have free withdrawal option and accrue interest at market interest rates.

(c) Correspond to time deposits denominated in local and U.S. Dollars in banks and other financial system companies in the country. Their maturity is less than 30 days and interest accrues at annual effective rates that range from 4.26% to 4.46% in Nuevos Soles and 0.10% in U.S. Dollars. As of March 31, 2014, there are no term deposits, while as of December 31, 2013 these term deposits amounted to S/. 35,000 thousands and US\$ 7,212 thousands (equivalent to S/. 20,159 thousand), respectively.

(6) Investments

This item comprises the following:

	In thousands of S/.			
	03/31/2014			
				Book
	Amortized	Unrealized		
	cost	Gains	Losses	value (*)
Available-for-sale investments:				
Sovereign bonds (a)	161,926	-	(26,363)	135,563
Corporate bonds (b)	214,633	1,555	(3,080)	213,108
Commercial paper (c)	5,457	-	(9)	5,448
Short-Term Instruments (d)	910	-	(3)	907
Plus:				

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Accrued Returns	-	-	3,569
	-----	-----	-----
	----	----	----
	1,555	(29,455)	358,595
	=====	=====	-----
	==	==	----
Held-to-maturity investments:			
Certificates of deposits (e)	6,232	-	6,232
Plus:			
Accrued Returns			295

			6,527

			365,122
			=====
			==

(*)The book value corresponds to fair value of available-for-sale investments and amortized cost of held-to-maturity investments.

(a)Corresponds to sovereign bonds of the Republic of Peru issued, in Nuevos Soles, by the Ministry of Economy and Finance (MEF). As of March 31, 2014, these bonds accrue interest at nominal annual rates ranging from between 5.20% and 8.20%, maturing between August 2020 and February 2042.

(b)Corresponds to securities and bonds acquired from corporations and First Tier financial system companies of the country. As of March 31, 2014, it comprises

i) Finance lease bonds denominated in U.S. Dollars that accrue interest at annual nominal rates that range between 4.84% and 6.06%, and have maturities between August 2016 and May 2018;

ii) Subordinated bonds denominated in U.S. Dollars that accrue interests at an annual effective rate of 6.53%, and mature in October 2028;

iii) Ordinary bonds denominated in U.S. Dollars that accrue interests at annual effective rates that range between 4.3750% and 4.50%, and mature between February and May 2023;

iv) Securitization bonds denominated in U.S. Dollars that accrue interests at annual effective rates ranging between 4.19% and 6.16%, and mature between June 2018 and September 2028.

(c) Corresponds to commercial papers issued in U.S. Dollars, purchased under par at a price of 97.19% maturing in December 2014.

(d) Correspond to a short-term instrument issued in U.S. Dollars, that accrue interests at an annual effective rate of 2.75%, and mature in January 2015.

(e) Correspond to certificates of deposit issued in Nuevos Soles by Caja Municipal de Ahorro y Crédito Huancayo, that accrue interests at an annual effective rate of 5.09% and mature in April 2014.

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	In thousands of S/.			
	12/31/2013			
	Amortized cost	Unrealized		Book value (*)
		Gains	Losses	
Available-for-sale investments:				
Sovereign bonds (f)	168,665	-	(25,226)	143,439
Corporate bonds (g)	181,713	41	(4,613)	177,141
Commercial paper (h)	5,433	1	-	5,434
Plus:				
Accrued Returns		-	-	4,717
		-----	-----	-----
		42	(29,839)	330,731
		=====	=====	-----
		==	==	-----
Held-to-maturity investments:				
Certificates of deposits (i)	6,231	-	-	6,231
Plus:				
Accrued Returns				216

				6,447

				337,178
				=====
				==

(f) Corresponds to sovereign bonds issued by the Republic of Peru in local currency. As of December 31, 2013, such bonds accrue interests at annual effective rates ranging from 5.20% and 8.20%, maturing between August 2020 and February 2042.

(g) Corresponds to securities and bonds acquired from corporations and First Tier financial system companies. As of December 31, 2013, it comprises

i) Finance lease bonds denominated in U.S. Dollars that accrue interest at annual nominal rates that range between 4.84% and 6.06%, and have maturities between August 2016 and May 2018;

ii) Subordinated bonds denominated in U.S. Dollars that accrue interests at an annual effective rate of 6.53%, and mature in October 2028;

iii) Ordinary bonds denominated in U.S. Dollars that accrue interests at annual effective rates that range between 4.375% and 4.50%, and mature between February and May 2023; and

iv) Securitization bonds denominated in U.S. Dollars that accrue interests at annual effective rates ranging between 4.44% and 6.16%, and mature between June 2018 and September 2028

(h) Corresponds to commercial papers issued in U.S. Dollars, purchased under par at a price of 97.19% maturing in December 2014.

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- (i) Correspond to certificates of deposit issued in local currency by Caja Municipal de Ahorro y Crédito Huancayo, accrue interest at an annual effective rate of 5.09% and mature in April 2014.

As of March 31, 2014, the accrued returns on available-for-sale, and held-to-maturity investments amounted to S/. 4,45 MM and S/. 80.57 MM respectively, which are included in the "Interest income" item of the statement of income. As of December 31, 2013, accrued returns amounted to thousands of S/. 12,15 MM and S/. 301.73 thousand respectively (note 19).

Available-for-sale and held-to-maturity investments as of March 31, 2014 and December 31, 2013 have the following maturities.

	In thousands of S/.	
	03/31/2014	12/31/2013
Up to 1 year	12,934	11,889
1 - 5 years	93,058	59,488
5 - 10 years	124,018	132,060
Over 10 years	135,111	133,741
	-----	-----
	365,122	337,178
	=====	=====
	===	===

As of March 31, 2014 and December 31, 2013, the market value of available-for-sale investments has been estimated by Management based on market quotations available in the stock market.

(7) Accounts Receivable on Goods and Services Sale and Trust (Net)

The composition of this caption as of March 31, 2014 and December 31, 2013, in thousands of Nuevos Soles, is detailed as follows:

	March 2014 S/. (000)	December 2013 S/. (000)
COFIDE Trust(7a)	4,599'298	4,355'071
CRC-PBP Trust Nuevos Soles (7b)	32'749	32'717
CRC-PBP Trust U.S. Dollars (7b)	34'709	34'375
	4,666'756	4,422'163

7.a Accounts receivable, net (Trust agreement - COFIDE)

This item comprises the following:

	In thousands of S/.	
	03/31/2014	12/31/2013
Nuevo crédito MIVIVIENDA	3,884,298	3,620,479
Crédito MIVIVIENDA tradicional	429,413	444,459
Crédito MIHOGAR	140,872	142,864

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Crédito complementario Techo Propio	137,480	138,651
Crédito MIVIVIENDA estandarizado	15,451	15,804
Crédito MICONSTRUCCIÓN	37,383	31,796
Crédito MICASA MAS	103	0
	-----	-----
	4,645,002	4,394,053
	-----	-----
Plus (less):		
Accrued interest on accounts receivable	14,227	13,863
Provision for doubtful accounts receivable (Trust agreement - COFIDE)	(59,931)	(52,845)
	-----	-----
	4,599,298	4,355,071
	=====	=====
	==	==

The Fund disburses cash to Trust - COFIDE on a monthly basis, for the latter to grant credits to the IFI's.

Additionally, the Trust - COFIDE monthly transfers available funds from collections resulting from recoveries, prepayments or credit cancellations done by the IFI's.

As of March 31, 2014 and December 31, 2013, the number of final beneficiaries of the Fund's resources (final debtors) is 78,346 and 76,206, respectively. There is no significant credit risk concentration due to the type of credit operations held by the Fund. (MIVIVIENDA credits with CRC-PBP Service is not included as it is with own funding from IFI's).

These resources are channeled through COFIDE under the legal relationship of trust held with the Fund. The Trust COFIDE receives the Fund's resources or channels them through IFIs who wish to use them in lending for house purchase in accordance with the provisions of Article 12 of Supreme Decree No. 001-99-MTC.

The composition of accounts receivable (Trust agreement - COFIDE) according to the characteristics of credits promoted by the Fund is as follow:

- By IFI's

	03/31/2014			In thousands of S/.		
	With Credit risk	Without Credit risk		With Credit risk	Without Credit risk	
	Coverage	Coverage	Total	overage	Coverage	Total
Nuevo crédito						
MIVIVIENDA	305,392	3,578,906	3,884,298	239,430	3,381,049	3,620,479
Crédito						
MIVIVIENDA						
tradicional	122,526	306,887	429,413	125,479	318,981	444,460
Crédito MIHOGAR	36,723	104,149	140,872	35,206	107,658	142,864
Crédito	42,805	94,676	137,480	41,993	96,657	138,650

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complementario						
Techo Propio						
Crédito						
MIVIVIENDA						
estandarizado	4,916	10,536	15,451	4,544	11,260	15,804
Crédito						
MICONSTRUCCIÓN	-	37,383	37,383	-	31,796	31,796
N		103	103			
MICASA MAS						
	-----	-----	-----	-----	-----	-----
	---	---	---	---	---	---
	512,362	4,132,640	4,645,002	446,652	3,947,401	4,394,053
	=====	=====	=====	=====	=====	=====
	===	===	===	===	===	===

- By final beneficiaries

	In thousands of S/.					
	03/31/2014			12/31/2013		
	With Credit risk	Without Credit risk	Total	With Credit risk	Without Credit risk	Total
	Coverage	Coverage		coverage	Coverage	
Nuevo crédito						
MIVIVIENDA	2,760	3,881,538	3,884,298	2,526	3,617,953	3,620,479
Crédito						
MIVIVIENDA	4,593	424,820	429,413	4,653	439,806	444,459
tradicional						
Crédito MIHOGAR	1,085	139,788	140,872	1,100	141,764	142,864
Crédito						
complementario	242	137,238	137,480		138,416	138,651
Techo Propio				235		
Crédito						
MIVIVIENDA	-	15,451	15,451		15,804	15,804
estandarizado						
Crédito						
MICONSTRUCCIÓN	-	37,383	37,383	-	31,796	31,796
N						
MICASA MAS	-	103	103			
	-----	-----	-----	-----	-----	-----
	---	---	---	---	---	---
	8,680	4,636,322	4,645,002	8,514	4,385,539	4,394,053
	=====	=====	=====	=====	=====	=====
	===	===	===	===	===	===

Annual interest rates for products offered by the Fund are fixed rates. They were established in order to promote the granting of loans. As of December 31, this item comprises the following:

	In %	
	03/31/2014	12/31/2013
Nuevo crédito MIVIVIENDA	6.6	6.6
Crédito MIVIVIENDA Tradicional	7.75	7.75
Crédito MIHOGAR	7.6	7.6
Crédito Complementario Techo Propio	6	6
Crédito MIVIVIENDA Estandarizado	6.90 y 7.30	6.90 y 7.30
Crédito MICONSTRUCCIÓN	7.50 y 8.00	7.50 y 8.00
Crédito MICASA MAS	6.5	

The interest rate for the Crédito MICONSTRUCCIÓN product was modified from 9.00% to 8.00% by means of Board of Directors' Agreement 02-250-2013 dated September 27, 2013.

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MICASA MAS product was created by FMV's Board of Directors Agreement No. 08-31D-2013 dated 12/27/13. The funding rate is 6.5%; the term is 10 to 20 years.

The provision for doubtful accounts receivable (Trust agreement - COFIDE) is determined based on both the risk category of the final loan beneficiary and the risk category of the IFI.

The table below details the classification of accounts receivable by risk category according to the final loan beneficiary determined based on the consolidated credit report (RCC by its acronym in Spanish):

<u>Risk category</u>	03/31/2014		12/31/2013	
	In thousands of S/.	%	In thousands of S/.	%
Normal	4,405,917	94.9	4,172,034	94.9
Potential problem	65,382	1.4	62,614	1.4
Deficient	42,721	0.9	46,438	1.1
Doubtful	61,880	1.3	55,921	1.3
Loss	69,102	1.5	57,046	1.3
	-----	-----	-----	-----
	4,645,002	100.0	4,394,053	100.0
	=====	=====	=====	=====
	===	==	===	==

The classification of accounts receivable is presented by risk category of IFI's granting MIVIVIENDA credits:

<u>Risk category</u>	03/31/2014		12/31/2013	
	In thousands of S/.	%	In thousands of S/.	%
Normal	4,255,277	91.6	4,034,161	91.8
Potential problem	389,725	8.4	359,892	8.2
	-----	-----	-----	-----
	4,645,002	100.0	4,394,053	100.0
	=====	=====	=====	=====
	===	==	===	==

As of December 31, accounts receivable (Trust agreement-COFIDE) have the following maturities:

In thousands of S/.	
03/31/2014	12/31/2013

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Up to 1 month	21,229	20,082
1 -3 months	45,658	43,191
3 months to 1 year	206,914	195,735
1-3 years	475,070	449,404
Over 3 years	3,896,132	3,685,641
	-----	-----
	4,645,002	4,394,053
	=====	=====
	===	===

The activity of the provision for doubtful accounts receivable (Trust agreement- COFIDE) is detailed below:

	<u>In thousands of</u>	
	<u>S/.</u>	
	<u>03/31/2014</u>	<u>12/31/2013</u>
Balance at the beginning of the fiscal year	52,845	48,590
Additions debited to results	9,281	22,058
Recovery of provisions	(3,249)	(15,558)
Reclassification of provisions	1,054	(3,116)
Foreign exchange difference		871
	-----	-----
	59,931	52,845
	=====	=====
	===	===

The Fund records the potential losses on accounts receivable (Trust agreement - COFIDE) according to the policy described in note 3 (e).

In Management's opinion, the provision for doubtful accounts (Trust agreement-COFIDE), recorded as of March 31, 2014 and December 31, 2013, complies with SBS standards for the Fund, in force as of those dates.

7.b CRC-PBP Trusts

Comprises the net assets balance (total assets less total liabilities) of trusts managed by the Fund that assure the payment of credit risk coverage to IFI's and the Good payer award to those who access to this benefit as part of credit programs offered by the Fund.

	<u>In thousands of</u>	
	<u>S/.</u>	
	<u>03/31/2014</u>	<u>12/31/2013</u>
CRC-PBP Trust, Nuevos Soles	32,749	32,717

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CRC-PBP Trust, U.S. Dollars	34,709	34,375
	-----	-----
	-----	-----
	67,458	67,092
	=====	=====
	==	==

Through certificates of incorporation signed in June 2007 by the Fund as trustor and trustee simultaneously, the CRC-PBP trust were established on an administration basis aiming to assure the availability of resources for the Fund to comply with the obligations arising from CRC and PBP service agreements (Credit Risk Coverage - CRC and payment of the Good payer award - PBP) signed with certain financial institutions as well as to guarantee that those resources are efficiently managed.

The accounting record of these trust transactions are made in accordance with Resolution SBS No. 980-2006 "Fondo MIVIVIENDA S.A. Regulation", meaning one single account of the statement of financial position (note 3(e.2)). The accounting for trusts is maintained separately for control purposes and shows the following balances as of March 31, 2014 and December 31, 2013:

CRC-PBP trust, Nuevos Soles

	In thousands of S/.	
	03/31/2014	12/31/2013
Statement of financial position		
Assets:		
Cash and due from banks	1,456	611
Available-for-sale investments	29,754	30,587
Held-to-maturity investments	1,539	1,519
	-----	-----
	---	---
Total assets	32,749	32,717
	=====	=====
	==	==
Liabilities	-	-
	-----	-----
	---	---
Total liabilities		
	=====	=====
	==	==
Equity and net surplus:		
Surplus from collections, net	2,058	2,025
Adjustment to equity	(1,510)	(1,048)
Retained earnings	32,201	31,740
	-----	-----
	---	---
Total equity and net surplus	32,749	32,717
	=====	=====

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	<u>In thousands of S/.</u>	
	<u>03/31/2014</u>	<u>12/31/2013</u>
Statement of income		
Interest income:		
Cash and due from banks	9	18
Available-for-sale investments	482	349
Held-to-maturity investments	20	119
	-----	-----
	511	486
	-----	-----
Gross finance margin	511	486
	-----	-----
Net finance margin	511	486
	-----	-----
Trust Expenses and Trust Fees	(49)	(48)
Financial services expenses	(1)	(1)
	-----	-----
Net finance margin of revenues and expenses services	461	437
Results from financial transactions		
Available-for-sale investments	-	-
Other	-	-
	-----	-----
	-	-
	-----	-----
Operating margin	461	437
Administrative expenses	-	-
	-----	-----
Net operating margin	461	437
	-----	-----
Operating income	461	437
	-----	-----
Income before tax for the fiscal year	461	437
	-----	-----
Net income for the fiscal year	461	437
	=====	=====

CRC-PBP trust, U.S. Dollars

	<u>In thousands of S/.</u>	
	<u>03/31/2014</u>	<u>12/31/2013</u>
Statement of financial position		
Asset:		
Cash and due from banks	2,902	1,037
Available-for-sale investments	26,729	27,230
Held-to-maturity investments	5,078	7,565
Derivative financial instruments	-	49
Accounts receivable	-	-
	-----	-----
	-	-
	-----	-----
Total assets	34,709	35,881

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Liabilities:

Derivative financial instruments

Total liabilities

Equity and net surplus:

Initial equity

Surplus from collections, net

Unrealized earnings from investments

Retained earnings

Total equity and net surplus**Total liabilities, equity and net surplus**

	=====	=====
	=	=
	-	1,506
	-----	-----
	-	-
	-	1,506
	-----	-----
	-	-
	21,013	21,013
	6,602	6,510
	(2,796)	(2,630)
	9,890	9,482
	-----	-----
	-	-
	34,709	34,375
	-----	-----
	-	-
	34,709	35,881
	=====	=====
	=	=

In thousands of

S/.

Statement of income

Interest income

Cash and due from banks

Available-for-sale investments

Held-to-maturity investments

Other financial income

Gross finance margin**Net finance margin**

Financial services expenses

Financial services expenses

Net finance margin of revenues and expenses services

Results from financial transactions

Available-for-sale investments

Trading derivatives

Income from hedging transactions

Income on exchange difference

Other

Operating margin

Administrative expenses

Net operating margin

	<u>03/31/2014</u>	<u>03/31/2013</u>
	6	126
	342	106
	84	145
	-	-
	-----	-----
	432	377
	-----	-----
	432	377
	-----	-----
	432	377
	(51)	(54)
	(1)	(1)
	-----	-----
	380	322
	-	-
	5	-
	(33)	(354)
	57	236
	-	16
	-----	-----
	29	(102)
	-----	-----
	409	220
	(1)	(1)
	-----	-----
	408	219
	-----	-----

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Operating income	408	219
	-----	-----
Income before tax for the fiscal year	408	219
	-----	-----
Net income for the fiscal year	408	219
	=====	=====

The Board of Directors' meeting 010-2012 held on April 27, 2012, approved the transfer to the Fund of surplus assets held in CRC-PBP trusts in Nuevos Soles and U.S. Dollars, amounting to S/. 290,000 thousand and US\$ 19,000 thousand, respectively, which proceeds were used by the Fund to grant new credits. These surpluses were obtained from the sale of available-for-sale investment and redemption of held-to-maturity investments held by the trusts and represented a decrease in initial equity accounts and retained earnings in 2012.

(8) Accounts receivable and payable to derivative financial products

The Fund holds potential purchase and sale commitments in U.S. Dollars ("forwards"), as well as flow hedge Swaps, which fair value has generated accounts receivable and payable as indicated below:

	03/31/2014			In thousands of S/.		
	Accounts receivable	Accounts payable	Reference amount	Accounts receivable	Accounts payable	Reference amount
Forwards - purchase	-	-	-	737	(268)	223,600
Forwards - selling	142	(8)	105,204	-	(114)	20,160
	-----	-----	-----	-----	-----	-----
	142	(8)	105,204	737	(382)	243,760
Swaps - purchase	578	(6,261)	550,368	-	-	-
	-----	-----	-----	-----	-----	-----
	578	(6,261)	550,368	-	-	-
	-----	-----	-----	-----	-----	-----
	719	(6,269)	655,572	737	(382)	243,760
	=====	=====	=====	=====	=====	=====

These derivative financial instruments are held for hedging purposes to mitigate the exchange risk, they belong to forwards - selling and mature in April 2014 and to forwards - purchase maturing on January 2023.

As of March 31, 2014, hedging derivatives generated a net loss of S/. 1,431 thousands (net gain amounting of S/. 4,220 thousands as of December 31, 2013). Likewise, during 2013, the Fund entered in forward transactions for negotiation purposes which were paid within the year, generating a net loss of S/. 6,833 thousand.

(9) Other accounts receivable, net

This item comprises the following:

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	In thousands of S/.	
	03/31/2014	12/31/2013
Accounts receivable from banks in liquidation (a)	107,141	107,480
Accounts receivable from Ex-Coneminsa portfolio (b)	14,534	14,734
Recoveries of COFIDE to be distributed (c)	881	99
Various investments outstanding receivable (d)	3,357	0
Negotiation of Debt Bonus FMV - 2nd international Issue (e)	840,404	0
Other accounts receivable	617	596
	<u>966,933</u>	<u>122,910</u>
Less: Provision for other accounts receivable (f)		
Banks in liquidation (a)	(107,141)	(107,480)
Ex-coneminsa portfolio (b)	(13,355)	(13,446)
Other accounts receivable	(556)	(524)
	<u>(121,051)</u>	<u>(121,450)</u>
Total	<u>845,881</u>	<u>1,460</u>

- (a) Corresponds to accounts receivable from time deposits and, certificate of deposits, among others, that the Fund, before it was transformed into a financial company supervised by the SBS (before January 1, 2006), held in certain financial institutions that were in liquidation.

As of March 31, 2014 and December 31, 2013, accounts receivable balances comprise the following:

	In thousands of S/.	
	03/31/2014	12/31/2013
Capital		
Banco Nuevo Mundo, in liquidation (i)	56,590	56,952
Banco República, in liquidation (i)	39,993	39,993
Banco Banex, in liquidation – payment in kind	8,403	8,386
Banco República, in liquidation – payment in kind (i)	2,155	2,150
	<u>107,141</u>	<u>107,480</u>
Less: Provision for doubtful of accounts receivable		
Banco Nuevo Mundo, in liquidation (i)	(56,590)	(56,952)
Banco República, in liquidation (i)	(39,993)	(39,993)
Banco Banex, in liquidation – payment in kind	(8,403)	(8,386)

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Banco República, in liquidation – payment in kind (i)	(2,155)	(2,150)
	(107,141)	(107,480)
Net	0	0

- i) The Fund has received personal and real property and collection of credits as part of payment for these debts.

100% of the accounts receivable from banks in liquidation are recorded in provisions. The Fund recognizes in books the recoveries of these accounts receivable each time they are made. During the first quarter of 2014, the Fund received in cash from Banco Nuevo Mundo in liquidation S/. 362 thousand; while during 2013, the Fund received in cash from Banco Nuevo Mundo in liquidation S/. 2,212 thousand.

In the Management's opinion, the provision for doubtful of accounts receivable from banks in liquidation recorded as of March 31, 2014 and December 31, 2013 covers sufficiently the related collectability risk.

- (a) Corresponds to accounts receivable from mortgage loan portfolios granted by Compañía de Negociaciones Mobiliarias e Inmobiliarias S.A. (CONEMINSA), which was transferred to the Fund under a payment-in-kind contract executed with CONEMINSA on December 30, 2003 for its administration and recovery.
- (b) Corresponds to the net effect of adjustments and reversals of monthly reconciliations of balances to COFIDE, which are regularized in the following months.
- (c) The activity of the provision for other doubtful accounts receivable is as follows:

	In thousands of	
	S/.	S/.
	03/31/2014	12/31/2013
	S/.	S/.
Balance at beginning of fiscal year	121,450	123,411
Plus (minus)		
Provision for the fiscal year	60	284
Penalties	0	0
Recoveries	(485)	(2,730)
Exchange differences	26	485
Balance at end of fiscal year	121,051	121,450

In Management's opinion, the provision for other doubtful accounts receivable recorded as of March 31, 2014 and December 31, 2013, are aligned with SBS standards in force as of each such date.

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(d) By investments pending to be settled of the sovereign bonds sale.

(e) In March 2014, the Fund issued bonds under Rule 144 or Regulation S of the Securities Law in the international market. The issuance was for a notional amount of US\$ 300,000 thousand, which maturity is 5 years. The bonds were placed under par at a price of 99,763%, which will be settled on April 2, 2014.

(10) Property, furniture and equipment, net

This item comprises the following:

In thousands of S/.				
<u>03/31/2014</u>				
	Balances as of <u>12/31/2013</u>	<u>Additions</u>	Disposals & Other <u>adjustment</u> s	Balances as of <u>03/31/2014</u>
Cost:				
Land	103	-		103
Buildings	36	-		36
Premises	62	-		62
Furniture and fixtures	661	-		661
Computer equipment	2,061	23		2,084
Various equipment	967	1		968
Vehicles	647	-		647
	4,537	24		4,561
Accumulated depreciation:				
Buildings	7	0		7
Premises	47	2		49
Furniture and fixtures	561	6		567
Computer equipment	1,735	57		1,792
Various equipment	600	22		622
Vehicles	465	32		497
	3,415	119		3,534
Net cost	1,122			1,027

In thousands of S/.				
<u>12/31/2013</u>				
	Balances as of <u>12/31/2012</u>	<u>Additions</u>	Disposals & Other <u>adjustment</u> s	Balances as of <u>12/31/2013</u>
Cost:				
Land	103	-	-	103
Buildings	36	-	-	36
Premises	68	-	(6)	62
Furniture and fixtures	727	18	(84)	661

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Computer equipment	1,935	196	(70)	2,061
Various equipment	957	63	(53)	967
Vehicles	647	-	-	647
	4,473	277	(213)	4,537
Accumulated depreciation:				
Buildings	5	2	-	7
Premises	43	7	(3)	47
Furniture and fixtures	586	47	(72)	561
Computer equipment	1,594	210	(69)	1,735
Various equipment	553	91	(44)	600
Vehicles	336	129	-	465
	3,117	486	(188)	3,415
Net cost	1,356			1,122

Financial entities in Peru cannot grant as guarantee the goods that are part of their property, furniture and equipment.

In Management's opinion there is no evidence of impairment of property, furniture and equipment held by the Fund as of March 31, 2014 and December 31, 2013.

As of March 31, 2014, the Fund holds totally depreciated assets in the amount of S/. 1,818 thousand (S/. 1,619 thousand as of December 31, 2013).

The Fund holds insurance coverage over its principal assets according to the policies established by Management. In that sense, as of March 31, 2014 and December 31, 2013, the Fund has contracted an all-risk insurance policy that covers the value of property, furniture and equipment owned by the Fund. In Management's opinion, insurance policies of the Fund are consistent with the industry practice.

(11) Deferred income tax

The Fund has determined the deferred income tax as follows:

	December	Additions	March
	2013	(deductions)	2014
		<u>Results</u>	
Deferred Asset	<u>S/. (000)</u>	<u></u>	<u>S/. (000)</u>
Generic provision for accounts receivable	4,330	1,051	5,381
Available-for-Sale Investments	1,371	(910)	461
Deferred income for cash flow advances of BCP	1,369	(237)	1,132
Derivative financial products with hedging purposes	-	914	914
Other			

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	<u>2,143</u>	(462)	<u>1,681</u>
	<u>9,213</u>		<u>9,569</u>
Deferred Liabilities or Equity Adjustment			
Other lower	<u>-1,371</u>	998	<u>-373</u>
	<u>-1,371</u>		<u>-373</u>
NET DEFERRED ASSET	<u>7,842</u>	1,354	<u>9,196</u>

In thousands of S/.

	<u>Balances as of 12/31/2012</u>	<u>Additions (deductions) Results</u>	<u>Balances as of 12/31/2013</u>
Assets:			
Generic provision for accounts receivable	3,513	817	4,330
Deferred income for cash flow advances	2,380	(1,011)	1,369
Other	1,621	1,893	3,514
Liabilities:			
Other	(304)	(1,067)	(1,371)
	<u>---</u>	<u>---</u>	<u>---</u>
	7,210	632	7,842
	<u>=====</u>	<u>=====</u>	<u>=====</u>
	<u>==</u>	<u>==</u>	<u>==</u>

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(12) Other assets, net

This item comprises the following:

	In thousands of S/.	
	<u>03/31/2014</u>	<u>12/31/2013</u>
Assets received in lieu of payment, net	364	426
Others	1,052	886
	-----	-----
	1,416	1,312
	=====	=====
	===	===

The "Corporate Management Plan on Information Technology and Communications" (TIC) for companies within the scope of FONAFE, was approved through Executive Resolution No. 046-2009/DE-FONAFE. This resolution defines the implementation of the Shared Service Center for Information Technology and Communications of FONAFE. As of March 31, 2014, pre-payments for this service amounts to S/. 638 thousand (S/. 715 thousand as of December 31, 2013) and it is included as Others.

(13) Debts and financial obligations

This item comprises the following:

	In thousands of S/.	
	<u>03/31/2014</u>	<u>12/31/2013</u>
-Debts and Obligations with domestic companies and financial institutions (a)	604,454	402,525
- Securities and bonds (b)	2,234,052	1,399,138
Total	<u>2,838,506</u>	<u>1,801,663</u>

(a) As of March 31, 2014, the Fund holds debts as follows:

<u>Financial institution</u>	<u>Date</u>	Annual interest rate	In thousands of S/.			
			<u>Capital</u>	<u>Interest</u>	<u>Amortized cost adjustment</u>	<u>Total</u>
Banco de la Nación	09/24/13	4.40%	76,000	73	0	76,073
Banco de la Nación	10/16/13	4.40%	50,000	1,003	0	51,003
Banco de la Nación	10/28/13	4.40%	65,000	1,208	0	66,208
Banco de la Nación	11/14/13	4.40%	50,000	826	0	50,826
Banco de la Nación	11/28/13	4.40%	59,000	874	0	59,874

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Nación						
Banco Continental	12/19/13	4.75%	300,000	464	6	300,470
			-----	-----	-----	-----
			600,000	4,449	6	604,454
			=====	=====	=====	=====

As of December 31, 2013, debts were as follows:

		In thousands of S/.				
Financial institution	Date	Annual interest rate	Capital	Interest	Amortized cost adjustment	Total
Banco de la Nación	09/24/13	4.40%	76,000	897	-	76,897
Banco de la Nación	10/16/13	4.40%	50,000	457	-	50,457
Banco de la Nación	10/28/13	4.40%	65,000	499	-	65,499
Banco de la Nación	11/14/13	4.40%	50,000	282	-	50,282
Banco de la Nación	11/28/13	4.40%	59,000	233	-	59,233
Banco Continental	12/19/13	4.75%	100,000	155	2	100,157
			-----	-----	-----	-----
			400,000	2,523	2	402,525
			=====	=====	=====	=====
			=	=	=====	=

- (b) In March 2014, the Fund issued bonds under Rule 144 and Regulation S of the U.S. Securities Law in the international market. The issuance corresponded to a notional amount of US\$ 300,000 thousand maturing in 5 years. Bonds were placed under par at a price of 99.763% and at a coupon rate of 3.375% with payment of interest semi-annually and amortization at maturity. Proceeds obtained were used exclusively to finance credit operations.

In January 2013, the Fund issued bonds under Rule 144 and Regulation S of the U.S. Securities Law in the international market. The issuance corresponded to a notional amount of US\$ 500,000 thousand maturing in 10 years. Bonds were placed under par at a price of 99.15% and at a coupon rate of 3.50% with payment of interest semi-annually and amortization at maturity. Proceeds obtained were used exclusively to finance credit operations.

As of March 31, 2014, interest expense on outstanding securities issued by the Fund amounts to S/. 12,581 thousand (S/.45,288 as of December 2013) (note 20).

(14) Other accounts payable, provisions and other liabilities

This item comprises the following:

		In thousands of S/.	
		<u>03/31/2014</u>	<u>12/31/2013</u>
Other accounts payable:			
FONAVI contributions (a)		156,006	151,414
Good payer bonus (capital) allocated to COFIDE (b)		78,671	79,872
Savings of the family group eligible for		13,906	8,532

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transferring technical entities (c)		
Family housing bonus to be transferred to		
technical entities (d)	124	6,776
Workers' profit sharing	1,367	4,386
Good payer bonus (capital) received from		
MVCS (e)	8	8
Supplier payables	1,457	1,258
Resources to transfer for executed letters of		
guarantee	1,127	1,059
Vacation and fringe benefits liquidations	1,410	885
Other	975	390
	-----	-----
	---	---
	255,051	254,580
	=====	=====
	==	==
Provisions and other liabilities:		
Deferred income for cash flow advances (f)	3,772	4,479
Other deferred income	318	561
Provision for litigation, claims and other		
contingencies (g)	1,749	1,399
Provision for credit risk coverage on cash flow		
advances	4,354	5,362
Transactions in progress	12	6
	-----	-----
	---	---
	10,205	11,807
	=====	=====
	==	==

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(a) As of December 31, it comprises the following:

	<u>In thousands of</u>	
	<u>S/.</u>	
	<u>03/31/2014</u>	<u>12/31/2013</u>
FONAVI collections	117,535	112,942
FONAVI contributions pending from being transfered to the MEF	38,188	38,188
Refund of FONAVI pending collection	284	284
	-----	-----
	156,006	151,414
	=====	=====
	===	===

FONAVI collections correspond to balances allocated to the Fund as a result of the collection made by the Peruvian Tax Authority (SUNAT) related to contributions made to FONAVI by tax payers in accordance with Law No. 26969.

The activity of this item is as follows:

	<u>In thousands of</u>	
	<u>S/.</u>	
	<u>03/31/2014</u>	<u>12/31/2013</u>
Balance at beginning of fiscal year	112,942	125,539
Collection for the fiscal year	4,639	23,048
Reclassification of contributions pending from being transfered to the MEF		(31,199)
Reimbursement of FONAVI contributions	(46)	(4,446)
	-----	-----
Balance at end of fiscal year	117,535	112,942
	=====	=====
	===	===

FONAVI contributions pending from being transfered to the MEF correspond to collections made by SUNAT of FONAVI contributions made by taxpayers who have stabilized the tax regime applicable to them as per Law No. 27071.

Uncollected FONAVI reimbursements correspond to checks drawn from 1999 to 2012 which have not be cashed by its beneficiaries. These checks were issued to refund FONAVI contributions

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according to SUNAT communications, responsible for the collection of these resources.

- (b) Corresponds to the funds received from the Ministry of Housing, Construction and Sanitation that were allocated to credits authorized to IFI's (Credito MIHOGAR and Nuevo Credito MIVIVIENDA), prior to compliance review of the requirements stipulated in the respective regulations. The activity of this item is as follows:

	<u>In thousands of S/.</u>	
	<u>03/31/2014</u>	<u>12/31/2013</u>
Balance at beginning of period	79,872	77,728
BBP allocation to accounts receivable from trusts		5,710
Adjustment of BBP allocations from previous periods		900
Adjustment of BBP applications from previous periods		20
BBP application to Crédito MIHOGAR fees	(376)	(1,351)
BBP application to Nuevo Crédito MIVIVIENDA fees	(825)	(3,135)
	---	---
□ Balance at end of fiscal year	78,671	79,872
	=====	=====
	==	==

- (c) Corresponds to the balance payable to technical entities on behalf of eligible households who accessed the Techo Propio program. This balance comprises the amount of savings deposited by the household in the Fund's account and savings of Fondo de Vivienda Policial (FOVIPOL).
- (d) Corresponds to the balance payable to technical entities (builders) for the financing of the family housing allowance (BFH for its acronym in Spanish) of households that accessed to the Techo Propio Program.
- (e) Corresponds to the funds received from the Ministry of Housing, Construction and Sanitation with pending allocation to beneficiaries that request credit products offered by the Fund. The allocations of these resources are made through COFIDE when disbursements to IFI's are authorized by approved credits.

The activity of this item is as follows:

	<u>In thousands of S/.</u>	
	<u>03/31/2014</u>	<u>12/31/2013</u>

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Balance at beginning of period	6,638	6,638
Regularization of previous periods	(20)	(20)
Resources received during the period	-	-
BBP disbursements to COFIDE for loan allocation	(6,610)	(6,610)
	-----	-----
	----	----
Balance at end of period	8	8
	=====	=====
	===	===

(f) According to SBS requirements, the prepayment by an IFI of an amount equivalent to 36 installments, was recorded as a deferred income for S/. 8,488 thousand in August 2012, under the caption "Other liabilities", which will accrue on a linear basis throughout the course of 36 months. As of March 31, 2014, the deferred income from this transaction amounts to S/.3,772 thousand; the balance as of December 31, 2013 amounted to S/. 4,479 thousand.

(g) Corresponds to provisions for disputes and claims of judicial and labor nature. In the opinion of Management and the Fund's legal advisors, the provision recorded as of March 31, 2014 and December 31, 2013 is sufficient to cover the risk of loss for disputes and claims of the Fund.

(16) Shareholders' equity**(a) Net worth**

As of March 31, 2014, the net worth of the Fund determined pursuant to applicable standards, amounts to S/. 3,126,482 thousand (S/. 3,060,455 thousand of December 31, 2013). This figure is used to calculate certain legal limits and restrictions according to the Financial System and Insurance System and Organic General Law of the SBS, Law 26702 (hereinafter General Law), applicable to the Fund, and is determined as follows:

	In thousands of S/.	
	03/31/2014	12/31/2013
Level 1 net worth:		
Paid- in capital stock	3,050,654	3,050,654
Plus:		
Legal reserve	49,863	43,283
Additional capital	34	34
Retained earnings with capitalization agreement	59,211	0
Less:		
Accumulated loss	4,286	3,677
Unrealized losses on available-for-sale		

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investments	28,994	29,839
	-----	-----
	-	-
Total Level 1 net worth	3,126,482	3,060,455
	-----	-----
	-	-
Total Level 2 net worth	-	-
	-----	-----
	-	-
Total regulatory capital	3,126,482	3,060,455
	=====	=====
	=	=

As of March 31, 2014, the requirement for net worth for credit risk determined by the Fund according to legislation applicable to financial institutions amounts to S/. 3,079,678 thousand (S/. 3,007,451 thousand, as of December 31, 2013), while net worth requirements for market and operational risk amount to S/. 28,566 thousand and S/. 18,238 thousand, respectively (S/. 34,897 thousand and S/. 18,107 thousand, respectively, as of December 31, 2013).

According to the General Law, the net worth must be equal to or greater than 10% of the total risk - weighted assets and contingent credits, which includes: i) net worth requirements for market risk multiplied by 10, ii) net worth for operational risk multiplied by 10, and iii) credit risk-weighted contingent assets. As of March 31, 2014, the net worth of the Fund represents 50.88% of minimum capital requirements per market, operational and credit risk (60.34%, as of December 31, 2013).

On April 2, 2009, via SBS Resolution No. 2115-2009, the SBS approved the regulation for the Net Worth Requirement for Operational Risk, effective July 1, 2009. In this respect, the Fund has applied the base-indicator method for the calculation of the net worth for operational risk as of the date of these financial statements

On July 20, 2011, the SBS enacted Resolution No. 8425-2011 approving the Regulations on Additional Net Worth Requirement indicating that the net worth shall be equal to the sum of net worth requirements, calculated per each of the following components: i) economic cycle, ii) concentration risk, iii) market risk concentration, iv) interest rate risk in banking records, and v) other risks. As from the effective date of this standard, financial entities will have a five-year term to conform all of their total net worth to the level indicated in such Resolution. This additional requirement has come into force progressively starting in July 2012. As of March 31, 2014 and December 31, 2013, the global regulatory capital excess is as follows:

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	In thousands of S/.	
	03/31/2014	12/31/2013
Minimum net worth requirement:		
For credit, market, and operational risks	614,494	507,201
Additional net worth	59,052	47,582
	-----	-----
	--	---
Total minimum requirement	673,546	554,783
	=====	=====
	=	=
Total calculated net worth	3,126,482	3,060,455
	=====	=====
	=	=
Global net worth excess	2,452,936	2,505,672
	=====	=====
	=	=

(b) Capital shares

As of March 31, 2014 and December 31, 2013, the Fund's capital stock was comprised of 3,050,653,965 subscribed and paid common shares. All shares have voting rights and a par value of S/. 1 each.

As of March 31, 2014 and December 31, 2013, the only stockholder of the Fund is FONAFE.

On April 12, 2013 the Fund's General Stockholder Meeting approved the capitalization of the profit for the 2012 fiscal year amounting to S/. 82,494 thousand, increasing capital from S/. 2,968,160 thousand to S/. 3,050,654 thousand.

(c) Reserve

Pursuant to the General Law, the Fund has a legal reserve of at least 35% of its capital stock. This reserve is created by an annual transfer of no less than 10% of after-tax profits, and supersedes the reserve referred to in the General Companies Act. On the other hand, as stipulated in the General Law, the amount of the legal reserve may also be increased with contributions made by the Fund's stockholder for this purpose.

The General Shareholder Meeting held on April 12, 2013, approved the increase of the legal reserve amounting to S/. 9,166 thousand charged to the retained earnings for the 2012 fiscal year.

(d) Adjustment to equity

The equity adjustments correspond to unrealized gain (loss) generated by the valuation of available-for-sale investments of the

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Fund as well as swaps cash flows hedge agreements generated by the valuation that are within the range of effectiveness. The net movement of taxes is as follows:

	<u>In thousands S/.</u>	
	<u>03/31/2014</u>	<u>12/31/2013</u>
Opening balance	(29,797)	967
Loss unrealized on available-for-sale investments of the Fund		(32,620)
Gain unrealized on available-for-sale investments of the Fund	1,047	
Transfer of loss on available-for-sale investments in income, net of the gains incurred	850	1,886
	-----	-----
Sub Total	(27,900)	(29,797)
Gain unrealized on available-for-sale investments for deferred tax	461	
Unrealized loss on hedging transactions of Swaps cash flows	(1,639)	
	-----	-----
Total	(29,078)	(29,797)
	=====	=====
	===	===

(17) Contingent and memoranda accounts

This item comprises the following:

Contingents

Forwards (a)
Swaps (b)
Other contingents
Total contingents

In thousands of S/.

	<u>03/31/2014</u>	<u>12/31/2013</u>
Forwards (a)	105,204	243,760
Swaps (b)	550,368	0
Other contingents	797,779	807,734
Total contingents	1,453,351	1,051,493

Memoranda accounts

Stand-by letters of credit and surety bonds received as guarantees (c)
CRC-PBP Trusts in MN and ME(d)
Employer's contribution debt (e)
Write-off of uncollectible accounts (f)
Mortgage guarantees received (g)
Suspended interest of Ex-Coneminsa portfolio and other accounts receivable (h)
Securities and bonds outstanding
Effective agreements signed with suppliers
Funds received from the MVCS-BFH
Account Advance in favor of BFH
Other minor accounts, net
Other memoranda accounts

Stand-by letters of credit and surety bonds received as guarantees (c)	544,791	466,849
CRC-PBP Trusts in MN and ME(d)	67,458	67,092
Employer's contribution debt (e)	18,222	18,222
Write-off of uncollectible accounts (f)	28,066	28,169
Mortgage guarantees received (g)	2,422	2,411
Suspended interest of Ex-Coneminsa portfolio and other accounts receivable (h)	10,212	10,213
Securities and bonds outstanding	4,565	4,565
Effective agreements signed with suppliers	12,460	9,690
Funds received from the MVCS-BFH	0	6,576
Account Advance in favor of BFH	0	200,000
Other minor accounts, net	381	384
Other memoranda accounts	688,577	814,171

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Trusts and autonomous equity in administration

Autonomous equity of Fondo Ley 27677 (i)	862,424	857,896
CRC-PBP Trust (j)	136,194	148,707
Las Garzas Trusts (k)	23,622	23,903
Total trusts	1,022,240	1,030,506
Total memoranda accounts	3,164,168	2,896,170

- (a) Corresponds to the commitment on the forward transactions of U.S. Dollars sales contracted by the Fund in order to hedge its accounts receivable in U.S. Dollars, which amounted to US\$ 37,466 thousand and US\$ 87,213 thousand as of March 31, 2014 and December 31, 2013, respectively.
- (b) Corresponds to the commitment on the swaps transactions of U.S. Dollars buying contracted by the Fund in order to hedge its accounts receivable corresponding to the bonds issue in U.S. Dollars, which amounted to US\$ 196,000 thousand as of March 31, 2014.
- (c) Correspond to the stand-by letters of credit received as guarantee from the Technical Entities under the contracts signed by the Techo Propio Program over the BFH and the Household Savings product, as well as stand-by letters of credit received from suppliers in compliance with supply and service agreements.
- (d) Corresponds to the recognition of the rights acquired by the Fund in connection with the establishment of the CRC-PBP trusts in Nuevos Soles and U.S. Dollars for a the amount of S/. 32,749 thousand and S/. 34,709 thousand, respectively (S/. 32,717 thousand and S/. 34,375 thousand as of December 31, 2013, respectively).
- (e) Corresponds to a claim made by the Fund to MEF on contributions to FONAVI - Employer Contributions, as provided by Law No. 26969 - FONAVI Liquidation Law, which should have been granted to the Fund.
- (f) Corresponds mainly to the write-off of accounts receivable (capital and interest) due from Banco Banex in liquidation and Banco Orión in liquidation in the amount of S/. 23,577 thousands in respect of principal and S/. 4,441 thousands in respect of interest.
- (g) Corresponds to mortgage guarantees received from two financial institutions undergoing liquidation for the loan portfolio that the Fund maintained with them.
- (h) Corresponds to the accrued interest of the overdue portfolio of Ex-CONEMINSA and other accounts receivable.

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- (i) Corresponds to the value of total net assets of the "Fondo Ley No. 27677's Equity", which was constituted by Public Deed dated February 13, 2002, with the resources transferred to the Fund from the winding up of FONAVI, for their administration and recovery.
- (18) Contingencies
As of March 31, 2014 and December 31, 2013, the Fund holds the following contentious processes:
- (a) Lawsuits on labor issues related to profit sharing payment and reimbursement of fringe benefits. As of March 31, 2014 the Fund recorded a provision for S/. 956 thousand for this item (S/.621 thousand as of December 31, 2013).
- (b) Various constitutional procedures (protective action) related to the reestablishment of labor rights to former employees of the Funds and to the cancellation of records to technical entities for committed infringements.
- (c) Administrative procedure with DHMONT & CG & M S.A.C. Consortium in the context of which an administrative resolution is being challenged. The claimant is seeking the annulment of the letter by virtue of which the Fund refused to return the stand-by letter of credit granted to the Fund as guarantee, which was posted as a condition to appeal the award under the public bid (Collique) called by the Fund. The amount in dispute is S/. 4,870 thousand. The judge ordered the fund to reimburse US\$ 250 thousand equivalent to S/. 702 thousand, for which, as of March 31, 2014 there is a provision for present value of US\$ 241 thousand, equivalent to S/. 676 thousand (present value of US\$ 237 thousand, equivalent to S/. 663 thousand as of December 31, 2013).
- (d) Arbitration proceeding with Veritas Edificaciones S.A.C. and CG&M Proyectos and Construcciones S.A.C. The claim involves an amount of US\$ 7,327 thousand.

In Management and its legal advisors' opinion, these legal claims will not result in significant liabilities additional to those recorded in the theses financial statements.

(19) Interest income

This item comprises the following:

	In thousands of S/.	
	<u>03/31/2014</u>	<u>03/31/2013</u>
Cash and due from banks	578	5,677
Available-for-sale investments (note 7)	4,453	1,858
Held-to-maturity investments (note	81	22

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7)

Accounts receivable	66,021	48,086
Other financial income	454	149
Total	71,587	55,792

Interest income from accounts receivable corresponds to interest earned on accounts receivable from IFI's placed through the COFIDE Trusts; likewise, it corresponds to the attribution of results regarding the CRC - PBP trusts.

(20) Interest expense

This item comprises the following:

	In thousands of S/.	
	<u>03/31/2014</u>	<u>03/31/2013</u>
Debts and obligations	5,837	443
Securities, bonds and obligations outstanding (note 13 (b))	12,581	7,611
Accounts payable	-	-
Other finance costs	10,641	8,800
	-----	-----
	29,059	16,854
	=====	=====

The other finance costs correspond mainly to the good payer award granted through the COFIDE Trusts.

(21) Financial services revenues

This item comprises the following:

	In thousands of S/.	
	<u>04/31/2014</u>	<u>03/31/2013</u>
Revenues from trust and trust fees	125	125
Various income	1,407	1,490
	-----	-----
	1,532	1,615
	=====	=====

The financial services revenues correspond mainly to fees related to management of the CRC-PBP trusts, Nuevos Soles and U.S. Dollars, for which the Fund receives a monthly fee equivalent to 0.05% of the shareholder's equity of the trusts; and fees related to credit risk hedge services (CRC) and good payer's award (PBP) rendered to the IFI's.

(22) Administrative expenses

This item comprises the following:

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	<u>In thousands of</u>	
	<u>04/31/2014</u>	<u>03/31/2013</u>
Personnel and Board of Directors expenses (a)	5,488	3,981
Services received from third parties (b)	3,982	4,489
Taxes and contributions	93	54
	-----	-----
	40,087	32,710
	=====	=====
		=

(a) Personnel and Board of Directors' expenses include the following items:

	<u>In thousands of</u>	
	<u>04/31/2014</u>	<u>03/31/2013</u>
Remuneration	2,491	1,612
Bonus	179	70
Professional Practices	147	115
Grant		
Employee profit sharing	1,367	1,335
Gratuities	444	292
Severance indemnities	257	171
Security and indemnities	243	164
Vacation	223	154
Training	29	7
Other	109	61
	-----	-----
	5,488	3,981
	=====	=====

According to the legal provisions in force, the Fund distributes 5% of the taxable net income as employees' profit sharing.

(b) Services received from third parties include the following items:

	<u>In thousands of</u>	
	<u>04/31/2014</u>	<u>03/31/2013</u>
Advertising	685	1,020
Advisory services	793	1,514
Rental of goods and properties	448	457
Repair and maintenance	186	139
TIC project expenses - FONAFE	250	250

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Communications	163	95
Travel expenses	243	73
Mobility	173	102
Guarding and protection	91	156
Insurance	76	88
Courier services	55	63
Office supplies	20	47
Utilities	51	45
Cleaning services	30	61
Telemarketing services	12	29
Other expenses	706	350
	-----	-----
	3,982	4,489
	=====	=====

(a) Remuneration for directors

The total amount paid as of March 31, 2014 and 2013 for purposes of allowances to the Board of Directors amounts to S/.56 thousand, and S/.40 thousand, respectively.

(b) Remuneration for management staff

Payments regarding salaries and other benefits to the staff received by the Fund's Managers and Executives Officers as of March 31, 2014 and 2013 amounted to S/. 1,266 thousand and S/. 1,103 thousand, respectively.

(23) Tax matters

(a) The Fund has determined a current income tax provision as of March 31, 2014 amounted to S/. 7,450 thousand (S/. 23,724 thousand as of December 31, 2013).

Income tax returns for 2011 through 2013, are still subject for review by the tax authorities. Any major expenses exceeding the provisions made to cover the tax obligations will be charged to profit or loss of the period in which those expenses are finally settled. It is Management's opinion that, as a result of this review, no significant liabilities will affect the financial statements as of March 31, 2014 and December 31, 2013.

In accordance with current tax legislation, corporate income tax for 2014 and 2013 is calculated on the basis of the net taxable profit at a rate of 30%.

(b) As from 2005, the Temporary Tax on Net Assets (ITAN, by its Spanish acronyms) was established. Taxable base is composed of the net asset value adjusted to prior fiscal year closing, less depreciation, amortization, legal cash reserve and specific provisions for credit risk. The tax rate, as from 2009, is 0.4% applicable to the amount of assets exceeding S/. 1,000 thousand. It may be paid in cash or in nine consecutive monthly installments. The amount paid may be used as a credit against payments of

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Income Tax General Regime for taxable periods from March to December of the taxable period for which the tax was paid until the maturity date of each of the partial payments, and as a credit for regularization payments of income tax of the corresponding taxable period. The Fund has calculated the Temporary Tax on Net Assets as of December 31, 2013 at S/. 14,345 thousand.

A tax refund can be requested only in the cases to demonstrate that tax loss has been incurred or where a lower payment of income tax has been determined based on general regime norms.

- (c) Likewise, technical assistance provided by non-domiciled entities in the country will be subject to a 15% withholding rate of income tax, regardless of the location where the service is rendered provided requirements set forth in the Income Tax Law are met.
- (d) As of March 31, 2014 and December 31, 2013 and 2012, the tax rate on financial transactions was 0.005%. This tax is applied on charges and credits in bank accounts or movement of funds through the financial system, unless the account is tax-exempt.

- (e) Reconciliation of income tax effective rate is as follows:

	<u>03/31/2014</u>		<u>03/31/2013</u>	
	S/.	%	S/.	%
Income before tax	23,288	100.00	24,333	100.00
	=====	=====	=====	=====
	==	=	==	=
Tax calculated as per current rate	6,986	30.00	7,300	30.00
Tax effect on additions and deductions:				
Permanent differences	(331)	(1.42)	(428)	(1.76)
Others	965	4.14	124	0.51
	-----	-----	-----	-----
	---	--	-	---
Current and deferred income tax recorded as per effective rate	7,620	32.72	6,996	28.75
	=====	=====	=====	=====
	==	=	=	=

- (f) Income tax expense as shown in the statement of income includes:

	<u>In thousands of S/.</u>	
	<u>03/31/2014</u>	<u>03/31/2013</u>
Income tax:		
Current	7,450	6,396
Deferred	170	606
	-----	-----
	7,620	7,002
	=====	=====

(g) The total or partial distribution of dividends, or other types of profit distribution, is subject to a 4.1% income tax withholding, except for the distribution of profits made in favor of domiciled legal entities.

(24) Financial risk management

The Fund's activities as a second-tier bank may expose it to a variety of financial risks that include effects of fluctuations in the rate of exchange of the U.S. Dollars against interest rates, market risk, liquidity risks and credit risks. The Fund's program for the management of risks seeks to minimize potential adverse effects on its financial behavior.

The Risk Management is in charge of the administration of risk following the policies approved by the Board of Directors. This Management identifies, measures, monitors and controls financial risks to which the Fund is exposed, closely coordinating with its operating units. The Board of Directors provides in writing the principles for comprehensive risk management as well as those policies covering specific areas, such as currency exchange risk, interest rate risk, credit risk, use of financial instruments and investment of liquidity surplus.

Market risk

The market risk is the risk of loss of value of the Fund's portfolios due to fluctuations in interest rates and exchange rates, among others. The Fund assumes market risk in its resource allocation activities through both the IFIs and its financing and investment activities.

The objective of risk management is to establish the policies, processes, and controls to balance profitability with the volatility in the market, i.e., maintaining an appropriate risk level. The monitoring of such risks has had particular relevance during the international financial crisis and greater volatility in the market. In this sense, risk management policies play an important role at the Fund, applying the best practices of the market with regard to risk management.

Thus, the management of resource allocations and financial management are constrained by various limits that require risk level which the management considerate adequate. These risk levels are

periodically reviewed so that the needs and strategies of management are addressed, as well as variations in market conditions.

Resource allocation activities are managed according to internal limits by IFI. These internal limits are a function of IFI's following variables: risk classification, the ratio of global capital and the size of regulatory capital.

The financial management activities, as part of the process of asset and liability management, allow identifying, managing, and controlling the liquidity and interest rate risk arising from the Fund's financing and investment activities. Such financial activities are managed according to the following approved limits: concentration limits by currency, issuer concentration limits, concentration limits for type of investment, VaR Limits (Value at Risk), tolerance limits of expected maximum loss ("Stop Loss"), liquidity ratio internal limit, structural interest rate risk internal limit, among others

Interest rate risk to which the Fund is exposed is controlled through the following indicators of regulatory nature. Gains on risk and equity value at risk which are determined according to internal assumptions and based on methodological notes provided by SBS. These indicators are informed periodically to the Risk Committee and the Assets and Liabilities Management Committee and based on this, action plans are determined to mitigate any exposure of the Fund to interest rate risk.

As of March 31, 2014 and December 31, 2013, the exposure of the Fund to interest rate risk is considering repricing dates of the instruments as follows:


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	In thousands of S/. (*)					
	Up to 1 month	More than 1 to 2 months	More than 2 to 3 months	More than 3 to 6 months	More than 6 to 12 months	No accrued Interest
Assets:						
Cash and due from banks	341,669	-	-	-	-	-
Investments	4,075	961	1,255	4,187	16,643	-
Accounts receivable (Trust agreement - COFIDE)	-	28,452	28,138	85,812	169,735	-
Accounts receivable from hedging derivatives	-	-	-	-	-	719
Other sensitive assets	840,404	-	-	-	-	-
Total assets	1,186,147	29,413	29,394	89,998	186,379	719
Liabilities:						
Debts and financial obligations	3,692	3,375	1,173	243,681	402,533	-
Accounts payable on hedging derivatives	-	-	-	-	-	6,269
Other sensitive liabilities	-	-	-	-	-	-
Total liabilities	3,692	3,375	1,173	243,681	402,533	6,269
Off-balance sheet accounts:						
Derivative instruments, assets	-	-	-	-	-	550,368
Derivative instruments, liabilities	-	-	-	-	-	105,204
Marginal gap	1,182,456	26,038	28,221	(153,683)	(216,155)	439,614
Accumulated gap	1,182,456	1,208,493	1,236,714	1,083,032	866,877	3,717,993

(*) This chart does not include the Trust funds receivables CRC-PBP.



Mivienda

Karen Salvatierra Muguierza
CTP Nº 0247

Notes to the Financial Statements
As of March 31, 2014

KAREN L. SALVATIERRA MUGUERZA

Professional Certified Translator
CTP No. 0247

Note: By SBS Resolution No. 1014-2014, dated 02/13/2014, Annex No. 7 "Interest Rate Risk Measuring" is amended and description "Accounts Receivable for Trust" is replaced by "Sensitive Accounts Receivable and Other Sensitive Assets" and description "Sensitive Accounts Payable and other Sensitive Liabilities" is included under description "Debts and Other Financial Obligations".

	In thousands of S/.						Total
	Up to 1 month	More than 1 to 2 months	More than 2 to 3 months	More than 3 to 6 months	More than 6 to 12 months	More than 12 months	
12/31/2013							
Interest rate risk							
Assets:							
Cash and due from banks	408,506	-	-	-	-	-	408,506
Investments	-	3,091	1,064	5,892	14,449	312,682	337,178
Accounts receivable (Trust agreement - COFIDE)	26,958	26,008	26,412	79,314	157,437	4,038,942	4,355,071
Accounts receivable from hedging derivatives	-	-	-	-	-	-	737
Total assets	435,464	29,099	27,476	85,206	171,886	4,351,624	5,101,492
Liabilities:							
Debts and financial obligations	18,762	387	1,972	5,806	412,348	1,362,388	1,801,663
Accounts payable on hedging derivatives	-	-	-	-	-	-	382
Total liabilities	18,762	387	1,972	5,806	412,348	1,362,388	1,802,045
Off-balance sheet accounts:							
Derivative instruments, assets	-	-	-	-	-	-	223,600
Derivative instruments, liabilities	-	-	-	-	-	-	20,160
Marginal gap	416,702	28,712	25,504	79,400	(240,462)	2,989,236	3,502,887
Accumulated gap	416,702	445,414	470,918	550,318	309,856	3,299,092	3,502,887

(*) This chart does not include the Trust funds receivables CRC-PBP.

The estimated effects of interest rates as of March 31, 2014 and December 31, 2013, the following changes are:

In thousands of S/. (*)				
Effects to results before income tax				
	<u>03/31/2014</u>		<u>12/31/2013</u>	
	Local	Foreign	Local	Foreign
<u>Change in interest rates</u>	<u>currency</u>	<u>Currency</u>	<u>currency</u>	<u>Currency</u>
-2.0%	3,943	(21,283)	5,255	(11,459)
-1.5%	2,957	(15,962)	3,941	(8,594)
-1.0%	1,971	(10,642)	2,627	(5,730)
-0.5%	986	(5,321)	1,314	(2,865)
0%	-	-	-	-
0.5%	(986)	5,321	(1,314)	2,865
1.0%	(1,971)	10,642	(2,627)	5,730
1.5%	(2,957)	15,962	(3,941)	8,594
2.0%	(3,943)	21,283	(5,255)	11,459

(*) Due to regulatory matters, this chart does not include the Trust funds receivables CRC-PBP.

In thousands of S/.				
Effects in equity before income tax				
	<u>03/31/2014</u>		<u>12/31/2013</u>	
	Local	Foreign	Local	Foreign
<u>Change in interest rates</u>	<u>currency</u>	<u>Currency</u>	<u>currency</u>	<u>Currency</u>
-2.0%	(66,059)	602	(71,387)	5,398
-1.5%	(49,544)	452	(53,540)	4,048
-1.0%	(33,029)	301	(35,693)	2,699
-0.5%	(16,515)	151	(17,847)	1,349
0%	-	-	-	-
0.5%	16,515	(151)	17,847	(1,349)
1.0%	33,029	(301)	35,693	(2,699)
1.5%	49,544	(452)	53,540	(4,048)
2.0%	66,059	(602)	71,387	(5,398)

(*) Due to regulatory matters, this chart does not include the Trust funds receivables CRC-PBP.

The interest rate risk of the government's bonds investments, in certificates of deposit of BCRP and corporate bonds are managed using the value at risk model.

KAREN L. SALVATIERRA MUGUERZA**Professional Certified Translator****CTP No. 0247****Notas a los Estados Financieros**

Al 31 de diciembre de 2012 y de 30 Setiembre 2014



The Fund's exposure to exchange rate risk is controlled through the following approved limits. Coverage limits of the accounting change position and Maximum loss limits before adverse movements of estimated exchange rates using regulatory models and methodological notes provided by SBS.

As of March 31, 2014 and December 31, 2013, the exposure of the Fund to exchange risk is as follows:

In thousands of S/.

Exchange rate risk**03/31/2014****12/31/2013**

	03/31/2014			12/31/2013		
	U.S. Dollars	Nuevos soles	Total	U.S. Dollars	Nuevos soles	Total
Monetary assets:						
Cash and due from banks	311,508	30,161	341,669	337,375	71,131	408,506
Available-for-sale investments	222,061	136,534	358,595	183,925	146,806	330,731
Held-to-maturity investments	0	6,527	6,527	-	6,447	6,447
Accounts receivable	390,557	4,276,199	4,666,756	404,497	4,017,666	4,422,163
Accounts receivable from hedge	0	719	719	-	737	737
Other accounts receivable	840,522	5,359	845,881	110,6786	1,349	1,460
Current taxes	0	19,948	19,948	-	13,723	13,723
Total monetary assets	1,764,648	4,475,447	6,240,095	925,908	4,257,859	5,183,767
Monetary liabilities:						
Deposits and obligations	-	417	417	-	162	162
Debts and financial obligations	1,399,138	402,525	1,801,663	1,399,138	402,525	1,801,663
Accounts payable on hedge	1,253	5,016	6,269	-	382	382
Other accounts receivable	1,170	253,881	255,051	1,336	253,244	254,580
Current taxes	-	-	-	-	-	-
Total monetary liabilities	1,401,561	661,839	2,063,401	1,400,474	656,313	2,056,787

Accounts of the



statement of
financial
position:

Derivative instruments, assets	507,444	(507,444)	0	223,600	(223,600)	0
Derivative instruments, liabilities	(96,999)	96,999	0	(20,160)	20,160	0
	410,445	(410,445)	0	203,440	(203,440)	0
Net monetary position	773,532	3,403,163	4,176,694	(271,126)	3,398,106	3,126,980

The table below shows the expected losses due to exchange risk of internal and regulatory "value at risk models" (with a certainty of 99% and a settlement period of 10 days):

Models	In thousands of S/.		% Effective equity	
	03/31/2014	12/31/2013	03/31/2014	12/31/2013
Regulatory model	4,162	5,423	0.14%	0.18%
Intern model	5,278	6,721	0.17%	0.22%
Global position	(217,222)	(276,627)	7.11%	9.03%
	Oversold	Oversold		

Article 6 of The Regulations on Exchange Risk Management approved by SBS Resolution No. 1455-2003, as amended, requires that the financial entities' oversold global position do not exceed ten per cent (10%) of its regulatory capital. Those Regulations further establish that the overall overbought position of financial institutions may not exceed fifty percent (50%) of its effective equity.

Liquidity risk

Liquidity risk is the risk of the Fund failing to satisfy its financial obligations when due. This risk is managed by the Financial Management. The financial obligations include borrowings, outstanding obligations and obligations related to derivative instruments.

Financial Management is guided by policies defined by the Risks Management Committee concerning the exposure for type of instrument, maximum allowed risk, maximum loss and gains limits and limits on currency hedge.

With regard to the latter, there are policies concerning the holding hedging derivative instruments denominated in U.S. dollars, the exposure to which increased as a result of issuance of U.S. dollar denominated bonds in the international market by the Fund.

With this availability of resources, the Fund is in capacity to cover the IFIs' financing demands.

The amounts disclosed are the undiscounted cash flows based on agreed upon contractual terms and include their respective accrued interest. As of March 31, 2014 and December 31, 2013, the Fund's exposure to liquidity risk is as follows:

As of March 31, 2014In thousands of S/.**Exposure to liquidity risk**

	<u>Up to 1 month</u>	<u>More than 1 and 3 months</u>	<u>More than 3 to 12 months</u>	<u>More than 1 year</u>	<u>Total</u>
Risk of statement of financial position					
Liability:					
Obligations with public	-	417	-	-	417
Debts and financial					
obligations	3,782	4,658	674,057	2,767,460	3,449,957
Accounts payable on					
hedging derivatives	8	-	-	6,261	6,269
Other accounts payable	3,995	152	1,162	249,741	255,050
Other liabilities	-	-	-	4,102	4,102
	-----	-----	-----	-----	-----
Total	7,785	5,227	675,219	3,027,564	3,715,795
	=====	=====	=====	=====	=====

December 31, 2013In thousands of S/.**Exposure to liquidity risk**

	<u>Up to 1 month</u>	<u>More than 1 and 3 months</u>	<u>More than 3 to 12 months</u>	<u>More than 1 year</u>	<u>Total</u>
Risk of statement of financial position					
Liability:					
Obligations with public	-	-	162	-	162
Debts and financial					
obligations	24,857	2,442	438,409	1,813,256	2,278,964
Accounts payable on					
hedging derivatives	382	-	-	-	382
Other accounts payable	8,433	145	5,037	240,965	254,580
Other liabilities	-	-	-	5,046	5,046
	-----	-----	-----	-----	-----
Total	33,672	2,587	443,608	2,059,267	2,539,134
	=====	=====	=====	=====	=====

Note: By SBS Resolution No. 9075-2012, dated 12/05/2012, Annex No. 16 "Table of Maturity Term Liquidity" was amended, and the methodological notes of regulation distribution were changed. By SBS Resolution No. 5760-2013, dated 09/19/2013, the entry into force of the new Annex No. 16 is amended for information corresponding to December 2013.

Main guidelines used by the Fund to manage liquidity risk are:

- Set limits to control liquidity.
- Perform gap analysis: maturity mismatching.
- Diversify sources of funding.
- Maintain an adequate level of liquid assets.
- Perform stress tests.
- Have liquidity contingency plan.

Credit risk

Credit risk is managed mainly through admission, monitoring, control and recovery of credit.

Risk analysis is mainly based on: i) economic, financial and commercial evaluation. ii) evaluation of market development. Iii) evaluation of the management of the company. Iv) assessment of funding sources and develop real estate projects. v) assessment of guarantees and collateral. vi) assessment of the economic sector.

The main functions of risk management are: i) the analysis of credit risk Financial Institution (IFI). ii) analysis of credit risk of the final borrower. iii) The classification and provisioning of the IFI. iv) the classification and provisioning of end borrower v) review of the portfolio of loans to the IFI, through the assessment of their credit policies, operating procedures, and in general, all financial and operational aspects of the institution and vi) monitoring and control monthly IFI from financial indicators set internally.

Credits financed by the Fund, are placed in local currency. It is clear that the Fund still has balance of loans in dollars, corresponding to the first products disbursed by the Fund (8.45% of total loans).

As of March 31, 2014, the maximum exposure to credit risk of the Fund was

S/. 4.471.299 thousand suns, representing the balance of accounts receivable (according Trust - COFIDE); and exposure as of December 31, 2013 was S/.4.394.053 thousand.

These loans are backed by mortgages provided by the final borrowers. The IFI verifies that the guarantees are properly constituted.

Because of its role as trustee, has COFIDE mechanisms through contracts signed channeling resources with IFIs, in order to ensure

the mass of mortgages placed by the Fund, whereby the IFI must respond.

Credit line evaluation and proposal is made by the Commercial Management. Risk Management reviews the evaluation and analyzes the risks. The proposal is submitted to the Risk Committee for approval or denial.

Although the Risk Committee has some flexibility in determining when a line of credit from a IFI is approved, in practice, such approval is ultimately at the discretion of the Risk Management Committee and Board of Directors.

As of March 31, 2014 and December 31, 2013, the Fund's exposure to credit risk based on the risk classification of the end beneficiary of the credit is as follows:

• By final client

In thousands of S/.				
03/31/2014		12/31/2013		
Portfolio balance	%	Portfolio balance	%	
Portfolio not past due nor impaired:				
Normal	4,405,917	94.9	4,172,034	94.9
Potential problems	65,382	1.4	62,614	1.4
	-----		-----	
	4,471,299	96.3	4,234,648	96.3
	-----		-----	
Impaired portfolio:				
Deficient	42,721	0.9	46,438	1.1
Doubtful	61,880	1.3	55,921	1.3
Loss	69,102	1.5	57,046	1.3
	-----		-----	
	173,703	3.7	159,405	3.7
	-----		-----	
Gross portfolio	4,645,002	100.0	4,394,053	100.0
	=====		=====	

• By IFI's

In thousands of S/.				
03/31/2014		12/31/2013		
Portfolio balance	%	Portfolio balance	%	
Portfolio not past due nor impaired:				
Normal	4,255,278	91.6	4,034,161	91.8
Potential problems	389,725	8.4	359,892	8.2
	-----		-----	
	4,645,002	100.0	4,394,053	100.0
	-----		-----	
Impaired portfolio:				



Deficient, Doubtful and Loss	-	-	-	-
Gross portfolio	4,645,002	100.0	4,394,053	100.0
	=====	=====	=====	=====

(25) Fair value

The estimated market or fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable and willing parties, on the assumption that the issuing entity is a going concern.

The fair value is associated with the value observed in market transactions under "normal" situations and mutual independence. Fair value shall consider the credit quality of the instrument.

As of December 31, 2013 and 2012, the fair value of the financial instrument of the Fund are the following:

	In thousands of S/.			
	03/31/2014		12/31/2013	
	Carrying value	Fair value	Carrying value	Fair value
Assets:				
Cash and due from banks	341,669	341,669	408,506	408,506
Available-for-sale investments				
Debt instruments	355,056	355,056	330,731	330,731
Held- to- maturity investments	6,527	6,528	6,447	6,447
Accounts receivable (Trust agreement - COFIDE)	4,599,298	4,599,298	4,355,071	4,355,071
Accounts receivable from financial derivatives	861	861	737	737
Other receivables	913,339	913,339	68,552	68,552
	-----	-----	-----	-----
	--	--	--	--
	6,216,750	6,216,751	5,170,044	5,170,044
	=====	=====	=====	=====
	==	==	==	==
Liabilities:				
Obligations with the public	417	417	162	162
Debts and financial obligations	2,838,506	2,848,567	1,801,663	1,758,163
Accounts payable on financial derivatives	6,277	6,277	382	382
Other payables	255,051	255,051	254,580	254,580
	-----	-----	-----	-----
	---	---	---	---
	3,100,251	3,100,312	2,056,787	2,013,287
	=====	=====	=====	=====
	==	==	==	==

A significant portion of the Fund's assets and liabilities correspond to short-term financial instruments with maturity terms of less than one year. It is considered that the fair values of financial instruments are equivalent to their carrying value at the end of the fiscal year.

Methodology and assumptions used depend on the terms and risk characteristics of various financial instruments as follows:

- (a) The cash and due from Banks represents cash or short-term deposits, not presenting significant credit risks.
- (b) Available-for-sale investments generally have share price or market value through discounted cash flows.
- (c) The fair value, of the accounts receivable (Trust agreement - COFIDE) are similar to their carrying value, net of their corresponding provision for loan losses, according to the "Oficio Multiple SBS N° 1575-2014-SBS".
- (d) Debts due to Banks and correspondents generate interest at fixed and floating rates and they have short and long term maturities. The fair value of such financial instruments is calculated using discounted cash flows at current rates for liabilities with similar characteristics. As a result of the calculation, the estimated market value does not differ significantly from the carrying value.
- (e) Outstanding bonds and debentures bear interest at fixed rates. The fair value of such financial instruments was calculated using flows discounted at current rates for liabilities with similar characteristics. As a result of calculation, the estimated market value does not differ significantly from carrying value.
- (f) The commitments of purchase and sale of foreign currency are recorded in book entries at their estimated market values, so that there are no differences with their corresponding fair values.

Listed below are the financial instruments recorded by the Fund at fair value, according the following levels:

Level 1: instruments quoted in active markets.

Level 2: instruments quoted in inactive markets.

Level 3: instruments not quoted.

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Notas a los Estados Financieros

Al 31 de diciembre de 2012 y de 30 Setiembre 2014



	In thousands of S/.					
	03/31/2014			12/31/2013		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets:						
Available- for -sale investments						
Debt instruments	189,985	165,071	-	191,068	139,662	-
Accounts receivable from financial derivatives	-	861	-	-	737	-
Other receivables	22,623	28,592	-	-	63,202	-
	-----	-----	-----	-----	-----	-----
	212,607	193,663	-	191,068	203,601	-
	=====	=====	=====	=====	=====	=====
	=====	==	==	==	==	==
Liabilities:						
Accounts payable on financial derivatives	-	6,277	-	-	382	-
	-----	-----	-----	-----	-----	-----
	-	6,277	-	-	382	-
	=====	=====	=====	=====	=====	=====
	=====	==	==	==	==	==

(26) Subsequent events

There is no evidence that significant events occurred between the closing date of these financial statements and the date of this report, which may affect these financial statements significantly.

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KAREN L. SALVATIERRA MUGUERZA

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I, the undersigned Certified Translator, Member of the Peruvian Association of Professional Licensed Translators (CTP), do hereby certify that this Certified Translation, consisting of 76 pages, is a true and correct translation into English of the original document in Spanish enclosed herewith, which has been produced before me.

This certification shall be considered an acknowledgment of the accuracy of the translation but not of the authenticity or contents of the document in source language attached hereto.

Signed in Lima, this 23rd day of May, 2014



Karen Salvatierra Muguerza
CTP N° 0247