

FINANCIAL STATEMENTS

Fondo MIVIVIENDA S.A.

SEP-21

Fondo MIVIVIENDA S.A.
Statement of Financial Position
As of september 30, 2021 and December 31, 2020
(Stated in thousands of Nuevos Soles)

	Notes	As of September 30, 2021	As of December 31, 2020		Notes	As of September 30, 2021	As of December 31, 2020
ASSETS				LIABILITIES			
CASH AND DUE FROM BANKS				OBLIGATIONS WITH THE PUBLIC			
Cash	4	1,100,850	1,338,223	Demand deposits		541	205
Banco Central de Reserva del Perú		0	0	Saving Account Deposits		0	0
Banks and other companies of the financial system		4,102	1,840	Long-term Saving Account Deposits		0	0
Foreign banks and other companies of the financial system		1,096,719	1,336,079	Other liabilities		541	205
Exchange		0	0	INTERBANK FUNDS			
Other cash and due from banks		0	0			0	0
INTERBANK FUNDS		29	304	FINANCIAL ORGANIZATIONS		0	0
INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS		0	0	Demand Deposits		0	0
Equity Instrument		0	0	Saving Deposits		0	0
Debt Instrument		0	0	Time Deposits		0	0
Investments in commodities		0	0	DUE TO BANKS AND FINANCIAL OBLIGATIONS	13	6,389,312	5,680,717
AVAILABLE-FOR-SALE INVESTMENTS	5	53,038	24,788	Dues and Obligations with Banco Central de Reserva del Perú		0	0
Instruments representing the equity		0	0	Dues and Obligations with Domestic Banks and Other Financial system companies	13.a)	472,165	0
Instruments representing the debt		53,038	24,788	Dues and Obligations with Foreign Companies and International Financial Bodies	13.b)	901,283	944,611
HELD-TO-MATURITY INVESTMENTS	5	214,576	195,214	Other Dues and Obligations of the Country and Abroad		0	0
				Securities	13.c)	5,015,864	4,736,106
LOAN PORTFOLIO	6	24,902	28,478			0	0
Current Loan Portfolio		23,180	27,092	TRADINGS DERIVATIVE FINANCIAL INSTRUMENT			
Restructured Loan Portfolio		0	0	HEDGING DERIVATIVE FINANCIAL INSTRUMENT	7	35,219	34,347
Refinanced Loan Portfolio		314	1,092	ACCOUNTS PAYABLES	14	799,523	1,060,719
Non-performing Loan Portfolio		37,806	37,870	PROVISIONS	15	3,289	3,406
Loan Portfolio in Judicial Collection		137	153	Provisions for Contingent Loans		0	0
(-) Provisions for Loans		-36,535	-37,729	Provisions for Lawsuits and Disputes		1,401	1,394
TRADING DERIVATIVE FINANCIAL INSTRUMENT		0	0	Others		1,888	2,012
HEDGING DERIVATIVE FINANCIAL INSTRUMENT	7	980,902	394,937	CURRENT INCOME TAXES		0	0
ACCOUNTS RECEIVABLES		8,258,598	7,994,019	DEFERRED INCOME TAXES		0	0
Accounts Receivables for Sale of Goods and Services and Trust (net)	8	8,253,241	7,987,778	OTHER LIABILITIES	15	28,884	18,982
Other Account Receivables (net)	9	5,357	6,241	TOTAL LIABILITIES		7,256,768	6,798,376
REALIZABLE ASSETS RECEIVED IN PAYMENTS, AWARDED		0	0				
Realizable Assets		0	0	SHAREHOLDER'S EQUITY			
Assets Received in Payment and Awarded		0	0	Capital Shares	18.A	3,385,762	3,382,587
SHARES		0	0	Additional Capital		0	0
Branch companies		0	0	Treasury Shares		0	0
Affiliated and shares in joint ventures		0	0	Reserve	18.B	30,440	30,087
Others		0	0	Retained Earnings		-568	-2
PROPERTY, FURNITURE AND EQUIPMENT (NET)	10	650	775	Net Income for the Year		14,035	3,528
INTANGIBLE ASSET DIFFERENT THAT THE CAPITAL GAIN	11	7,190	6,360	Adjustment to Equity	18.C	27,876	-113,971
CAPITAL GAIN		0	0	TOTAL SHAREHOLDER'S EQUITY		3,457,545	3,302,229
CURRENT INCOME TAXES	16.(a)	43,847	42,360				
DEFERRED INCOME TAXES	17	26,861	71,636	TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		10,714,313	10,100,605
NONCURRENTASSETS KEPT FOR SALE		0	0				
OTHER ASSETS	12	2,899	3,815				
TOTAL ASSETS		10,714,313	10,100,605				
MEMORANDA CONTINGENTS		3,906,878	3,598,884				
MEMORANDA ACCOUNTS		4,411,095	4,381,235				
CONTRA CREDIT ACCOUNT		2,826,795	3,023,621				
TRUST, COMMISSIONS OF MEMORANDA TRUSTEE AND CONTRA CREDIT ACCOUNT OF TRUST		98,920	231,947				

Note: The Financial Statements weren't translated by Langrow, because they preserved the same format than other periods.

Fondo MIVIVIENDA S.A.
Statement of Income
For the periods ended september 30, 2021 and 2020
(Stated in thousands of Nuevos soles)

	Notes	For the specific quarter from July 1 to september 30, 2021	For the specific quarter from July 1 to september 30, 2020	For the period specific from January to September 30, 2021	For the period specific from January to September 30, 2020
INTERESTS INCOME					
Available		930	954	2,221	19,395
Interbank funds		0	0	0	0
Investments at fair value with changes in results		0	0	0	0
Available-for-sale investments		161	0	442	0
Held-to-maturity investments		2,873	3,174	8,269	9,770
Direct Loans Portfolio		1,315	1,075	3,566	3,174
Income from hedging transactions		0	0	0	0
Accounts receivables		127,226	115,129	362,397	342,104
Other financial income		51	3	94	63
TOTAL INTEREST INCOME	21	132,556	120,335	376,989	374,506
INTEREST EXPENSES					
Obligations with the public		0	0	0	0
Interbank funds		0	0	0	0
Deposits of companies from the financial system and international financial organizations		0	0	0	0
Dues and Financial obligations		-66,780	-61,225	-191,112	-181,165
Dues and obligations with Banco Central de Reserva del Perú		0	0	0	0
Dues and obligations of the country's financial system		-2,397	0	-3,655	-1,161
Dues and obligations with foreign financial institutions and international financial bodies		-2,118	-1,859	-6,218	-4,970
Other dues and obligations of the country and abroad		0	0	0	0
Commissions and other charges of dues and financial obligations		0	-132	0	-449
Securities and outstanding liabilities		-62,265	-59,234	-181,239	-174,585
Interests of accounts payable		0	0	0	0
Income from hedging transactions		0	0	0	0
Other financial expenses		-9,178	-9,005	-28,761	-33,988
TOTAL INTEREST EXPENSES	21	-75,958	-70,230	-219,873	-215,153
GROSS FINANCIAL MARGIN		56,598	50,105	157,116	159,353
(-) Provisions for direct loans		433	13	1,202	-2,205
GROSS FINANCIAL MARGIN		57,031	50,118	158,318	157,148
FINANCIAL SERVICE REVENUES					
Indirect loans income	22	880	1,070	3,271	3,273
Trusts and trust commissions income		0	0	0	0
Income from issuing electronic money		104	164	442	485
Miscellaneous income		0	0	0	0
		776	906	2,829	2,788
FINANCIAL SERVICE EXPENSES	22	-618	-400	-1,818	-1,360
Indirect loans expenses		0	0	0	0
Trust expenses and trust commissions		-65	-44	-136	-132
Premium for the deposits insurance fund		0	0	0	0
Miscellaneous Expenses		-553	-356	-1,682	-1,228
NET FINANCIAL MARGIN OF FINANCIAL SERVICES REVENUES AND EXPENSES		57,293	50,788	159,771	159,061
FINANCIAL OPERATING INCOME	23	-23,628	-18,571	-65,027	-60,585
Investments at fair value with changes in results		0	0	0	0
Investments at fair value with changes in results		0	0	0	0
Investments in commodities		0	0	0	0
Available-for-sale investments		0	0	0	0
Trading derivative instruments	23	14	124	-460	1,619
Income of hedging derivative instruments	23	-23,939	-21,786	-66,663	-63,347
Profits (losses) in shares		0	0	0	0
Profit-loss of exchange rate difference	23	227	503	1,859	-1,590
Others	23	70	2,588	237	2,733
OPERATING MARGIN		33,665	32,217	94,744	98,476
ADMINISTRATIVE EXPENSES					
Personnel and board of directors expenses	24	-7,614	-4,597	-20,755	-18,488
Expenses due to services received from third parties	24	-5,834	-4,854	-15,691	-12,452
Taxes and contributions	24	-96	-89	-288	-245
DEPRECIATIONS AND AMORTIZATIONS NET		-395	-399	-1,232	-1,192
NET FINANCIAL MARGIN		19,726	22,278	56,778	66,099
VALUATION OF ASSETS AND PROVISIONS					
Provisions for indirect loans		0	0	0	0
Provisions for uncollectibility of account receivables		-1,913	-8,792	-47,881	-48,794
Provisions for realizable, received in payment, recovered, awarded and other assets		0	0	0	0
Provision for noncurrent assets kept for sale		0	0	0	0
Investment impairment		0	0	0	0
Impairment of property, furniture and equipment		0	0	0	0
Impairment of intangible assets		0	0	0	0
Provisions for litigation and claims		295	-243	-259	-640
Other provisions		-111	158	-366	-315
OPERATING INCOME		17,997	13,401	8,272	16,350
Other income and expenses	25	2,122	1,476	5,188	4,117
INCOME BEFORE INCOME TAX		20,119	14,877	13,460	20,467
INCOME TAX	16.(b)	-6,765	-5,612	575	-5,388
NET INCOME		13,354	9,265	14,035	15,079
Basic incomes (loss) per share		0.004	0.003	0.004	0.004
Diluted incomes (loss) per share		0.004	0.003	0.004	0.004

Fondo MIVIVIENDA S.A.
Statement of the Comprehensive Income
For the periods ended september 30, 2021 and 2020
(Stated in thousands of Nuevos Soles)

	Notes	For the specific quarter from julyl 1 to september 30, 2021	For the specific quarter from julyl 1 to september 30, 2020	For the period specific from January to September 30, 2021	For the period specific from January to September 30, 2020
Net income (Loss)		13,354	9,265	14,035	15,079
Other comprehensive income:					
Exchange difference due to transactions abroad		0	0	0	0
Gain (loss) of investments in equity instruments at fair value		0	0	0	0
Hedging of cash flow		116,515	-23,421	200,559	-21,082
Hedging of net investment of business abroad		0	0	0	0
Share in another comprehensive income of affiliates, associates and joint ventures		0	0	0	0
Revaluation surplus		0	0	0	0
Others		299	293	472	728
Another comprehensive income before taxes		116,814	-23,128	201,031	-20,354
Income tax related to components of another comprehensive Income					
Exchange difference due to transactions abroad		0	0	0	0
Gain (loss) of investments in equity instruments at fair value		0	0	0	0
Hedging of cash flow		-34,372	0	-59,165	0
Hedging of net investment of business abroad		0	0	0	0
Share in another comprehensive income of affiliates, associates and joint ventures		0	0	0	0
Revaluation surplus		0	0	0	0
Others		-47	0	-19	0
Sum of income taxes related to components of another comprehensive Income		-34,419	0	-59,184	0
Other comprehensive Income:		82,395	-23,128	141,847	-20,354
Total comprehensive Income, net of the Income tax		95,749	-13,863	155,882	-5,275

Fondo MIVIVIENDA S.A.
Statement of Cash Flow
For the periods ended september 30, 2021 and 2020
(Stated in thousands of Nuevos Soles)

	Note	As of September 30, 2021	9As of September 30, 2020
CASH FLOW FROM OPERATING ACTIVITIES			
NET INCOME		14,035	15,079
ADJUSTMENTS			
Depreciation and amortization		1,232	1,192
Provisions		54,615	63,476
Impairment		0	0
Other adjustments		-739,696	-191,833
NET CHANGES IN ASSETS AND LIABILITIES			
(Net increase) decrease in assets			
Loans		4,704	1,729
Investments at fair value through profit and loss		0	0
Available-for-sale investments		-28,470	-906
Accounts receivables and others		-315,719	-299,761
Net increase (decrease) in liabilities			
Financial liabilities, non-subordinated liabilities		1,065,257	479,272
Accounts receivables and others		-258,736	387,479
Cash flow and equivalent to cash after adjustments and net change in assets and liabilities		-202,778	455,727
Cash collected (paid) from income taxes		-15,050	5,834
NET CASH FLOW FROM OPERATING ACTIVITIES		-217,828	461,561
CASH FLOW FROM INVESTMENT ACTIVITIES			
Cash from the sale of shares		0	0
Cash paid to purchase shares		0	0
Sale proceeds from intangibles and property, furniture and equipment		0	0
Acquisition of intangibles and property, furniture and equipment		-1,937	-1,210
Sale proceeds from held-to-maturity investments		0	40,640
Acquisition of held-to-maturity investments		-17,608	0
Other inflows related to investment activities		50,000	-122,477
Other outflows related to investment activities		0	0
NET CASH FLOW FROM INVESTMENT ACTIVITIES		30,455	-83,047
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issuing subordinated financing liabilities		0	0
Outflow from recovery subordinated financial liabilities		0	0
Proceeds from issuing stock		0	0
Dividends paid to shareholders		0	0
Other inflows related to financing activities		0	0
Other outflows related to financing activities		0	0
NET CASH FLOW FINANCING ACTIVITIES		0	0
Net increase (decrease) in cash and cash equivalent before changes on the exchange rate		-187,373	378,514
Effects of the changes on the cash and cash equivalent exchange rate		0	0
Net increase (decrease) of cash and cash equivalent)		-187,373	378,514
Cash and cash equivalent at the beginning of the period		1,288,223	1,479,013
Cash and cash equivalent at the end of the period		1,100,850	1,857,527

Fondo MIVIVIENDA S.A.
Statement of Changes in Net Equity
For the periods ended september 30, 2021 and 2020
(Stated in thousands of Nuevos Soles)

	Capital shares	Additional capital	Own Shares in the Portfolio	Legal reserves	Voluntary reserves	Retained Earnings	Net Income	Adjustments to Equity								Total Net Equity	
								Exchange differences in Translation of Foreign Operations	Gain (Losses) of Investment in Equity Instruments at fair value	Cash flow hedging	Hedging of net investment of foreign business	Participation in another Comprehensive Income of Affiliates, Associates and joint Ventures	Revaluation Surplus	Other adjustments	Total adjustments to equity		
Balance as of January 1, 2020	3,355,584	0	0	27,087	0	29,766	0	0	0	-96,371	0	0	0	-7,078	-103,449	3,308,988	
1. Adjustments due to changes in the accounting policies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
2. Adjustments due to correction of errors	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
3. Initial balance after adjustments	3,355,584	0	0	27,087	0	29,766	0	0	0	-96,371	0	0	0	-7,078	-103,449	3,308,988	
4. Changes in the Equity:																	
5. Comprehensive Income:																	
6. Income							15,079									15,079	
7. Other Comprehensive Income:							0	0	-14,863	0	0	0	0	631	-14,232	-14,232	
8. Total Comprehensive Income:							15,079	0	0	-14,863	0	0	0	631	-14,232	847	
9. Changes in the net Equity (not included in comprehensive Income)																	
10. Transference of the Income to retained Earnings				0	0	0	0										0
11. Declared cash dividends							0										0
12. Issuance of Capital stock (different than business combination)	0	0	0	0	0	0										0	
13. Reduction of Capital (different than business combination)	0	0	0	0	0	0										0	
14. Increase (decrease) of Business Combination	0	0	0	0	0	0										0	
15. Increase (decrease) due to trades of treasury stock	0	0	0	0	0	0										0	
16. Increase (decrease) due to Transference and Other Changes	0	0	0	3,000	0	-2,910										90	
Total changes in equity	0	0	0	3,000	0	-2,910	15,079	0	0	-14,863	0	0	0	631	-14,232	937	
Balance as of september 30, 2020	3,355,584	0	0	30,087	0	26,856	15,079	0	0	-111,234	0	0	0	-6,447	-117,681	3,309,925	
Balance as of January 01 , 2021	3,382,587	0	0	30,087	0	3,526	0	0	0	-107,766	0	0	0	-6,204	-113,970	3,302,230	
1. Adjustments due to changes in the accounting policies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
2. Adjustments due to correction of errors	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
3. Initial balance after adjustments	3,382,587	0	0	30,087	0	3,526	0	0	0	-107,766	0	0	0	-6,204	-113,970	3,302,230	
4. Changes in the Equity:																	
5. Comprehensive Income:																	
6. Income							14,035									14,035	
7. Other Comprehensive Income							0	0	141,393	0	0	0	0	453	141,846	141,846	
8. Total Comprehensive Income							14,035	0	0	141,393	0	0	0	453	141,846	155,881	
9. Changes in the net Equity (not included in Comprehensive Income)																	
10. Transference of the Income to retained Earnings				0	0	0	0										0
11. Declared cash dividends							0										0
12. Issuance of Capital stock (different than business combination)	3,175	0	0	0	0	-3,175										0	
13. Reduction of Capital (different than business combination)	0	0	0	0	0	0										0	
14. Increase (decrease) of Business Combination	0	0	0	0	0	0										0	
15. Increase (decrease) due to trades of treasury stock	0	0	0	0	0	0										0	
16. Increase (decrease) due to Transference and Other Changes	0	0	0	353	0	-919										-566	
Total changes in equity	3,175	0	0	353	0	-4,094	14,035	0	0	141,393	0	0	0	453	141,846	155,315	
Balance as of september 30, 2021	3,385,762	0	0	30,440	0	-568	14,035	0	0	33,627	0	0	0	-5,751	27,876	3,457,545	

NOTES



Notes to the Financial Statements September 30, 2021

1. Identification and Economic Activity

A. Identification

Fondo MIVIVIENDA S.A. (henceforth "the Fund") is a state company subject to private law, which is governed by Law N° 28579 "Ley de Conversión del Fondo Hipotecario de la Vivienda - Fondo MIVIVIENDA a Fondo MIVIVIENDA S.A." and its by-laws. The Fund falls under the scope of the National Fund for the Financing of Business Activities of the State - FONAFE and is attached to the Ministry of Housing, Construction and Sanitation ("MVCS", for its Spanish acronym). The aforementioned Law N° 28579 provided for the conversion of the former Mortgage Fund for Housing Promotion - Fondo MIVIVIENDA into a corporation called Fondo MIVIVIENDA S.A., as from January 1, 2006

The legal domicile of the entity is located at Avenida Paseo de la República N° 3121, San Isidro, Lima, Peru.

B. Economic activity

The Fund's objective is 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 secondary mortgage market, as well as contributing to the development of the Peruvian capital market. All the Fund's activities are regulated by the Superintendence of Banking, Insurance and Pension Funds Administrators - Superintendencia de Banca, Seguros y AFP (henceforth "SBS", by its Spanish acronym), by SBS Resolution N°980-2006, Regulation for the Fondo MIVIVIENDA S.A."

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" by its Spanish acronym), as commissioned by the MVCS.
- iii. Resources of the Fund, Law N° 27677, as commissioned by the Ministry of Economy and Finance – MEF, by its Spanish acronym.

The characteristics of each program and resource are as follows:

i. MIVIVIENDA Program

Through the Trust Agreement with Corporación Financiera de Desarrollo S.A. (Financial Corporation of Development, "COFIDE", by its Spanish acronym), the Fund channels resources to financial institutions that are participants in the Peruvian financial system to grant mortgage loans, whose characteristics include the Good Payer Award (Premio al Buen Pagador, henceforth "PBP", by its Spanish acronym), the Good Payer Bonus (Bono al Buen Pagador, henceforth "BBP", by its Spanish acronym), the Credit Risk Coverage (Cobertura de Riesgo Crediticio, (CRC, by its Spanish acronym).

The MIVIVIENDA program includes the following products:

- Nuevo Crédito MIVIVIENDA
- Crédito MICONSTRUCCIÓN (*)
- Crédito MICASA MÁS (*)

Notes to the Financial Statements September 30, 2021

- Crédito MITERRENO
- Crédito MIHOGAR (*)
- Crédito MIVIVIENDA Estandarizado (*)
- Crédito MIVIVIENDA Tradicional (*)
- Crédito Financiamiento complementario Techo Propio (Complementary Financing to the Bono Familiar Habitacional - BFH)
- Servicio de Cobertura de Riesgo Crediticio-CRC y Premio al Buen Pagador-PBP (Financiamiento de las Instituciones Financieras Intermediarias) – Service of Credit Risk Coverage -CRC and Good Payer Award-PBP (Financing of Intermediary Financial Institutions, henceforth the “IFI”) (*)

() As of September 30, 2021, these products are no longer granted; the balances correspond only to outstanding balances receivable, see note 6. The credits MICONSTRUCCION and MICASA MAS were repealed by Board’s Agreement N° 01-20D-2017 dated August 24, 2017; likewise, a period of adjustment was granted until December 31, 2017 to cease its granting. The CRC - PBP service and Crédito MIVIVIENDA Estandarizado were discontinued in November 2009, Crédito MIHOGAR was discontinued in August 2009 and Crédito MIVIVIENDA Tradicional was discontinued in May 2006.*

ii. Techo Propio Program - Management of the Household Housing Bonus (BFH).

The subsidy under the Techo Propio program, transferred by the MVCS, is granted in three modalities:

- (i) the acquisition of a new home (AVN);
- (ii) construction on owned lot (CSP); and
- (iii) house renovations (MV).

In all modalities, mortgage loan financing under this program involves the participation of up to three components:

- (a) a subsidy channeled by the Fund with resources from the government, the aforementioned Household Housing Bonus (BFH);
- (b) household savings; and
- (c) when necessary, Complementary Financing to the Family Housing Bond (Techo Propio Program), which must be granted by an IFI.

According to the Third Transitory Provision of Law N° 28579, upon the end of 2005, the Fund was entrusted by the Executive Branch with the management of the BFH and the Techo Propio Program resources, through signing an agreement with the MVCS.

On April 28, 2006, the Fund, the MVCS and FONAFE signed the “Agreement on Management of the Household Housing Bonus and the Funds of the Techo Propio Program”, under which the Fund is responsible for managing both the BFH and the Techo Propio Program resources, including the promotion, registration, recording and verification of information, the qualification of applications, allocation and transfer of the BFH funds to the developer, seller-builder or the respective technical unit. This Agreement establishes that FONAFE shall allocate to the Fund the resources to meet the costs and expenses of managing the Program. By means of Ministerial Resolution N°236-2018-VIVIENDA issued on June 26, 2018, the Operating Regulations for Access to the Household Housing Bonus- BFH, were modified for the Construction on Owned Lot modality.

iii. Fund Law N° 27677

By virtue of Law N°27677 dated March 1, 2002, the Fund was entrusted with the administration, reimbursement and channeling of resources resulting from the liquidation of the Fondo Nacional de la Vivienda (National Housing Fund by its Spanish acronym



Notes to the Financial Statements September 30, 2021

FONAVI). Law N°29625, which came into force on December 8, 2010, orders the reimbursement of contributions to workers who contributed to FONAVI.

Article 4 of Law N°29625 contemplated the formation of an Ad Hoc Committee, responsible for conducting and supervising all procedures related to the reimbursement of contributions of the FONAVI. This conformation of the AD HOC Committee was approved on September 24, 2012, through Ministerial Resolution N°609-2012-EF/10. By virtue of these rules, the Fund would provide to the Ad Hoc Committee with all relevant documentation and reports so that it will be in charge of the administration and recovery of debts, funds and assets of FONAVI, as well as the liabilities. Since 2014, the Fund made transfers of such resources managed by S/ 454,668,000, according to a request received from the AD HOC Committee.

At present, the Fund's administration powers, with respect to the Fund Law N° 27677, have been rendered ineffective as a result of the enactment by insistence of Law N° 31173, Law that guarantees compliance with Law N° 29625, Law for the return of FONAVI money to the workers who contributed to it (....)", published on April 27, 2021, which among other aspects provides for the repeal of Supreme Decree N° 003-2020-EF, as well as the laws, legislative decrees and other provisions that oppose the aforementioned law.

iv. CRC and PBP Nuevos Soles Trusts and CRC and PBP US Dollars Trusts

Likewise, the Fund constituted the CRC and PBP Nuevos Soles Trusts and CRC and PBP US Dollars Trusts to cover the Fund's obligations to provide PBP and CRC payments, and, on the other hand, to assure the resources to attend the amount equivalent to a third (1/3) of the total registered by each IFI that contracts such service. It should be noted that these trusts are regulated by SBS Resolution N° 980-2006, which approves the Regulations for the Fund.

Under the service contracts with the CRC and 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 Regulation, is a guarantee the Fund provides to the intermediary financial institution ("IFI") for either up to one third of the unpaid balance of the covered loan or one-third of the loss, whichever the lower. Said amount shall be notified by the IFI to the Fund, on terms and conditions provided for in the Regulation.
- 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 tranche (amount of the Good Payer Award) for covered loan 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 tranche of the MIVIVIENDA loans.



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c. COVID19 Impact

Due to the COVID-19 pandemic, the Peruvian government has proposed a series of measures to mitigate the impact of this new coronavirus. The first action taken by the Peruvian Government is to declare a national health emergency for a period of 90 calendar days, according to Supreme Decree N° 008-2020-SA published on March 11, 2020. This announcement comes after the World Health Organization (WHO) declared COVID-19 as a global pandemic.

Likewise, by means of Superintendence Resolution N° 099 -2020/SUNAT on May 29, 2020, a new schedule of due dates for monthly returns for the periods of March, April, May, June, July and August is considered, other than for main taxpayers who have obtained third category net income of up to 5,000 UIT.

On the other hand, the SBS authorized the entities of the financial system to make modifications to the credit contracts so that debtors may comply with their payments, through Multiple Official Letter N° 5345-2010-SBS, dated February 5, 2010 and related regulations, where it established details in this respect.

The National State of Emergency has been gradually extended on different dates and currently the Government has extended it for a period of 30 calendar days starting on Wednesday, September 01, 2021; such extension was established by Supreme Decree N° 149-2021-PCM on August 22, 2021. The objective is to continue with prevention, control and health care actions for the protection of the population throughout the country due to the serious circumstances affecting people's lives as a result of COVID-19.

d. Approval of financial statements

The financial statements as of September 30, 2021 have been approved by Management and the Board of Directors on October 27, 2021.

The financial statements as of December 31, 2020 have been approved by Management and the Board of Directors on January 13, 2021 and approved by the General Shareholders' Meeting on March 31, 2021.

The financial statements as of December 31, 2019 were approved by the General Shareholders' Meeting held on June 30, 2020.

2. Trust Agreement - Corporación Financiera de Desarrollo (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 legal trust relationship whereby COFIDE receives the resources from the Fund and performs as the executing agency thereof, in order to channel the funding through the IFI for loans to final borrowers who wish to use them for the acquisition, expansion or improvement of homes and residences, in accordance with Article 12 of Supreme Decree N° 001-99-MTC "Regulation on the Fondo Hipotecario de Promoción de la Vivienda – Fondo MIVIVIENDA".

Among COFIDE's main obligations are:

- Compliance with Articles 241 to 274 of the General Law of the Financial and Insurance Systems and Organic Law of the SBS - Law N° 26702 and its amendments.

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- Verify compliance with requirements and conditions of the IFI according to Supreme Decree N° 001-99-MTC.
- Sign the agreement on resources intermediation with the IFI that have fulfilled the corresponding requirements and conditions.
- Monitor the use of resources, according to the provisions of the Fund's Regulation and the agreement on resources intermediation.
- Collect the loans granted to the IFI.
- Contract the necessary audits on the Fund.
- Periodically submit reports on the development of the Trust, as well as recommendations for exposure limits of the IFI (*).
- 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 18, 2012, the Addendum N° 1 to the Trust Agreement was signed, which annulled the obligation of COFIDE to issue recommendations on exposure limits of the IFI with the Fund, because the Fund is a corporation supervised by the SBS. Through Resolution SBS N°3586-2013, the Fund is not subject to the limits established by the article N° 204 of the Law of Banks N°26702, because it acts as a second-tier bank. However, the Fund has established internal limits to prevent the concentration of loans to IFI, taking into account factors of regulatory capital size, risk classification and risk-weighted regulatory capital ratio.*

Among the main obligations of the Fund are:

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

COFIDE is entitled to the following:

- Intermediate and monitor the Fund's resources, being able to enter into and sign all deeds and documents necessary, public and private, for that purpose.
- Require that the IFI 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.



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On December 30, 2016, the Addendum N° 2 to the Trust Agreement was signed, with the purpose of modifying the commissions for the services provided by COFIDE and the modification of the term of the Trust, as follows:

The two commissions for the services provided by COFIDE in force since January 2, 2017 are the following:

- A monthly trust commission payable by the Fund amounting to S/10,000 plus Value Added Tax (VAT). This commission will be collected on the last business day of each month chargeable to Fund resources.
- A collection commission equivalent to 0.23 percent annual effective to rebut on debt balance, for the accounts receivable (Trust Agreement - COFIDE) beginning January 2, 2017 and chargeable to the IFI. This commission will be collected on the collection dates of loan installments granted by the IFI.

The term of the Trust will be 3 years counted since January 2, 2017, and will be automatically renewed if, within 30 days prior to its expiration, none of the parties expresses its will to resolve it.

3. Significant Accounting Principles and Practices

A. Basis of presentation, use of estimates and accounting changes

i. Basis of preparation and use of estimates

The accompanying financial statements have been prepared from the Fund's accounting records, which are maintained in nominal monetary terms at each transaction's date, in accordance with SBS regulations established for the Fund, in force in Peru as of September 30, 2021 and December 31, 2020 and in a supplemental manner, in the absence of specific SBS regulations, with the International Financial Reporting Standards (henceforth "IFRS") approved in Peru through resolutions issued by the Peruvian Accounting Council (Consejo Normativo de Contabilidad, henceforth "CNC" for its Spanish acronym) in force in Peru as of September 30, 2021 and December 31, 2020.

The preparation of the accompanying financial statements requires the Management perform estimates that affect the reported amounts of assets and liabilities, income and expenses and the disclosure of material events in the Notes to the financial statements. Estimates are continually evaluated and are based on historical experience and other factors. Actual results could differ from those estimates. The most significant estimates in relation to the accompanying financial statements correspond to the provision for doubtful accounts, valuation of investments, valuation of derivative financial instruments, estimation of useful life and recoverable value of property, furniture and equipment and intangible assets, and assets and liabilities for deferred income tax, whose accounting criteria are described in this Note.

ii. Changes in accounting policies

Applicable from 2021 and 2020 onwards

The Fund's accounting policies as of September 30, 2021 have not changed in relation to those indicated in the report audited by Caipo y Asociados S. Civil de Resp. Ltda. affiliated to KPMG International Cooperative for the years ended December 31, 2020 and 2019.



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On March 16, 2020, the SBS issued Multiple Official Letter N° 11150-2020-SBS (hereinafter "OM, by its Spanish acronym"), which dictates prudential measures related to the state of national emergency (D.S. N° 044-2020-PCM), wherein it allows the companies of the financial system to modify the contractual conditions of the various types of retail and non-retail loans, without this modification constituting a refinancing, insofar as the total term of such loans does not extend for more than six (6) months. This office has had subsequent clarifications.

The main modification contained in this OM is the exposure of rescheduled credits, the treatment of interest, and the calculation of provisions.

B. Currency

The Fund considers the Sol as its functional and presentation currency, since it reflects the nature of the economic events and circumstances relevant to the Fund, given that its main operations and/or transactions such as: loans granted, financing obtained, interest income and expenses, as well as the main purchases, are established and settled in soles.

Transactions and balance in foreign currency

Assets and liabilities in foreign currency are recorded at the exchange rate at the date that the transactions are performed. Monetary assets and liabilities denominated in foreign currency are translated into soles at the closing exchange rate of the corresponding month by using the exchange rate set by the SBS; see **Note 26.B.iii**. Gains or losses resulting from the translation of monetary assets and liabilities from foreign currency at the exchange rates prevailing at the date of the statements of financial position are recorded in the income statements of the period as "(Loss) gain on exchange difference and exchange operations, net" of the caption "Income from financial transactions", see **Note 21**.

C. Financial Instruments

Financial instruments are classified as assets, liabilities or Equity according to the substance of the contractual agreement that originated them. Interests, dividends, gains and losses generated by a financial instrument classified as assets or liabilities are recorded as income or expense. Financial instruments are offset when the Fund has a legal enforceable 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. Likewise, see **Note 3.I** for accounting policy related to the CRC and PBP trusts.

Financial assets and liabilities presented on the statement of financial position correspond to: "Available", "Available-for-sale and held to maturity investments", "Accounts receivable, net", "Loan portfolio, net", "Accounts receivable for derivative financial instruments", "Other accounts receivable, net" and other receivables and liabilities in general, except for the identified in the caption "Provisions and other liabilities", see **Note 15**. Likewise, all derivative financial products are considered financial instruments.

Accounting policies on recognition and valuation of these items are disclosed then in this note.

D. Recognition of revenues and expenses

i. Interest income and expenses

Interest income and expenses are recorded in the income statement of the period in which they are accrued, based on the effective term of its operations recorded in the statements of financial position and the interest rates established. Likewise, for the interest income

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corresponding to Accounts receivable (Trust Agreement - COFIDE) and loan portfolio, the accounting treatment is as follows:

- ***Interest income corresponding to Loan portfolio***

Loan portfolio interest income is recognized in the income statement of the period in which they are accrued, based on the effective term of the underlying transactions and the interest rates freely agreed upon with the borrowers; except for the interest accrued on past due loans, refinanced, restructured and under legal collection; as well as loans classified as doubtful or loss categories, which interests are recognized as collected. When Management determines that the debtor's financial condition has improved and the loan is reclassified as current and/or in normal, potential problems or substandard the category, such interests are recognized again on an accrual basis.

- ***Interest income corresponding to Accounts receivable (Trust Agreement - COFIDE)***

Because the Fund grants credit lines to the IFI to channel its resources, which disbursements of loans are made through the COFIDE Trust, and not when they are placed to sub borrower, in accordance with the SBS Accounting Manual for Financial Companies, The yields are recorded on an accrual basis and suspended interest is only recognized when an IFI does not honor its debt, and therefore the accounting treatment stipulated by the SBS for the Fund is applied.

ii. Bonuses and Awards for Good Payers

In accordance with the accounting treatment accepted by SBS for the Fund, the Good Payer Bonus and the Good Payer Award, including their interests, are recognized as follows:

- The Good Payer Bonus (Bono al Buen Pagador, or "BBP" by its Spanish acronym) was created in compliance with Law N°29033, issued on June 7, 2007, as a non-repayable direct assistance payable to eligible final borrowers in a maximum of S/12,500 in force since April 22, 2010 (S/10,000 before April 22, 2010) which is granted to borrowers who have complied with promptly cancellation of six consecutive monthly installments of the non-concessional tranche of Crédito MIVIVIENDA. For these purposes, the Fund divides the total amount of Crédito MIVIVIENDA disbursement plus its related interest into 2 schedules:
 - A half-annual amortization schedule called "concessional tranche" corresponding to the amount of the BBP (capital and interest); and
 - A monthly amortization schedule called "non-concessional tranche" corresponding to total amount of Crédito MIVIVIENDA disbursement less the amount of the concessional tranche (capital and interest).

In these cases, the BBP is received from the MVCS (to the extent the MVCS has funds available) at the request of the Fund, and it is recorded for financial reporting and control, in the statement of financial position as a liability in "Good Payer Bonus (capital) received from MVCS" of the caption "Other accounts payable".

When a MIVIVIENDA loan is disbursed through the COFIDE Trust, the Fund records the full amount disbursed in the account "Accounts receivable, net (Trust Agreement - COFIDE)" and generates the two schedules mentioned above.

The interests of both tranches are recognized on an accrual basis, based on the preferential rates agreed with IFI with which agreements have been signed, recognizing the resulting interest as financial income.

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Subsequently, the Fund sends to the MVCS the list of BBP beneficiaries, reclassifying such bonus due to eligible borrowers from the liability account "Good Payer Bonus (capital) received from MVCS" to the account "Good Payer Bonus – assigned".

- In the cases where the Good Payer Bonus is directly assumed by the Fund (when the requirements of Law N°29033 and its amendments are not met; for instance, where the value of the house to purchase is greater than 25 tax units or when the BBP is granted with the Fund's own resources, among others), it is called "Good Payer Award" (PBP).
- In both cases, the bonus or award are granted for the timely compliance with six installments of the payment schedule of the concessional tranche; said amount varies depending on the type of loan granted.
- By means of Urgent Decree N° 002-2014 published on July 28, 2014, as per indicated in the article 14.2, it has been established for the granting of Good Payer Bonus the value of the houses should be between 14 and 50 tax units. The BBP shall be used as a non-reimbursable financial support up to a maximum amount of S/12,500. For cash purposes, Banco de la Nación was authorized to lend to the Fund an amount of S/500,000,000 through the participation of MVCS for payment purposes, as established in the loan agreement. In these cases, the Fund previously received all BBP resources for its assignment during 2014.

For these purposes, the Fondo MIVIVIENDA had two modalities of BBP application in accordance with said Urgent Decree:

- Applied to finance the Good Payer Bonus (PBP) for an amount of S/10,000 for housing values over 14 tax units and not exceeding 25 tax units for créditos MIVIVIENDA granted from January 1, 2014 to July 28, 2014. From July 29, 2014, to finance for an amount of S /12,500 for housing values greater than 14 tax units and lower than 50 tax units.
- Applied as a complement to the down payment, the BBP will serve as a complement to the final beneficiaries' contribution to reach the required minimum down payment and is applied at the time of loan disbursement, therefore, it is not part of the loan.
- Under the guidelines of Supreme Decree N° 003-2015-VIVIENDA published on January 22, 2015, the tranching application of the BBP was established for housing values of 14 up to 50 tax units, as follows:

<i>In soles</i>	BBP Value
Housing value	
Up to 17 tax units	17,000
Over 17 tax units to 20 tax units	16,000
Over 20 tax units to 35 tax units	14,000
Over 35 tax units to 50 tax units	12,500

For these purposes, the Fund has two modalities of BBP:

- BBP applied as a complement to the initial of the mortgage loan, the BBP will be used as a complement to reach the initial minimal amount required to the

Notes to the Financial Statements September 30, 2021

sub borrower for mortgage loan purposes, and it is applied at the time of the loan disbursement to the IFI; therefore, it is not part of it (loan).

- BBP granted to finance the PBP for the timely payment of six consecutive monthly installments corresponding to the non-concessional tranche of the loan. This BBP applies to those PBP that were granted to housing value between thirty five (35) tax units and fifty (50) tax units, corresponding to the previous PBP modality, which was set at S/12,500.
- By means of Supreme Decree N°001-2017 of January 13, 2017, the Regulation of Law N° 29033, Creation of the Good Payer Bonus Law was modified, approved by Supreme Decree N° 003-2015, in which was established the following tranch application of the BBP:

<i>In soles</i>	BBP Value
Housing value	
Over 20 tax units to 30 tax units	14,000
Over 30 tax units to 38 tax units	12,500

For these purposes, the Fund had the modality of considering the BBP as a complement to the initial instalment of the mortgage loan, the BBP will be used as a complement to reach the initial minimal amount required to the sub borrower for mortgage loan purposes, and it is applied at the time of the loan disbursement to the IFI, therefore it is not part of the loan.

The BBP guidelines established in Supreme Decree N° 003-2015-VIVIENDA were applicable until the entry into force of the Supreme Decree N° 001-2017.

- By means of Supreme Decree N°017-2017 of June 24, 2017, the Regulation of Law N°29033 approved by Supreme Decree N°003-2015, and modified by Supreme Decree N°001-2017 was modified, which established the following housing values and BBP values:

<i>In Tax Units</i>	BBP Value	BBP Total
Housing Value (CPI)		
From S/ 56,700 to S/ 81,000	4.19753	17,000
Over S/ 81,000 to S/ 121,500	3.45679	14,000
Over S/ 121,500 to S/ 202,500	3.08642	12,500
Over S/ 202,500 to S/ 300,000	0.74074	3,000

- By means of Supreme Decree N° 002-2018 of January 24, 2018, which amended the Regulation of Law N° 29033 approved by Supreme Decree N° 017-2017, the values of housing and BBP were established as follows:

<i>In Tax Units</i>	BBP Value	BBP Total
Housing Value (CPI)		
From S/57,500 to S/82,200	4.19753	17,500
Over S/82,200 to S/ 123,200	3.45679	14,400
Over S/123,200 to S/205,300	3.08642	12,900
Over S/205,300 to S/304,100	0.74074	3,100

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- By means of Supreme Decree N° 004-2019 of January 23, 2019, which amended the Regulation of Law N° 29033 approved by Supreme Decree N° 002-2018, the values of housing and BBP were established as follows:

<i>In Tax Units</i>	BBP Value	BBP Total
Housing Value (CPI)		
From S/58,800 to S/84,100	4.19753	17,700
Over S/84,100 to S/125,900	3.45679	14,600
Over S/125,900 to S/209,800	3.08642	13,000
Over S/209,800 to S/310,800	0.74074	3,200

- By means of Supreme Decree N° 003-2020 of January 24, 2020, which amended the Regulation of Law N° 29033 approved by Supreme Decree N° 004-2019, the values of housing and BBP were established as follows:

<i>In Tax Units</i>	BBP Value	Traditional BBP Total	Sustainable BBP total
Housing Value (CPI)			
From S/60,000 to S/85,700	4.19753	18,100	5,000
Over S/85,700 to S/128,300	3.45679	14,900	5,000
Over S/128,300 to S/213,800	3.08642	13,300	5,000
Over S/213,800 to S/316,800	0.74074	3,200	5,000

- By means of Supreme Decree N° 007-2020 of May 16, 2020, which amended the Regulation of Law N° 29033 approved by Supreme Decree N° 003-2020, the values of housing and BBP were established as follows:

<i>In Tax Units</i>	BBP Value	Traditional BBP Total	Sustainable BBP total
Housing Value (CPI)			
From S/60,000 to S/85,700	5.58139	24,000	5,000
Over S/85,700 to S/128,300	4.65116	20,000	5,000
Over S/128,300 to S/213,800	4.25581	18,300	5,000
Over S/213,800 to S/316,800	1.58139	6,800	5,000

- As of the date of this report, the BBP is in force under Supreme Decree N° 003-2021 guidelines of January 24, 2021 which amended the Regulation of Law N° 29033 approved by Supreme Decree N° 007-2020, the values of housing and BBP were established as follows:

<i>In Tax Units</i>	BBP Value	Traditional BBP Total	Sustainable BBP total
Housing Value (CPI)			
From S/61,200 to S/87,400	5.58139	24,600	5,100
Over S/87,400 to S/130,900	4.65116	20,500	5,100
Over S/130,900 to S/218,100	4.25581	18,800	5,100
Over S/218,100 to S/323,100	1.58139	7,000	5,100

These BBP values will be updated by the tax unit variation, with rounding to the nearest hundred. In relation to the housing ranges value of the product, they will be expressed in Soles and will be updated as a result of the multiplication of the previous year's housing value by the annual change in the Consumer Price Index-

Notes to the Financial Statements September 30, 2021

CPI of Lima Metropolitana, of 5% to the NCMV, entered into COFIDE, with rounding to the nearest hundred.

- When the BBP is granted, at the time sub borrower has complied timely with the payment of six consecutive monthly installments, the Fund credits the accounts receivable (capital) of the concessional tranche and charges the liability "Good Payer Bonus (capital) assigned to COFIDE", see Note 13(e). Interest of the concessional tranche installment are recognized as an expense of the Fund and is presented net of the "Income from accounts receivable (Trust Agreement – COFIDE)" included in the caption "Interest Income" of income statements.
- The Good Payer Award (henceforth "PBP") are resources assumed directly by the Fund to grant a Bonus.

Until June 2017, the housing values in force for the PBP were as follows:

<i>In soles</i>	BBP Value
Housing value	
Over 50 Tax units to 70 tax units	5,000

For these purposes, the Fund has two modalities of PBP:

- PBP as a complement to the down payment, which will serve as a complement to the clients' contribution to reach the minimum down payment required and is applied at the time of loan disbursement, therefore, it is not part of the loan.
- PBP granted for the timely payment of six consecutive monthly installments corresponding to the non-concessional tranche of the loan. It is recognized in the accounts on a semiannual basis.

By means of Board Agreement N° 04-16D-2017 dated July 3, 2017, the modification of the housing values and the value of the PBP was approved as a complement to the initial quota according to the following detail:

<i>In Tax Units</i>	PBP Value	PBP Total
Housing value		
Over S/202,500 to S/300,000	0.74074	3,000

Currently, the PBP value as a complement to the initial installment, is in force under the Board Agreement N°04-03D-2018 from February 8, 2018, according to the following:

Year 2018		
<i>In Tax Units</i>	PBP Value	PBP Total
Housing value		
Over a S/205,300 to S/304,100	0.74074	3,100
Year 2019		
<i>In Tax Units</i>	PBP Value	PBP Total
Housing value		
Over S/209,800 to S/310,800	0.74074	3,200

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Year 2020

<i>In Tax Units</i>	PBP Value	PBP Total
Housing value		
Over S/ 213,800 to S/ 316,800	0.74074	3,200

Year 2021

<i>In Tax Units</i>	PBP Value	PBP Total
Housing value		
Over S/ 218,100 to S/ 323,100	0.74074	3,300

The PBP as a complement to the initial installment will continue being covered by the Fund, which will be added to the BBP in the same range of housing values that is in force; likewise, it will be updated by the tax unit variation, with rounding to the nearest hundred; the application amount as of September 30, 2021 is S/ 3,300. In relation to the housing ranges values of the product, they will be expressed in Soles and will be updated as a result of the multiplication of the previous year's housing value by the annual change in the Consumer Price Index- CPI of Lima Metropolitana, with rounding to the nearest hundred.

- When the Good Payer Award is granted to sub borrower, who complied with conditions settled, with Fund own resources, the Fund records such amounts as expenses; therefore the accounts receivable (capital) of the concessional tranche quotas are decreased with a charge to the "Interest expenses account in the income statement, while the interest, as in previous case, is recorded as an expense and is presented net of the "Income from accounts receivable (Trust Agreement – COFIDE)" of the caption "Interest Income" of income statements.
- Through Board Agreement N°02-12D-2015 dated June 16, 2015, the attribute Sustainable Bonus MIVIVIENDA (BMS), applicable to the Créditos MIVIVIENDA, was approved. The BMS is an additional attribute of the Créditos MIVIVIENDA, which consists of direct non-reimbursable financial assistance granted to people who access sustainable housing with the MIVIVIENDA credit through the IFI. This attribute increases the amount of the initial installment and as an additional benefit to those provided by the MIVIVIENDA products such as the BFH, BBP and PBP as a complement to the initial installment, according to the following detail:

	Grade 1	Grade 2
Amount of funding		
Up to S/ 140,000	4%	4%
Over S/ 140,000 to the maximum amount of financing for MIVIVIENDA products	3%	4%

The Bonus is calculated by discounting the housing value, the initial installment and the corresponding BBP, if applicable. The amount to be financed is divided by 1.04 and/or 1.03 and multiplied by 0.04 and/or 0.03 depending on the grade of the bond, and the BMS is obtained.

It may be granted in addition to the Household Housing Bonus, Good Payer Bonus and / or Good Payer Award as a supplement to the initial installment, provided that it complies with the conditions established in its Regulations



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It is granted to people who access Crédito MIVIVIENDA to purchase sustainable housing, with the objective of encouraging and promoting the acquisition of houses that help reduce the environmental impact on their surroundings.

Related projects must have the certificate for Eligibility of Sustainable Housing Projects. BMS is granted in accordance to range determined by this certificate.

By means of Board Agreement N° 002-16D-2019 it is approved to maintain the Sustainable Housing Bond (BMS) in force and the preferential rate of 5% for "Nuevo Credito MIVIVIENDA Verde" credits until December 31, 2019.

By means of Board Agreement N° 03-03D-2020 the extension and conditions for the granting of the BMS are approved, the BMS (3% or 4% of the financing value) for the MIVIVIENDA credits entered (complying with the presentation of the complete credit file) to COFIDE until March 31, 2020 and a preferential rate of 5% to the NCMV, entered to COFIDE until March 31, 2020.

By means of Board of Directors Agreement N° 02-09D-2020, a new term of validity was approved for Board of Directors Agreement N° 03-03D-2020 until June 9, 2020 (complying with the presentation of the complete credit file to COFIDE).

E. Accounts receivable (Trust Agreement - COFIDE) and allowance for doubtful accounts

Accounts receivable are recorded when conducting the disbursement of funds through COFIDE to IFI that channel the Fund's resources for the placement of the MIVIVIENDA product portfolio.

The calculation of the provision for doubtful accounts was made according to the criteria established by the SBS in the Regulation on Evaluation and Classification of Debtor and Allowance Requirements, SBS Resolution N°11356-2008, in accordance with the following methodology:

First Component: Allowance for IFI Risk

- The capital balance of each disbursement is separated into two types: balance of capital with mortgage collateral and balance of capital without mortgage collateral.
- The calculation of allowance is performed considering the annual rating credit risk assigned by IFI based on the criteria established by SBS Resolution N°11356-2008
- The allowance relating to the balance of capital with mortgage collateral is calculated as the result of the balance of capital with mortgage collateral by the SBS Table 2 rate according to the classification of the IFI.
- The allowance relating to the balance of capital without mortgage collateral is calculated as the result of the balance of capital without mortgage collateral by the SBS Table 1 rate, according to the classification of the IFI.

Second Component: Allowance for Credit Risk Coverage (CRC)

The capital balance of each disbursement is multiplied by the sum of the coverage factors (CRC and CRCA), resulting in the balance with credit risk coverage:

- If the Unhedged Balance of Credit Risk is less than the Guarantee Amount, the corresponding provision is calculated as follows: (Total Balance (TS) - Guarantee Amount (MG, by its Spanish acronym)) by the SBS rate in Table 1 according to the sub-borrower classification plus (Guarantee Amount - Unhedged Balance of Credit

Notes to the Financial Statements September 30, 2021

Risk (SSCRC)) by the SBS rate in Table 2 according to the sub-borrower classification. The representation of the calculation is as follows:

$$\text{Provision} = (\text{ST} - \text{MG}) * (\text{SBS Rate Table 1}) + (\text{MG} - \text{SSCRC}) * (\text{SBS Rate Table 2})$$

- If the unhedged Balance is greater than or equal to the Guarantee Amount, the corresponding provision is calculated from the product of the unhedged Balance at the rate of table 1 SBS, according to the Sub-Borrower Classification. The representation of the calculation is as follows:

$$\text{Provision} = \text{SSCRC} * (\text{SBS Table 1 Rate})$$

The Fund applies the following percentages to determine its provisions:

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

To determine the risk classification per IFI, the Fund has established a methodology for the regulatory classification of the IFI equivalent to the risk category established by the SBS.

Additionally, given the intervention of the SBS in Financiera TFC, as of September 30, 2021, the mortgage MIVIVIENDA loan portfolio disbursed by said institution has been provisioned for sub-borrower risk by applying the SBS tables within the COFIDE Trust.

As a result of the pandemic, as of September 30, 2021, rescheduling of receivables from the COFIDE Trust has been recorded, which are provisioned in accordance with the methodology in force with the balances reported at that cut-off.

As a result of the inspection visit of the SBS for the period 2020, as of September 30, 2021, additional provisions have been constituted with respect to June 30, 2021 for S/. 4.9 MM, associated with the application of the permanence criterion in loans classified as "Loss" for more than 24 months, corresponding to the application of 35% of the observation.

F. Loan portfolio and provision for doubtful collection

On July 31, 2017, as a consequence of the liquidation process of Caja Rural de Ahorro y Créditos Señor de Luren S.A. in Liquidation, the Fund removed from the accounts receivable (Trust Agreement - COFIDE) the debt balance of this entity and reclassified it in the "Loan Portfolio" caption of the statement of financial position amounting to S/87,587,000; also, reclassified from the provisions for accounts receivable to provisions for loan losses an amount of approximately S/23,987,000, see **Notes 7(h)** and **6(e)**.

The Fund determines the provision for doubtful collect of the loan portfolio in accordance with the provisions of Resolution SBS N°11356-2008 "Regulation for the evaluation and classification of the debtor and the requirement of provisions". In accordance with said Resolution, a classification of the borrowers is made in the following categories: (i) normal, (ii) with potential problems, (iii) substandard, (iv) doubtful or (v) loss, based on the non-payment risk grade of each debtor.

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The provision is computed considering the risk classification assigned and using specific percentages, which vary depending upon whether the loans are backed by preferred self-liquidating guarantees – LWHLPG (cash deposits and rights over credit letters) or by preferred guarantees that may be readily liquidated – LWRPG (treasury bonds issued by the Peruvian National Government, marketable securities listed within the Selective Index of the Lima Stock Exchange, among others) or by other preferred guarantees – LWPG (primary pledge on financial instruments and property, primary pledge on agricultural or mining concessions, insurance on export credits, among others). The guarantees received are considered at their net realizable value as determined by independent appraisers. Likewise, computing the provision must consider the credit classification of the guarantor or guaranteeing party for credits subject to counterparty substitution by a financial or insurance entity (CAC), as of September 30, 2021, the following percentages are used:

	LWG (i)	LWPG (ii)	LWRPG (iii)	LWHLPG (iv)
Risk Category				
Normal	0.70%	0.70%	0.70%	0.70%
With potential problems (CPP)	5.00%	2.50%	1.25%	1.00%
Substandard	25.00%	12.50%	6.25%	1.00%
Doubtful	60.00%	30.00%	15.00%	1.00%
Loss	100.00%	60.00%	30.00%	1.00%

Where:

- (i) Loans Without Guarantees.
- (ii) Loans With Preferred Guarantees.
- (iii) Loans With Readily Preferred Guarantees.
- (iv) Loans With Highly Liquid Preferred Guarantees.

In addition to the provision for credit rating of the debtors, the SBS requires pro-cyclical provisions, which are calculated for the credits classified in the normal category and according to the percentages established by the SBS. As of September 30, 2021 and as of December 31, 2020, the pro-cyclical component of the provision is deactivated.

The loan portfolio as of September 30, 2021 and December 31, 2020 corresponds mainly to loans from Ex CRAC Señor de Luren in liquidation, as a result of the execution of clause 13 of the agreement signed with said IFI.

As a result of the pandemic, as of September 30, 2021, there has been a rescheduling of loans in the housing mortgage portfolio, which are provisioned in accordance with the methodology in force with the balances reported at that cut-off date.

G. Derivative financial instruments

SBS Resolution N° 1737-2006 "Regulation for Trading and Accounting of Derivatives for Financial Entities" and its amendments establishes the criteria for the accounting of transactions with derivatives classified as trading and hedging, as well as embedded derivatives, as explained below:

Trading derivatives

Derivative financial instruments are initially recognized in the statement of financial position of the Fund at cost and are subsequently carried at fair value, recognizing an asset or liability in the statement of financial position, see **Note 7**, and the correspondent gain or loss in the income statements. Also, transactions with derivative financial

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instruments are recorded in off-balance sheet accounts at the notional amount of the committed currency.

The fair values are determined based on market exchange rates and interest rates.

Hedging

A derivative financial instrument that seeks to achieve economic coverage of a certain risk is designated as accounting hedge if, on the date of its negotiation, it is expected that changes on its fair value or cash flows will be highly effective in offsetting changes in the fair value or cash flows of the item hedged from the inception, this expectation must be documented when the derivative instrument is first traded and throughout the period during which the hedge is in effect. A hedge is considered as highly effective if it is expected that changes in the fair value or cash flows of the hedged item and the hedging instrument ranges between 80 and 125 percent.

As of September 30, 2021 and December 31, 2020, the Fund held cash flow and fair value hedge instruments, see **Note 7**. For the cash flow hedges, the effective portion of changes in the fair value of hedging derivatives is recognized directly in equity, in the caption "Unrealized results" as a cash flow hedges reserve, net of the related taxes, and any gain or loss related to the ineffective portion is recognized immediately in the income statements. Amounts recorded in Equity are transferred to the income statements in the periods when the hedged item is recorded in the income statements or when an expected transaction occurs.

For the fair value hedging, gains and losses resulting from the variation of the fair value of the derivative financial instrument are recorded in the income statements of the period, and the gain or loss of the item hedged, of financial assets or liabilities, corresponding to the changes of its fair value are recognized in the income statements for the fiscal year.

In the event that the SBS considers that the documentation is insufficient or finds weaknesses on the methodology applied, it may require the elimination of the hedging accounting and record the derivative financial instrument as a trading instrument; in consequence, from that moment on any change in the fair value must be recorded in the income statements.

On the other hand, if the hedge instrument expires, is sold, settled or exercised, or at the moment that the hedge instrument does not comply with the required accounting criteria for hedges, the hedge is terminated in a prospectively manner and the balances recorded in the equity are transferred to the income statements during the hedged item's term.

Embedded derivatives

As of September 30, 2021 and December 31, 2020, the Fund does not hold any financial instruments with embedded derivatives that must be separated.

H. Available-for-Sale and Held-to-Maturity Investments

Investments are evaluated following SBS Resolution N° 7033-2012 "Regulation of Classification and Valuation of Investments of Financial System Companies" and its amendments, and SBS Resolution N°2610-2018.

The criteria for the classification and valuation of investments are as follows:

**Notes to the Financial Statements
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i. Classification

Investments at fair value through profit and loss

This category has two sub-categories:

- Trading instruments are acquired with the purpose of selling or repurchasing them in the short term.
- Investment instruments at fair value through profit and loss, since their inception, are part of an identified portfolio of financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit taking.

Available-for-sale investments

Investments designated into this category are held for an indefinite period and may be sold for purposes of liquidity, changes in interest rates, exchange rates or cost of capital; or do not qualify to be registered at fair value through profit and loss or held-to-maturity.

Held-to-Maturity Investments

The financial instruments that are classified in this category must comply with the following requirements:

- Be acquired or reclassified for the purpose of holding them until their maturity date; except for the cases when their sale, assignment or reclassification are allowed by the SBS.
- They must have risk classifications as required by the SBS.

Likewise, in order to classify their investments in this category, financial entities must assess they have the financial capability to hold them until their maturity. This capability must be evaluated at the closing date of each annual period.

ii. Date of registration of transactions

Transactions must be recorded using the trading date; that is, the date at which the reciprocal obligations that must be performed within the term established by regulations and the usual practice on the market at which the operation takes place.

iii. Initial recognition and measurement of investments maintained by the Fund

- Available-for-sale Investments: The initial accounting record is performed at fair value, including the transaction costs that are directly attributable to their acquisition. Their valuation corresponds to fair value and the gain or loss originated from the change between their initial recognition and fair value is recorded directly in equity, unless an impairment loss is recorded. When the financial instrument is sold, the gain or loss, previously recorded as a part of the Equity, is transferred to the income statements of the period.

In the case of debt securities, previously to the valuation at fair value, the amortized cost is updated in the accounts applying the effective interest rate method, and the difference between the amortized cost and the fair value is recognized as gains and losses.

- Held-to-maturity investments: Their initial accounting is at fair value, including the transaction costs that are directly attributable to their acquisition. Their valuation corresponds to the amortized cost by applying the effective interest rate method.

Notes to the Financial Statements September 30, 2021

Interests are recognized by applying the effective interest rate method, which includes both the receivable interest and the amortization of the premium or discount existing in the acquisition.

The difference between the revenues received from the disposal of these investments and their book value is recognized in the income statements.

iv. Impairment assessment

SBS Resolution N° 7033-2012 and its respective amendments, as well as SBS Resolution N° 2610-2018, establish a standard methodology for the identification of impairment of financial instruments classified as available-for-sale and held-to-maturity investment. Said methodology contemplates the following analysis:

Debt instruments

At the end of each quarter, for the entire debt representative portfolio, the following occurrences should be evaluated:

- Weakening in the financial situation or financial ratios of the issuer and its economic group.
- Discount in any of the credit ratings of the instrument or the issuer, in at least 2 “notches”, from the moment the instrument was acquired; where a “notch” corresponds to the minimum difference between two risk ratings within the same rating scale.
- Interruption of transactions or of an active market for the financial asset, due to financial difficulties of the issuer.
- The observable data indicate that, since the initial recognition of a group of financial assets with characteristics similar to the instrument evaluated, there is a measurable decrease in its estimated future cash flows, although it cannot yet be identified with individual financial assets of the group.
- Decrease in value due to regulatory changes (tax, regulatory or other governmental).
- Significant decrease in fair value below amortized cost. It is considered a significant decrease if the fair value at the closing date has decreased at least 40 percent below its amortized cost as of that date.
- Prolonged decrease in fair value. It is considered as a prolonged decrease if the fair value at the closing date has decreased by at least 20 percent compared to the amortized cost of previous 12 months and the fair value at the closing date of each month during the previous 12-month period. Has always remained below the amortized cost corresponding to the closing date of each month.

The fair value to be used for the purpose of evaluating criteria 6 and 7 is that considered for the purpose of the valuation of debt instruments available for sale, in accordance with the criteria established by the aforementioned Resolution, regardless of the accounting classification that has the debt instrument. However, if the decrease in fair value in the debt instrument is the result of an increase in the risk-free interest rate, this decrease should not be considered as an indication of impairment.

Notes to the Financial Statements September 30, 2021

If at least 2 of the situations described above are met, it will be considered that there is impairment. In the event that at least two (2) of the situations described above have not been given, it is sufficient that one of the following specific situations be presented to consider that impairment exists:

- Breaching of contractual clauses, such as an interruption in the payment of interest or capital.
- Renegotiation of the instrument's contractual conditions due to legal factors or financial problems linked to the issuer
- Evidence that the issuer is in the process of forced restructuring or bankruptcy
- When the risk rating of an instrument that was classified as investment grade is reduced, towards a classification that is below the investment grade.

Equity instruments

At the end of each quarter, for all instruments representing capital, the following events must be evaluated:

- When the risk rating of a debt instrument of the issuer that was classified as an investment grade is reduced, towards a classification that is below the investment grade.
- There have been significant changes in the technological, market, economic or legal environment in which the issuer operates, which may have adverse effects on the recovery of the investment
- Weakening in the financial situation or financial index of the issuer and its economic group.
- Interruption of transactions or of an active market for the financial asset, due to financial difficulties of the issuer.
- The observable data indicates that, since its initial recognition of a group of financial assets similar to the instrument evaluated, there is a measurable decrease in its estimated future cash flows, although it cannot yet be identified with individual financial assets of the group.
- Decrease in value due to regulatory changes (tax, regulatory or other governmental).

If at least 2 of the situations described above are met, it will be considered that there is impairment. If at least 2 of the situations described above have not occurred, it is sufficient that one of the following specific situations be present to consider that impairment exists:

- Significant decrease in fair value below its acquisition cost. It is considered a significant decrease if the fair value at the closing date has decreased at least 40 percent below its cost. As cost value or acquisition cost, the initial cost will always be taken as a reference, regardless of whether an impairment in value has been previously recognized for the capital instrument analyzed.

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- Prolonged decrease in fair value. It is considered as a prolonged decrease if the fair value at the closing date has decreased by at least 20 percent compared to the fair value of previous 12 months and, the fair value at the closing date of each month during the previous period of 12 months, has always remained below the acquisition cost.
- Breaching of the statutory provisions by the issuer, related to the payment of dividends.
- Evidence that the issuer is in the process of forced restructuring or bankruptcy.

The fair value to be used for the purpose of evaluating the situations indicated in paragraphs a) and b), is the fair value considered for the purposes of the valuation of the available-for-sale equity instruments, in accordance with the guidelines established in the aforementioned Resolution. The numerals a) and b) are not applicable to capital instruments classified in the category available for sale and valued at cost due to the absence of a reliable fair value.

On the other hand, when the SBS considers necessary to establish any additional provision for any type of investment, such provision must be determined on the basis of each individual instrument, and should be recorded in the income statements of the period in which the SBS requires such provision.

v. Recognition of exchange differences

For available-for-sale instruments, exchange gains or losses related to the amortized cost of debt instruments affect income for the year and those related to the difference between amortized cost and fair value are recorded as part of the unrealized gain or loss in equity. In the case of equity instruments, these are considered non-monetary items and, consequently, are maintained at their historical cost in local currency; therefore, exchange differences are part of their valuation and are recognized in unrealized gains or losses in equity.

vi. Changes in the classification category

In the case of changes in the classification category from available-for-sale investment to held-to-maturity investment, the fair value of the financial asset on the date of transaction becomes its new amortized cost. Any previous gain or loss of the asset that has been recognized in other comprehensive income shall be amortized over the remaining life of the investment using the effective interest method. Any difference between the new amortized cost and maturity amount shall be amortized using the interest rate method during the life of the financial instrument in a similar manner as the amortization of a premium or discount. If the asset subsequently becomes impaired, any gain or loss remaining in other comprehensive income shall be reclassified to profit or loss.

Held-to-maturity investments cannot be taken to another category, unless as a result of a change in the financial capacity to hold an investment, the classification as held to maturity is no longer adequate. In this case, it will be reclassified as available for sale and measured at fair value. The difference between the book value and the fair value will be accounted for in accordance with the valuation criteria for said investment category.

i. Accounts receivable related to CRC AND PBP trusts

Includes the assets of the CRC and PBP Trusts, which correspond to assets (due from banks, investments and accrued yields) and liabilities of the Fund, but that in accordance with SBS regulation (SBS Resolution N°980-2006, "Regulation for the Fondo MIVIVIENDA S.A.") they must be recorded as a net balance in the caption "Other accounts receivable,



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net” on the statement of financial position, since the Fund acts like both trustee and trustor. The assets and liabilities included in such trusts are valued according to the criteria of the Fund for similar items, as described in this note.

Also, the surplus (deficit) generated by the aforementioned trusts are recorded in the caption “Interest income and expenses” of the income statements, see **Note 21**.

The CRC and PBP trusts were established in 2007 to ensure that sufficient resources are available to meet the Fund’s obligations that come from the contracts to provide with CRC and PBP coverage, signed with certain IFI; as well as to manage the resources efficiently.

J. Other accounts receivable, net

Includes accounts receivable for term deposits, certificates of deposit, assets received in lieu of payment related to banks in liquidation, and other accounts receivable that, since they are under litigation, do not accrue interest. Any related recovery is recorded on a cash basis.

To determine the allowances for loan losses of these accounts, the Fund assigns a risk rating in accordance with SBS Resolution N°11356-2008.

The allowance for the classification of the portfolio is performed based on the review which Fund’s Management regularly conducts in order to classify it into the categories of “Normal”, “With potential problem”, “Substandard”, “Doubtful” or “Loss”, depending on the degree of each borrower’s risk of failure to pay. Guarantees received are considered by the Fund only to the extent they are registered in the Public Registry without observations or annotations.

Allowances for borrowers classified as doubtful or loss for over 36 and 24 months, respectively, are determined without considering the value of the guarantees.

Details of the rates by risk category are set forth in item 3(e), corresponding to the accounts receivable with CRC.

K. Property, furniture and equipment, net

Assets in the property, furniture and equipment item are recorded at acquisition cost, less accumulated depreciation.

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

	Years
Buildings	20
Facilities	10
Furniture and equipment	10
Miscellaneous equipment	10
Vehicles	5
Computer equipment	4

Maintenance and repair costs are charged to the results of the period; all renewals and improvements are capitalized only when disbursements 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 included in the income statement.

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L. Assets received as payments and assets seized through legal actions

Assets received as payment and assets seized through legal actions (from the resolution of a leasing contract) are initially recorded at the value of judicial adjudication, extrajudicial, market value or debt outstanding value, the lowest; recognizing in turn a provision equivalent to 20 percent of the seized or recovered value of the asset and can be maintained for this purpose the provision that was made by the related credit.

Subsequently, in accordance with SBS regulations, uniform monthly provisions will be established on the net book value from the twelfth month. Additionally, SBS Resolution N° 1535-2005 allows the granting of a six-month extension, in which case, monthly provisions will be established on the net book value from the eighteenth month. In both cases, the provisions will be constituted until reaching one hundred percent of the net book value within a period of three and a half years, counted from the date on which the monthly provisions began to be constituted. As of September 30, 2021 and December 31, 2020, the Management of the Fund has provisioned the assets received in payment and seized through legal actions at 100 percent.

Subsequently, additional provisions should be recorded as follows:

- *Movable property* – a uniform monthly provision starting the first month of grant, the award or recovery, for a period of twelve months, until providing for one hundred percent of the net seized or recovered value.
- *Real estate* - Uniform monthly provisions are constituted on the net book value obtained at the twelfth month; provided that the six-month extension contemplated in SBS Resolution N° 1535-2005 has not been obtained, in which case uniform monthly provisions will be constituted on the net book value obtained at the eighteenth month. On both situations, provisions must be made until providing for one hundred percent of the net book value in a term of three and a half years, starting the date monthly provisions began to be provided.

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

M. Intangible assets, net

Intangible assets, included in the caption "Other assets, net" of 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 over the estimated useful life of 5 years.

The amortization method is periodically reviewed to ensure that it is consistent with the expected pattern of economic benefits from intangible items.

N. Impairment of long-lived assets

When events or economic changes indicate that the value of property, furniture and equipment and intangibles may not be recoverable, Management reviews the value of those assets in order to verify that there is no permanent impairment in value. When the book value of the asset exceeds its recoverable amount, an impairment loss shall be recognized in the income statement. An asset's recoverable amount is the highest between 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 disposal at the end of its depreciation period. In Management's opinion, there are no

Notes to the Financial Statements September 30, 2021

evidences of impairment in the value of such assets as of September 30, 2021 and as of December 31, 2020.

O. Securities and bonds outstanding

The liabilities from the issuance of outstanding securities and bonds are accounted for at their nominal value, recognizing accrued interest in the income statements. The discounts granted or incomes generated in the placement are deferred and presented net of its issue value and is amortized over the life of the securities and bonds outstanding by applying the effective interest method.

P. Income Tax

Current Income Tax is computed based on the taxable income determined for tax purposes, which is determined using criteria that differ from the accounting principles used by the Fund.

Therefore, the Fund recorded deferred income taxes, considering the guidelines of IAS 12 "Income Tax". The deferred Income Tax reflects the effects of temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the amounts determined for tax purposes. Deferred assets and liabilities are measured using the tax rates expected to be applied to taxable income in the years in which temporary differences are expected to be recovered or settled. The measurement of deferred assets and liabilities reflects the tax consequences arising from the manner in which the value of the assets and liabilities is expected to be recovered or settled at the date of the statement of financial position.

Deferred assets and liabilities are recognized regardless of when it is estimated that the temporary differences will be reversed. Deferred tax assets are recognized when it is probable that sufficient taxable income will be generated against which the deferred tax assets can be offset. At the date of each statements of financial position, Management evaluates the non-recognized deferred assets and the carrying amount of the recognized deferred tax assets, recording deferred assets not previously recognized to the extent that probable future tax benefits will allow their recovery, or reducing a deferred asset to the extent that it is not likely that future tax benefits will be sufficient to allow the use of part or all of the deferred assets previously recognized.

In accordance with IAS 12, the Fund determines its deferred tax considering the tax rate applicable to its non-distributed earnings; any additional tax on dividends distribution is recorded on the date a liability is recognized.

Q. Provisions

Provisions are recognized only when the Fund has a present obligation (legal or implicit) as result of past events, it is probable that an outflow of resources will be required to settle such obligation, and also has been possible to estimate a reliable amount. Provisions are reviewed in each period and are adjusted to reflect their best estimate as of the statement of financial position date. When the effect of the time value of money is significant, the amount recorded as a provision is the present value of future payments required to settle the obligation.

R. Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed in notes, unless the possibility of an outflow of resources is remote.

Contingent assets are not recorded in the financial statements; they are disclosed if it is probable that an inflow of economic benefits will be realized.

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S. Cash and cash equivalents

Cash and cash equivalents considered in the statements of cash flows correspond to balances of available funds of the statement of financial position; which include deposits with original maturities less than or equal to 91 days, excluding the available funds included in the trusts, see Note 8 (b).

T. Balances in foreign currency

The statement of financial position includes balances of operations in foreign currency, mainly in U.S. dollars (US\$), which are recorded at the exchange rate in soles (S/) established by the SBS, which As of September 30, 2021 and December 31, 2020, was US\$ 1 = S/ 4,134 and US\$ 1 = S/ 3.621, respectively. Also, positions are maintained in Euros (EUR), which are recorded at the accounting exchange rate in soles (S/) established by the SBS, which As of September 30, 2021 and December 31, 2020, was EUR 1 = S/ 4.789156 and EUR 1 = S/ 4.423946, respectively.

Foreign currency operations in the country and international trade operations, referring to the concepts authorized by the Central Reserve Bank of Peru, are channeled through the free banking market. As of September 30, 2021, the buying and selling exchange rates used were US\$ 1 = S/ 4.125 and US\$ 1 = S/ 4.130 respectively (US\$ 1 = S/ 3.616 and US\$ 1 = S/ 3.621 sale as of December 31, 2020) and in Euros the buying and selling exchange rates used were EUR 1 = S/ 4.764 EUR 1 = S/ 4.994 respectively (EUR 1 = S/ 4.429 and EUR 1 = S/ 4.544 selling as of December 31, 2020).

As of September 30, 2021 and December 31, 2020, foreign currency balances in the Statement of Financial Position are summarized as follows:

<i>In thousand US Dollars</i>	<i>As of 09.30.2021</i>	<i>As of 12.31.2020</i>
Assets		
Available	830	11,032
Investments	57,077	51,850
Accounts receivable, net (Trust Agreement - COFIDE)	15,686	21,240
Loan portfolio, net	19	27
Derivatives	0	58
Other accounts receivable, net	1,125	34
Other assets, net	155	133
Total assets	74,892	84,374
Liabilities		
Debts and financial obligations	(652,135)	(657,008)
Derivatives	(3,905)	(1,750)
Other accounts payable	(324)	(332)
Provisions and other liabilities	(419)	(520)
Total liabilities	(656,782)	(659,610)
Net liability position	(581,890)	(575,236)
Derivative financial instruments, net	579,463	575,956
Net position in U.S. dollars	2,427	720

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<i>In thousands of euros</i>	As of 09.30.2021	As of 12.31.2020
Assets		
Available	9	14
Other accounts receivable, net	0	5
Total assets	9	19
Liabilities		
Debts and financial obligations	(188,192)	(213,522)
Net liability position	(188,192)	(213,522)
Derivative financial instruments, net	188,333	213,889
Net position in euros	150	386

U. International Financial Reporting Standards (IFRS)

IFRS issued and in force in Peru as of September 30, 2021 and as of December 31 2020

Through Resolution N° 001-2020-EF/30 issued on July 17, 2020, CNC made official the Amendments to IAS 1 - Presentation of Financial Statements and the Complete Set of International Financial Reporting Standards version 2020 that includes the Conceptual Framework for Financial Reporting and the Amendment to IFRS 16 - Leases (Rent Reductions related to COVID-19). Likewise, with Resolution N° 002-2020-EF/30 issued on September 10, 2020, the CNC made official the amendments to IAS 16 - Plant and Equipment, IFRS 3 - Business Combinations, IFRS 4 - Insurance Contracts, IAS 37 - Provisions for Contingent Liabilities and Contingent Assets, IFRS 1 - First-time Adoption of International Financial Reporting Standards IFRS 9 - Financial Instruments and IAS 41 - Agriculture

Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", regarding the definition of "materiality or relative significance", effective for annual periods beginning on or after January 1, 2020.

Amendments to IFRS 3 "Business Combinations" effective for annual periods beginning on or after January 1, 2020.

Amendments to the Conceptual Framework for Financial Reporting, effective for annual periods beginning on or after January 1, 2020.

Since the above standards only apply in addition to those developed in the SBS standards, they will not have any significant effect on the preparation of the accompanying financial statements unless the SBS adopts them in the future through the modification of the Accounting Manual for Financial System Companies or the issuance of specific standards. The Fund has not estimated the effect on its financial statements if such standards were adopted by the SBS.

V. Main statements issued by the SBS

During 2021, the SBS has published, among others, the following statements:

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- Multiple Official Letter N° 11312-2021-SBS of 03.03.2021 Clarifications on the measures established by Emergency Decree N° 010-2021.
- Multiple Official Letter N° 13613-2021-SBS of 03.16.2021 Complementary prudential measures related to the state of national emergency (D.S. N° 044-2020-PCM)
- Multiple Official Letter N° 44035-2021-SBS of 09.08.2021 Clarifications on the measures established by Emergency Decree N° 080-2021.
- Multiple Official Letter N° 47564-2021-SBS of 09.28.2021 Deposits immobilized for ten years

During 2020, the SBS has published, among others, the following important statements:

- Multiple Official Letter N° 10997-2020-SBS dated 03.13.2020 Criteria for rescheduling credits in the face of a sanitary emergency situation.
- Multiple Official Letter N° 11150-2020-SBS dated 03.16.2020 Prudential measures related to the state of national emergency (D.S. N° 044-2020-PCM).
- Multiple Official Letter N° 11170-2020-SBS of 03.20.2020 Complementary prudential measures related to the state of national emergency (D.S. N° 044-2020-PCM)
- Multiple Official Letter N° 12679-2020-SBS of 05.05.2020 Complementary prudential measures related to the state of national emergency (D.S. N° 044-2020-PCM)
- Multiple Official Letter N° 13195-2020-SBS of 05.19.2020 Complementary prudential measures related to the state of national emergency (D.S. N° 044-2020-PCM)
- Multiple Official Letter N° 13805-2020-SBS of 05.29.2020 Complementary Prudential Measures related to the State of National Emergency (D.S. N° 044-2020-PCM)
- Multiple Official Letter N° 15944-2020-SBS of 07.02.2020 Precisions to the prudential measures issued during the state of national emergency (D.S. N° 044-2020-PCM)
- Multiple Official Letter N° 19109-2020-SBS of 08.07.2020 Complementary provisions related to the operations subject to the prudential measures issued during the state of national emergency (D.S. N° 044-2020-PCM)

4. Available

This caption includes:

<i>In thousand Soles</i>	2021	2020
Central Reserve Bank of Peru (a)	4,102	1,840
Current and saving accounts (b)	1,066,705	1,196,979
Term deposits (c)	30,000	73,968
Other available funds	29	304
Accrued yields from available funds	14	132
Cash and cash equivalents	1,100,850	1,273,223
Plus		
Term deposits over 90 days (d)	0	65,000
Total available funds	1,100,850	1,338,223

- (a) Deposits in the Central Reserve Bank of Peru correspond to balances in soles, in U.S. dollars, which are freely available do not generate interest, and are used mainly in the operations carried out by the Fund with COFIDE, by virtue of the Trust Agreement signed.
- (b) Current and saving accounts correspond mainly to accounts denominated in soles and U.S. Dollars, which are freely available and bear interest at market rates. The

Notes to the Financial Statements September 30, 2021

table below presents the current and saving accounts as of September 30, 2021 and December 31, 2020:

<i>In thousand Soles</i>	2021	2020
Current accounts		
Banco Internacional del Perú S.A.A. - Interbank	905,721	1,003,168
Banco Interamericano de Finanzas S.A.	980	10,362
Banco de la Nación S.A.	159,610	183,070
Scotiabank Perú S.A.A.	28	36
Banco de Crédito del Perú S.A.	143	133
Banco BBVA Perú	182	150
	1,066,667	1,196,919
Savings account		
Banco BBVA Perú	38	60
Total	1,066,705	1,196,979

(c) As of September 30, 2021, corresponds to time deposits in local banks denominated in soles, which are freely available and bear interest at annual effective rates in soles 0.52%, with original maturities less than or equal to 90 days (between 0.30% and 0.54%, in soles and 0.30% in U.S. dollars and original maturities less than or equal to 90 days as of December 31, 2020).

(d) As of September 30, 2021, we do not hold time deposits in local banks in soles with original maturities greater than or equal to 90 days that are freely available (having deposits in soles with rates between 0.25% and 0.65%, in soles and original maturities greater than or equal to 90 days as of December 31, 2020).

5. Available-for-Sale and Held-to-Maturity Investments

The detail of Available-for-Sale and held-to-maturity investments is as follows:

<i>In thousand Soles</i>	2021				2020			
	Amortized cost	Profits	Losses	Book Value	Amortized cost	Profits	Losses	Book Value
Available-for-sale investments								
Corporate bonds (a)	52,786	197	(164)	52,622	24,348	95		24,443
Plus								
Accrued income				416				345
	52,786	197	(164)	53,038	24,348	95		24,788
Held-to-maturity investments								
Corporate bonds (b)	180,433			180,433	161,351			161,351
Sovereign Bonds of the Republic of Peru	31,331			31,333	31,331			31,331
Plus								
Accrued interest				2,810				2,532
	211,766			214,576	192,682			195,214
				267,614				220,002

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- (a) As of September 30, 2021, the Fund holds financial institution bonds in its **investment portfolio classified as Available-for-Sale bearing interest** at annual effective rates in U.S. dollars between 3.375 and 5%, maturing between August 2022 and April 2023. As of December 31, 2020, between 3.375 and 5%, maturing between August 2022 and April 2023.)

	2021	2020
Peruvian issuers		
Banco BBVA Perú	15,178	9,662
Banco Internacional del Perú - INTERBANK.	30,673	8,681
Banco de Crédito del Perú	6,771	6,100
Corporate Bonds	52,622	24,443

- (a) As of September 30, 2021, corresponds to securities and securities acquired from corporate and first level financial system companies in the country classified as held-to-maturity investments, as detailed below:

	2021	2020
<i>In thousand Soles</i>		
Peruvian issuers		
Banco BBVA Perú	54,794	48,108
Abengoa Transmisión Norte S.A.	48,142	45,801
Consorcio Transmantaro S.A.	44,952	39,169
Cementos Pacasmayo S.A.A.	32,545	28,273
Corporate Bonds	180,433	161,351

- (b) By means of Board Agreement N° 005-18D-2018 dated July 25, 2018, the Fund's new Investment Policies and Procedures Manual was approved, in which it was determined that, as of that date, investments acquired by the Fund would be classified as available for sale.

During 2016, the Fund reclassified Corporate and Financial, and Peruvian Sovereign Bonds classified as available-for-sale investments into held-to-maturity investments. The carrying values at the dates of reclassification amounted to approximately S/620,965,000 and the unrealized loss accumulated in net equity amounted to S/11,846,000; this latter amount shall be transferred to results during the remaining term of the instruments, which expire in full until 2042. During 2021 and 2020, approximately S/ 582,286 and S/ 860,000, have been transferred to net income, respectively, see **Note 23**. As of September 30, 2021 and December 31, 2020 the carrying value, which also includes the accrued interest, of said investment amounts to S/ 214,576,000 and S/192,682,000, respectively.

- (c) As of September 30, 2021, the provision is pending that by Board of Directors Agreement N° 06-11D-2018 dated April 25, 2018, the Fund, according to the evaluation made during 2019 and the provisions established in the Regulations for the Evaluation and Classification of the Debtor and the Requirement of

Notes to the Financial Statements September 30, 2021

Provisions, constituted provisions for the Commercial Papers issued by Ingenieros Civiles Contratistas Generales S.A.C. - ICCGSA and Corporate Bonds issued by ICCGSA Inversiones S.A.

With regard to the investments acquired from Cineplex S.A., since a grace period of one year has been approved, it meets the conditions to be provisioned for impairment.

The following is a detail of the impairment provisions:

In thousand Soles	Provision	
	2021	2020
Portfolio		
Fondo MIVIVIENDA (*)	3,794	3,794
CRC and PBP Trust Nuevos soles	152	25
CRC and PBP Trust US Dollars	-	-

(*) The commercial papers expired on October 22, 2018, which were subsequently reclassified to the caption "Other accounts receivable, net" with their respective provision at 100 percent, see **Note 9(d)**.

(d) As of September 30, 2021 and as of December 31, 2020 the maturities and annual rates of market return on held-to-maturity investments of debt securities are as follows:

	Maturity		Annual effective interest rates							
			2021				2020			
			S/		US\$		S/		US\$	
	2021	2020	Min. %	Max. %	Min. %	Max. %	Min. %	Max. %	Min. %	Max. %
Available-for-sale investments										
Corporate bonds	Ago-22 / Abr-23	Ago-22 / Abr-23			3.38	5.00	-	-	3.38	5.00
Held-to-maturity investments										
Corporate bonds	Ago-22 / Oct-28	Ago-22 / Oct-28			4.39	6.54			4.38	6.53
Sovereign Bonds of the Republic of Peru	Ago-26 / Feb-42	Ago-26 / Feb-42	6.85	8.20			6.85	8.20		

(e) As of September 30, 2021, certain corporate bonds in U.S. dollars, classified as available-for-sale and held-to-maturity investments, are subject to exchange rate risk, being hedged through "forward sales" for a notional amount of US\$ 14,942,319 and US\$ 39,768,000, equivalent to thousands of S/ 61,771 and S/ 164,401, respectively (hedged through "forward sales" of US\$ 3,000 and US\$

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46,890, equivalent to thousands of S/ 9,942 and S/155,393, respectively, as of December 31, 2020), **see note 7.**

- (f) The balance of available-for-sale and held-to-maturity investments as of September 30, 2021 and December 31, 2020, classified by maturity, is presented below:

<i>In thousand Soles</i>	2021		2020	
	Available-for-sale investments	Held-to-maturity investments	Available-for-sale investments	Held-to-maturity investments
Up to 3 months				
From 3 months to 1 year		12,547		
From 1 to 5 years	53,038	88,908	24,788	79,370
More than 5 years		113,121		115,844
	53,038	214,576	24,788	195,214

6. Loan Portfolio, Net

This caption includes:

<i>In thousand Soles</i>	2021	2020
Standing Loan Portfolio		
Standing Loans	24,405	28,554
(-) Deferred Income	-1,537	-1,737
Accrued interest	312	275
	23,180	27,092
Refunded Loan Portfolio		
Refunded Loans	538	1,352
(-) Deferred Income	-224	-260
	314	1,092
Overdue Loan Portfolio		
Overdue Loans	42,914	43,948
Overdue Refunded Loans	1,223	458
(-) Deferred Income	-6,331	-6,536
	37,806	37,870
Legal Collection Portfolio		
Legal Collection Loans	144	171
(-) Deferred Income	-7	-18
	137	153
(-) Provisions for Credits		
(-) Specific Provisions for Loans	-36,395	-37,561
(-) Generic Provision for Loans	-140	-168
	-36,535	-37,729
	24,902	28,478

As of September 30, 2021, the loan portfolio consists mainly of the portfolio transferred by the Caja Rural de Ahorro and Créditos Señor de Luren S.A., hereinafter "Caja Luren", which through SBS Resolution N° 3503-2015 dated June 19, 2015, entered into an official liquidation process.

In this context, the debts Caja Luren had with its debtors, including the Fund, became unpaid; therefore, the Fund began to enforce certain guarantees that safeguarded the related credits, with the following results:

Notes to the Financial Statements September 30, 2021

- Execution of Clause N° 13, corresponding to the assignment of rights over said subloan portfolio, in favor of the Fund by virtue of the Agreement to channel resources from the Fondo Hipotecario de Promoción de la Vivienda - MIVIVIENDA signed with CRAC Señor de Luren on October 19, 1999.
- On July 17, 2017, the Fund entered into agreements for the assignment of rights with Caja Municipal de Ahorro and Crédito Sullana and Financiera Efectiva S.A. to transfer them part of the loan portfolio amounting to S/22,514 thousands and S/ 12,067 thousands, respectively, which were included in the Accounts Receivable item (Trust Agreement - COFIDE) and corresponded to balances owed to the Fund by CRAC Señor de Luren. Likewise, through a contract with said IFI, they were granted the administration of the non-transferred portfolio amounting to S/. 87,587 thousands.
- On July 31, 2017, the capital balance owed by CRAC Señor de Luren for S/. 87,587 thousand was withdrawn from Accounts Receivable (Trust Agreement - COFIDE), and reclassified to doubtful collection provisions an amount of S/23,987,000 from the provision for doubtful collection accounts.

The calculation of provisions for the housing mortgage loan portfolio is made in accordance with current regulations (SBS Resolution N° 11356-2008).

As of September 30, 2021 and December 31, 2020, the balance of the direct loan portfolio classified by type of product is as follows:

<i>In thousand Soles</i>	Number of borrowers		Total amount	
	2021	2020	2021	2020
Nuevo Crédito MIVIVIENDA	1,152	1,168	60,445	65,071
Crédito Complementario Techo Propio	719	760	8,407	8,984
Crédito MIVIVIENDA Tradicional	13	14	327	381
Crédito MIHOGAR	1	1	45	47
Deferred Income	-	-	(8,099)	(8,551)
	1,885	1,943	61,125	65,932

As of September 30, 2021, the loan portfolio is backed by preferred guarantees for thousands of S/ 59,689 (thousands of S/ 61,358 as of December 31, 2020) and non-preferred guarantees for thousands of S/ 78,989 (thousands of S/ 80,373 as of December 31, 2020).

As of September 30, 2021 and December 31, 2020, thousands of S/. 7,858 and thousands of S/. 9,033, respectively, have been collected from this portfolio.

The calculation of provisions for the housing mortgage loan portfolio is made in accordance with current regulations (SBS Resolution N° 11356-2008). Therefore, the direct loan portfolio as of September 30 is classified by risk as follows:

<i>In thousand Soles</i>	Number of borrowers		Total amount	
	2021	2020	2021	2020
Normal	718	713	20,098	22,385
With potential problems	25	47	654	1,672

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Substandard	38	64	1,010	1,780
Doubtful	157	187	3,951	5,596
Loss	947	932	35,413	34,499
	1,885	1,943	61,126	65,932

The effective annual interest rate of this loan portfolio has been fixed based on market conditions. As of September 30, 2021 and December 31, 2020, the minimum and maximum annual interest rate in local currency is 6 and 13.5 percent.

Compensatory interest on loans that are past due, in judicial collection, or classified as Doubtful or Loss, is accounted for as income or yield in suspense, and is recognized as income in the statement of income when collected. As of September 30, 2021 and December 31, 2020, the amount not recognized as income for this concept amounted to thousands of S/. 25,011 and thousands of S/23,450, respectively.

The balance of the direct loan portfolio classified by maturity as of September 30, 2021 and December 31, 2020 is presented below:

<i>In thousand Soles</i>	2021		2020	
Outstanding				
Up to 1 month	136	0.22%	163	0.25%
From 1 to 3 months	276	0.45%	331	0.50%
From 3 months to 1 year	1,275	2.09%	1,528	2.32%
From 1 to 5 years	8,580	14.04%	10,289	15.60%
Over 5 years	14,674	24.01%	17,595	26.68%
	24,943	40.81%	29,906	45.36%
Overdue and in judicial collection	44,282	72.44%	44,577	67.61%
Deferred Income	(8,099)	(13.25%)	(8,551)	(12.96%)
	61,125	100%	65,932	100%

Likewise, the changes in the provision for doubtful accounts of the loan portfolio during the year are as follows:

<i>In thousand Soles</i>	2021	2019
Balance at beginning of year	37,729	35,379
Additions	4,082	3,306
Recovery of provisions	(5,284)	(961)
Exchange difference	8	5
Balance at the end of the year	36,535	37,729

Management considers that the level of provision for doubtful accounts of the direct loan portfolio covers the eventual losses that may be generated as of the date of the statement of financial position, and has been made in compliance with the regulatory requirements of the SBS in force as of September 30, 2021 and December 31, 2020.



**Notes to the Financial Statements
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7. Trading and Hedging Derivatives

Risk in derivative contracts arises from the possibility that the counterparty will not comply with the agreed terms and conditions, and that the reference rates, at which the transaction was agreed, will change.

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<i>In thousand Soles</i>	09-30-2021				12-31-2020			
	Assets	Liabilities	Reference amount (*)	Maturity	Assets	Liabilities	Reference amount (*)	
Derivatives for trading								
Foreign Currency Forward	0	0	0	-	0	0	0	
Derivatives designated as hedge								
Of cash flow								
Principal only swaps (POS) (**)	635,806	7,901	2,088,551	Between January and March 2023	310,975	18,859	1,843,680	Betw
Cross currency swaps (CCS) (**)	345,046	10,475	1,500,507	Between January, March and May 2023 and November 2031	83,689	12,845	1,456,203	Betw an
Interest only swaps (IOS)	50	0	0	March of 2023	64	0	0	N
Of fair value								
Foreign Currency Forward	0	16,843	291,601	Between October and December 2021 and March 2022	209	2,643	268,113	Betwe
	980,902	35,219	3,880,659		394,937	34,347	3,567,996	
	980,902	35,219	3,880,659		394,937	34,347	3,567,996	

(*) As of September 30, 2021 and December 31, 2020, the reference values of transactions with derivative financial instruments are recorded in off-balance sheet currency

The above table presents as of September 30, 2021 and December 31, 2020 the fair value of derivative financial instruments, whether asset or liability, together with their nominal amounts and maturities. The reference amount, presented gross, is the amount of the asset and is the basis on which changes in the fair value of the derivatives are measured.

In September 2021 and September 2020, the Fund has recognized for trading derivatives a net loss in thousands of S/ 66,663 and S/ 63,347, respectively, and a net loss for hedging derivatives in thousands of S/ 66,663 and S/ 63,347, respectively, **note**

Notes to the Financial Statements September 30, 2021

8. Accounts Receivable for Trusts, Net

This caption includes:

<i>In thousand Soles</i>	2021	2020
Nuevo Crédito MIVIVIENDA	8,127,207	7,754,135
Crédito MIVIVIENDA Tradicional	66,419	170,232
Crédito Complementario Techo Propio	198,227	79,366
Crédito MIHOGAR	36,662	43,717
Crédito MICONSTRUCCIÓN	7,035	9,516
Crédito MICASA MAS	5,211	5,875
Crédito MIVIVIENDA Estandarizado	2,938	3,824
Crédito MITERRENO	194	225
	8,443,893	8,066,890
Plus (minus)		
Accrued income from accounts receivable	13,405	13,787
Prov. for doubtful accounts receivable	(242,626)	(197,224)
Total, Accounts receivable-COFIDE Trust (a)	8,214,672	7,883,453
Accounts receivable from CRC and PBP Trusts new soles and US dollars (b)	38,569	104,325
	8,253,241	7,987,778

As described in note 2, on a monthly basis the Fund disburses resources to the Trust - COFIDE for it to channel them to the final beneficiaries through the IFI. Also, on a monthly basis, the Trust - COFIDE transfers to the Fund the recoveries, prepayments or cancellations of accounts receivable made by the IFI.

As of September 30, 2021 and December 31, 2020, the number of IFI and beneficial owners (final debtors) is 35 and 101,203; and 37 and 99,326, respectively. Likewise, as of September 30, 2021 and December 31, 2020, 83.41 and 83.12 percent of these accounts receivable are concentrated in 6 IFI.

The resources that the Fund channels through the IFI are used in the granting of credits for the acquisition of housing in accordance with the provisions of Article 12 of Supreme Decree N° 001-99-MTC.

As of September 30, 2021 and December 31, 2020, the composition of the balance of accounts receivable (Trust Agreement - COFIDE) according to the characteristics of the credits promoted by the Fund (without considering the balances of the IFI with activation of clause 13), is as follows:

<i>In thousand Soles</i>	2021			2020		
	With credit risk coverage	No credit risk coverage	Total	With credit risk coverage	No credit risk coverage	Total
Nuevo crédito MIVIVIENDA	2,000,515	5,865,829	7,866,343	1,639,967	5,845,512	7,485,479
Crédito MIVIVIENDA Tradicional	29,414	36,882	66,296	35,273	43,936	79,209
Crédito complementario Techo Propio	17,059	94,331	111,390	19,528	62,461	81,989
Crédito MIHOGAR	12,198	23,914	36,111	14,576	28,581	43,157
Crédito MICONSTRUCCIÓN	192	393	585	212	463	675
Crédito MICASA MÁS	688	1,376	2,063	794	1,636	2,430
Crédito MIVIVIENDA Estandarizado	979	1,959	2,938	1,274	2,549	3,823
Crédito MITERRENO	0	0	0	0	0	0
	2,061,044	6,024,683	8,085,727	1,711,624	5,985,138	7,696,762

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Accounts receivable (Trust Agreement - COFIDE) are classified by credit risk, as established by SBS regulations in force as of September 30, 2021 and December 31, 2020. (According to what is indicated in the note 4.C), the provision for doubtful accounts receivable (Trust Agreement - COFIDE) is determined based on the classification of the IFI and the final beneficiaries.

As of September 30, 2021 and December 31, 2020, the classification of accounts receivable (Trust Agreement -COFIDE) without credit risk coverage (without considering the IFI balances with activation of clause 13), by IFI risk category is as follows:

<i>In thousand Soles</i>	2021		2020	
Risk Category				
Normal	6,023,633	74.50	5,980,314	77.70
With potential problems	1,050	0.01	4,824	0.06
	6,024,683	74.51	5,985,138	77.76
	8,085,727	100.00	7,696,762	100.00

As of September 30, 2021, the Fund maintains a balance of accounts without credit risk hedge provisioned for sub-borrower risk, corresponding to the mortgage loan portfolio MIVIVIENDA granted to Financiera TFC in liquidation, due to the fact that it was intervened by the SBS on December 12, 2019, the same amounting to thousands of S/ 221,069.

In addition, due to the activation of clause 13 of the agreements signed with Financiera TFC (due to the intervention of the SBS on December 12, 2019), CMAC Sullana, Quillacoop, CAC San Francisco, Aelucop and CMAC Tacna (these five IFI due to the deterioration of their financial indicators in May 2020, June 2020, July 2020, August 2020 and September 2020, respectively), there is a credit risk hedge but provisioned for Sub-borrower Risk, corresponding to the MIVIVIENDA mortgage loan portfolio of these IFI.

<i>In thousand Soles</i>	As of 09.30.2021	As of 12.31.2020
Financiera TFC in Liquidation	221,069	221,263
CMAC Sullana	127,739	147,628
CAC Quillabamba	1,086	1,237
CAC San Francisco	2,741	0
Aelucop	1,798	0
CMAC Tacna	3,733	0
Provision for Sub-Borrower Risk	40,495	28,753

As of September 30, 2021, the annual interest rates applied to the products correspond to fixed interest rates, established in order to promote the granting of each type of credit and are:

Nuevo Crédito MIVIVIENDA	7.10 and 6.00 and 5.00 %
Crédito MIVIVIENDA Tradicional (*)	7.75 %
Crédito Financiamiento Complementario Techo Propio	7.25 %
Crédito MIHOGAR (**)	7.60 %
Crédito MI CONSTRUCCIÓN (*)	8.00 %
Crédito MIVIVIENDA Estandarizado (*)	6.90 % and 7.30 %
Crédito MICASA MAS (*)	7.70 %
Crédito MITERRENO	9.00 %

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(*) The interest rate of the Nuevo Crédito MIVIVIENDA product was reduced to 5 percent, only for loans with the BMS attribute disbursed until December 31, 2019, by means of Board of Directors Agreement N° 02-16D-2019 dated July 25, 2019.

The following is the accounts receivable portfolio as of September 30, 2021 and December 31, 2020, according to maturity:

<i>In thousands of soles</i>	2021	2020
To mature		
Up to 1 month	97,476	69,891
From 1 month to 3 months	211,587	172,995
From 3 months to 1 year	609,421	578,283
From 1 to 3 years	1,266,706	1,748,320
3 years or more	6,258,703	5,497,4014
	8,443,893	8,066,891

Due to the COVID-19 pandemic, the Peruvian government decreed a State of Emergency in the country, generating a health and economic impact to the population, among them to the sub-borrowers of MIVIVIENDA loans; therefore, 509 reprogramming requests submitted by the IFIs were attended, of which 16,605 are in force as of September 30, 2021, according to the following detail:

In thousands of	PEN	USD	N°
Nuevo Crédito MIVIVIENDA	1,606,272		15,250
Crédito MIVIVIENDA Tradicional		1,330	219
Crédito Financiamiento Complementario Techo Propio	11,587	20	725
Crédito MIHOGAR	6,091		252
Crédito MI CONSTRUCCIÓN	2,448		119
Crédito MIVIVIENDA Estandarizado	318		12
Crédito MICASA MAS	2,890		23
Crédito MITERRENO	53		3
TOTAL	1,629,659	1,350	16,605

Management considers that the provision for doubtful accounts receivable (Trust Agreement - COFIDE) covers the eventual losses that may be generated at the date of the statement of financial position, and has been made in compliance with the regulatory requirements of the SBS in force as of September 30, 2021 and December 31, 2020.

- (b) It corresponds to the balance of the net assets (total assets minus total liabilities) of the trusts administered by the Fund, which ensure the payment of credit risk coverage (CRC) to the IFI and the good payer premium (PBP) to those who access this benefit as part of the credit programs offered by the Fund. The balances mentioned above are presented below:

<i>In thousand Soles</i>	2021	2020
CRC and PBP Trust Nuevos soles	11,807	48,457
CRC and PBP Trust US Dollars	26,762	55,868
Net	38,569	104,325

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As described in note 1, by means of constitutive acts subscribed in June 2007 by the Fund, as trustee and trustor simultaneously, both Trusts in administration were constituted, with the purpose of ensuring the availability of resources for the Fund to comply with the obligations arising from the CRC and PBP service contracts (credit risk coverage - CRC and payment of the good payer premium - PBP) subscribed with certain IFI, as well as to ensure that such resources are managed in an efficient manner, observing the provisions of the Regulations and Policies and Processes Manual of the CRC and PBP Trusts; as well as the Investment Policies and Procedures Manual, which are part of the annexes of the constitutive act. The accounting of these trusts is carried out in accordance with the provisions of SBS Resolution N° 980-2006 "Regulations of the MIVIVIENDA S.A. Fund"; i.e., in a single account in the Fund's statement of financial position, note 3 (i). The accounting of the trusts is kept separate for control purposes.

The financial statements of the CRC and PBP Nuevos soles Trust as of September 30, 2021 and December 31, 2020 are as follows:

<i>In thousand Soles</i>	2021	2020
CRC and PBP Trust Nuevos soles		
Statement of financial position		
Assets		
Available	3,779	31,359
Available-for-sale financial investments (*)	4,085	12,351
Held-to-Maturity investments (*)	3,865	4,742
Other accounts receivable (*)	-	5
Other Assets	78	
Total assets	11,807	48,457
Liabilities		
Accounts Payable	-	-
Total Liability	-	-
Equity and Net Surplus		
Surplus collections, net	3,298	2,939
Unrealized results	(71)	295
Cumulative results	8,580	45,223
Total equity and net surplus	11,807	48,457
Total liabilities and equity	11,807	48,457

(*) During 2016, the CRC and PBP trust – Nuevos Soles reclassified investments classified as available-for-sale to investments into held-to-maturity investments. The carrying values at the dates of reclassification amounted to approximately S/33,683,000 and the unrealized loss accumulated in net equity amounted to S/1,344,000; this latter amount shall be transferred to results during the remaining term of the instruments. During 2021 and 2020, approximately S/ 38,000 and S/12,000, respectively, have been transferred to income for the year.

<i>In thousands of soles</i>	2021	2020
Trust CRC and PBP Nuevos Soles		
Income Statement		
Income		
Interest income	637	1,442
Results Investments Available for sale	35	
Reversal of impairment of investment		6

Notes to the Financial Statements
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Total Income	672	1,448
Expenses		
Administration fee	(182)	(212)
Tax on financial transactions	(2)	(1)
Miscellaneous financial services expense	(4)	(5)
Impairment loss on investments	(127)	
Total expenses	(315)	(218)
Net surplus	357	1,230

The following are the financial statements of the CRC Trust and PBP U.S. Dollars as of September 30, 2021 and December 31, 2020:

<i>In thousands of soles</i>	2021	2020
CRC and PBP Trust U.S. Dollars		
Statement of financial position		
Assets		
Available	9,979	29,206
Investments available for sale (*)	7,830	17,359
Held-to-maturity investments (*)	8,953	9,303
Total Assets	26,762	55,868
Liabilities		
Accounts Payable		
Total Liabilities	-	-
Shareholders' equity and net surplus		
Beginning shareholders' equity	15,013	21,013
Collections surplus, net	10,556	10,133
Unrealized results	(432)	38
Retained earnings	1,625	24,684
Total shareholders' equity and net surplus	26,762	55,868
Total liabilities and shareholders' equity	26,762	55,868

(*)During 2016, the equity in the CRC and PBP US Dollars Trust Fund reclassified investments classified as available-for-sale to the category of held-to-maturity investments. The carrying values at the dates of reclassification amounted to approximately S/35,327,000 and the unrealized loss accumulated in net equity amounted to S/1,784,000; this latter amount shall be transferred to results during the remaining term of the instruments. During the years 2021 and 2020, the Trust transferred approximately S/ 44,000 y S/66,000, to net income, respectively.

<i>In thousand Soles</i>	2021	2020
CRC and PBP Trust US Dollars		
Income statements		
Income		
Interest Income	1,078	1,734
Exchange difference, net	487	701
Result of Invers. Available for Sale	113	
Reversal of investment impairment		42
Other		167
Total income	1,678	2,644
Expenses		
Administration fee	(225)	(242)
Financial Transaction Tax	(6)	(2)
Miscellaneous expense for financial services	(6)	(6)
Total expenses	(237)	(250)

Notes to the Financial Statements
September 30, 2021

Net surplus	1,441	2,394
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9. Other accounts receivable, net

<i>In thousands of soles</i>	2021	2020
Accounts receivable from banks in liquidation (a)	100,520	99,596
Accounts receivable Ex - CONEMINSA portfolio (b)	12,785	12,851
Accounts receivable from ICCGSA (c)	3,794	3,794
Accounts receivable from CAC Presta Perú (d)	4,230	4,230
Accounts receivable from customers CAC Presta Perú (e)	74,462	74,462
BFH disbursed in excess, to be recovered	2,722	5,540
Margin Call	4,547	0
Invoices receivable	732	649
Other accounts receivable	729	480
	204,521	201,602
Less - Allowance for doubtful accounts receivable (g)		
Accounts receivable from banks in liquidation (a)	-100,520	-99,596
Accounts receivable Ex - CONEMINSA portfolio (b)	-12,683	-12,630
Accounts receivable from ICCGSA (c)	-3,794	-3,794
Accounts receivable from CAC Presta Perú (d)	-4,230	-4,230
Accounts receivable from customers CAC Presta Perú (e)	-74,462	-74,462
BFH to be recovered -VRAEM	-2,722	0
Invoices receivable	-732	-628
Other accounts receivable	-21	-21
	-199,164	-195,361
Total	5,357	6,241

(a) Corresponds to accounts receivable for time deposits, certificates of deposit, among others, that the Fund, before being a financial company supervised by the SBS (before January 2006), and held in certain financial institutions that entered into liquidation.

The detail of balances and their provision as of September 30, 2021 and 2020 is as follows:

<i>In thousands of soles</i>	2021	2020
Equity		
Banco Nuevo Mundo, in liquidation (i)	52,205	52,205
Banco República, in liquidation (i)	39,922	39,922
Banco Banex, in liquidation - dation in payment (i)	5,729	5,018
Banco República, in liquid. - dation in payment (i)	2,664	2,451
	100,520	99,596
Less: Allowance for doubtful accounts		
Banco Nuevo Mundo, in liquidation (i)	-52,205	-52,205
Banco República, in liquidation (i)	-39,922	-39,922
Banco Banex, in liquidation - dation in payment (i)	-5,729	-5,018
Banco República, in liquidation - dation in payment (i)	-2,664	-2,451
	-100,520	-99,596
Net	0	0

**Notes to the Financial Statements
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During the liquidation process, carried out under the supervision and intervention of the SBS, the Fund has been receiving movable and immovable property and collection of credits as part of the payment of these claims.

The Management of the Fund provided for 100 percent of the portfolio of Bancos Nuevo Mundo, Banco República and Banco Banex, all of which are in the process of liquidation, and recognizes the recoveries received based on their performance. So far in 2021 and during 2020, the Fund did not receive recoveries from the banks in liquidation.

Management of the Fund believes that the allowance for uncollectibility of accounts receivable from banks in liquidation established as of September 30, 2021 and December 31, 2020 is sufficient to cover the related risk of uncollectibility.

- (b) Corresponds to the accounts receivable of the mortgage loan portfolio granted by the Compañía de Negociaciones Mobiliarias e Inmobiliarias S.A.- CONEMINSA, which was received by the Fund under the Dation Contract in Payment Agreement dated December 30, 2003 for its administration and recovery. As of September 30, 2021 and December 31, 2020 this account receivable is 100% provisioned.
- (c) Corresponds to the account receivable from Ingenieros Civiles Contratistas Generales S.A.C. - ICCGSA, for the commercial papers that the Fund held, which expired on October 22, 2018, and for which an account receivable was recognized with its respective allowance for doubtful collection in the amount of S/ 3,794,000 approximately, of which S/ 3,500,000 corresponded to principal and S/ 294,000 to interest as of December 31, 2018, Note 5(e). As of September 30, 2021 and December 31, 2020 this account receivable is 100% provisioned.
- (d) In August 2019, after activating the thirteenth clause to the Cooperativa de Ahorro y Crédito de Perú (Prestaperu), the Fund authorized the removal of the balance owed to said IFI from the administration of the COFIDE Trust; directly demanding from the IFI the payment of the outstanding fees from February to August 2019 for S/ 4,230 thousand.

This account receivable maintains a provision for uncollectibility of S/4,230 thousand, determined by applying the provision percentage that corresponds to a debtor rated as Loss, which is the rating it maintains as of September 30, 2021 and December 31, 2020.

In August 2019, after activating the thirteenth clause of the Resources Channeling Agreement signed with Cooperativa de Ahorro y Crédito de Perú (PrestaPerú), the Fund authorized the withdrawal of the balance owed by the aforementioned IFI from the administration of the COFIDE Trust, recording at the end of August 2019 a balance of accounts receivable of S/ 74,462 thousand.

This account receivable maintains a provision for uncollectibility of thousands of S/74,462, determined by applying the provision percentage that corresponds to a debtor rated as Loss, which is the rating it maintains as of September 30, 2021 and December 31, 2020.

- (e) Corresponds to the excess grant of the Bono Familiar Habitacional (BFH) in areas of the VRAE pending recovery.

Notes to the Financial Statements
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- (f) The movement in the provision for uncollectibility of other accounts receivable is as follows:

<i>In thousand Soles</i>	2021	2020
Balance at the beginning of the year	195,361	166,308
Plus (minus)		
Provision recognized as a period expense	2,810	30,004
Recovery of provisions	-23	-1,075
Exchange different, net	1,016	624
Other	0	-500
Balance at the year-end	199,164	195,361

In Management's opinion, the allowance for doubtful accounts receivable recorded as of September 30, 2021 and December 31, 2020, adequately covers the credit risk of this item at those dates.



**Notes to the Financial Statements
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10. Property, furniture and equipment, net

Movement in this caption so far in 2021 and during 2020:

<i>In thousand Soles</i>	Land	Buildings	Facilities	Furniture and equipment	Computer equipment	Miscellaneous equipment	Vehicles	Work in progress	Total
Cost									
Balance as of January 1, 2020	103	36	189	719	1,402	839	759	0	4047
Additions					11	59			70
Removals			-46	-24	-39	-19			-128
Balance as of December 31, 2020	103	36	143	695	1,374	879	759	0	3,989
Additions									
Removals									
Balance as of September 30, 2021	103	36	143	695	1,374	879	759	0	3,989
Accumulated depreciation									
Balance as of January 1, 2020	-	12	92	515	1,235	584	694	-	3,132
Additions			14	30	67	48	51		210
Removals			-46	-24	-39	-19			-128
Balance as of December 31, 2020	0	12	60	521	1,263	613	745	0	3,214
Additions			11	21	44	35	14		125
Removals									
Balance as of September 30, 2021	0	12	71	542	1,307	648	759	0	3,339
Net book value									
As of December 31, 2020	103	24	83	174	111	266	14	0	775
As of September 30, 2021	103	24	72	153	67	231	0	0	650

Notes to the Financial Statements September 30, 2021

- (a) Financial entities in Peru are prohibited from pledging their fixed assets.
- (b) In the opinion of the Fund's management, there is no evidence of impairment of fixed assets as of September 30, 2021 and December 31, 2020. As of September 30, 2021, the Fund maintains fully depreciated assets of S/ 2,752,000 (approximately for S/ 2,522,000 as of December 31, 2020).
- (c) The Fund maintains insurance policies on its key assets in accordance with policies established by Management. For these purposes, as of September 30, 2021 and December 31, 2020, the Fund has contracted an insurance policy against all risks that covers the value of the Fund's net assets. In Management's opinion, its insurance policies are consistent with the usual practices in the industry.

11. Intangible Assets Other than Capital Gains

As of September 30, 2021 and December 31, 2020, this caption includes:

In thousand S/			
<u>Balance as of</u>	<u>Additions</u>	<u>Withdrawals and other adjustments</u>	<u>Balance as of</u>
<u>09.30.2021</u>			<u>12.31.2020</u>
Cost:			
Software	11,355	0	11,355
Licenses	1,574	221	1,353
Software in Development	3,544	1,715	1,829
	16,473	1,936	14,537
Accumulated amortization:			
Software	7,941	1,072	6,869
Licenses	1,342	34	1,308
	9,283	1,106	8,177
Net cost	7,190		6,360

Intangible assets comprise software and licenses for the use of computer equipment which total cost as of September 30, 2021 is approximately of S/ 16'473,000 and its accumulated amortization amounted to S/ 9'283,000 (total cost as of December 31, 2020 amounted approximately to S/ 14'537,000 and its accumulated amortization amounted to S/ 8'177,000 as of December 31, 2020). So far in 2021 and during 2020, Intangible Assets increased mainly due to the activation of software under development and the development of improvements and software, for approximately S/1,936,000 and S/. 473,000, respectively. These intangible assets are amortized using the straight-line method over a maximum of 5 years.

12. Other assets, Net

As of September 30, 2021 and December 31, 2020, this caption includes:

<i>In thousand Soles</i>	2021	2020
Prepaid expenses	952	2,156
Other	1,947	1,659
	2,899	3,815



Notes to the Financial Statements
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13. Debts and financial obligations

As of September 30, 2021 and December 31, 2020, this caption includes:

<i>In thousand Soles</i>	2021	2020
Debts and financial obligations with companies and financial institutions of Peru	472,165	0
Debts and Obligations with Foreign Companies and International Financial Organizations	901,283	944,611
Securities and Titles	5,015,864	4,736,106
	6,389,312	5,680,717

As of September 30, 2021 and December 31, 2020, the Fund's Management believes that it has complied with the conditions established for these transactions.



Notes to the Financial Statements September 30, 2021

13.a) Debts and financial obligations with companies and financial institutions of Peru:

In Soles	Currency	Maturity	Annual Interest Rate %	2021				2020			
				Principal	Amortized Cost Adjustment	Interest and Commissions	Total	Principal	Amortized Cost Adjustment	Interest and Commissions	Total
Entity											
Banco de la Nación	Soles	2026	2.5 and 5.50	470,000	0	2,165	472,165	0	0	0	0
				470,000	0	2,165	472,165	0	0	0	0

13.b) Debts and Obligations with Foreign Companies and International Financial Organizations:

In Soles	Currency	Maturity	Annual Interest Rate %	2021				2020			
				Principal	Amortized Cost Adjustment	Interest and Commissions	Total	Principal	Amortized Cost Adjustment	Interest and Commissions	Total
Entity											
Agence Francaise de Developpement (AFD)	Euros	2023 and 2031	0.61 and 1.30	686,446	-2,043	1,675	686,078	747,155	-2,287	1,299	746,167
Kreditanstalt für Wiederaufbau (KfW)	Euros	2031	0.6	215,512	-799	492	215,205	199,078	-836	202	198,444
				901,958	-2,842	2,167	901,283	946,233	-3,123	1,501	944,611

Certain loan agreements include standard clauses for compliance with financial ratios and administrative matters. In Management's opinion, as of September 30, 2021 and 2020, these covenants have been complied with and do not represent any restriction to the Fund's operations.

As of September 30, 2021, the AFD euro loan amounts to EUR 143,257 thousand (equivalent to S/. 686,078 thousand) and the KfW euro loan amounts to EUR 44,936 thousand (equivalent to S/. 215,205 thousand), both subject to exchange rate risk, being hedged by "currency swaps (CCS)", "principal only swaps (POS)" and "interest only swaps (IOS)" for a nominal amount of EUR 183,833 thousand (equivalent to S/880,407 thousand), EUR 4,500 thousand (equivalent to S/ 21,551 thousand), respectively.

The rate of this KfW loan is the latest available rate; since it corresponds to a variable interest rate (EURIBOR 6 months + 110 basis points) that changes in the months of May and November during the life of the loan.

Notes to the Financial Statements September 30, 2021

13.c) Securities and bonds

As of September 30, 2021 and December 31, 2020, this caption includes:

<i>In thousand Soles</i>	Nominal annual interest rate (%)	Maturity	Amount issued	Book Value	
				2021	2020
Domestic issuances					
Corporate Bonds - 1st m					
Program (a)					
4th issuance ("A" series)	6.72	July 2026	S/ 310,000	309,816	309,877
3rd issuance ("A" series)	7.00	February 2024	S/ 1,500,000	1,497,289	1,496,888
5th issuance ("A" series)	5.02	July 2026	S/ 250,000	249,696	249,698
6th issuance ("A" series)	4.78	January 2027	S/ 240,210	239,883	239,888
International Issuances					
Corporate Bonds					
1st issuance (b)	3.50	January 2023	USD 500,000	2,062,142	1,804,233
Reopening of 1st issuance (c)	3.50	January 2023	USD 150,000	617,916	540,302
				4,976,742	4,640,886
Interest payable				39,122	95,220
Total				5,015,864	4,736,106

(a) At the Board Meeting held on November 16, 2012, the First Corporate Bond Program was approved. Through this approval, the Fund may issue securities up to a maximum amount of US\$800,000,000 or its equivalent in Soles. Proceeds from the issuance of the bonds by public offering were used to finance operations inherent to the Fund's line of business. In April and July 2016, February 2017, July 2019 and January 2020, the Fund issued the first, fourth, third, fifth and sixth issuance of the Corporate Bonds, respectively.

(b) In January 2013, the Fund issued bonds under Rule 144 and Regulation S of the U.S. Securities Act, in the international market. The issuance corresponded to a nominal value of US\$500,000,000 maturing in 10 years. Bonds were placed at a price of 99.15 per cent, at a coupon rate of 3.50 per cent with payment of interest semi-annually and amortization at maturity. The funds raised were used to finance operations inherent to the Fund's line of business.

As of September 30, 2021 and December 31, 2020, said bonds have exposure to exchange rate risk, being hedged by principal only swaps (POS) for a nominal amount of USD 500,000,000 (equivalent to approximately S/ 2,067,000,000 and S/ 1,810,500,000, respectively), **Note 7**.

(c) In February 2017, the Fund issued bonds under Rule 144 or Regulation S of the Securities Law in the international market by reopening the First Issue called "3,500% Notes due 2023" in January 2013. The new issuance was for a nominal amount of USD150,000,000 with a maturity of 6 years. Bonds were placed under par at a price of 99.802 percent, at a coupon rate of 3.50 percent, with semi-annual interest payments and amortization at maturity. The resources collected are destined to finance operations in the Fund's line of business.

Notes to the Financial Statements September 30, 2021

As of September 30, 2021 and December 31, 2020, said bonds are subject to exchange rate risk, being covered by cross currency swaps (CCS) for a nominal amount of USD 150,000,000, equivalent to S/ 620,100,000 and S/543,150,000, respectively, **Note 7**.

- (d) The table below presents the balance of securities and bonds outstanding classified by contractual maturity:

<i>In thousand Soles</i>	2021	2020
From 1 to 2 years	2,695,925	-
From 2 to 5 years	2,077,623	3,915,860
Over 5 years	242,316	820,246
	5,015,864	4,736,106

- (e) Below are the financing activities for outstanding securities and bonds as of September 30, 2021 and December 31, 2020:

<i>In thousand Soles</i>	Cash flows			Exchange difference, net	Movements			September 30, 2021
	January 1, 2021	Provided	Used		Interest	Amortized cost	Changes in the fair value	
Domestic issuances								
1st issuance ("A" series)	-	-	-	-	-	-	-	-
4th issuance ("A" series)	319,611		(20,828)		15,621	(60)		314,344
3rd issuance ("A" series)	1,536,834		(105,000)		78,750	400		1,510,984
5th issuance ("A" series)	255,441		(12,578)		9,435	(4)		252,294
6th issuance ("A" series)	245,194		(11,485)		8,613	(5)		242,317
International issuances								
1st issuance	1,830,751		(67,191)	258,358	50,277	2,136		2,074,331
2nd Issuance	-		-	-	-	-		-
Reopening of 1st issuance	548,275		(20,158)	77,401	15,080	996		621,594
	4,736,106		(237,240)	335,759	177,776	3,463		5,015,864

<i>In thousand Soles</i>	Cash flows			Exchange difference, net	Movements			December 31, 2020
	January 1, 2020	Provided	Used		Interest	Amortized cost	Changes in the fair value	
Domestic issuances								
1st issuance ("A" series)	-		-		-	-		-
4th issuance ("A" series)	319,537		(20,828)		20,828	74		319,611
3rd issuance ("A" series)	1,535,764		(105,000)		105,000	1,070		1,536,834
5th issuance ("A" series)	255,360		(12,578)		12,578	81		255,441
6th issuance ("A" series)	-	239,828	(5,742)		11,048	60		245,194
International issuances								
1st issuance	1,672,800		(60,086)	154,014	61,137	2,886		1,830,751
2nd Issuance	-		-	-	-	-		-
Reopening of 1st issuance	500,577		(18,026)	46,102	18,341	1,281		548,275
	4,284,038	239,828	(222,260)	200,116	228,932	5,452		4,736,106

**Notes to the Financial Statements
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14. Accounts Payable

As of September 30, 2021 and December 31, 2020, this caption includes:

In thousand Soles	09.30.2021	12.31.2020
Other Accounts Payable:		
FONAVI contributions (a)	8,644	8,644
Family Housing Bond/Vulnerable Housing Protection Bond (b)	536,790	752,429
Good Payer Bonus (principal) received from MVCS (c)	600	49,223
Good Payer Bonus (principal) assigned to COFIDE (d)	89,159	94,429
Eligible Household Savings to be transferred to technical entities BAV (e)	5,893	7,274
Bond 500 (D.U. N° 014-2018)	0	19
Eligible Household Group Savings to be transferred from Housing Lease Bond BAV (f)	49,820	51,159
Workers' profit sharing payable	2,420	0
Resources to transfer for executed bank guarantees	5,315	7,376
Suppliers payable	5,099	3,086
Vacation, semiannual bonus, bonus and social benefits liquidation payable	1,725	1,045
Balance Due from the FUND by Reconciliation with the MEF	81,822	81,822
Management Agreement Bonus - FONAFE	1,262	0
LAIF Agreement between AFD and Fund (g)	9,361	0
Other	1,613	4,213
	799,523	1,060,719

- (a) The balance of the caption as of September 30, 2021 and December 31, 2020 is as follows:

<i>In thousand Soles</i>	2021	2020
FONAVI contributions pending transfer to the MEF (i)	8,023	8,023
Refund of not collected FONAVI checks (ii)	621	621
	8,644	8,644

- (i) Corresponds mainly to FONAVI contributions pending transfer to the Ministry of Economy and Finance - MEF for collections made by the National Superintendency of Tax Administration - SUNAT of FONAVI contributions made by taxpayers who have tax stability under Law N° 27071.

During 2018, the Fund reclassified approximately S/ 57,771,000 from the account "FONAVI Contributions to be transferred to the MEF" to the account "FONAVI Collection under Law N° 26969", for collections that would be subsequently transferred to the Ad Hoc Commission, note 13 (b).

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- (ii) Corresponds to checks drawn from 1999 to 2016, pending collection by the beneficiary. These checks were issued for the refund of FONAVI contributions according to communications from the National Tax Superintendence - SUNAT, in charge of collecting these resources.
- (b) Corresponds to Bonos Familiares Habitaciones (BFH) and/or Bono de protección de vivienda vulnerable (BVPP) to be returned to the MVCS or disbursed to technical entities (builders) for financing the BFH and that of the family groups that accessed the Techo Propio program. As of September 30, 2021, the Fund received resources from the MVCS for this purpose, through Agreement No. 003-2021-VIVIENDA in the amount of S/. 768,421 thousand; Agreement No. 069-2021-VIVIENDA in the amount of S/1,787 thousand and Agreement No. 095-2021-VIVIENDA in the amount of S/25,552 thousand.
- (c) Corresponds to the balance of the monetary funds received from the MVCS, pending allocation to the beneficiaries who request the products offered by the Fund. The Fund makes the allocation of these resources through COFIDE, when the disbursements to the IFI for the approved credits are authorized.
- (d) Corresponds to the funds received from the MVCS that were assigned to the credits authorized to the IFI (for the MIHOGAR Project credit and the New Housing Credits), after reviewing compliance with the requirements established in the respective regulations.
- (e) Corresponds to the balances to be paid to the technical entities on behalf of the eligible family groups that accessed the Techo Propio and New Housing Acquisition Program. This balance includes the savings deposited by the family group in the Fund's accounts.
- (f) Corresponds to the balances payable to the eligible family groups that accessed the Housing Lease Bond (BAV). This balance includes the savings deposited by the family group in the Fund's accounts.
- (g) Corresponds to the balances pending allocation of the resources received from the AFD (French Development Agency) under the LAIF Agreement. These resources are an aid to sub-borrowers to compensate for interest not collected by the Fund.

15. Provisions and Other Liabilities

As of September 30, 2021 and December 31, 2020, this caption includes:

<i>In thousand Soles</i>	2021	2020
Provisions and Other Liabilities		
Provisions (a)	3,289	3,406
Other liabilities (b)	28,884	18,982
	32,173	22,388

Notes to the Financial Statements
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- (a) The caption of provisions mainly includes the provision for credit risk coverage - portfolio sold, for approximately S/ 1,704,000 whose movement is shown below:

<i>In thousand Soles</i>	2021	2020
Balance at the beginning of the fiscal year	(2,084)	(3,151)
Provision recognized as expense for the period	(309)	(408)
Recovery of provisions as income for the period	676	1,421
Exchange different, net	25	54
Balance at year-end	(1,692)	(2,084)

Additionally, it includes the provisions for credit risk hedge of the portfolio sold to the Investment Funds, for approximately S/ 134,800.

Likewise, the provisions recorded for legal proceedings associated with lawsuits and probable labor contingencies are presented. In the opinion of Management and its legal advisors, the provision recorded amounting to approximately S/ 1'401,000 as of September 30, 2021 is sufficient to cover the risk of loss from such contingencies.

- (a) Other liabilities mainly include deferred income from rescheduling of accounts receivable belonging to the COFIDE Trust, amounting to approximately S/ 28'512,000.

16. Current Taxes

- (a) Below is the composition of the balance in favor of the current tax:

<i>In thousand Soles</i>	Sep 2021	Dec 2020
Income tax provision	(13,562)	(0)
Income tax advance payments	5,505	3,589
ITAN	26,949	38,825
Balance in favor Income Tax from previous year	24,999	0
General Sales Tax:	(44)	(54)
	43,847	42,360

- (b) The composition of the profit (expense) in the statement of income as of September 2021 and September 2020, respectively, is as follows:

<i>In thousand Soles</i>	September 2021	September 2020
Current	(13,562)	(6,738)
Deferred	14,137	12,126
	575	(5,388)



Notes to the Financial Statements September 30, 2021

(c) Below is the reconciliation of the effective income tax rate to the tax rate:

<i>In thousand Soles</i>	September 2021		September 2020	
Profit before income tax	13,460	100.00%	16,809	100.00%
Theoretical Expense	3,971	29.50%	4,959	29.50%
Plus (minus)				
Net effect of permanent items	(4,546)	(33.77%)	429	2.55%
Income Tax	(575)	(4.27%)	5,388	32.05%

17. Deferred income Tax, net

In Management's opinion, the net deferred income tax asset and liability will be recovered from future taxable income generated by the Fund in subsequent years, including the portion recorded in equity.

This caption includes:



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	Balances as of December 31, 2019	(Charge) credit to income	Reclassification of Deferred Assets Result Deferred Assets Shareholders' Equity	(Charge) credit to shareholders' equity	Balances as of December 31, 2020	(Charge) credit to income	Reclassification of Deferred Assets Result Deferred Assets Shareholders' equity	(Charge) credit to shareholders' equity	Balances as of September 30, 2021
Assets	(000)	(000)		(000)	(000)	(000)		(000)	(000)
Generic Allowance for Accounts Receivable (Trust Agreement - COFIDE)	14,280	639			14,919	1,047			15,966
Provision for Direct Loan Portfolio Affected to Profit or Loss	68	(18)		-	50	(8)		-	42
Provision for Accounts Receivable (Trust Agreement - COFIDE) adjustment 2017	11,223	(1,513)	4,008	(4,009)	9,709	(1,132)	1,513	(1,513)	8,577
Unrealized loss (gain) on valuation of derivatives for hedging purposes	40,325			4,769	45,094			(59,165)	(14,071)
Deferred income from portfolio	3,412	5,199		-	8,611	2,761		-	11,372
	14,183	7,783		-	21,966	803		-	22,769
Provision for accounts receivable from ICCGSA	1,119				1,119	-		-	1,119
Other Assets	2,740	220		-	2,960	(676)		-	2,284
Total, Deferred Assets	87,350	12,310	4,008	760	104,428	2,795	1,513	(60,678)	48,058
Liabilities									
Unrealized loss on Trust Investments	(282)	-		(53)	(335)	-		271	(64)
Unrealized loss on debt instruments reclassified from "Available-for-sale investments" to "Held-to-maturity investments".	(194)	-		(114)	(308)	-		(95)	(403)
Unrealized loss on fluctuation of "Available- for-sale investments".	-	-		(28)	(28)	-		76	48
Leveling of assets and liabilities	(7,181)	(23,841)		-	(31,022)	11,223		-	(19,799)
Costs Incurred. Outstanding Securities, Marketable Securities and Debentures	(113)	(71)			(184)	-			(184)
Incurred Costs Long-term Debt and Financial Obligations	(816)	(106)			(922)	81			(841)
Other	-	7			7	39			46
Total, Deferred Liabilities	(8,586)	(24,011)	-	(195)	(32,792)	11,343	-	252	(21,197)
	78,764	(11,701)	4,008	565	71,636	14,138	1,513	(60,426)	26,861



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(*) As a result of the observation made by the SBS in its Inspection Visit report N° 06-VIG /2017 "C", the Management of the Fund modified the methodology for calculating the provision of doubtful accounts beginning August 1, 2017, determining a deficit of provisions of accounts receivable (Trust Agreement - COFIDE) amounting to S/71,027,000 as of July 31, 2017; which, as authorized by the SBS by means of Official Letter N° N° 4907-2017/SBS dated Dec. 20, 2017, was recorded by the Fund in December 2017 reducing the balance maintained in the "Legal Reserve" caption of the shareholder's equity, see Note 3.E and 16.B.

During 2018, the Fund reviewed the tax treatment of the aforementioned provision for doubtful accounts and determined the need to record the deferred income tax related to charging the "Legal Reserve" caption. This treatment was authorized and subsequently approved by the SBS through Official Letter N° 02450-2019-SBS dated January 18, 2019 for S/20,953,000. In accordance with the SBS accountings practices, the Fund recorded this amount prospectively, presenting it as an equity movement in the year 2018 with a charge to the deferred asset for income tax, net.

18. Stockholders' equity

A. Capital stock

As of September 30, 2021, the Fund's capital stock is represented by 3,385'761,836 subscribed and paid common shares and as of December 31, 2020 by 3,382'586,981, with a par value of one sol per share. Its sole shareholder is the National Fund for the Financing of the Business Activities of the State – Fondo Nacional de Financiamiento de la Actividad Empresarial del Estado – FONAFE by its Spanish acronym.

At the General Shareholders' Meeting held on March 31, 2021, it was agreed to capitalize the 2020 profits, which were registered in public records.

B. Legal reserve

Pursuant to current legislation, the Fund is required to establish a legal reserve for an amount equivalent to at least 35 percent of its paid-in capital. This reserve is constituted through an annual appropriation of at least 10 percent of net income and can only be used to absorb losses or be capitalized, in both cases there is an obligation to replenish it.

The General Shareholder's Meetings held on March 31, 2021 and June 30, 2020, approved the appropriation of legal reserves for net income 2020 and 2019 of S/. 353 thousand and S/. 3,000 thousand, respectively.

Due to the change in the methodology for calculating provisions as of August 1, 2017, in December 2017, through SBS Resolution N° 4907-2017 the SBS authorized the Fund to record the deficit of provisions for uncollectibility of accounts receivable (Trust Agreement - COFIDE) for thousands of S/ 71,027 reducing the balance maintained in legal reserve. As of 2018, the Fund has been replenishing the Reserve through the constitution of 10% of the profits. As of the 2020 profits, the Fund is replenishing the Reserve through the constitution of 10% of the profits.

C. Adjustments to Stockholders' Equity

This item includes the unrealized gains (losses) from the valuation of available-for-sale investments from the Fund and CRC and PBP Trusts, and also from derivatives

Notes to the Financial Statements September 30, 2021

instruments designated as cash flow hedges. Movements in the unrealized gains during 2021 and 2020 presented net of their tax effect, were as follows:

<i>In thousand Soles</i>	Balance as of January 1, 2020	(Debit)/credit to statements of comprehensive income	Balance as of December 31, 2020	(Debit)/credit to statements of comprehensive income	Balance as of September 30, 2021
Available-for-sale investments from the Fund					
(Unrealized loss) unrealized gain from investments available-for-sale, net of transfers to profit and loss		94	94	(258)	(164)
Unrealized loss from debt instruments, reclassified from "Available-for-sale investments" to "Held to maturity investments"	(6,884)	921	(5,963)	730	(5,233)
	(6,884)	1,015	(5,869)	472	(5,397)
Deferred income taxes	(194)	(142)	(336)	(19)	(355)
Subtotal	(7,078)	873	(6,205)	453	(5,752)
Cash flow hedges					
Net gain (loss) from cash flow hedge	98,157	296,559	394,716	586,184	980,900
Transfer to profit and loss of (realized gain) realized loss from cash flow hedge derivatives	(234,853)	(312,723)	(547,576)	(385,625)	(933,201)
	(136,696)	(16,164)	(152,860)	200,559	47,699
Deferred income taxes	40,325	4,769	45,094	(59,165)	(14,071)
Subtotal	(96,371)	(11,395)	(107,766)	141,394	33,628
Total	(103,449)	(10,522)	(113,971)	141,847	27,876

D. Effective Stockholder's Equity

In June 2008, through L.D. N°1028, the Ley de Banca, Seguros y AFP (Law on Banking, Insurance and AFP) was amended; being established that the regulatory capital must be equal to or greater than 10 percent of assets and contingent credits by total risk corresponding to the sum of: (i) the regulatory capital requirement for market risk multiplied by 10, (ii) the regulatory capital requirement for operational risk multiplied by 10, and (iii) the weighted assets and contingent credits by credit risk.

As of September 30, 2021 and December 31, 2020, pursuant to Legislative Decree N°1028 and amendments, the Fund keeps the following amounts related to weighted assets and contingent credits by risk and regulatory capital (basic and supplementary), in soles:

<i>In thousand Soles</i>	09.30.2021	12.31.2020
Total risk weighted assets and credits	413,713	377,637
Total effective stockholders' equity	3,364,373	3,369,752
Basic effective stockholders' equity (Level 1)	3,364,373	3,369,752
Global regulatory capital ratio	81.32%	89.23%

As of September 30, 2021 and December 31, 2020, the Fund has complied with the SBS Resolutions N° 2115-2009 - Regulations for Regulatory Capital Requirements for Operational Risk, N° 6328-2009 - Regulatory Capital Requirements for Market Risk, N° 14354-2009 - Regulatory Capital Requirements for Credit Risk and their amendments. These resolutions establish, mainly, the methodologies to be applied by financial entities to calculate the weighted assets and credits for each type of risk.



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In July 2011, SBS issued Resolution N°8425-2011, which establishes that in order to determine the additional regulatory capital, financial institutions must have a process to evaluate the sufficiency of their regulatory capital according to its risk profile, according to the methodology described in said Resolution. In application of said rule, additional regulatory capital will be equal to the sum of the regulatory capital requirements calculated for each of the following components: economic cycle, concentration risk, and market concentration risk, interest rate risk in the banking book and other risks.

Likewise, the regulation establishes a period of gradual adaptation of five years starting since July 2012. As of September 30, 2021, the percentage of adaptation established by SBS is 100 percent, therefore the additional requirement of regulatory capital estimated by the Fund amounts to S/ 115,882 thousand (S/ 71,209 thousand considering an adequacy of 100 percent established by the SBS as of December 31, 2020).

In Management's opinion, the Fund has complied with the requirements set forth in the aforementioned Resolution and will have no any problem in continuing to comply with them, since the regulatory capital by the Fund cover these requirements completely.

19. Tax situation

- A. The Fund is subject to the Peruvian tax regime. As of September 30, 2021 and December 31, 2020, the Corporate Income Tax rate is 29.5%, on net taxable income as established in Legislative Decree N° 1261, published on December 10, 2016 and effective as of January 1, 2017.

The Corporate Income Tax rate applicable to the distribution of dividends and any other form of profit distribution is 5% for profits generated and distributed from January 1, 2017 onwards.

It should be noted that it will be presumed, without admitting proof to the contrary, that the distribution of dividends or any other form of profit distribution made corresponds to accumulated results or other concepts susceptible of generating taxable dividends, older.

Notwithstanding the above, the Fund's bylaws specify that 100% of distributable profits shall be capitalized.

In accordance with current Peruvian tax legislation, non-domiciled individuals are taxed only on their Peruvian source income. In general terms, income obtained by non-domiciled individuals for services rendered in our country is subject to income tax at a rate of 30% on a gross basis, unless a Double Taxation Avoidance Agreement (DTA) is applicable. Currently, Peru has signed DTA with the Andean Community, Chile, Canada, Brazil, Portugal, Switzerland, Mexico and South Korea, and has also signed a DTA with Japan (Supreme Decree No 60-2020 ratifying Supreme Resolution No 091-2020-RE referring to the agreement between Peru and Japan to avoid double taxation)

Notes to the Financial Statements September 30, 2021

For the purposes of technical assistance services or digital services provided by non-domiciled subjects in favor of domiciled subjects, the place of provision of such services will be indistinct and in all cases will be subject to income tax at a rate of 15% and 30% on gross basis, respectively, as long as the application of the DTA does not apply, and therefore no withholding would be applied. The rate applicable to technical assistance services will be 15%, provided that the requirements set forth in the Income Tax Law are met. As indicated in the previous paragraph, the withholding rate in these cases may vary or even the withholding may not be applicable if the provisions of a DTA in force are used.

Income tax non-encumbrance and exemption

- B. As from 2010, capital gains from the sale, redemption or redemption of marketable securities through centralized trading mechanisms are subject to income tax. For this purpose, the computable cost has been established as the value of the securities at the end of the taxable year 2009 (listed value), acquisition cost or value of income to equity, whichever is higher, according to the procedure established by Supreme Decree N° 011-2010-EF.

Emergency Decree N° 005-2019 extended the term of the exoneration until December 31, 2022 and included as new exempted assumptions: i) Debt securities, ii) Certificates of participation in mutual funds for investment in securities, iii) Certificates of participation in Real Estate Rental Investment Funds (FIRBI) and Certificates of participation in Securitization Trusts for Investment in Real Estate Rental (FIBRA), and iv) Negotiable invoices. The referred exemption will be applicable provided that certain requirements are met.

Law No. 31106 extends to December 31, 2023 the validity of all exemptions in force to date contained in Article 19 of the Income Tax Law.

Temporary tax on net assets

- C. The Fund is subject to the Temporary Tax on Net Assets, the taxable base of which is constituted by the value of the net assets adjusted at the close of the fiscal year prior to the one in which the payment corresponds, deducting depreciation, amortization, reserve requirements and specific provisions for credit risk. The tax rate is 0.4% for September 30, 2021 and December 31, 2020, applicable to the amount of net assets exceeding S/. 1 million. The tax may be paid in cash or in nine successive monthly installments. The amount paid may be used against the payments on account of the General Income Tax Regime for the tax periods from March to December of the taxable year for which the tax was paid up to the due date of each of the payments on account and against the income tax regularization payment of the taxable year to which it corresponds. In the event that a remaining balance is not applied, it may be requested as a refund.

Pursuant to Article 2 of Law N° 31104, SUNAT has 30 business days from the date the request is filed to make the refund of the Net Assets Tax for the year 2020. Upon expiration of such term, the taxpayer may consider it approved. In addition, the regulation specifies that the refund will only be made by credit to account; therefore, on July 8, 2021, through Resolution of Intendancy No. 012-180-0025304/SUNAT, SUNAT



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resolved to authorize the refund of the balance of the ITAN corresponding to the taxable year 2020 that was requested by the Fund, in the amount of S/. 17'414,646.00.

Tax on financial transactions

- D. By means of Law N° 29667 of February 21, 2011, the Financial Transaction Tax rate is modified to 0.005% and is applicable on charges and credits in bank accounts or movements of funds through the Financial System, unless exempted.

Transfer pricing

- E. For purposes of determining Income Tax, the transfer prices of transactions with related companies and companies resident in low or non-taxing countries or territories must be supported by documentation and information on the valuation methods used and the criteria for its determination. Until taxable year 2016, the formal obligations of Transfer Pricing were given by the obligation to file the informative affidavit and to have the technical study.

Legislative Decree N° 1116 established that Transfer Pricing rules are not applicable for General Sales Tax purposes.

Likewise, it is important to consider that according to Article 3° of Superintendence Resolution N° 014-2018/SUNAT, companies that are part of the State's business activity, such as the Fund, are exempted from the obligation to file an informative sworn statement local report.

Tax review by the tax authority

- F. The Tax Authority has the power to review and, if applicable, correct the income tax calculated by the Fund in the four years following the tax filing year. The Fund's income tax and general sales tax returns for the years 2016 through 2020 are pending audit by the Tax Authority. As of the date of this report, the Tax Authority has completed the review of corporate income tax, non-domiciled income tax and transfer pricing for the 2013 fiscal year. The 2014 fiscal year has been audited, and 2015 onwards have not been audited.

Thus, in the opinion of Management and its legal advisors, these tax processes and the years pending tax review will not generate significant liabilities that impact the Fund's financial results, which is in accordance with IFRIC 23.

Due to the possible interpretations that the Tax Authority may give to the legal norms in force, it is not possible to determine, at this date, whether or not the reviews will result in liabilities for the Fund; therefore, any higher taxes, late payment interest and penalties that may result from possible tax reviews would be applied to the results of the year in which they are determined. However, in the opinion of management and its in-house legal advisors, any additional tax assessments would not be material to the Fund's financial statements as of September 30, 2021 and December 31, 2020.

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General sales tax regime

- G. By means of Legislative Decree N° 1347, published on January 7, 2017, the possibility of a one percentage point reduction in the General Sales Tax rate was established as of July 1, 2017, provided that the annualized collection target as of May 31, 2017 of the General Sales Tax, net of internal refunds of 7.2% of GDP is met. In other words, as long as such condition is met, the General Sales Tax rate (including the 2% Municipal Promotion Tax-IPM) would be reduced from 18% to 17%. However, since at the end of the term the proposed collection goal was not met, the General Sales Tax rate remained at 18%.

According to Law No. 31105, the validity of all exemptions contained in Appendix I and II in force to date, the rule on the refund of taxes levied on purchases with donations from abroad and imports of diplomatic missions and the exemption of IGV for the issuance of electronic money is extended until December 31, 2021.

Most relevant tax modifications applicable to 2021

H. **Normative concept of accrual:**

Legislative Decree N° 1425 of September 12, 2018, introduced the definition of legal accrual for Income Tax purposes establishing that income in the case of: a) transfer of goods occurs when: i) the change of control operates (in accordance with IFRS 15); or ii) the transfer of risk to the acquirer occurs (Risk Theory established in the Civil Code), whichever occurs first; and b) for the case of rendering of services, the degree of performance of the rendering has been established.

The legal concept of accrual is applicable to lessees for purposes of establishing the tax treatment of the expense associated with lease contracts regulated by IFRS 16 (e.g. operating leases for tax purposes).

Finally, it should be noted that the concept in question would not be applicable to those entities that accrue their income or expenses for income tax purposes according to tax provisions that establish a special (sectorial) accrual regime.

I. **Undercapitalization:**

Pursuant to the Amending Complementary Provision of Legislative Decree N° 1424, as from January 1, 2021, financial expenses will be deductible up to the limit of 30% of the tax EBITDA (net income - loss compensation + net interest + depreciation + amortization) of the previous year.

There are some exceptions to the application of this limitation, for example i) companies of the financial and insurance system indicated in Article 16 of Law N° 26702, ii) taxpayers with income not exceeding 2,500 UIT, infrastructure, public services, among others.

In fiscal year 2019 and until December 31, 2020, the financial expense generated by indebtedness both between independent and related parties is subject to the undercapitalization limit of (3:1 Debt-Equity Ratio) calculated at the close of the previous fiscal year.

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J. Deduction of expenses or costs incurred in transactions with non-domiciled parties:

Legislative Decree N° 1369 requires that costs and/or expenses (including "outbound interest") incurred with non-domiciled counterparties must have been effectively paid in order to be deductible in the year in which they were incurred. Otherwise, their impact on the determination of net income will be deferred to the year in which they are effectively paid, at which time the corresponding withholding will be applied.

This rule eliminated the obligation to pay the amount equivalent to the withholding on the amount recorded as cost and/or expense.

K. Indirect Credit:

Under certain requirements, as of January 1, 2019, domiciled entities that obtain dividends ("inbound") from foreign sources may deduct as direct credit the Income Tax that would have taxed the dividends abroad and the Corporate Income Tax (indirect credit) paid by the non-domiciled first and second tier company (provided they are in the same jurisdiction) that would have distributed the dividends from abroad.

L. Measures for the application of the General Anti-Circumvention Clause contained in Rule XVI of the Tax Code.

Legislative Decree N° 1422 has established the procedure for the application of the General Anti-Circumvention Clause (hereinafter referred to as "CAG"), stating that: (i) it is applicable only in definitive audit procedures in which acts, facts or situations produced since July 19, 2012 are reviewed; (ii) for its application there must be prior favorable opinion of a review committee integrated by officials of SUNAT itself, such opinion not being appealable; (iii) the definitive audit procedures in which the CAG is applied are not subject to the one (1) year term to require information to the audited parties.

On May 6, 2019, Supreme Decree N°145-2019-EF was published in the Official Gazette El Peruano, approving the substantive and formal parameters for the application of the general anti-avoidance rule contained in Rule XVI of the Tax Code, which means that the requirement to lift the suspension established by Law N° 30230 for the application of such rule has been fulfilled. Likewise, SUNAT Regulations on Tax Procedures have been adapted for such purpose.

M. Information related to beneficial owners

Within the framework of the rules to strengthen the fight against tax evasion and avoidance as well as against money laundering and financing of terrorism, as of August 3, 2018, the provisions introduced through Legislative Decree N° 1372 are in force, which obliges to provide the competent authorities, through a sworn statement of beneficial owners, information related to such subjects, that is, to disclose through such statement who are the natural persons that effectively have ownership or control in legal persons or legal entities. Thus, it will be mandatory to report aspects such as (i) identification of the beneficial owner, (ii) the chain of ownership with the respective supporting documentation, (iii) identification of third parties that have such information, if applicable. It is further stated that the information related to the identification of the beneficial owners of legal persons and entities provided to the competent authorities within the framework of these rules does not constitute a violation of professional

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secrecy nor is it subject to the restrictions on disclosure of information arising from confidentiality imposed by contract or by any legal or regulatory provision.

On December 12, 2019, Emergency Decree N° 25-2019 has been published, which amends paragraph 3.1 (c) of paragraph 3.1 of Legislative Decree N° 1372, exempting from the presentation of the beneficial ownership declaration the public companies whose capital is one hundred percent (100%) owned by the Peruvian State.

N. *Indirect disposal of shares*

As of January 1, 2019, an anti-avoidance technique is incorporated to avoid the splitting of operations, through which shares of companies domiciled in Peru are indirectly disposed of.

It is indicated that in order to establish whether in a period of 12 months the transfer of 10% or more of the capital of the Peruvian company has been complied with, the transfers made by the subject under analysis are considered, as well as those made to its related parties, whether they are executed through one or several simultaneous or successive operations. Such relationship shall be established in accordance with the provisions of paragraph b) of Article 32-A of the Income Tax Law.

Likewise, it is also established that, regardless of compliance with the conditions regulated in the Income Tax Law, an indirect taxable alienation will always be configured when, in any 12-month period, the total amount of the shares of the Peruvian legal entity being alienated is equal to or greater than forty thousand (40,000) UIT.

It is also added from the effective date mentioned above that, when the transferor is a non-domiciled legal person that has a branch or any permanent establishment in Peru with assigned assets, the latter is considered jointly and severally liable, and this latter subject must provide, among other information, the information corresponding to the shares or participations of the non-domiciled legal person that are being transferred.

O. *Joint and several liability of the legal representatives and directors of the companies.*

As of September 14, 2018, it has been established, through Legislative Decree N° 1422 that, when an audited subject is subject to the General Anti-elusive Clause (CAG), it is automatically considered that there is fraud, gross negligence or abuse of powers with respect to its legal representatives, unless there is evidence to the contrary. The aforementioned joint and several liability will be attributed to such representatives whenever they have collaborated with the design, approval or execution of acts, situations or economic relations with an elusive purpose.

The regulation also involves the members of the Board of Directors of companies, by stating that these subjects are responsible for defining the tax strategy of the companies in which they are directors, and they must decide whether or not to approve acts, situations or economic relationships to be carried out within the framework of tax planning, this attribution being non-delegable to the directors.

The members of the Board of Directors of domiciled companies were granted a term that expired on March 29, 2019 to ratify or modify the acts, situations or economic

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relationships carried out within the framework of tax planning, and implemented as of September 14, 2018 that continue to have tax effect up to the present.

Notwithstanding the aforementioned maximum term indicated for compliance with said formal obligation, and considering the aforementioned joint and several liability attributable to both legal representatives and directors, as well as the lack of definition of the term tax planning it will be critical to review any act, situation or economic relationship that has (i) increased tax attributes, and/or (ii) generated a lower payment of taxes for the aforementioned years, in order to avoid the attribution of joint and several tax liability, both at an administrative and even criminal level, depending on the criteria of the tax agent, in case the CAG is applied to the company that is subject to a tax audit by SUNAT.

P. Special Depreciation Regime (COVID_19 Rule)

By means of Law N° 31107, published on December 31, 2020, the table of Article 5 of Legislative Decree N° 1488, Legislative Decree that establishes a special depreciation regime and modifies depreciation terms, was modified; therefore, this Law came into effect on January 1, 2021, which indicates that buildings and constructions may be depreciated, for income tax purposes, applying an annual depreciation percentage of twenty percent (20%) up to their total depreciation, provided that they comply with the requirements set forth in the regulation, data processing equipment 50%, machinery and equipment 20%, land transportation equipment 33. 3% or 50% considering its exceptions.

Law 31107 establishes that the special depreciation regime for buildings and constructions described in Legislative Decree N° 1488 is optional and not mandatory.

Q. Exceptional Rules for the Suspension or Modification of the payment on account of Income Tax for the period August to December 2021

For the periods from August to December 2021, as stipulated in paragraph ii) of article 85° of the LIR, the suspension of the payment on account of Income Tax may be maintained if the EEFF as of July is maintained the loss or modify the percentage if the calculation of the IR as of July 2021 turns out to be less than 1.5%.

In order to apply the suspension or modification of the payments on account for the aforementioned periods, the Fund shall be able to submit the PDT 625 as of July, respectively, as well as print the Income Statement as of such months and attach it to the Inventory and Balance Sheet Book. From the evaluation, if the Fund had modified the coefficient for the payments on account from August to December 2021, the result would have been higher than 1.5%; however, since the year was not yet closed, it was possible that said coefficient could be reverted and result in higher payments on account, therefore there was no change in the coefficient for the periods from August to December 2021.

R. Deferral and/or Fractionation Regime for tax debts administered by SUNAT (COVID_19 Rule)

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By means of Legislative Decree N° 1487, published on May 10, 2020, the Deferral and/or Fractionation Regime for tax debts administered by SUNAT ("RAF"), which constitute income of the Public Treasury or ESSALUD, has been established.

Through Supreme Decree No 144-2021-EF, the possibility for SUNAT to grant deferral and/or installment payments for the amount of the tax debt contained in a resolution of loss of the Deferment and/or Installment Regime (RAF), approved by DL N° 1487, is established as a temporary exception to the application of paragraph b) of article 36° of the Tax Code. As of September 30, 2021, the Fund has no debts that imply the use of this regime.

S. Availability of funds from drawdown accounts (COVID_19 Rule)

Superintendence Resolution N° 058-2020/SUNAT, published on March 18, 2020, established an emergency procedure to request the free disposal of the amounts deposited in the deduction account, through SUNAT-Operaciones en Línea, between March 23 and April 7, 2021. The Fund did not request it.

T. Non-application of Penalties for Violations committed during the State of Emergency (COVID_19 Rule)

Superintendence Resolution N° 008-2020-SUNAT/700000, published on March 18, 2020, provided for the application of SUNAT discretionary power for this entity not to sanction tax violations incurred by tax debtors during the State of National Emergency. In this order, Resolution of Superintendency No. 78-2021/SUNAT is issued, which establishes that those tax debtors included in the General Regime and other regimes, whose net income for the fiscal year prior to that of the declaration for which the infraction is incurred, does not exceed 150 UIT (for 2020), there will be a gradual reduction of 100% of the fine in case they incur in the infraction typified in numeral 1 of article 176 of the Tax Code (failure to file the sworn tax returns within the established terms), provided that they correct the infraction by filing the omitted return voluntarily, that is to say, before any notification from SUNAT indicating that the infraction has been incurred.

U. Suspension of deadlines for Administrative Procedures (COVID_19 Rule)

Emergency Decree N° 026-2020, published on March 15, 2020, provided for the suspension for thirty (30) working days as from the day following its publication, of the computation of the deadlines for the processing of administrative procedures subject to positive or negative administrative silence, which are in process at the entry into force of the rule.

In line with the above, SUNAT communicated the suspension of all customs administrative procedures initiated prior to March 16, 2020, for thirty (30) working days; as well as the deadlines for inspections, scheduled summons and those for the filing of appeals, during the State of National Emergency.

V. Interest Rate applicable to taxes administered or collected by SUNAT (COVID_19 Rule)

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By means of Superintendence Resolution N° 066-2020/SUNAT, published on March 31, 2020, a reduction has been established to the moratorium interest rates of tax debts ("TIM"), as well as the interest rates corresponding to refunds, moratorium interest rates: reduction from 1.2% to 1% per month (debts in local currency); among others, as well as the interest rates for refunds: Reduction from 0.5% to 0.42% per month (refunds in local currency) (maintaining the TIM for withholdings and perceptions of the General Sales Tax not applied), among others.

W. Exceptions to the acceptance of donations from abroad to entities and dependencies of the public sector. (COVID_19 Rule)

By means of Legislative Decree N° 1460, published on April 16, 2020, the procedure for the acceptance of donations coming from abroad and entering the country within the framework of non-reimbursable international cooperation has been made more flexible, establishing, in general terms. This procedure shall be applicable to all entities and agencies of the public sector corresponding to the National, Regional and Local Government levels, Judicial Power, Legislative Power, constitutionally autonomous bodies, decentralized public institutions and other entities that have a budget allocation in the corresponding annual budget law, except for companies that are part of the State's business activity, such as the Fund.

X. Extension of the term for loss carryforward under system a) (Rule COVID_19)

By means of Legislative Decree N° 1481, published on May 8, 2020, it has been approved to extend the term for loss carryforward under system a) of loss compensation established in Article 50 of the Income Tax Law.

Said Legislative Decree establishes that taxpayers domiciled in the country that had opted or opt to offset the total net loss of third category, recorded in the taxable year 2020, under the system a) of loss offset, may impute them for five (5) taxable years immediately following computed as from the taxable year 2021 until exhausting the amount thereof. Once said period has elapsed, the balance that is not offset may not be computed in the following fiscal years.

Y. Deduction of provisions related to direct credits with higher than normal risk in the case of companies of the financial system.

SUNAT points out that in the case of companies of the financial system regulated by Law No. 26702, the deficit of provisions related to direct credits with respect to which a higher than normal risk has been identified, corresponding to fiscal years 2014 to 2016 and recorded in fiscal year 2017 against the legal reserve, by express provision of the SBS, is not deductible for the determination of their net income in any of said taxable years. This report dated December 29, 2020 was published on June 03, 2021 on the SUNAT web portal.

20. Risks and Contingent Commitments

As of September 30, 2021 and December 31, 2020, the risks and contingent commitments correspond to the portion covered by the Portfolio Fund sold in 2007 to BBVA Banco Continental, Banco de Crédito del Perú, Banco Internacional del Perú - Interbank and Scotiabank Perú S.A.A. These are being updated due to the recovery of the portfolio.

Notes to the Financial Statements
September 30, 2021

21. Interest Income and Expenses

This caption includes:

<i>In thousand Soles</i>	09.30.2021	09.30.2020
Interest Income		
Interest per availability	2,221	19,395
Interest from investments	8,711	9,770
Interest income from Loan portfolio	3,566	3,174
Interest on accounts receivable	362,397	342,104
Other income	94	63
Total Interest Income	376,989	374,506
Interest Expenses		
Interest and commissions on financial debts and obligations	9,873	6,131
Interest and commissions on securities and bonds outstanding	181,239	175,034
Good-payer award (capital) granted by the Fund	27,373	32,485
Good-payer award (capital and interest)		
CRC Trust and PBP	1,388	1,503
Interest Expenses	219,873	215,153

22. Income from and expenses for financial services

This caption includes:

<i>In thousand Soles</i>	09.30.2021	09.30.2020
Income from financial services		
Income from Trusts and Trusted Com.	442	485
Commission for CRC and PBP services (a)	2,171	2,269
Commission for operating MVCS grants	575	519
Com. Investment Fund. CRC and evaluation services	73	
Execution of letters of guarantee constituted ETE	10	-
Total income from Financial Services	3,271	3,273
Expenses for financial services		
Trust expenses. Trust Commissions	136	132
Miscellaneous	1,682	1,228
Total Income from financial services	1,818	1,360

- (a) Corresponds to the commissions for the credit risk coverage service (CRC) and Good Payer Award (PBP) granted to the IFI through the CRC and PBP Trusts.

Notes to the Financial Statements
September 30, 2021

23. Results on financial operations

This caption includes:

<i>In thousand Soles</i>	09.30.2021	09.30.2020
Net income in finance. Prod. from trading derivatives	(460)	1,619
Net loss from derivative financial hedge products	(66,663)	(63,347)
Gain (loss) on exchange difference	1,859	(1,590)
Other	237	2,733
Results on financial operations	(65,027)	(60,585)

24. Administrative expenses

This caption includes:

<i>In thousand Soles</i>	09.30.2021	09.30.2020
Personnel and Board of Directors expenses (a)	20,755	18,488
Services received from third parties (b)	15,691	12,452
Taxes and contributions	288	245
	36,734	31,185

(a) The table below presents the composition of personnel and Board of Directors exp.:

<i>In thousand Soles</i>	09.30.2021	09.30.2020
Salaries	9,085	9,561
Workers' profit sharing	2,420	1,202
Gratuities	1,659	1,686
Social security	1,469	1,591
Bonuses as per Management agreement	1,262	0
Others bonuses	660	490
Severance indemnity	111	217
Compensation for time of services	974	995
Food services	689	686
Vacation	861	882
Internship Subsidy	646	526
Training	74	1
Allowances to the Board of Directors	247	306
Other	598	345
	20,755	18,488

(b) The table below presents the composition of services received from third parties expenses:

<i>In thousand Soles</i>	09.30.2021	09.30.2020
Advertising	733	273
Property and good rentals	2,091	2,050
Fees and consultancy	1,636	1,822
Expenses related to bonds issued	1,498	1,657
Repair and Maintenance	1487	1,416

Notes to the Financial Statements September 30, 2021

Miscellaneous management charges	1039	1,003
Shared data center services – FONAFE	3583	945
Communications	781	1,018
Telemarketing services	1176	473
Travel expenses	7,396	18
Transport	27	49
Insurance	754	807
Document storage	144	209
Miscellaneous supplies	53	126
Other expenses	682	586
	15,691	12,452

25. Other income and expenses

<i>In thousand Soles</i>	09.30.2021	09.30.2020
Other income		
Interest from Ex – CONEMINSA portfolio	61	45
Ex Prestaperu portfolio interest	3,981	3,165
Margin Call Interest	0	68
Reversal of Prov Fid. Cofide-Portfolio sold 2007	676	760
Other income	640	500
	5,358	4,538
Other expenses	(170)	(421)
Total other income and expenses, net	5,188	4,117

26. Contingencies

As of September 30, 2021 and 2020, the Fund maintains the following contingency processes:

- (a) Various labor processes related to its operations referring to lawsuits for payment of profits and reimbursement of social benefits, recording a provision of approximately S/ 1,401,000 as of September 30, 2021 (approximately S/1,394,000 as of December 31, 2020). In the opinion of the Fund's Management and its legal advisors, the provision for legal contingencies recorded as of September 30, 2021, is adequate to cover these contingencies.
- (b) Various constitutional processes (amparo actions) related to the restitution of labor rights to former workers of the Fund. Likewise, processes originated by discrimination in the right to participate in awarding and contracting processes, cancellation of registration of technical entities due to violations committed.

In the opinion of the Fund's Management and its legal advisors, such contingencies will not generate possible losses at the end of such processes.

27. Financial Risk Management

The activities of the Fund are mainly related to the credit placement of its resources through IFI of the country for the acquisition of housing by natural persons. Financial institutions are evaluated and assigned long-term credit lines; the Fund also participates

Notes to the Financial Statements September 30, 2021

in work to encourage the construction and promotion of housing, and manage the resources received from the State (such as BFH) and its own resources, investing these funds mainly, in interest-bearing demand deposits and time deposits, in fixed income and grade investments, with the purpose of making them profitable and preserving their value over time, ensuring the liquidity required to fulfill their obligations and its lending activities.

In this sense, the financial risk management comprises the administration of the main risks, which the Fund faces due to the nature of its operations; these are: credit, market, liquidity and operation risks.

- **Credit risk:** the possibility of losses due to the inability or unwillingness of debtors, issuers, counterparties or obligated third parties to fulfill their contractual obligations.
- **Market risks:** the possibility of losses in positions on and off- statement of financial position derived from variations on interest rates, exchange rates, prices of equity instruments and other market prices, which affect the valuation of positions in financial instruments.
- **Liquidity risk:** the possibility that the Fund cannot meet with the payment at maturity of its obligations incurring losses that significantly affect its equity position.
- **Operation risk:** the possibility of losses due to inadequate processes, staff failures, information technology or external events.

In order to manage said risks, the Fund has a structure and organization specialized in the management, measurement and reporting systems, and mitigation and coverage processes.

i. Structure and organization of risk management

The Fund has a managerial and governance structure that allows it to adequately articulate the management and control of the risks it is exposed to.

- **Board of Directors**

The Fund's Board of Directors is responsible for establishing an adequate integrated management of risks and for fostering an internal environment that facilitates its development. The Board of Directors keeps permanently informed about the degree of exposure of the various risks managed by the Fund.

The Board has created a number of specialized committees in which it has delegated specific functions with the objective of strengthening risk management and internal control.

- **Risk Committee**

The Risk Committee (henceforth "RC") is a collegiate body created by agreement of the Board of Directors. It is responsible for approving the policies and the organization for the

Notes to the Financial Statements September 30, 2021

integral management of risks, as well as the modifications that are made to them. The Committee defines the level of tolerance and the degree of exposure to risk that the Fund is willing to assume in the development its business and decides the needed actions for the implementation of corrective measures required, in case there are deviations from the levels of tolerance to the risk and the degrees of exposure assumed. The Committee is comprised by the Chairman of the Board and two Directors, the General Manager and the Risk Manager. The Committee reports quarterly to the Board of Directors the agreements reached and issues discussed in the Risk Committee meetings.

▪ ***Audit Committee***

The Special Audit Committee (hereinafter "the Special Committee") is a collegiate body created in a Board session. Its main purpose is to assist the Board of Directors in its purpose of ensuring that the accounting and financial reporting processes are appropriate, evaluating the activities carried out by internal and external auditors and monitoring the proper functioning of the internal control system. The Committee is comprised of three members who do not hold executive positions in the Fund.

The General Manager and Head of the Office of Internal Audit, as well as the officials that the Special Committee deems necessary, participate as guests at the meetings of the Special Committee.

The Committee meets at least once a month and reports quarterly to the Board on the topics discussed. However, it may meet as often as necessary depending on the priority and number of issues to be discussed, when determined by the Chairman of the Committee or when requested by at least two of its members.

▪ ***Assets and Liabilities Management Committee***

The Assets and Liabilities Management Committee ("ALCO") is a collegiate body created by Board of Directors agreement. Its main function is to manage the financial structure of the Fund's statement of financial position, in accordance with the profitability and risk targets. The Committee is also responsible for proposing new products or operations or strategies that contain market and liquidity risk components. It is also the communication channel with the areas that generate market and liquidity risk. The Committee meets monthly and is comprised by the General Manager, Commercial Manager, Finance Manager and Risk Manager.

▪ ***General Management***

The General Manager is responsible for implementing an adequate integral management of risks in the Fund. It manages and coordinates the efforts of the different managements and offices, ensuring an adequate balance between risk and profitability. The Risk Management is a line organism and depends directly on the General Management; this management is in charge of proposing the policies, procedures and methodologies for a competent comprehensive risk management, promotes the alignment of the measures of treatment of the Fund's risks with the levels of appetite and risk tolerance and the development of appropriate controls. The Risk Management is comprised by the Market Risk, Liquidity and Operational Department and the Credit Risk and Portfolio Tracking Department.

Notes to the Financial Statements September 30, 2021

▪ **Internal audit**

The Internal Audit Office reports functionally to the Board of Directors and administratively to the General Manager. Provides independent services, and assurance and consultation objectives. Assists to the Fund in achieving its objectives applying a systematic and disciplined approach to assessing and improving the effectiveness of governance, risk management and control processes.

Its organization and operation are in accordance with the General Law of the Financial and Insurance System and Organic Law of the SBS and the Regulation of Internal Audit.

ii. Risk measurement and reporting systems

The Fund uses different risk management models and tools for risk management. These tools measure and assess risk to make better decisions at different stages of the credit life cycle, or of an investment.

Management indicators are reviewed and analyzed on an ongoing basis in order to identify possible deviations in the risk profile from the stipulated risk appetite and to take corrective measures in a timely manner. This information is presented monthly to the CR Committee and periodically to the Board of Directors.

iii. Risk concentration

Through its policies and procedures, the Fund has established the necessary guidelines and mechanisms to avoid an excessive concentration of risks, maintaining a diversified portfolio consequently. In the event that a concentration risk is identified, the Fund has specialized units that allow it to control and manage said risk.

A. Market risk

Market risk is the probability of loss due to variations in financial market conditions. The main variations to which the Fund is exposed to are: exchange rates and interest rates and prices; said variations can affect the value of the Fund's financial assets and liabilities. The Fund separates market risk exposures as follows:

Value at Risk

Value at Risk (VaR) is a statistical technique that measures the maximum loss that a financial asset or a portfolio of financial assets can experience within a time horizon, given a level of confidence. The VaR model used by the Fund is the Historical VaR for foreign currency exposures (VaR Exchange) and for the investment portfolio (VaR of Interest Rates), both with a confidence level of 99 percent and a liquidation period of 10 days. It should be mentioned that this method does not assume any distribution function for profit and loss, and is based only on the observed historical behavior.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or financial instruments fair values. The risk of the cash flow interest rate is the risk that the future cash flows of a financial instrument will fluctuate due to changes

Notes to the Financial Statements September 30, 2021

in market interest rates. The risk on the fair value of interest rates is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The impact of changes in interest rates can be presented in two ways: the first, which translates into an impact on expected earnings, directly related to reinvestment risk and the risk that is generated when movements in interest rates Interest expose the entity to higher costs in financing operations (passive interest rates); or lower returns on their investment operations (active interest rates). The second is related to the valuation of the assets and liabilities of the Fund and, therefore, with the economic value or real value of the equity of the same. This modality occurs when the market interest rates change, used for the valuation of the various instruments that form part of the financial statement of the Fund.

The SBS denominates these two impacts, as Earnings at Risk (EAR) and Value at Risk (VAR), which are indicators of short and long term structural rate risk, respectively.

As of September 30, 2021 and December 31, 2020, the Fund monitors that the gains at risk are below the regulatory limit of 5% percent of the Fund's net equity. In addition, the Fund has an internal limit of 20 percent for the regulatory calculation and an internal limit of 20 percent for the internal calculation.

As of September 30, 2021, the interest rate risk of the fixed income portfolio is monitored through the calculation of the market value of each investment instrument recorded as available for sale divided by its acquisition cost. According to the Investment Policies and Procedures Manual, if the indicator falls 5% or more, the Finance Management, prior opinion of the Risk Management, brings it to the attention of the Assets and Liabilities Management Committee, which will determine if the causes of the deterioration in value are due to market factors or changes in the conditions of the issuer, in order to decide whether to maintain, reduce or eliminate the position in the instrument.

The management of structural interest rate risk is made through the monitoring and reporting of regulatory indicators: gains at risk and equity at risk. The results of the indicators are reported to the Risk Committee and the Asset and Liability Management Committee, which decide on actions to mitigate exposure to rate risk.

Repricing gap

In order to determine the impact of interest rate movements, an analysis of repricing gaps is performed. The analysis consists of allocating the balances of the operations that will change the interest rate in different time gaps. Based on this analysis, the impact for each gap of the change in the valuation of assets and liabilities is calculated.

The following table summarizes the Fund's exposure to interest rate risks. The Fund's financial and non-financial instruments are presented at book value, classified by the period of the contract's interest rate repricing or maturity date, whichever occurs first:



Notes to the Financial Statements September 30, 2021

<i>In thousand Soles</i>	September 2021						Total
	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	non-interest-bearing	
Assets							
Available	1,100,821	-	-	-	29	-	1,100,850
Investments	-	1,390	32,093	160,987	73,145	-	267,615
Accounts Receivable, Net (Trust Agreement - COFIDE)	219	431	1,925	10,937	11,390	-	24,902
Loan Portfolio, Net	47,452	93,322	421,894	2,789,331	4,862,675	-	8,214,674
Other accounts receivable, net	-	-	-	-	39,379	-	39,379
Hedging Derivatives	-	-	-	-	-	980,902	980,902
Other assets, Net	-	-	-	-	-	85,994	85,994
Total assets	1,148,492	95,143	455,912	2,961,255	4,986,618	1,066,896	10,714,316
Liabilities and Equity							
Obligations with the public	-	-	541	-	-	-	541
Debts and financial obligations	-	-	122,332	847,312	403,804	-	1,373,448
Securities and bonds outstanding	-	-	-	4,773,546	242,317	-	5,015,863
Hedging Derivatives	-	-	-	-	-	35,219	35,219
Other accounts payable, provisions and other liabilities	587,493	-	-	-	-	244,207	831,700
Shareholders' equity	-	-	-	-	-	3,457,545	3,457,545
Total liabilities and equity	587,493	-	122,873	5,620,858	646,121	3,736,971	10,714,316
Off-balance sheet items:							
Hedge derivatives financial instruments – Assets	-	-	-	-	-	3,589,058	3,589,058
Hedge derivatives financial instruments – Liability	-	-	-	-	-	291,601	291,601
Marginal gap	560,999	95,143	333,039	(2,659,603)	4,340,497	(2,670,075)	-
Accumulated gap	560,999	656,142	989,181	(1,670,422)	2,670,075	-	



Notes to the Financial Statements September 30, 2021

<i>In thousand Soles</i>	December 2020						Total
	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	non-interest-bearing	
Assets							
Available	1,317,917	20,002	-	-	305	-	1,338,224
Investments	-	1,165	3,604	143,551	71,681	-	220,001
Accounts Receivable, Net (Trust Agreement - COFIDE)	235	456	2,083	12,095	13,609	-	28,478
Loan Portfolio, Net	44,648	85,968	402,683	2,675,693	4,674,460	-	7,883,452
Other accounts receivable, net	-	-	-	-	110,566	-	110,566
Hedging derivatives	-	-	-	-	-	394,938	394,938
Other assets, Net	-	-	-	-	-	124,946	124,946
Total assets	1,362,800	107,591	408,370	2,831,339	4,870,621	519,884	10,100,605
Liabilities and equity							
Obligations with the public	-	-	206	-	-	-	206
Debts and financial obligations	-	56,625	56,625	423,057	408,303	-	944,610
Securities and bonds outstanding	-	-	-	3,915,860	820,246	-	4,736,106
Hedging derivatives	-	-	-	-	-	34,347	34,347
Other accounts payable, provisions and other liabilities	804,432	-	-	-	-	278,675	1,083,107
Shareholders' equity	-	-	-	-	-	3,302,229	3,302,229
Total liabilities and equity	804,432	56,625	56,831	4,338,917	1,228,549	3,615,251	10,100,605
Off-balance sheet items:							
Hedge derivatives financial instruments – Assets	-	-	-	-	-	3,299,883	3,299,883
Hedge derivatives financial instruments – Liability	-	-	-	-	-	268,113	268,113
Marginal gap	558,368	50,966	351,539	(1,507,578)	3,642,072	(3,095,367)	-
Accumulated gap	558,368	609,334	960,873	(546,705)	3,095,367	-	

Notes to the Financial Statements September 30, 2021

Sensitivity to changes in interest rates

Following is the sensitivity of the income statement, as well as the valuation of the non-trading book in the face of various interest rate fluctuations. Fluctuations affect both the expected flows and the value of the balances.

In the case of the income statement, the calculation reflects the expected variation of the financial margin for a period equivalent to one year. In doing so, the Fund takes into account the current position of revenues and expenses, and annualizes the effect of the interest rates variations. The figures express the expected change in the value of assets minus liabilities for various time gaps. Likewise, it includes the effect of the derivative financial instruments that are subject to interest rates.

The interest rate fluctuations considered are applied equally along the entire yield curve; that is, a parallel movement of the curve is considered. The effects are considered independently for each of the two currencies presented.

The gap calculations are based on the interest rate risk regulatory model approved by the SBS in force at the date of the statements of financial position. The sensitivities are calculated before the Income Tax effect.

Interest rate exposure is supervised by the Asset and Liability Management Committee, as well as by the Risk Committee, which approves the maximum allowable limits.

The effects due to estimated changes in interest rates as of September 30, 2021 and December 31, 2020, are the following:

September 2021					
<i>In thousand Soles</i>	Changes in basis points	Net income sensitivity		Net equity sensitivity	
US Dollars	+/-25	+ / -	(161)	+ / -	(8)
US Dollars	+/-50	+ / -	(323)	+ / -	(16)
US Dollars	75	+	(484)	+	(24)
US Dollars	100	+	(645)	+	(32)
Soles	+/- 50	- / +	5,667	- / +	17,598
Soles	+/-75	- / +	8,500	- / +	26,397
Soles	+/-100	- / +	11,334	- / +	35,197
Soles	+/-150	- / +	17,000	- / +	52,795

December 2020					
<i>In thousand Soles</i>	Changes in basis points	Net income sensitivity		Net equity sensitivity	
US Dollars	+/-25	+ / -	(165)	+ / -	5
US Dollars	+/-50	+ / -	(330)	+ / -	9
US Dollars	75	+	(496)	+	14
US Dollars	100	+	(661)	+	19
Soles	+/- 50	- / +	5,606	- / +	16,804
Soles	+/-75	- / +	8,408	- / +	25,206
Soles	+/-100	- / +	11,211	- / +	33,608
Soles	+/-150	- / +	16,817	- / +	50,413

Notes to the Financial Statements September 30, 2021

i. Foreign exchange risk

The exchange rate risk is related to the variation of the positions both on and off the statements of financial position that may be negatively affected by exchange rates movements.

Board of Directors sets limits to the exposure to foreign exchange risk, and monitors them daily. Most assets and liabilities designated in foreign currency are held in US dollars.

Exchange rate risk is controlled as from an internal hedge limit, which is in the range of 95 percent and 105 percent with respect to the Fund's exchange position in foreign currency. The Fund also has an internal limit on the value at risk of the global position equal to 0.75 percent of its effective equity.

The Fund monitors the foreign exchange risk through the internal hedge limit on the accounting foreign currency position. Maximum losses from adverse exchange rate movements are calculated using an internal value-at-risk model. In addition, the Fund uses the regulatory model and its methodological notes to measure these maximum expected losses. (The methodology of the internal model is detailed in the Fund's Internal Manual).

The results of the regulatory and internal value-at-risk model (at 99 percent confidence and with a 10-day settlement period) are shown below.

<i>In thousand Soles</i>	September 2021		December 2020	
Internal Model	3,725	0.11%	1,181	0.03%
Global Position	9,321	0.28%	4,314	0.13%

Operations in foreign currency are carried out at free market exchange rates.

As of September 30, 2021 and 2020, the weighted average exchange rate of the free market published by the SBS for the accounting of assets and liabilities in foreign currency is as follows:

<i>In soles</i>	Symbol	2021	2020
US Dollars	US\$	3.858	3.538
Euros	EUR	4.571090	3.976174



Notes to the Financial Statements September 30, 2021

The detail of the Fund's position by currency as of September 30, 2020 and December 31, 2020 is presented below:

<i>In thousand Soles</i>	2021					2020				
	US Dollar	Soles	Euros	Swiss Francs	Total	US Dollar	Soles	Euros	Swiss Francs	Total
Assets										
Available	8,866	1,019,266	13,846		1,041,978	39,946	1,298,214	63		1,338,223
Investments	221,418	32,251			253,669	187,748	32,254			220,002
Accounts receivable, net (Trust Agreement - COFIDE)	259,478	7,931,794			8,191,272	76,911	7,806,542			7,883,453
Loan portfolio, net	81	26,320			26,401	99	28,379			28,478
Other accounts receivable, net	93	107,306			107,399	124	110,421	21		110,566
Hedging derivatives	1057	654,657			655,714	210	394,727			394,937
Other asset accounts	440	125,363			125,803	480	124,466			124,946
	491,433	9,896,957	13,846		10,402,236	305,518	9,795,003	84		10,100,605
Liabilities										
Liabilities to the public		207			207		205			205
Debts and financial obligations		221,256	917,747		1,139,003			944,611		944,611
Outstanding securities	2,536,593	2,356,932			4,893,525	2,379,026	2,357,080			4,736,106
Hedging derivatives	12,226	27,052			39,278	6,336	28,011			34,347
Other accounts payable	1327	935,072			936,399	1,203	1,059,516			1,060,719
Other liabilities	1636	30,010			31,646	1,882	20,506			22,388
	2,551,782	3,570,529	917,747		7,040,058	2,388,447	3,465,318	944,611		6,798,376
Currency forwards position, net	(284,066)		(13,805)		(297,871)	(268,113)	-	-	-	(268,113)
Currency swap position, net	650		2,111		3,426,997	2,353,650	-	946,233	-	3,299,883
Net currency position	-2,343,765	6,326,428	-915,595	0	3,067,068	2,608	6,329,685	1,706		6,333,999

Notes to the Financial Statements September 30, 2021

The Fund manages currency risk through the matching of its asset and liability operations, monitoring the global currency position on a daily basis. The Fund's overall foreign exchange position is equal to long positions minus short positions in currencies other than the Sol. The overall position includes balance sheet "spot" positions and also derivative positions.

Below are the sensitivities for the case of the variation of the US dollar and euro. Negative changes represent potential losses while positive changes represent potential gains.

<i>In thousand Soles</i>	Changes in Exchange Rates	September-2021	Dec-2020
Sensitivity analysis			
Revaluation			
US Dollar	5%	(502)	130
US Dollar	10%	(1,004)	261
Devaluation			
US Dollar	5%	502	(130)
US Dollar	10%	1,004	(261)

<i>In thousand Soles</i>	Changes in Exchange Rates	September-2021	Dec-2020
Sensitivity analysis			
Revaluation			
Euros	5%	36	85
Euros	10%	72	171
Devaluation			
Euros	5%	(36)	(85)
Euros	10%	(72)	(171)

B. Liquidity risk

Liquidity risk consists of the inability of the Fund to meet the maturity of its obligations by incurring losses that significantly affect its equity position. This risk can manifest itself as a result of various events, such as: unexpected reduction of funding sources, inability to liquidate assets quickly, among others.

Liquidity risk management focuses on the development of an asset and liability portfolio, seeking to diversify funding sources in order to achieve a match between the terms of assets and liabilities.

The internal control indicators are the internal liquidity ratio, liquidity gaps, resource duration analysis and stress analysis. These internal control indicators are prepared in accordance with internal and regulatory methodologies (contained in the SBS methodological notes for the preparation of regulatory liquidity annexes). In case of any event that could give rise to a liquidity risk, the Fund has a liquidity contingency plan, which considers the liquidation of certain assets, debt issuance or debt takeover.

The liquidity risk is managed through the analysis of contractual maturities. The main component of the Fund's assets are accounts receivable (Trust Agreement - COFIDE). Maturities are based on the monthly maturities of the loans made. Another component of the assets is the investments on maturity and available for sale, which are distributed according to contractual term.

**Notes to the Financial Statements
September 30, 2021**

C. Credit Risk

It is defined as the likelihood of incurring in financial losses originated by the breaching of the contractual obligations by a counterpart or bound third parties due to insolvency, inability or lack of willingness to pay.

The Fund opts for a risk policy that ensures sustained and profitable growth; for this purpose, incorporates analysis procedures for adequate decision-making, tools and methodologies to identify, measure, mitigate and control the different risks in the most efficient manner and in accordance with the SBS. It also develops management models that allow an adequate measurement, quantification and monitoring of the credits granted to IFI, promoting the continuous improvement of policies, tools, methodologies and processes.

The exposure to Fund's credit risk is managed through the continuous analysis of the capacity of the debtors to comply with the payments of interest and capital of their obligations and through the monitoring of the use of the general credit line granted to the IFI.

i. Maximum exposure to credit risk

As of September 30, 2021 and December 31, 2020, the Fund Management has estimated that the maximum amount of credit risk to which the Fund is exposed is represented by the carrying amount of financial assets that present a credit risk exposure and that consist mainly of bank deposits, available for sale investments, held to maturity investments, accounts receivable, loan portfolio, transactions with financial derivative instruments and other monetary assets. Exposure by each counterparty is limited by internal and regulatory guidelines.

In this regard, as of September 30, 2021 and December 31, 2020 the:

- 100 % of the accounts receivable, net (Trust Agreement - COFIDE) are classified, according to IFI risk, into the two upper levels defined by the SBS (Note 7).
- 81.59% and 78.93% respectively, of the available-for-sale and held-to-maturity investments of the instruments classified abroad have at least a BBB- classification, for long-term instruments, or at least a CP-2 classification, for short-term instruments.
- 100% and 100%, respectively, of the available funds represent the amounts deposited in first level local financial institutions.

With respect to the evaluation of the accounts receivable, net (Trust Agreement - COFIDE), and the loan portfolio, the Fund classifies the borrowers into the risk categories established by the SBS and according to the classification criteria indicated for each type of credit: that is, for the debtors of the mortgage portfolio. The classification of the debtors is determined by a methodology based on the criteria of Resolution SBS N°11356-2008 "Regulation for the evaluation and classification of the debtor and the requirement of provisions" and their modifications. See Note 4.C and 4.D.

ii. Credit risk management for accounts receivable (Trust Agreement - COFIDE)

Credit risk is managed mainly through the admission, monitoring and control of the IFI.

Credit risk analysis in IFI is mainly based on: (i) economic, financial and commercial evaluation, (ii) evaluation of market development, (iii) evaluation of IFI management, (iv) evaluation of funding sources and real estate projects to be developed, (v) evaluation of guarantees and collateral, (vi) evaluation of the economic sector.



Notes to the Financial Statements September 30, 2021

The main functions of credit risk management are: (i) credit risk analysis of the IFI, (ii) classification and provisioning of the IFI, (iii) review of the IFI's loan portfolio, through the evaluation of its credit policies, operating procedures, and in general, and (iv) monthly monitoring and control of the IFI based on internally defined financial indicators.

Loans financed by the Fund are included in local currency. It is important to note that the Fund still maintains loan balances in US dollars, which correspond to the first products it disbursed (as of December 31, 2020 and 2019 the US dollar portfolio represents 1.16 and 1.28 percent of the total portfolio, respectively).

As of September 30, 2021 and December 31, 2020, the maximum level of credit risk exposure of the accounts receivable fund (Trust Agreement - COFIDE) is S/8,443,893 thousand and S/ 8,066,891 thousand, respectively, corresponding to its balances as of such dates.

In accordance with the Resource Channeling Agreement between the Fund and the IFI, the IFI is responsible for ensuring that subloans are secured by a mortgage.

Due to its role as trustee, COFIDE has mechanisms through the channeling contracts of resources signed with the IFI, which ensure the mass of mortgage loans placed by the Fund, for which the IFI must respond.

The evaluation and proposal of the credit line is carried out by the Commercial Management. The Risk Management reviews the proposal, analyzes the risks, issues a conclusive opinion and submits the proposal to the Risk Committee for approval or denial.

As of September 30, 2021 and December 31, 2020, Accounts Receivable (Trust Agreement – COFIDE) without CRC, classified by IFI Risk are as follow:

<i>In thousand Soles</i>	2021		2020	
Normal	6,023,632	100.63%	5,980,314	100.63%
With potential problem	1,050	0.08%	4,824	0.08%
	6,024,682	100.71%	5,985,138	100.71%
Provision for credits of doubtful collection (Trust Agreement – COFIDE)	42,198	(0.71%)	41,995	(0.71%)
	5,982,484	100.00%	5,943,143	100.00%

Additionally, due to the intervention of the SBS on December 12, 2019, there is a balance without credit risk coverage but provisioned for Sub-borrower Risk, corresponding to the mortgage loan portfolio MIVIVIENDA of Financiera TFC in Liquidation.

In thousand Soles	As of September 30, 2021	As of December 31, 2020
Financiera TFC in Liquidation	221,069	221,263
CMAC Sullana	127,739	147,628
CAC Quillabamba	1,086	1,237
CAC San Francisco	2,741	
Aelucop	1,798	
CMAC Tacna	3,733	
Provision Sub-Borrower Risk	42,198	28,753



Notes to the Financial Statements September 30, 2021

iii. Credit risk management in investments

The Fund controls the credit risk of its investments based on the risk assessment of issuers and instruments. In the case of investments abroad, the assessment takes into account the ratings issued by international agencies as well as the country-risk of the issuer's country, which is assessed considering its main macroeconomic variables.

The table below presents the risk classification of available-for-sale and held to maturity investments:

	September 2021				December 2020			
<i>In thousand Soles</i>	Available-for-sale investments		Held-to-maturity Investments		Available-for-sale investments		Held-to-maturity Investments	
Instruments issued and rated in Peru								
AAA	-	-	-	-	-	-	-	-
AA- a AA+	-	-	90,480	42.17%	-	-	82,953	53.16%
CP-1(+/-)	-	-	-	-	-	-	-	-
CP-2(+/-)	-	-	-	-	-	-	-	-
	-	-	90,480	42.17%			82,953	53.16%
Instruments issued in Peru and rated abroad								
A- a A+	-	-	-	-	-	-	-	-
BBB- a BBB+	52,622	99.22%	88,742	41.36%	24,443	98.61%	81,456	41.73%
BB- a BB+	-	-	32,545	15.17%	-	-	28,273	14.48%
	52,622	99.22%	121,287	56.52%	24,443	98.61%	109,729	56.21%
Instruments issued and rated abroad								
BBB- a BBB+	-	-	-	-	-	-	-	-
CP-1(+/-)	-	-	-	-	-	-	-	-
CP-2(+/-)	-	-	-	-	-	-	-	-
	52,622	99.22%	211,767	98.69%	24,443	98.61%	192,682	98.70%
Accrued interest	416	0.78%	2,810	1.31%	345	1.39%	2,532	1.30%
	53,038	100.00%	214,577	100.00%	24,788	100.00%	195,214	100.00%



Notes to the Financial Statements September 30, 2021

iv. Financial instruments exposed to credit risk - Concentration

As of September 30, 2021 and December 31, 2020, the financial instruments exposed to credit risk were distributed according to the following economic sectors:

	September 2021					December 2020				
	Designated at fair value through profit or loss					Designated at fair value through profit or loss				
	Held for trading					Held for trading				
	or hedging purposes	Accounts receivable	Available-for-sale investments	Held-to-Maturity investments	Total	or hedging purposes	Accounts receivable	Available-for-sale investments	Held-to-maturity Investments	Total
<i>In thousand Soles</i>										
Financial services	980,902	9,326,707	52,622	54,794	10,415,025	394,937	9,236,094	24,443	48,108	9,703,582
Central Government	-	-	-	31,333	31,333	-	-	-	31,331	31,331
Electricity, gas and water	-	-	-	93,094	93,094	-	-	-	84,969	84,969
Construction	-	-	-	32,545	32,545	-	-	-	28,273	28,273
Other	-	43,926	-	-	43,926	-	110,566	-	-	110,566
	980,902	9,370,633	52,622	211,766	10,615,923	394,937	9,346,659	24,443	192,681	9,958,720
Interest	-	13,717	416	2,810	16,943	-	14,061	345	2,532	16,938
	980,902	9,384,350	53,038	214,576	10,632,866	394,937	9,360,720	24,788	195,213	9,975,658



Notes to the Financial Statements September 30, 2021

As of September 30, 2021 and December 31, 2020, credit risk exposure is geographically distributed as follows:

	September 2021					December 2020				
	Designated at fair value through profit or loss					Designated at fair value through profit or loss				
	Held for trading					Held for trading				
	or hedging purposes	Accounts receivable	Available-for-sale investments	Held-to-Maturity investments	Total	or hedging purposes	Accounts receivable	Available-for-sale investments	Held-to-Maturity investments	Total
<i>In thousand Soles</i>										
Peru	159,171	9,370,633	52,622	211,766	9,794,192	40,119	9,346,659	24,443	192,682	9,603,903
United States of America	394,648	-	-	-	394,648	168,118	-	-	-	168,118
Colombia	-	-	-	-	-	-	-	-	-	-
Chile	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-
Germany	27,266	-	-	-	27,266	14,511	-	-	-	14,511
United Kingdom	6,385	-	-	-	6,385	5,831	-	-	-	5,831
	980,902	9,370,633	52,622	211,766	10,615,923	394,937	9,346,659	24,443	192,682	9,958,721
Interest	-	13,717	416	2,810	16,943	-	14,061	345	2,532	16,938
	980,902	9,384,350	53,038	214,576	10,632,866	394,937	9,360,720	24,788	195,214	9,975,659



Notes to the Financial Statements September 30, 2021

The following presents the Fund's cash flows payable as of September 30, 2021 and December 31, 2020, according to contractual terms, the amounts disclosed are undiscounted, including accrued interest:

<i>In thousand Soles</i>	September 2021					Total
	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	
Financial liabilities by type						
Obligations with the public	-	-	541	-	-	541
Debts and financial obligations	-	-	122,332	847,312	403,804	1,373,448
Securities and bonds outstanding	-	-	-	4,773,546	242,317	5,015,863
Other accounts payable	594,541	773	3,157	-	201,141	799,612
Total non - derivate liabilities	594,541	773	126,030	5,620,858	847,262	7,189,464
Derivatives financial liabilities (*)						
Contractual amounts receivable (inflow)	72,155	120,940	232,182	3,087,791	-	3,513,068
Contractual amounts payable (outflow)	(80,725)	(139,757)	(281,754)	(2,352,078)	-	(2,854,314)
	(8,570)	(18,817)	(49,572)	735,713	-	658,754

<i>In thousand Soles</i>	December 2020					Total
	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	
Financial liabilities by type						
Obligations with the public	-	-	205	-	-	205
Debts and financial obligations	-	56,625	56,625	423,057	408,303	944,610
Securities and bonds outstanding	-	-	-	3,915,860	820,246	4,736,106
Other accounts payable	788,197	20,154	684	-	251,762	1,060,797
Total non - derivate liabilities	788,197	76,779	57,514	4,338,917	1,480,311	6,741,718
Derivatives financial liabilities (*)						
Contractual amounts receivable (inflow)	137,335	143,720	122,495	2,821,085	-	3,224,635
Contractual amounts payable (outflow)	(168,901)	(142,680)	(171,300)	(2,505,939)	-	(2,988,820)
	(31,566)	1,040	(48,805)	315,146	-	235,815

D. Capital management

As of September 30, 2021 and December 31, 2020, the Fund has complied with Legislative Decree N° 1028 and with Resolutions SBS N° 2115-2009, N° 6328-2009, N° 14354-2009, N° 8425-2011, N° 4128-2014 and amendments thereto, Regulations for the Requirement of Effective Equity for Operational Risk, for Market Risk, for Credit Risk and Requirement of Additional Effective Equity, respectively, and amendments thereto. These Resolutions mainly establish the methodologies to be used by financial institutions to calculate regulatory equity requirements.

28. Fair value

Fair value is the amount for which an asset can be exchanged between a knowledgeable buyer and seller, or the amount for which an obligation can be discharged between a debtor and a knowledgeable creditor, under the terms of an arm's length transaction.

Fair value is a market-based measurement, whereby a financial instrument traded in an actual transaction in a liquid and active market has a price that supports its fair value. When the price for a financial instrument is not observable, fair value should be measured using another valuation technique, seeking to maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

To calculate the fair value of an instrument that is not quoted in liquid markets, the market value of an instrument that is actively quoted in the market and has similar characteristics can be used, or can be obtained by means of some analytical technique, such as discounted flow analysis or valuation by multiples.

The assumptions and calculations used to determine fair value for financial assets and liabilities are as follows:

- **Financial instruments accounted for at fair value** - Fair value is based on market prices or some method of financial valuation. Positions valued at market prices consider mainly investments that are traded in centralized mechanisms. Positions valued by some method of financial valuation include derivative financial instruments and others; their fair value is determined primarily using market rate curves and the price vector provided by the SBS.
- **Instruments whose fair value is similar to the book value** - For financial assets and liabilities that are liquid or have short-term maturities (less than three months), the book value is considered to be similar to their fair value. This assumption also applies to time deposits, savings accounts without a specific maturity and variable rate financial instruments.
- **Fixed-rate financial instruments** - The fair value of financial assets and liabilities that are fixed-rate and at amortized cost is determined by comparing market interest rates at initial recognition to current market rates related to similar financial instruments. For quoted debt issued, the fair value is determined based on quoted market prices. The fair value of the loan portfolio and of the obligations with the public, according to SBS Multiple Letter N° 1575-2014, corresponds to their book value.

i. Financial instruments measured at fair value and fair value hierarchy

The financial assets included in Level 1 are those measured on the basis of information available in the market, to the extent that their quoted prices reflect an active and liquid market, and that are available in some centralized trading mechanism, trading agent, price supplier or regulatory entity.

The financial instruments included in Level 2 are valued with the market prices of other instruments possessing similar characteristics or with financial valuation models based on information of variables that can be available on the market (interest rate curves, price vectors, etc.).

The financial assets included in Level 3 are valued by using assumptions and data that do not correspond to prices of operations traded on the market.

During 2020 and 2019, no financial instruments have been transferred from Level 2 to Level 1 or Level 3.

ii. Financial instruments not measured at fair value

The following is a comparison of the carrying amounts and fair values of financial instruments not measured at fair value in the statement of financial position as of September 30, 2021 and December 31, 2020:

<i>In thousand Soles</i>	September 2021		December 2020	
	Fair value	Book value	Fair value	Book value
Assets				
Available	1,100,850	1,100,850	1,338,224	1,338,224
Held-to-Maturity investments	221,491	214,576	218,611	195,214
Accounts Receivable, Net (Trust Agreement - COFIDE)	8,214,673	8,214,673	7,883,453	7,883,453
Loan Portfolio, Net	24,902	24,902	28,478	28,478
Other accounts receivable, net	43,927	43,927	110,566	110,566
	9,605,843	9,598,928	9,579,332	9,555,935
Liabilities				
Obligations with the public	541	541	205	205
Debts and financial obligations	1,373,448	1,373,448	944,610	944,610
Securities and bonds outstanding	5,217,700	5,015,863	5,763,547	4,736,106
Other accounts payable	799,612	799,612	1,060,797	1,060,797
	7,391,301	7,189,464	7,769,159	6,741,718

29. Subsequent events

From September 30, 2021 to the date of this report, no significant events have occurred that affect the financial statements.