

**FINANCIAL STATEMENTS**  
**FONDO MIVIVIENDA S.A.**  
**JUNE 2020**

**Fondo MIVIENDA S.A.**  
**Statement of Financial Position**  
**As of June 30, 2020 and December 31, 2019**  
**(Stated in thousands of Nuevos Soles)**

|   | Notes     | As of June 30, 2020 | As of December 31, 2019 |  | Notes     | As of June 30, 2020 | As of December 31, 2019 |
|---|-----------|---------------------|-------------------------|--|-----------|---------------------|-------------------------|
| <b>ASSETS</b>   |           |                     |                         | <b>LIABILITIES</b>   |           |                     |                         |
| <b>CASH AND DUE FROM BANKS</b>  | <b>4</b>  | <b>1,743,567</b>    | <b>1,479,013</b>        | <b>OBLIGATIONS WITH THE PUBLIC</b>   |           | <b>221</b>          | <b>223</b>              |
| Cash  |           | 0                   | 0                       | Demand deposits  |           | 0                   | 0                       |
| Banco Central de Reserva del Perú   |           | 1,219               | 5,799                   | Saving Account Deposits  |           | 0                   | 0                       |
| Banks and other companies of the financial system                                 |           | 1,742,175           | 1,473,154               | Long-term Saving Account Deposits  |           | 0                   | 0                       |
| Foreign banks and other companies of the financial system                         |           | 0                   | 0                       | Other liabilities  |           | 221                 | 223                     |
| Exchange  |           | 0                   | 0                       | <b>INTERBANK FUNDS</b>   |           | <b>0</b>            | <b>0</b>                |
| Other cash and due from banks   |           | 173                 | 60                      | <b>FINANCIAL ORGANIZATIONS</b>   |           | <b>0</b>            | <b>0</b>                |
| <b>INTERBANK FUNDS</b>  |           | <b>0</b>            | <b>0</b>                | Demand Deposits  |           | 0                   | 0                       |
| <b>INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>                           |           | <b>0</b>            | <b>0</b>                | Saving Deposits  |           | 0                   | 0                       |
| Equity Instrument   |           | 0                   | 0                       | Time Deposits  |           | 0                   | 0                       |
| Debt instrument   |           | 0                   | 0                       | <b>DUE TO BANKS AND FINANCIAL OBLIGATIONS</b>                                  | <b>13</b> | <b>5,378,853</b>    | <b>4,919,230</b>        |
| Investments in commodities  |           | 0                   | 0                       | Dues and Obligations with Banco Central de Reserva del Perú                    |           | 0                   | 0                       |
| <b>AVAILABLE-FOR-SALE INVESTMENTS</b>   | <b>5</b>  | <b>0</b>            | <b>0</b>                | Dues and Obligations with Domestic Banks and Other Financial system companies  | 13.a)     | 0                   | 118,516                 |
| Instruments representing the equity   |           | 0                   | 0                       | Dues and Obligations with Foreign Companies and International Financial Bodies | 13.b)     | 700,704             | 516,676                 |
| Instruments representing the debt   |           | 0                   | 0                       | Other Dues and Obligations of the Country and Abroad                           |           | 0                   | 0                       |
| <b>HELD-TO-MATURITY INVESTMENTS</b>   | <b>5</b>  | <b>252,317</b>      | <b>242,943</b>          | Securities   | 13.c)     | 4,678,149           | 4,284,038               |
| <b>LOAN PORTFOLIO</b>   | <b>6</b>  | <b>31,430</b>       | <b>35,966</b>           | <b>TRADINGS DERIVATIVE FINANCIAL INSTRUMENT</b>                                |           | <b>0</b>            | <b>0</b>                |
| Current Loan Portfolio  |           | 29,477              | 35,447                  | <b>HEDGING DERIVATIVE FINANCIAL INSTRUMENT</b>                                 | <b>7</b>  | <b>60,000</b>       | <b>93,592</b>           |
| Restructured Loan Portfolio   |           | 0                   | 0                       | <b>ACCOUNTS PAYABLES</b>   | <b>14</b> | <b>1,444,038</b>    | <b>1,372,876</b>        |
| Refinanced Loan Portfolio   |           | 703                 | 914                     | <b>PROVISIONS</b>  | <b>15</b> | <b>3,512</b>        | <b>3,305</b>            |
| Non-performing Loan Portfolio   |           | 38,698              | 34,832                  | Provisions for Contingent Loans  |           | 0                   | 0                       |
| Loan Portfolio in Judicial Collection   |           | 153                 | 152                     | Provisions for Lawsuits and Disputes   |           | 1,338               | 1,139                   |
| (-) Provisions for Loans  |           | -37,601             | -35,379                 | Others   |           | 2,174               | 2,166                   |
| <b>TRADING DERIVATIVE FINANCIAL INSTRUMENT</b>                                    |           | <b>0</b>            | <b>0</b>                | <b>CURRENT INCOME TAXES</b>  |           | <b>0</b>            | <b>0</b>                |
| <b>HEDGING DERIVATIVE FINANCIAL INSTRUMENT</b>                                    | <b>7</b>  | <b>297,702</b>      | <b>166,325</b>          | <b>DEFERRED INCOME TAXES</b>   |           | <b>0</b>            | <b>0</b>                |
| <b>ACCOUNTS RECEIVABLES</b>   | <b>7</b>  | <b>7,739,819</b>    | <b>7,646,057</b>        | <b>OTHER LIABILITIES</b>   | <b>15</b> | <b>5,468</b>        | <b>1,677</b>            |
| Accounts Receivables for Sale of Goods and Services and Trust (net)               | 8         | 7,718,202           | 7,596,840               | <b>TOTAL LIABILITIES</b>   |           | <b>6,892,092</b>    | <b>6,390,903</b>        |
| Other Account Receivables (net)   | 9         | 21,617              | 49,217                  | <b>SHAREHOLDER'S EQUITY</b>  |           |                     |                         |
| <b>REALIZABLE ASSETS RECEIVED IN PAYMENTS, AWARDED</b>                            |           | <b>0</b>            | <b>0</b>                | Capital Shares   | 18.b)     | 3,355,584           | 3,355,584               |
| Realizable Assets   |           | 0                   | 0                       | Additional Capital   |           | 0                   | 0                       |
| Assets Received in Payment and Awarded  |           | 0                   | 0                       | Treasury Shares  |           | 0                   | 0                       |
| <b>SHARES</b>   |           | <b>0</b>            | <b>0</b>                | Reserve  | 18.b)     | 27,087              | 27,087                  |
| Branch companies  |           | 0                   | 0                       | Retained Earnings  |           | 29,822              | -237                    |
| Affiliated and shares in joint ventures   |           | 0                   | 0                       | Net Income for the Year  |           | 5,814               | 30,003                  |
| Others  |           | 0                   | 0                       | Adjustment to Equity   | 18.c)     | -101,415            | -103,449                |
| <b>PROPERTY, FURNITURE AND EQUIPMENT (NET)</b>                                    | <b>10</b> | <b>855</b>          | <b>915</b>              | <b>TOTAL SHAREHOLDER'S EQUITY</b>  |           | <b>3,316,892</b>    | <b>3,308,988</b>        |
| <b>INTANGIBLE ASSET DIFFERENT THAT THE CAPITAL GAIN</b>                           | <b>11</b> | <b>5,969</b>        | <b>5,987</b>            | <b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>                              |           | <b>10,208,984</b>   | <b>9,699,891</b>        |
| <b>CAPITAL GAIN</b>   |           | <b>0</b>            | <b>0</b>                |  |           |                     |                         |
| <b>CURRENT INCOME TAXES</b>   | <b>16</b> | <b>48,553</b>       | <b>39,120</b>           |  |           |                     |                         |
| <b>DEFERRED INCOME TAXES</b>  | <b>17</b> | <b>84,876</b>       | <b>78,764</b>           |  |           |                     |                         |
| <b>NONCURRENTASSETS KEPT FOR SALE</b>   |           | <b>0</b>            | <b>0</b>                |  |           |                     |                         |
| <b>OTHER ASSETS</b>   | <b>12</b> | <b>3,896</b>        | <b>4,801</b>            |  |           |                     |                         |
| <b>TOTAL ASSETS</b>   |           | <b>10,208,984</b>   | <b>9,699,891</b>        |  |           |                     |                         |
| <b>MEMORANDA CONTINGENTS</b>  |           | <b>3,365,042</b>    | <b>2,987,419</b>        |  |           |                     |                         |
| <b>MEMORANDA ACCOUNTS</b>   |           | <b>3,225,007</b>    | <b>3,779,109</b>        |  |           |                     |                         |
| <b>CONTRA CREDIT ACCOUNT</b>  |           | <b>2,893,171</b>    | <b>3,301,449</b>        |  |           |                     |                         |
| <b>TRUST, COMMISSIONS OF MEMORANDA TRUSTEE AND CONTRA CREDIT ACCOUNT OF TRUST</b> |           | <b>225,199</b>      | <b>223,411</b>          |  |           |                     |                         |

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

**Fondo MIVIENDA S.A.**  
**Statement of Income**  
**For the periods ended June 30, 2020 and 2019**  
**(Stated in thousands of Nuevos soles)**

|   | Notes     | For the specific<br>quarter from April 1 to<br>June 30, 2020 | For the specific<br>quarter from April 1 to<br>June 30, 2019 | For the period specific<br>from January to June<br>30, 2020 | For the period specific<br>from January to June<br>30, 2019 |
|---|-----------|--|--|---|---|
| <b>INTERESTS INCOME</b>   |           |  |  |   |   |
| Available   |           | 9,208  | 10,691   | 18,441  | 31,630  |
| Interbank funds   |           | 0  | 0  | 0   | 0   |
| Investments at fair value with changes in results   |           | 0  | 0  | 0   | 0   |
| Available-for-sale investments  |           | 0  | 168  | 0   | 1,200   |
| Held-to-maturity investments  |           | 3,190  | 3,994  | 6,596   | 8,155   |
| Direct Loans Portfolio  |           | 797  | 1,659  | 2,099   | 3,291   |
| Income from hedging transactions  |           | 0  | 0  | 0   | 0   |
| Accounts receivables  |           | 106,785  | 109,202  | 226,975   | 216,512   |
| Other financial income  |           | 41   | 72   | 60  | 99  |
| <b>TOTAL INTEREST INCOME</b>  | <b>21</b> | <b>120,021</b>   | <b>125,766</b>   | <b>254,171</b>  | <b>260,887</b>  |
| <b>INTEREST EXPENSES</b>  |           |  |  |   |   |
| 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  |           | -60,063  | -51,869  | -119,940  | -114,080  |
| Dues and obligations with Banco Central de Reserva del Perú                                 |           | 0  | 0  | 0   | 0   |
| Dues and obligations of the country's financial system                                      |           | -219   | 693  | -1,161  | -693  |
| Dues and obligations with foreign financial institutions and international financial bodies |           | -1,652   | -996   | -3,111  | -2,095  |
| Other dues and obligations of the country and abroad  |           | 0  | 0  | 0   | 0   |
| Commissions and other charges of dues and financial obligations                             |           | -111   | 0  | -317  | 0   |
| Securities and outstanding liabilities  |           | -58,081  | -51,566  | -115,351  | -111,292  |
| Interests of accounts payable   |           | 0  | 0  | 0   | 0   |
| Income from hedging transactions  |           | 0  | 0  | 0   | 0   |
| Other financial expenses  |           | -9,347   | -19,084  | -24,983   | -35,436   |
| <b>TOTAL INTEREST EXPENSES</b>  | <b>21</b> | <b>-69,410</b>   | <b>-70,953</b>   | <b>-144,923</b>   | <b>-149,516</b>   |
| <b>GROSS FINANCIAL MARGIN</b>   |           | <b>50,611</b>  | <b>54,833</b>  | <b>109,248</b>  | <b>111,371</b>  |
| (-) Provisions for direct loans   |           | -1,696   | -517   | -2,218  | 2,231   |
| <b>GROSS FINANCIAL MARGIN</b>   |           | <b>48,915</b>  | <b>54,316</b>  | <b>107,030</b>  | <b>113,602</b>  |
| <b>FINANCIAL SERVICE REVENUES</b>   |           |  |  |   |   |
| <b>22</b>   |           | <b>964</b>   | <b>1,145</b>   | <b>2,203</b>  | <b>2,158</b>  |
| Indirect loans income   |           | 0  | 0  | 0   | 0   |
| Trusts and trust commissions income   |           | 161  | 171  | 321   | 339   |
| Income from issuing electronic money  |           | 0  | 0  | 0   | 0   |
| Miscellaneous income  |           | 803  | 974  | 1,882   | 1,819   |
| <b>FINANCIAL SERVICE EXPENSES</b>   |           |  |  |   |   |
| <b>22</b>   |           | <b>-439</b>  | <b>-532</b>  | <b>-960</b>   | <b>-1,211</b>   |
| Indirect loans expenses   |           | 0  | 0  | 0   | 0   |
| Trust expenses and trust commissions  |           | -44  | -44  | -88   | -96   |
| Premium for the deposits insurance fund   |           | 0  | 0  | 0   | 0   |
| Miscellaneous Expenses  |           | -395   | -488   | -872  | -1,115  |
| <b>NET FINANCIAL MARGIN OF FINANCIAL SERVICES REVENUES AND EXPENSES</b>                     |           | <b>49,440</b>  | <b>54,929</b>  | <b>108,273</b>  | <b>114,549</b>  |
| <b>FINANCIAL OPERATING INCOME</b>   |           |  |  |   |   |
| <b>23</b>   |           | <b>-21,365</b>   | <b>-18,979</b>   | <b>-42,014</b>  | <b>-39,687</b>  |
| 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  |           | 3  | 0  | 1,495   | 1,223   |
| Income of hedging derivative instruments  |           | -20,617  | -19,585  | -41,561   | -37,615   |
| Profits (losses) in shares  |           | 0  | 0  | 0   | 0   |
| Profit-loss of exchange rate difference   |           | -909   | 400  | -2,093  | -3,643  |
| Others  |           | 158  | 206  | 145   | 348   |
| <b>OPERATING MARGIN</b>   |           |  |  |   |   |
| <b>24</b>   |           | <b>28,075</b>  | <b>35,950</b>  | <b>66,259</b>   | <b>74,862</b>   |
| <b>ADMINISTRATIVE EXPENSES</b>  |           |  |  |   |   |
| Personnel and board of directors expenses   |           | -5,771   | -7,699   | -13,891   | -16,485   |
| Expenses due to services received from third parties  |           | -3,080   | -4,309   | -7,598  | -8,731  |
| Taxes and contributions   |           | -67  | -171   | -156  | -461  |
| <b>DEPRECIATIONS AND AMORTIZATIONS NET</b>  |           |  |  |   |   |
|   |           | <b>-363</b>  | <b>-393</b>  | <b>-793</b>   | <b>-736</b>   |
| <b>NET FINANCIAL MARGIN</b>   |           | <b>18,794</b>  | <b>23,378</b>  | <b>43,821</b>   | <b>48,449</b>   |
| <b>VALUATION OF ASSETS AND PROVISIONS</b>   |           |  |  |   |   |
| Provisions for indirect loans   |           | 0  | 0  | 0   | 0   |
| Provisions for uncollectibility of account receivables                                      |           | -10,503  | -6,923   | -40,002   | -13,357   |
| 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  |           | 1  | -152   | -397  | -171  |
| Other provisions  |           | -339   | -73  | -473  | -219  |
| <b>OPERATING INCOME</b>   |           | <b>7,953</b>   | <b>16,230</b>  | <b>2,949</b>  | <b>34,702</b>   |
| Other income and expenses   |           | 539  | 482  | 2,641   | 3,633   |
| <b>INCOME BEFORE INCOME TAX</b>   |           | <b>8,492</b>   | <b>16,712</b>  | <b>5,590</b>  | <b>38,335</b>   |
| <b>INCOME TAX</b>   | <b>16</b> | <b>-1,286</b>  | <b>-10,605</b>   | <b>224</b>  | <b>-11,489</b>  |
| <b>NET INCOME</b>   |           | <b>7,206</b>   | <b>6,107</b>   | <b>5,814</b>  | <b>26,846</b>   |
| Basic incomes (loss) per share  |           | 0.002  | 0.001  | 0.002   | 0.008   |
| Diluted incomes (loss) per share  |           | 0.002  | 0.001  | 0.002   | 0.008   |

**Fondo MIVIVIENDA S.A.**  
**Statement of the Comprehensive Income**  
**For the periods ended June 30, 2020 and 2019**  
**(Stated in thousands of Nuevos Soles)**

| Notes  | For the specific quarter<br>from april1 to june 30,<br>2020 | For the specific quarter<br>from april1 to june 30,<br>2019 | For the period specific<br>from January to june<br>30, 2020 | For the period specific<br>from January to june<br>30, 2019 |
|--|---|---|---|---|
| <b>Net income (Loss)</b>   | 7,206   | 4,721   | 5,814   | 26,846  |
| <b>Other comprehensive income:</b>   |   |   |   |   |
| 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   | -10,810   | 23,290  | 2,339   | 26,664  |
| 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   | 218   | 174   | 435   | 352   |
| <b>Another comprehensive income before taxes</b>                                   | <b>-10,592</b>  | <b>23,464</b>   | <b>2,774</b>  | <b>27,016</b>   |
| <b>Income tax related to components of another comprehensive income</b>            |   |   |   |   |
| 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   | 3,189   | -6,871  | -690  | -7,866  |
| 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   | -25   | -9  | -50   | -19   |
| <b>Sum of income taxes related to components of another comprehensive income</b>   | <b>3,164</b>  | <b>-6,880</b>   | <b>-740</b>   | <b>-7,885</b>   |
| <b>Other comprehensive Income:</b>   | <b>-7,428</b>   | <b>16,584</b>   | <b>2,034</b>  | <b>19,131</b>   |
| <b>Total comprehensive Income, net of the Income tax</b>                           | <b>-222</b>   | <b>21,305</b>   | <b>7,848</b>  | <b>45,977</b>   |

**Fondo MIVIVIENDA S.A.**  
**Statement of Cash Flow**  
**For the periods ended June 30, 2020 and 2019**  
**(Stated in thousands of Nuevos Soles)**

|  | Note | As of June 30, 2019 | As of June 30, 2018 |
|--|------|---------------------|---------------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>   |      |                     |                     |
| <b>NET INCOME</b>  |      | 5,814               | 26,846              |
| <b>ADJUSTMENTS</b>   |      |                     |                     |
| Depreciation and amortization  |      | 793                 | 736                 |
| Provisions   |      | 48,768              | 30,908              |
| Impairment   |      | 0                   | 0                   |
| Other adjustments  |      | -32,795             | 179,546             |
| <b>NET CHANGES IN ASSETS AND LIABILITIES</b>   |      |                     |                     |
| <b>(Net increase) decrease in assets</b>   |      |                     |                     |
| Loans  |      | -484                | -694                |
| Investments at fair value through profit and loss  |      | 0                   | 0                   |
| Available-for-sale investments   |      | -906                | 176,694             |
| Accounts receivables and others  |      | -356,123            | -639,526            |
| <b>Net increase (decrease) in liabilities</b>  |      |                     |                     |
| Financial liabilities, non-subordinated liabilities  |      | 567,855             | 0                   |
| Accounts receivables and others  |      | 69,069              | -37,420             |
| <b>Cash flow and equivalent to cash after adjustments and net change in assets and liabilities</b> |      | <b>301,991</b>      | <b>-262,910</b>     |
| Cash collected (paid) from income taxes  |      | -16,435             | -15,463             |
| <b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>   |      | <b>285,556</b>      | <b>-278,373</b>     |
| <b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>  |      |                     |                     |
| 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                                   |      | -715                | -842                |
| Sale proceeds from held-to-maturity investments  |      | 0                   | 16,091              |
| Acquisition of held-to-maturity investments  |      | -20,287             | 0                   |
| Other inflows related to investment activities   |      | 0                   | 850,996             |
| Other outflows related to investment activities  |      | 0                   | 0                   |
| <b>NET CASH FLOW FROM INVESTMENT ACTIVITIES</b>  |      | <b>-21,002</b>      | <b>866,245</b>      |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>   |      |                     |                     |
| 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                   | -812,625            |
| <b>NET CASH FLOW FINANCING ACTIVITIES</b>  |      | <b>0</b>            | <b>-812,625</b>     |
| <b>Net increase (decrease) in cash and cash equivalent before changes on the exchange rate</b>     |      | <b>264,554</b>      | <b>-224,753</b>     |
| Effects of the changes on the cash and cash equivalent exchange rate                               |      | 0                   | 0                   |
| <b>Net increase (decrease) of cash and cash equivalent</b>   |      | <b>264,554</b>      | <b>-224,753</b>     |
| Cash and cash equivalent at the beginning of the period  |      | 1,479,013           | 1,661,450           |
| <b>Cash and cash equivalent at the end of the period</b>   |      | <b>1,743,567</b>    | <b>1,436,697</b>    |

**Fondo MIVIVIENDA S.A.**  
**Statement of Changes in Net Equity**  
**For the periods ended June 30, 2020 and 2019**  
**(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 |
| <b>Balance as of January 1, 2019</b>                                | 3,324,714        | 0                  | 0                           | 23,657         | 0                  | 32,666            | 0             | 0   | 0   | -72,043           | 0   | 0  | 0                   | -7,548            | -79,591          | 3,301,446                   |
| 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                           |
| <b>3. Initial balance after adjustments</b>                         | <b>3,324,714</b> | <b>0</b>           | <b>0</b>                    | <b>23,657</b>  | <b>0</b>           | <b>32,666</b>     | <b>0</b>      | <b>0</b>  | <b>0</b>  | <b>-72,043</b>    | <b>0</b>                                      | <b>0</b>   | <b>0</b>            | <b>-7,548</b>     | <b>-79,591</b>   | <b>3,301,446</b>            |
| 4. Changes in the Equity:   |                  |                    |                             |                |                    |                   |               |   |   |                   |   |  |                     |                   |                  |                             |
| 5. Comprehensive Income:  |                  |                    |                             |                |                    |                   |               |   |   |                   |   |  |                     |                   |                  |                             |
| 6. Income   |                  |                    |                             |                |                    |                   | 26,846        |   |   |                   |   |  |                     |                   |                  | 26,846                      |
| 7. Other Comprehensive Income:                                      |                  |                    |                             |                |                    |                   |               | 0   | 0   | 18,798            | 0   | 0  | 0                   | 332               | 19,130           | 19,130                      |
| <b>8. Total Comprehensive Income:</b>                               |                  |                    |                             |                |                    |                   | <b>26,846</b> | <b>0</b>  | <b>0</b>  | <b>18,798</b>     | <b>0</b>                                      | <b>0</b>   | <b>0</b>            | <b>332</b>        | <b>19,130</b>    | <b>45,976</b>               |
| 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) | 30,870           | 0                  | 0                           | 0              | 0                  | -30,870           |               |   |   |                   |   |  |                     |                   |                  | 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                           | 3,430          | 0                  | -2,164            |               |   |   |                   |   |  |                     |                   |                  | 1,266                       |
| <b>Total changes in equity</b>                                      | <b>30,870</b>    | <b>0</b>           | <b>0</b>                    | <b>3,430</b>   | <b>0</b>           | <b>-33,034</b>    | <b>26,846</b> | <b>0</b>  | <b>0</b>  | <b>18,798</b>     | <b>0</b>                                      | <b>0</b>   | <b>0</b>            | <b>332</b>        | <b>19,130</b>    | <b>47,242</b>               |
| <b>Balance as of June 30, 2019</b>                                  | <b>3,355,584</b> | <b>0</b>           | <b>0</b>                    | <b>27,087</b>  | <b>0</b>           | <b>-368</b>       | <b>26,846</b> | <b>0</b>  | <b>0</b>  | <b>-53,245</b>    | <b>0</b>                                      | <b>0</b>   | <b>0</b>            | <b>-7,216</b>     | <b>-60,461</b>   | <b>3,348,688</b>            |
| <b>Balance as of January 01, 2020</b>                               | <b>3,355,584</b> | <b>0</b>           | <b>0</b>                    | <b>27,087</b>  | <b>0</b>           | <b>29,766</b>     | <b>0</b>      | <b>0</b>  | <b>0</b>  | <b>-96,371</b>    | <b>0</b>                                      | <b>0</b>   | <b>0</b>            | <b>-7,078</b>     | <b>-103,449</b>  | <b>3,308,988</b>            |
| 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                           |
| <b>3. Initial balance after adjustments</b>                         | <b>3,355,584</b> | <b>0</b>           | <b>0</b>                    | <b>27,087</b>  | <b>0</b>           | <b>29,766</b>     | <b>0</b>      | <b>0</b>  | <b>0</b>  | <b>-96,371</b>    | <b>0</b>                                      | <b>0</b>   | <b>0</b>            | <b>-7,078</b>     | <b>-103,449</b>  | <b>3,308,988</b>            |
| 4. Changes in the Equity:   |                  |                    |                             |                |                    |                   |               |   |   |                   |   |  |                     |                   |                  |                             |
| 5. Comprehensive Income:  |                  |                    |                             |                |                    |                   |               |   |   |                   |   |  |                     |                   |                  |                             |
| 6. Income   |                  |                    |                             |                |                    |                   | 5,814         |   |   |                   |   |  |                     |                   |                  | 5,814                       |
| 7. Other Comprehensive Income                                       |                  |                    |                             |                |                    |                   |               | 0   | 0   | 1,649             | 0   | 0  | 0                   | 385               | 2,034            | 2,034                       |
| <b>8. Total Comprehensive Income:</b>                               |                  |                    |                             |                |                    |                   | <b>5,814</b>  | <b>0</b>  | <b>0</b>  | <b>1,649</b>      | <b>0</b>                                      | <b>0</b>   | <b>0</b>            | <b>385</b>        | <b>2,034</b>     | <b>7,848</b>                |
| 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                           | 0              | 0                  | 56                |               |   |   |                   |   |  |                     |                   |                  | 56                          |
| <b>Total changes in equity</b>                                      | <b>0</b>         | <b>0</b>           | <b>0</b>                    | <b>0</b>       | <b>0</b>           | <b>56</b>         | <b>5,814</b>  | <b>0</b>  | <b>0</b>  | <b>1,649</b>      | <b>0</b>                                      | <b>0</b>   | <b>0</b>            | <b>385</b>        | <b>2,034</b>     | <b>7,904</b>                |
| <b>Balance as of June 30, 2020</b>                                  | <b>3,355,584</b> | <b>0</b>           | <b>0</b>                    | <b>27,087</b>  | <b>0</b>           | <b>29,822</b>     | <b>5,814</b>  | <b>0</b>  | <b>0</b>  | <b>-94,722</b>    | <b>0</b>                                      | <b>0</b>   | <b>0</b>            | <b>-6,693</b>     | <b>-101,415</b>  | <b>3,316,892</b>            |



## **Notes to the Financial Statements June 30, 2020**

### **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 No. 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 No. 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, henceforth "CRC", by its Spanish acronym), and the Sustainable Housing Bonus MIVIVIENDA (Bono MIVIVIENDA Sostenible, henceforth BMS, by its Spanish acronym).

The MIVIVIENDA program includes the following products:

- Nuevo Crédito MIVIVIENDA
- Crédito MICONSTRUCCIÓN (\*)

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- Crédito MICASA MÁS (\*)
- 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, 2020, these products have been discontinued; the balances correspond only to outstanding balances receivable, see note 6. The credits MICONSTRUCTION and MICASA MAS were repealed by Board’s Agreement No. 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 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 No. 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 No. 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





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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.

### ***iv. CRC - PBP Nuevos Soles Trusts and CRC - PBP US Dollars Trusts***

Likewise, the Fund constituted the CRC-PBP Nuevos Soles Trusts and CRC-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 No. 980-2006, which approves the Regulations for the Fund.

Under the service contracts with the CRC-PBP Trusts, the Fund provides the IFIs 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 part (the 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 part of the MIVIVIENDA loans.

### **c. Approval of financial statements**

The financial statements as of September 30, 2020 have been approved by Management and approved by the Board of Directors on October 2020. 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 trust through which COFIDE receives the resources from the Fund and performs as the executing agency thereof, in order to channel the funding for loans to final borrowers through the intermediary financial institutions ("IFI") that are



## **Notes to the Financial Statements June 30, 2020**

used 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 No. 26702 and its amendments.
- Verify compliance with requirements and conditions of the IFIs according to Supreme Decree No. 001-99-MTC.
- Sign the agreement on resources intermediation with the IFIs 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 IFIs.
- 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 IFIs (\*).
- 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 No. 1 to the Trust Agreement was signed, which annulled the obligation of COFIDE to issue recommendations on exposure limits of the IFIs 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 at the article No. 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 IFIs, 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 IFIs 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:



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- 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 IFIs 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 IFIs.

On December 30, 2016, the Addendum No 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 IFIs. This commission will be collected on the collection dates of loan installments granted by the IFIs.

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, 2020 and December 31, 2019 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, 2020 and December 31, 2019.

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



## **Notes to the Financial Statements June 30, 2020**

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 2020 and 2019 onwards***

On March 16, 2020, the SBS issued Multiple Official Letter No. 11150-2020-SBS (hereinafter "OM, by its Spanish acronym"), which dictates prudential measures related to the state of national emergency (D.S. No. 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 MO is the exposure of rescheduled credits, the treatment of interest, and the calculation of provisions.

For the year 2019, the SBS has not issued accounting standards that affect the Fund's accounting policies.

### **B. Currency**

The Fund considers the Sol as its functional and presentation currency, because it reflects the nature of economic events and circumstances relevant to the Fund, since its main operations and/or transactions such as: loans granted, financing obtained, interest income and expenses, as well as its 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-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

## **Notes to the Financial Statements June 30, 2020**

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

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

Because the Fund grants credit lines to the IFIs 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’s Accounting Manual for Financial Companies, the yields generated by said operations are recorded on an accrual basis and in-suspense interests income are not recognized in accordance with SBS rules for the Fund.

#### **▪ *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.

#### ***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 section” corresponding to the amount of the BBP (principal and interest); and

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- A monthly amortization schedule called "non-concessional section" corresponding to total amount of Crédito MIVIVIENDA disbursement less the amount of the concessional section (principal 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".

Upon being granted, the total amount disbursed on the Crédito MIVIVIENDA loan is recorded as placement in the caption "Accounts receivable, net (Trust Agreement - COFIDE)" and the two aforementioned amortization schedules are generated by the Fund.

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

Subsequently, the Fund sends to the MVCS the list of BBP beneficiaries, reclassifying such bonus due to eligible borrowers from the liability caption "Good Payer Bonus (capital) received from MVCS" to the caption "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 initial of the mortgage loan, the BBP will be used as a complement to reach the initial minimal amount required to the sub

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borrower for mortgage loan purposes, and it is applied at the time of the loan disbursement, therefore it is not part of it.

- Under the guidelines of Supreme Decree N° 003-2015-VIVIENDA published on January 22, 2015, a tranché application of the BBP was established for housing values from 14 to 50 tax units, as follows:

| <i>In Soles</i>                   | <b>BBP Value</b> |
|-----------------------------------|------------------|
| <b>Housing value</b>              |                  |
| 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 Fondo Mivivienda 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 sub borrower for mortgage loan purposes, and it is applied at the time of the loan disbursement to the IFIs; 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 35 tax units and 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 No. 29033, Creation of the Good Payer Bonus Law was modified, approved by Supreme Decree No. 003-2015, in which was established the following tranché application of the BBP:

| <i>In Soles</i>                   | <b>BBP Value</b> |
|-----------------------------------|------------------|
| <b>Housing value</b>              |                  |
| 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 IFIs, therefore it is not part of it.

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>        | <b>BBP Value</b> | <b>BBP total</b> |
|----------------------------|------------------|------------------|
| <b>Housing Value (CPI)</b> |                  |                  |

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|-------------------------------|---------|--------|
| 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 No. 002-2018 of January 24, 2018, which amended the Regulation of Law No. 29033 approved by Supreme Decree No. 017-2017, the values of housing and BBP were established as follows:

| <i>In Tax Units</i>         | <b>BBP Value</b> | <b>BBP total</b> |
|-----------------------------|------------------|------------------|
| <b>Housing Value (CPI)</b>  |                  |                  |
| 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            |

- By means of Supreme Decree No. 004-2019 of January 23, 2019, which amended the Regulation of Law No. 29033 approved by Supreme Decree No. 002-2018, the values of housing and BBP were established as follows:

| <i>In Tax Units</i>         | <b>BBP Value</b> | <b>BBP total</b> |
|-----------------------------|------------------|------------------|
| <b>Housing Value (CPI)</b>  |                  |                  |
| 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 No. 003-2020 of January 24, 2020, which amended the Regulation of Law No. 29033 approved by Supreme Decree No. 004-2019, the values of housing and BBP were established as follows:

| <i>In Tax Units</i>         | <b>BBP Value</b> | <b>Traditional total</b> | <b>BBP Sustainable total</b> |
|-----------------------------|------------------|--------------------------|------------------------------|
| <b>Housing Value (CPI)</b>  |                  |                          |                              |
| 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                        |

- As of the date of this report, the BBP is in force under Supreme Decree No. 007-2020 guidelines of May 16, 2020, which amended the Regulation of Law No. 29033 approved by Supreme Decree No. 003-2020. The values of housing and BBP were established as follows:

| <i>In Tax Units</i>        | <b>BBP Value</b> | <b>Traditional total</b> | <b>BBP Sustainable total</b> |
|----------------------------|------------------|--------------------------|------------------------------|
| <b>Housing Value (CPI)</b> |                  |                          |                              |
| From S/60,000 to S/85,700  | 4.19753          | 24,000                   | 5,000                        |



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|-----------------------------|---------|--------|-------|
| Over S/85,700 to S/128,300  | 3.45679 | 20,000 | 5,000 |
| Over S/128,300 to S/213,800 | 3.08642 | 18,300 | 5,000 |
| Over S/213,800 to S/316,800 | 0.74074 | 6,800  | 5,000 |

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-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 (principal) of the concessional tranche and charges the liability "Good Payer Bonus (principal) 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, see **Note 19**.
- 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>                   | <b>BBP Value</b> |
|-----------------------------------|------------------|
| <b>Housing value</b>              |                  |
| Over 50 tax units to 70 tax units | 5,000            |

For these purposes, the Fondo Mivivienda has two modalities of PBP:

- PBP applied as a complement to the initial of the mortgage loan, the PBP 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 IFIs; therefore, it is not part of it.
- PBP granted for the timely payment of six consecutive monthly installments corresponding to the non-concessional tranche of the loan. It is being recognized for accounting purposes on a semi-annual 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>         | <b>PBP Value</b> | <b>PBP total</b> |
|-----------------------------|------------------|------------------|
| <b>Housing value</b>        |                  |                  |
| 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:

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| Year 2018                     |                  |                  |
|-------------------------------|------------------|------------------|
| <i>In Tax Units</i>           | <b>PBP Value</b> | <b>PBP total</b> |
| <b>Housing value</b>          |                  |                  |
| Over S/205,300 to S/304,100   | 0.74074          | 3,100            |
| Year 2019                     |                  |                  |
| <i>In Tax Units</i>           | <b>PBP Value</b> | <b>PBP total</b> |
| <b>Housing value</b>          |                  |                  |
| Over S/209,800 to S/310,800   | 0.74074          | 3,200            |
| Year 2020                     |                  |                  |
| <i>In Tax Units</i>           | <b>PBP Value</b> | <b>PBP total</b> |
| <b>Housing value</b>          |                  |                  |
| Over S/ 213,800 to S/ 316,800 | 0.74074          | 3,200            |

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, 2020 is S/3,200. 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 (principal) 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, see **Note 19**.
- 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 IFIs. 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:

|  | <b>Grade 1</b> | <b>Grade 2</b> |
|--|----------------|----------------|
| <b>Amount of funding</b>   |                |                |
| 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.



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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

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 IFIs 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, Resolution N°11356-2008, in accordance with the following methodology

#### **First Component: Allowance for IFI's 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's 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)**

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The principal 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 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:

|                               | <b>Table 1</b> | <b>Table 2</b> |
|-------------------------------|----------------|----------------|
| <b>Risk Category</b>          |                |                |
| 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 IFIs equivalent to the risk category established by the SBS.

Additionally, given the intervention of the SBS in Financiera TFC, as of September 30, 2020, 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.

**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 No11356-2008 "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.

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

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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, 2020, the following percentages are used:

|                               | <b>LWG (i)</b> | <b>LWPG (ii)</b> | <b>LWRPG (iii)</b> | <b>LWHLPG (iv)</b> |
|-------------------------------|----------------|------------------|--------------------|--------------------|
| <b>Risk Category</b>          |                |                  |                    |                    |
| 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, 2020 and as of December 31, 2019, the pro-cyclical component of the provision is deactivated.

**G. Derivative financial instruments**

SBS Resolution No. 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 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 derivatives**

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

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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, 2020 and December 2019, 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, 2020 and December 2019, 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 No.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:

#### ***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.



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As of September 30, 2020 and 2019, the Fund did not hold any instruments classified under this category.

### ***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. Transaction recognition date***

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.

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***

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SBS Resolution No. 7033-2012 and its respective amendments, as well as SBS Resolution No. 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, according to 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.

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.



## **Notes to the Financial Statements**

### **June 30, 2020**

- 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 ratios 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.
- 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.

## **Notes to the Financial Statements June 30, 2020**

- 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**

Any gains or losses from currency exchange differences related to the amortized cost of debt instruments are recorded in the income statements, while those related to the difference between the amortized cost and the fair value are recorded in the statements of shareholder's equity as part of the unrealized results. In the case of equity instruments, they are considered non-monetary items and, consequently, they remain at their historical cost in local currency, which means that any exchange differences are part of their valuation and are recognized as part of the unrealized results in the statements of shareholder's equity.

### **vi. Changes in 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-PBP trusts**

Includes the assets of the CRC-PBP Trusts, which correspond to assets (due from banks, investments and accrued yields) and liabilities of the Fund, but 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, 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.



## **Notes to the Financial Statements June 30, 2020**

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-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:

|                         | <b>Years</b> |
|-------------------------|--------------|
| 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.

### **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



## **Notes to the Financial Statements June 30, 2020**

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 No. 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, 2020 and December 31, 2019, 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:

- Assets that are not real state – 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 No. 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 that 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 evidences of impairment in the value of such assets as of September 30, 2020 and as of December 31, 2019.



## **Notes to the Financial Statements June 30, 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.



## **Notes to the Financial Statements June 30, 2020**

### **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. International Financial Reporting Standards (IFRS)**

#### **IFRS issued and in force in Peru as of September 30, 2020**

Through Resolution No. 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 No. 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.

The CNC, through Resolution No. 003- 2019-EF/30 issued on September 21, 2019, made official the IFRS 2019 (IAS, IFRS, IFRIC and SIC); whose application of the versions is according to the coming into force stipulated in each specific standard.

The application of the versions is according to the entry into force stipulated in each specific standard, with the exception of IFRS 15, whose entry into force was postponed by the CNC until January 1, 2019, by Resolution No. 005-2017 EF/30.

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.

**Notes to the Financial Statements**  
**June 30, 2020**

**4. Cash and due from banks**

This item is made up as follows

| <i>In thousand Soles</i>            | <b>2020</b>      | <b>2019</b>      |
|-------------------------------------|------------------|------------------|
| Peruvian Central Bank (a)           | 1,219            | 5,799            |
| Current and saving accounts (b)     | 1,667,119        | 1,366,398        |
| Time deposits (c)                   | 75,000           | 106,533          |
| Other available funds               | 173              | 60               |
| Accrued yields from available funds | 56               | 223              |
| Cash and cash equivalents           | <b>1,743,567</b> | <b>1,479,013</b> |
| <b>Plus</b>                         |                  |                  |
| Time deposits over 91 days (d)      | -                | -                |
| <b>Total available funds</b>        | <b>1,743,567</b> | <b>1,479,013</b> |

- (a) Deposits in the Central Reserve Bank of Peru correspond to balances in soles and in U.S. dollars, 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, they are freely available and bear interest at market rates. The table below presents the current and saving accounts as of June 30, 2020 and December, 2019:

| <i>In thousand Soles</i>                        | <b>2020</b>      | <b>2019</b>      |
|---|------------------|------------------|
| <b>Current accounts</b>                         |                  |                  |
| Banco Internacional del Perú S.A.A. - Interbank | 1,021,186        | 1,012,726        |
| Banco Interamericano de Finanzas S.A.           | 117,890          | 291,208          |
| Banco de la Nación S.A.                         | 73,293           | 60,393           |
| Scotiabank Perú S.A.A.                          | 35               | 977              |
| Banco de Crédito del Perú S.A.                  | 454,492          | 881              |
| BBVA Banco Continental S.A.                     | 179              | 169              |
|   | <b>1,667,075</b> | <b>1,366,354</b> |
| <b>Savings account</b>                          |                  |                  |
| BBVA Banco Continental S.A.                     | 44               | 44               |
| <b>Total</b>                                    | <b>1,667,119</b> | <b>1,366,398</b> |

- (c) As of June 30, 2020, it corresponded to time deposits in the country's banks in soles, they were freely available and generate interest at annual effective rates in soles between 0.70 and 1.30 percent, with original maturities of 91 days or less. At December 31, 2019, it corresponded to time deposits in the country's banks in soles and in U.S. dollars, are freely available and generate interest at annual effective rates in soles between 2.85 and 3.30 percent and in U.S. dollars between 1.9 and 2.05 percent, with original maturities of 91 days or less.
- (d) As of June 30, 2020, we had no time deposits with original maturities greater than or equal to 91 days. At December 31, 2019, we also did not have these types of time deposits.

**Notes to the Financial Statements**  
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**5. Available-for-Sale and Held-to-Maturity Investments**

The detail of the investments available for sale and at maturity is presented:

| <i>In thousands of soles</i>              | 2020           |          |          |                | 2019           |          |          |                |
|---|----------------|----------|----------|----------------|----------------|----------|----------|----------------|
|   | Amortized cost | Profits  | Losses   | Book Value     | Amortized cost | Profits  | Losses   | Book Value     |
| <b>Held-to-Maturity investments</b>       |                |          |          |                |                |          |          |                |
| Corporate and Financial Bonds (a)         | 217,478        | -        | -        | 217,478        | 208,186        | -        | -        | 208,186        |
| Sovereign Bonds of the Republic of Peru   | 31,320         | -        | -        | 31,320         | 31,316         | -        | -        | 31,316         |
|   | <b>248,798</b> | <b>-</b> | <b>-</b> | <b>248,798</b> | <b>239,502</b> | <b>-</b> | <b>-</b> | <b>239,502</b> |
| <b>More</b>                               |                |          |          |                |                |          |          |                |
| Accrued interest                          |                |          |          | 3,519          |                |          |          | 3,441          |
| <b>Total Held-to-Maturity investments</b> |                |          |          | <b>252,317</b> |                |          |          | <b>242,943</b> |
|   |                |          |          | <b>252,317</b> |                |          |          | <b>242,943</b> |

(a) The detail of Corporate and financial bonds is as follows:

| <i>In thousands of soles</i>              | 2020                           |                              | 2019                           |                              |
|---|--------------------------------|------------------------------|--------------------------------|------------------------------|
|   | Available-for-sale investments | Held-to-maturity Investments | Available-for-sale investments | Held-to-maturity Investments |
| <b>Peruvian issuers</b>                   |                                |                              |                                |                              |
| Corporación Financiera de Desarrollo S.A. | -                              | 51,922                       | -                              | 48,712                       |
| Abengoa Transmisión Norte S.A.            | -                              | 47,039                       | -                              | 46,137                       |
| BBVA Banco Continental S.A.               | -                              | 47,080                       | -                              | 44,163                       |
| Consorcio Transmantaro S.A.               | -                              | 38,138                       | -                              | 35,606                       |
| Cementos Pacasmayo S.A.A.                 | -                              | 27,471                       | -                              | 25,596                       |
| Los Portales S.A.                         | -                              | 2,653                        | -                              | 3,037                        |
| Leasing Total S.A.                        | -                              | -                            | -                              | 1,943                        |
| <b>Foreign issuers -</b>                  |                                |                              |                                |                              |
| Empresa Nacional de Petróleo              | -                              | 3,175                        | -                              | 2,992                        |
|   | <b>-</b>                       | <b>217,478</b>               | <b>-</b>                       | <b>208,186</b>               |



**Notes to the Financial Statements**  
**June 30, 2020**

- (b) By means of Board Agreement No. 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 2020 and 2019, approximately S/ 387,000 and S/ 647,000, have been transferred to net income, respectively, see **Note 23**. As of June 30, 2020 and December 2019, the carrying value, which also includes the accrued interest, of said investment amounts to S/249,662,000 y S/239,903,000, respectively.

- (c) In 2020 the CRC and PBP Trusts, due to the fact that the capital of the investments maintained by the Corporate Bonds issued by ICCGSA Inversiones S.A. was being amortized, reversals of the impairment provision were made, leaving the balance of the provision as indicated in the table below. Through Board Agreement No. 06-11D-2018 dated April 25, 2018, the Fund, according to the evaluation carried out during 2019 and the provisions of the Regulation for the Evaluation and Classification of the Debtor and the Requirement of provisions, constituted provisions for Commercial Papers issued by Ingenieros Civiles Contratistas Generales S.A.C. - ICCGSA and Corporate Bonds issued by ICCGSA Inversiones S.A., according to the following detail:

| <i>In thousands of soles</i>   | <b>Allowance</b> |             |
|--------------------------------|------------------|-------------|
|                                | <b>2020</b>      | <b>2019</b> |
| <b>Portfolio</b>               |                  |             |
| Fondo MIVIVIENDA (*)           | 3,794            | 3,794       |
| CRC and PBP Trust Nuevos soles | 32               | 32          |
| CRC and PBP Trust US Dollars   | 43               | 42          |

(\*)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)**.

## Notes to the Financial Statements June 30, 2020

(d) As of June 30, 2020 and 2019, the maturities and annual market rates of return on available-for-sale investments and maturities of debt securities are as follows:

| <i>In thousands of soles</i>            | Maturity       |                | Annual effective interest rates |        |        |        |        |        |        |        |
|---|----------------|----------------|---------------------------------|--------|--------|--------|--------|--------|--------|--------|
|   |                |                | 2020                            |        |        |        | 2019   |        |        |        |
|   |                |                | S/                              |        | USD    |        | S/     |        | USD    |        |
|   | 2020           | 2019           | Min. %                          | Max. % | Min. % | Max. % | Min. % | Max. % | Min. % | Max. % |
| <b>Held-to-Maturity investments</b>     |                |                |                                 |        |        |        |        |        |        |        |
| Corporate and Financial Bonds           | May-20/Oct-28  | May-20/Oct-28  |                                 |        | 3.80   | 7.61   | -      | -      | 3.80   | 7.61   |
| Sovereign Bonds of the Republic of Peru | Aug-26/ Feb-42 | Aug-26/ Feb-42 | 4.10                            | 6.95   | -      | -      | 4.10   | 6.95   | -      | -      |

(e) As of June 30, 2020 and December 2019, certain corporate and financial bonds in U.S. dollars, classified as held-to-maturity investments, are subject to foreign exchange risk, being hedged through sale FWDs for a nominal amount of approximately USD 60,626,000 equivalent to approximately S/ 214,494,788, (hedged with FWDs for USD 49,890,000 equivalent to approximately S/ 165,335,460, as of December 31, 2019), note 7.

(f) The table below presents the balance of available-for-sale and held-to-maturity investments as of June 30, 2020 and 2019, classified by contractual maturity:

| <i>In thousands of soles</i> | 2020                           |                              | 2019                           |                              |
|------------------------------|--------------------------------|------------------------------|--------------------------------|------------------------------|
|                              | Available-for-sale investments | Held-to-maturity Investments | Available-for-sale investments | Held-to-Maturity investments |
| Up to 3 months               |                                | 3,240                        |                                | -                            |
| From 3 months to 1 year      |                                | -                            |                                | 5,060                        |
| From 1 to 5 years            |                                | 132,844                      |                                | 124,838                      |
| Over 5 years                 |                                | 116,233                      |                                | 113,045                      |
| <b>Totally</b>               |                                | <b>252,317</b>               |                                | <b>242,943</b>               |

**Notes to the Financial Statements**  
**June 30, 2020**

**6. Loan Portfolio, Net**

This item includes:

| <i>In thousands of soles</i>                    | <b>2020</b>     | <b>2019</b>     |
|---|-----------------|-----------------|
| <b>Standing Loan Portfolio</b>                  |                 |                 |
| Standing Loans                                  | 30,939          | 37,229          |
| (-) Deferred Loans                              | (1,784)         | (2,182)         |
| Accrued yields                                  | 322             | 400             |
|   | <b>29,477</b>   | <b>35,447</b>   |
| <b>Refunded Loan Portfolio</b>                  |                 |                 |
| Refunded Loans                                  | 1,296           | 1,757           |
| (-) Loans by refunded interests and commissions | (593)           | (843)           |
|   | <b>703</b>      | <b>914</b>      |
| <b>Outstanding Loan Portfolio</b>               |                 |                 |
| Outstanding Loans                               | 44,531          | 40,576          |
| (-) Deferred Loan                               | 461             | (5,796)         |
| Outstanding Refunded Loans                      | (6,294)         | 52              |
|   | <b>38,698</b>   | <b>34,832</b>   |
| <b>Legal Collection Loan Portfolio</b>          |                 |                 |
| Legal Collection Loan                           | 171             | 170             |
| (-) Deferred Loans                              | (18)            | (18)            |
|   | <b>153</b>      | <b>152</b>      |
| <b>(-) Provisions for Loan</b>                  |                 |                 |
| (-)Prov. For Specific Loans                     | (37,420)        | (35,150)        |
| (-)Prov. For Generic Loans                      | (181)           | (229)           |
|   | <b>(37,601)</b> | <b>(35,379)</b> |
|   | <b>31,430</b>   | <b>35,966</b>   |

- (a) As of June 30, 2020 and December 31, 2019, the loan portfolio consists mainly of the portfolio transferred by the Caja Rural de Ahorro y Créditos Señor de Luren, hereinafter "Caja Luren", which through SBS Resolution No. 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, Caja Luren began to enforce certain guarantees that safeguarded the related credits. Such liquidation process implied the fulfillment of the conditions set forth by Clause No. 13 of the Agreement for Channelling Resources from the Housing Promotion Mortgage Fund (Fondo Hipotecario de Promoción de la Vivienda-MIVIENDA).

As a result, the Fund made the following transactions:

- Execution of Clause No. 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 by COFIDE and Caja Rural de Ahorro y Créditos Señor de Luren S.A. on October 19, 1999.
- On July 17, 2017, it entered into agreements for the assignment of rights with Caja Municipal de Ahorro y Crédito Sullana and Financiera Efectiva S.A. through which it transferred to them part of the loan portfolio amounting to S/22,514,000 and S/ 12,067,000, respectively, which were included in the Accounts Receivable item (Trust Agreement - COFIDE) and corresponded to balances owed to the Fund by Caja Luren. Likewise, through a contract with said IFI, they were granted the administration of the non-transferred portfolio amounting to S/. 87,587,000.
- On July 31, 2017, it withdrew from the COFIDE Trust Agreement and the corresponding accounting account the principal balance owed by Caja Luren in liquidation for an amount of S/ 87,587,000 and reclassified to doubtful

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collection provisions an amount of S/23,987,000 from the provision for doubtful collection accounts.

- (b) As of June 30, 2020 and December 31, 2019, the loan portfolio is backed by preferred securities in the amount of S/ 61,816,131 and USD338,627 (equivalent to S/ 1,198,061); and S/ 62,743,000 and USD 339,000 (equivalent to S/1,122,000), respectively.
- (c) Compensatory interest on loans that are overdue, in judicial collection, or classified in the Doubtful or Loss categories, is recorded as income or suspended income and is recognized as income in the statement of income when effectively collected. As of June 30, 2020 and December 31, 2019, the amount not recognized as income for this concept amounted to S/. 22,265,855 and S/. 20,418,000, respectively.
- (d) In accordance with SBS rules, as of June 30, 2020 and December 31, 2019, the Fund's loan portfolio is classified by risk as follows

| <i>In thousands of soles</i> | <b>Number of borrowers</b> |              | <b>Total amount</b> |               |
|------------------------------|----------------------------|--------------|---------------------|---------------|
|                              | <b>2020</b>                | <b>2019</b>  | <b>2020</b>         | <b>2019</b>   |
| Normal                       | 742                        | 870          | 24,115              | 30,706        |
| With potential problems      | 4                          | 58           | 38                  | 1,694         |
| Substandard                  | 160                        | 44           | 6,061               | 1,537         |
| Doubtful                     | 166                        | 150          | 4,467               | 4,326         |
| Loss                         | 913                        | 887          | 34,027              | 32,682        |
|                              | <b>1,985</b>               | <b>2,009</b> | <b>67,708</b>       | <b>70,945</b> |

- (e) As of June 30, 2020 and December 31, 2019, the loan portfolio management service expenses recorded in the "Financial service expenses" caption of the statement of income amounted to S/764,000 and S/2,114,000, respectively.
- (f) The movement in the provision of the loan portfolio was as follows

| <i>In thousands of soles</i>                    | <b>2020</b>   | <b>2019</b>   |
|---|---------------|---------------|
| <b>Balance at the beginning of the year</b>     | 35,379        | 37,411        |
| Prov. recognized as expense for the period      | 2,762         | 2,539         |
| Recovery of provisions as income for the period | (544)         | (4,571)       |
| Exchange difference                             | 4             | 0             |
| <b>Balance at the end of the year</b>           | <b>35,901</b> | <b>35,379</b> |

In the opinion of the Fund's Management, the provision for doubtful loans, recorded as of June 30, 2020 and December 31, 2019, are in accordance with the SBS rules in effect on those dates.

## **7. Hedge 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 thousands of soles</i>           | 06-30-2020     |               |                      |   |  | 12-31-2019     |               |                      |  | 2020 y 2019                          |
|--|----------------|---------------|----------------------|---|--|----------------|---------------|----------------------|--|--------------------------------------|
|  | Assets         | Liabilities   | Reference amount (*) | Maturity  |  | Assets         | Liabilities   | Reference amount (*) | Maturity                                   | Hedged instruments                   |
| <b>Derivatives for trading</b>         |                |               |                      |   |  |                |               |                      |  |                                      |
| Foreign Currency Forward               | 0              | 0             | 0                    | -   |  | 0              | 0             | 0                    | -  | -                                    |
| <b>Derivatives designated as hedge</b> |                |               |                      |   |  |                |               |                      |  |                                      |
| <b>Of cash flow</b>                    |                |               |                      |   |  |                |               |                      |  |                                      |
| Principal only swaps (POS) (**)        | 280,001        | 18,713        | 1,804,786            | From January to March 2023  |  | 159,922        | 31,321        | 1,696,054            | From January to March 2023                 | Debts and securities                 |
| Cross currency swaps (CCS) (**)        | 17,693         | 30,916        | 1,197,372            | From January, March and May 2023 and November 2031                |  | 0              | 62,230        | 976,698              | From March, May 2023                       | Investments, Debts and Securities    |
| Interest only swaps (IOS)              | 8              | 2             | 0                    | March of 2023   |  | 0              | 41            | 0                    | March of 2023                              | Debts                                |
| <b>Of fair value</b>                   |                |               |                      |   |  |                |               |                      |  |                                      |
| Foreign Currency Forward               | 0              | 10,369        | 326,635              | From July, August, September, October, November and December 2020 |  | 6,403          | 0             | 268,597              | From January, February, April and May 2020 | Investments, securities and deposits |
|  | <b>297,702</b> | <b>60,000</b> | <b>3,328,793</b>     |   |  | <b>166,325</b> | <b>93,592</b> | <b>2,941,349</b>     |  |                                      |
|  | <b>297,702</b> | <b>60,000</b> | <b>3,328,793</b>     |   |  | <b>166,325</b> | <b>93,592</b> | <b>2,941,349</b>     |  |                                      |

(\*) At June 30, 2020 and 2019, the reference values of transactions with derivative financial instruments are recorded in off-balance sheet accounts in the committed currency

The above table presents as of June 30, 2020 and December 2019 the fair value of derivative financial instruments, recorded as an asset or liability, together with their nominal amounts and maturities. The reference amount, presented gross, is the amount of the derivative's underlying asset and is the basis on which changes in the fair value of the derivatives are measured.

In June 2020 and June 2019, the Fund has recognized a gain on trading derivatives of S/ 1,495 and S/ 1,223, respectively, and a net loss on hedging derivatives of S/ 41,561 and S/ 37,615, respectively, see **Note 23**.

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**8. Accounts Receivable, Net (Trust Agreement - COFIDE)**

This caption includes:

| <i>In thousands of soles</i>   | <b>2020</b>      | <b>2019</b>      |
|--|------------------|------------------|
| Nuevo Crédito MIVIVIENDA   | 7,458,114        | 7,308,199        |
| Crédito MIVIVIENDA Tradicional   | 92,031           | 100,849          |
| Crédito Complementario Techo Propio                                      | 153,094          | 154,722          |
| Crédito MIHOGAR  | 47,979           | 52,229           |
| Crédito MICONSTRUCCIÓN   | 11,002           | 14,022           |
| Crédito MICASA MAS   | 6,284            | 7,212            |
| Crédito MIVIVIENDA Estandarizado   | 4,292            | 4,918            |
| Crédito MITERRENO  | 238              | 261              |
|  | <b>7,773,034</b> | <b>7,642,412</b> |
| More (less)  |                  |                  |
| Accrued income from accounts receivable                                  | 13,360           | 14,257           |
| Prov. for doubtful accounts receivable                                   | (169,806)        | (158,593)        |
| <b>Total COFIDE Trust (a)</b>  | <b>7,616,588</b> | <b>7,498,076</b> |
| Accounts receivable from CRC and PBP Trusts new soles and US dollars (b) | 101,614          | 98,764           |
|  | <b>7,718,202</b> | <b>7,596,840</b> |

- (a) 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 June 30, 2020 and December 31, 2019, the number of IFI and final beneficiaries (final debtors) is 37 and 97,264; and 38 and 97,176, respectively. Also, as of June 30, 2020 and December 31, 2019, 83.41 and 82.7 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 No. 001-99-MTC.

The table below presents the balances of accounts receivable (Trust Agreement - COFIDE) in accordance with the credit risk coverage of the loans promoted by the Fund:

| <b>2020 - In miles of soles</b>   | <b>With credit risk coverage</b> | <b>Without credit risk coverage</b> | <b>Totally</b>   |
|-----------------------------------|----------------------------------|-------------------------------------|------------------|
| Nuevo Crédito MIVIVIENDA          | 1,590,004                        | 5,592,675                           | 7,182,679        |
| Crédito MIVIVIENDA Tradicional    | 40,947                           | 50,908                              | 91,855           |
| Techo Propio Complementary Credit | 21,795                           | 42,110                              | 63,905           |
| Crédito MIHOGAR                   | 15,965                           | 31,412                              | 47,377           |
| Crédito MICONSTRUCCIÓN            | 228                              | 527                                 | 755              |
| Crédito MICASA MAS                | 847                              | 1,935                               | 2,782            |
| Crédito MIVIVIENDA Estandarizado  | 1,431                            | 2,862                               | 4,293            |
| Crédito MITERRENO                 |                                  |                                     |                  |
|                                   | <b>1,671,217</b>                 | <b>5,722,429</b>                    | <b>7,393,646</b> |

## Notes to the Financial Statements June 30, 2020

| <b>2019 - In miles of soles</b>   | <b>With credit risk coverage</b> | <b>Without credit risk coverage</b> | <b>Totally</b>   |
|-----------------------------------|----------------------------------|-------------------------------------|------------------|
| Nuevo Crédito MIVIVIENDA          | 1,857,782                        | 5,308,018                           | 7,165,800        |
| Crédito MIVIVIENDA Tradicional    | 46,839                           | 54,010                              | 100,849          |
| Techo Propio Complementary Credit | 26,830                           | 49,348                              | 76,178           |
| Crédito MIHOGAR                   | 19,223                           | 32,433                              | 51,656           |
| Crédito MICONSTRUCCIÓN            | 2,353                            | 11,669                              | 14,022           |
| Crédito MICASA MAS                | 1,235                            | 5,977                               | 7,212            |
| Crédito MIVIVIENDA Estandarizado  | 1,639                            | 3,279                               | 4,918            |
| Crédito MITERRENO                 | 40                               | 147                                 | 187              |
|                                   | <b>1,955,941</b>                 | <b>5,464,881</b>                    | <b>7,420,822</b> |

Additionally, there are balances unhedged but provisioned for Sub-borrower Risk, corresponding to the MIVIVIENDA mortgage loan portfolios of the following IFI:

- Financial TFC; by the intervention of the SBS dated 12.12.2019.
- CMAC Sullana; for the activation of clause 13 in May 2020.
- CAC Quillabamba; for the activation of clause 13 in June 2020.

As of June 30, 2020, these IFI present a total balance of S/. 379,387,768.72

Accounts receivable are classified by risk according to SBS standards in effect at June 30, 2020 and December 31, 2019. As indicated in note 3 (e), the provision for doubtful accounts receivable is determined based on the classification of the IFI and the final beneficiaries.

Below is the classification of accounts receivable corresponding to the unhedged balance of credit risk-by-risk category of the IFI granting the MIVIVIENDA loans:

| <i>In thousands of soles</i> | <b>As of June 30, 2020</b> |               | <b>As of December 31, 2019</b> |               |
|------------------------------|----------------------------|---------------|--------------------------------|---------------|
|                              | <b>Total</b>               | <b>%</b>      | <b>Total</b>                   | <b>%</b>      |
| <b>Risk Category</b>         |                            |               |                                |               |
| Normal                       | 5,716,823                  | 77.32         | 5,457,836                      | 73.55         |
| With potential problems      | 5,606                      | 0.08          | 7,045                          | 0.09          |
|                              | <b>5,722,429</b>           | <b>77.40</b>  | <b>5,464,881</b>               | <b>73.64</b>  |
| <b>Total</b>                 | <b>7,393,646</b>           | <b>100.00</b> | <b>7,420,822</b>               | <b>100.00</b> |

The following is the classification of accounts receivable corresponding to the balance of accounts receivable with credit risk coverage by category of risk of the final beneficiaries, determined on the basis of the consolidated credit report (RCC):

| <i>In thousands of soles</i> | <b>As of June 30, 2020</b> |               | <b>As of December 31, 2019</b> |               |
|------------------------------|----------------------------|---------------|--------------------------------|---------------|
|                              | <b>Total</b>               | <b>%</b>      | <b>Total</b>                   | <b>%</b>      |
| <b>Risk Category</b>         |                            |               |                                |               |
| Normal                       | 1,429,836                  | 19.34         | 1,699,522                      | 22.90         |
| With potential problems      | 31,570                     | 0.43          | 29,522                         | 0.39          |
| Substandard                  | 36,968                     | 0.50          | 36,083                         | 0.49          |
| Doubtful                     | 64,311                     | 0.87          | 72,405                         | 0.98          |
| Loss                         | 108,532                    | 1.47          | 118,409                        | 1.60          |
|                              | <b>1,671,217</b>           | <b>22.60</b>  | <b>1,955,941</b>               | <b>26.36</b>  |
| <b>Total</b>                 | <b>7,393,646</b>           | <b>100.00</b> | <b>7,420,822</b>               | <b>100.00</b> |

Similarly, 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



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Liquidation, which as of June 30, 2020 and December 31, 2019 amounts to S/. 221,428,977.57 and S/. 221,589,662.13, respectively.

Likewise, due to the activation of clause 13 of the agreement signed between COFIDE and the IFIS CMAC Sullana and CAC Quillabamba for the channeling of FMV resources, in May 2020 and June 2020 respectively, there is an additional balance without credit risk coverage but provided for by Sub-borrower Risk, corresponding to the mortgage loan portfolio MIVIVIENDA of said IFI, which as of June 30, 2020 amounted to S/. 157,958,791.15

As of June 30, 2020 and December 31, 2019, 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 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 %                  |

(\*) By means of Board Agreement No. 02-09D-2020, the Board of Directors approved a new term for the preferential rates for the MIVIENDA Verde credits to be applied from June 10, 2020, according to: 7.1% for grade 1; from 6% for grade 2 and 5% for grade 3

(\*) The interest rate of the product New Home Loan was reduced to 5 percent, only for loans with the BMS attribute disbursed until December 31, 2019, by means of Board of Directors' Agreement No. 02-16D-2019 of July 25, 2019. By means of Board Agreement N° 02-09D-2020, they approved a new term of validity regarding Board Agreement N° 03-03D-2020 until June 9, 2020 (complying with the presentation of the complete credit file).

(\*\*) As of December 31, 2019, these products are no longer granted and are therefore only in recovery.

Below is the portfolio of accounts receivable as of June 30, 2020 and December 31, 2019, according to their maturity:

| <i>In thousands of soles</i> | <b>2020</b>      | <b>2019</b>      |
|------------------------------|------------------|------------------|
| <b>Outstanding</b>           |                  |                  |
| Up to 1 month                | 43,951           | 48,493           |
| From 1 month to 3 months     | 137,478          | 143,382          |
| From 3 months to 1 year      | 507,131          | 502,434          |
| From 1 to 3 years            | 1,130,073        | 1,686,231        |
| From 3 years to more         | 5,954,401        | 5,261,872        |
|                              | <b>7,773,034</b> | <b>7,642,412</b> |

The movement in the provision for doubtful accounts receivable, determined according to the classification and percentages indicated in note 3.E, is shown below:

| <i>In thousands of soles</i>                  | <b>2020</b> | <b>2019</b> |
|---|-------------|-------------|
| <b>Balance at the beginning of the year</b>   | (158,593)   | (150,102)   |
| Provision recognized as a period expense      | (33,112)    | (49,519)    |
| Recovery of provisions as income for the year | 22,064      | 40,966      |
| Exchange result, net                          | (165)       | 62          |



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|                                       |                  |                  |
|---------------------------------------|------------------|------------------|
| <b>Balance at the end of the year</b> | <b>(169,806)</b> | <b>(158,593)</b> |
|---------------------------------------|------------------|------------------|

In Management's opinion, the provision for doubtful accounts recorded at June 30, 2020 and December 31, 2019, is constituted in accordance with SBS regulations in effect on those dates.

- (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 thousands of soles</i>   | <b>2020</b>    | <b>2019</b>   |
|--------------------------------|----------------|---------------|
| CRC and PBP Trust Nuevos soles | 47,483         | 46,387        |
| CRC and PBP Trust US Dollars   | 54,131         | 52,377        |
| <b>Net</b>                     | <b>101,614</b> | <b>98,764</b> |

As described in Note 1, through constitutional acts signed in June 2007 by the Fund as trustee and trustor simultaneously, both trusts were constituted for the purpose of allowing the availability of resources to fulfill the obligations of the Fund arising from the service contracts CRC and PBP (Credit Risk Coverage - CRC and payment of the Good Payer Award - PBP) signed with some IFI, as well as allowing those resources to be managed efficiently, according to the provisions established by the Regulation and Manual of policies and processes of the PBP-CRC trusts; as well as the Manual of policies and procedures of investment that are part of the appendixes of the constitutive acts.

Accounting for these trusts is performed in accordance with the provisions of SBS Resolution N°980-2006 "Regulations for Fondo MIVIVIENDA S.A.", that is, in a single account in the Fund's statement of financial position, see Note 3 (i). Trust accounting is kept separate for control purposes and shows the following balances as of June 30, 2020 and December 31, 2019

The financial statements of the CRC and PBP Nuevos soles Trust as of June 30, 2020 and December 31, 2019 are as follows:

| <i>In thousands of soles</i>                 | <b>2020</b>   | <b>2019</b>   |
|--|---------------|---------------|
| <b>CRC and PBP Trust Nuevos soles</b>        |               |               |
| <b>Statement of Financial Position</b>       |               |               |
| <b>Assets</b>                                |               |               |
| Available                                    | 19,869        | 16,189        |
| Available-for-sale financial investments (*) | 17,360        | 19,824        |
| Held-to-Maturity investments (*)             | 10,255        | 10,374        |
| <b>Total assets</b>                          | <b>47,484</b> | <b>46,387</b> |
| <b>Liabilities</b>                           |               |               |
| Accounts Payable                             | 1             | -             |
| <b>Total Liability</b>                       | <b>1</b>      |               |
| <b>Equity and Net Surplus</b>                |               |               |
| Surplus collections, net                     | 2,714         | 2,517         |
| Unrealized results                           | 215           | 127           |
| Cumulative results                           | 44,554        | 43,743        |
| <b>Total equity and net surplus</b>          | <b>47,483</b> | <b>46,387</b> |



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|                                     |               |               |
|-------------------------------------|---------------|---------------|
| <b>Total liabilities and equity</b> | <b>47,484</b> | <b>46,387</b> |
|-------------------------------------|---------------|---------------|

(\*) During 2016, the CRC-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 the years 2020 and 2019, the Trust transferred approximately S/ 63,000 and S/114,000, to net income, respectively.

| <i>In thousands of soles</i>                 | <b>2020</b>  | <b>2019</b>  |
|--|--------------|--------------|
| <b>CRC and PBP Trust Nuevos soles</b>        |              |              |
| <b>Income statements</b>                     |              |              |
| <b>Income</b>                                |              |              |
| Interest Income                              | 1,036        | 1,137        |
| Investment valuation, net                    |              | 31           |
| Reversal of Investment Impairment            |              | 158          |
| <b>Total income</b>                          | <b>1,036</b> | <b>1,326</b> |
| <b>Expenses</b>                              |              |              |
| Administration fee                           | (140)        | (132)        |
| Tax on financial transactions                | (1)          |              |
| Miscellaneous expense for financial services | (4)          | (5)          |
| Loss on impairment of investments            | (80)         |              |
| <b>Total expenses</b>                        | <b>(225)</b> | <b>(137)</b> |
| <b>Net surplus</b>                           | <b>811</b>   | <b>1,189</b> |

The financial statements of the CRC and PBP U.S. Dollars Trust as of June 30, 2020 and December 31, 2019 are as follows:

| <i>In thousands of US dollars</i>            | <b>2020</b>   | <b>2019</b>   |
|--|---------------|---------------|
| <b>statement of financial position</b>       |               |               |
| <b>Assets</b>                                |               |               |
| Available                                    | 16,745        | 7,274         |
| Available-for-sale financial investments (*) | 22,271        | 30,001        |
| Held-to-Maturity investments (*)             | 15,098        | 15,084        |
| Other assets                                 | 18            | 18            |
| <b>Total assets</b>                          | <b>54,132</b> | <b>52,377</b> |
| <b>Liabilities</b>                           |               |               |
| Accounts Payable                             | 1             |               |
| <b>Total Liability</b>                       | <b>1</b>      | <b>-</b>      |
| <b>Equity and Net Surplus</b>                |               |               |
| Initial equity                               | 21,013        | 21,013        |
| Surplus collections, net                     | 9,798         | 9,538         |
| Unrealized results                           | (112)         | (81)          |
| Cumulative results                           | 23,432        | 21,907        |
| <b>Total equity and net surplus</b>          | <b>54,131</b> | <b>52,377</b> |
| <b>Total liabilities and equity</b>          | <b>54,132</b> | <b>52,377</b> |

(\*) 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

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results during the remaining term of the instruments. During the years 2020 and 2019, approximately S/ 34,000 and S/326,000, respectively, have been transferred to results of the year

| <i>In thousands of soles</i>                 | <b>2020</b>  | <b>2019</b>  |
|--|--------------|--------------|
| <b>CRC and PBP Trust US Dollars</b>          |              |              |
| <b>Income statements</b>                     |              |              |
| <b>Income</b>                                |              |              |
| Interest Income                              | 1,203        | 1,278        |
| Exchange difference, net                     | 593          | -            |
| Reversal of Investment Impairment            | -            | 211          |
| Others                                       | -            | 113          |
| <b>Total income</b>                          | <b>1,796</b> | <b>1,602</b> |
| <b>Expenses</b>                              |              |              |
| Administration fee                           | (161)        | (147)        |
| Exchange result, net                         | -            | (235)        |
| Financial Transaction Tax                    | (1)          | (1)          |
| Miscellaneous expense for financial services | (4)          | (5)          |
| Loss on impairment of investments            | (106)        | -            |
| <b>Total expenses</b>                        | <b>(272)</b> | <b>(388)</b> |
| <b>Net surplus</b>                           | <b>1,524</b> | <b>1,214</b> |

**9. Other accounts receivable, net**

| <i>In thousands of soles</i>                           | <b>2020</b>      | <b>2019</b>      |
|--|------------------|------------------|
| Accounts receivable from banks in liquidation (a)      | 99,447           | 99,882           |
| Margin call (b)  | 20,982           | 18,825           |
| Accounts Receivable from portfolio Ex - CONEMINSA (c)  | 12,874           | 12,869           |
| Account receivable from ICCGSA (d)                     | 3,794            | 3,794            |
| Accounts receivable from CAC Presta Peru (e)           | 4,230            | 4,230            |
| Accounts receivable from customers CAC Presta Peru (e) | 74,462           | 74,462           |
| Invoices receivable                                    | 638              | 1,081            |
| Other accounts receivable                              | 412              | 382              |
|  | <b>216,839</b>   | <b>215,525</b>   |
| Less- Allowance for doubtful accounts                  |                  |                  |
| Banks in Liquidation (a)                               | (99,447)         | (99,882)         |
| Ex Portfolio - CONEMINSA (c)                           | (12,630)         | (10,727)         |
| Account receivable from ICCGSA (d)                     | (3,794)          | (3,794)          |
| Accounts receivable from CAC Presta Peru (e)           | (4,230)          | (2,538)          |
| Accounts receivable from customers CAC Presta Peru (e) | (74,462)         | (48,077)         |
| Invoices receivable                                    | (638)            | (1,269)          |
| Other accounts receivable                              | (21)             | (21)             |
|  | <b>(195,222)</b> | <b>(166,308)</b> |
| <b>Total</b>   | <b>21,617</b>    | <b>49,217</b>    |

- (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), held in certain financial institutions that entered into liquidation.

The detail of balances and their provision at June 30, 2020 and December 31, 2019 is as follows

**Notes to the Financial Statements**  
**June 30, 2020**

| <i>In thousands of soles</i>                        | <b>2020</b>     | <b>2019</b>     |
|---|-----------------|-----------------|
| <b>Capital</b>                                      |                 |                 |
| Banco Nuevo Mundo, in liquidation (i)               | 52,205          | 53,044          |
| Banco República, in liquidation (i)                 | 39,922          | 39,922          |
| Banco Banex, in liquidation - dation in payment(i)  | 4,903           | 4,592           |
| Banco República, in liquid. - dation in payment (i) | 2,417           | 2,324           |
|   | <b>99,447</b>   | <b>99,882</b>   |
| <b>Less: Provision for uncollectibility</b>         |                 |                 |
| Banco Nuevo Mundo, in liquidation (i)               | (52,205)        | (53,044)        |
| Banco República, in liquidation (i)                 | (39,922)        | (39,922)        |
| Banco Banex, in liquidation - dation in payment (i) | (4,903)         | (4,592)         |
| Banco República, in liquid. - dation in payment (i) | (2,417)         | (2,324)         |
|   | <b>(99,447)</b> | <b>(99,882)</b> |
| <b>Net</b>  | <b>0</b>        | <b>0</b>        |

- (g) 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. As of June 30, 2020, the Fund has received cash payments from the New World Bank in liquidation of S/. 838,840; while in the period 2019 the Fund has received no recoveries from the banks in liquidation. It is worth mentioning that such accounts receivable are fully provisioned.

Management of the Fund believes that the allowance for uncollectibility of accounts receivable from banks in liquidation established as of June 30, 2020 and December 31, 2019 is sufficient to cover the related risk of uncollectibility.

- (b) As of June 30, 2020 and December 31, 2019, it corresponds to the guarantee margin required by the counterparty as a result of the valuation of the derivative financial instruments in U.S. dollars. As of June 2020, the balance is maintained at MORGAN STANLEY (in thousands of USD 2,130), MERRYL Lynch (in thousands of USD 3,200) and NOVA SCOTIA (in thousands of USD 600) equivalent in thousands of Soles to S/ 7,536, S/ 11,323 and S/ 2,123 respectively; which earned a daily fund fed rate of 1.55% and 2.40% respectively, deposited in foreign banks.
- (c) 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. At June 30, 2020 and December 31, 2019 this account receivable is 100% provisioned.
- (d) 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

**Notes to the Financial Statements**  
**June 30, 2020**

interest as of December 31, 2018, note 5(e). As of June 30, 2020 and December 31, 2019 this account receivable is 100% provisioned.

- (e) 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/4,229,932. With respect to the months of August until the end of the maturities of the account receivable of S/74,461,636; it was recorded and controlled in accordance with each client of the IFI portfolio with its respective provisions.
- (f) The movement in the allowance for doubtful accounts receivable is as follows:

| <i>In thousands of soles</i>                | <b>2020</b>      | <b>2019</b>    |
|---|------------------|----------------|
| <b>Balance at the beginning of the year</b> |                  |                |
| <b>More (less)</b>                          | 166,308          | 115,757        |
| Provision recognized as a period expense    | 30,009           | 50,735         |
| Recovery of provisions                      | (844)            | (53)           |
| Exchange different, net                     | (251)            | (128)          |
| Other                                       | 0                | (3)            |
| <b>Balance at the end of the year</b>       | <b>(195,222)</b> | <b>166,308</b> |

In Management's opinion, the allowance for doubtful accounts receivable recorded at June 30, 2020 and December 31, 2019, adequately covers the credit risk of this item at those dates.

**Notes to the Financial Statements**  
**June 30, 2020**

**10. Property, furniture and equipment, net**

The movement of the caption for the years 2020 and 2019 is as follows:

| <i>In thousands of soles</i>           | Land       | Buildings | Facilities | Furniture and equipment | Computer equipment | Miscellaneous equipment | Vehicles   | Work in progress | Total        |
|--|------------|-----------|------------|-------------------------|--------------------|-------------------------|------------|------------------|--------------|
| Balance as of January 1, 2019          | 103        | 36        | 189        | 747                     | 1,456              | 982                     | 759        | 33               | 4,305        |
| Additions                              |            |           |            | 2                       | 29                 | 55                      |            |                  | 86           |
| Retirements                            |            |           |            | -30                     | -83                | -198                    |            | -33              | -344         |
| <b>Balance as of December 31, 2019</b> | <b>103</b> | <b>36</b> | <b>189</b> | <b>719</b>              | <b>1,402</b>       | <b>839</b>              | <b>759</b> | <b>0</b>         | <b>4,047</b> |
| Additions                              |            |           |            |                         | 6                  | 45                      |            |                  | 51           |
| Retirements                            |            |           |            |                         |                    |                         |            |                  | 0            |
| <b>Balance as of June 30, 2020</b>     | <b>103</b> | <b>36</b> | <b>189</b> | <b>719</b>              | <b>1408</b>        | <b>884</b>              | <b>759</b> | <b>0</b>         | <b>4,098</b> |
| <b>Accumulated depreciation</b>        |            |           |            |                         |                    |                         |            |                  |              |
| Balance as of January 1, 2019          | -          | 12        | 77         | 509                     | 1,249              | 727                     | 622        | -                | 3,196        |
| Depreciation for the year              |            |           | 15         | 34                      | 69                 | 50                      | 72         |                  | 239          |
| Retirements                            |            |           |            | -28                     | -83                | -193                    |            |                  | -304         |
| <b>Balance as of December 31, 2019</b> |            | <b>12</b> | <b>92</b>  | <b>515</b>              | <b>1,235</b>       | <b>584</b>              | <b>694</b> | <b>0</b>         | <b>3,132</b> |
| Depreciation for the year              |            |           | 7          | 15                      | 34                 | 24                      | 31         | 0                | 111          |
| Retirements                            |            |           |            |                         |                    |                         |            |                  |              |
| <b>Balance as of June 30, 2020</b>     | <b>0</b>   | <b>12</b> | <b>99</b>  | <b>530</b>              | <b>1269</b>        | <b>608</b>              | <b>725</b> | <b>0</b>         | <b>3243</b>  |
| <b>Net book Value</b>                  |            |           |            |                         |                    |                         |            |                  |              |
| <b>As of December 31, 2019</b>         | <b>103</b> | <b>24</b> | <b>97</b>  | <b>204</b>              | <b>167</b>         | <b>255</b>              | <b>65</b>  | <b>0</b>         | <b>915</b>   |
| <b>As of June 30, 2020</b>             | <b>103</b> | <b>24</b> | <b>90</b>  | <b>189</b>              | <b>139</b>         | <b>276</b>              | <b>34</b>  | <b>0</b>         | <b>855</b>   |

**Notes to the Financial Statements  
June 30, 2020**

- (a) Financial entities in Peru are prohibited from pledging their fixed assets.
- (b) In Management's opinion, there is no evidence of impairment of fixed assets held by the Fund as of June 30, 2020 and 2019. As of December 31, 2019, the Fund has fully depreciated fixed assets amounting to S/2,574,000 (S/ 2,332,000 as of December, 2019).
- (c) The Fund maintains insurance policies on its key assets in accordance with policies established by Management. For this purposes, as of June 30, 2020 and 2019, 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**

This caption includes:

|                           | In thousand S/                          |                  |  |                                     |
|---------------------------|---|------------------|--|-------------------------------------|
|                           | <u>Balance as<br/>of<br/>06.30.2020</u> | <u>Additions</u> | <u>Withdrawals<br/>And<br/>Other<br/>adjustments</u> | <u>Balance as of<br/>12.31.2019</u> |
| Cost:                     |   |                  |  |                                     |
| Software                  | 9,682                                   | 986              |  | 8,696                               |
| Licenses                  | 1,353                                   | 0                |  | 1,353                               |
| Software in Development   | 2,381                                   | 664              | -986   | 2,703                               |
|                           | <u>13,416</u>                           | <u>1650</u>      | <u>-986</u>  | <u>12,752</u>                       |
| Accumulated amortization: |   |                  |  |                                     |
| Software                  | 6,161                                   | 651              |  | 5,510                               |
| Licenses                  | 1,286                                   | 31               |  | 1,255                               |
|                           | <u>7,447</u>                            | <u>682</u>       | <u>0</u>   | <u>6,765</u>                        |
| Net cost                  | <u><b>5,969</b></u>                     |                  |  | <u><b>5,987</b></u>                 |

Intangible assets comprise software and licenses for the use of computer equipment which total cost as of June 30, 2020 amounted to S/ 13,416,000 and its accumulated amortization amounted to S/ 7,447,000 (total cost as of December 31, 2019 amounted to S/ 12,752,000 and its accumulated amortization amounted to S/ 6,765,000 as of December 31, 2019). During 2020 and 2019, acquisitions of intangibles mainly correspond to licenses and software amounting to S/986,000 y S/ 2,264,000, respectively. These intangible assets are amortized on a straight-line basis over the estimated useful life of 4 years.

**12. Other assets, Net**

This caption includes:

| <i>In thousands Soles</i> | <b>2020</b>         | <b>2019</b>         |
|---------------------------|---------------------|---------------------|
| Prepaid expenses          | 2,781               | 1,956               |
| Other                     | 1,115               | 2,845               |
|                           | <u><b>3,896</b></u> | <u><b>4,801</b></u> |



**Notes to the Financial Statements**  
**June 30, 2020**

**13. Debts and financial obligations**

This caption includes:

| <i>In thousands Soles</i>  | <b>2020</b>      | <b>2019</b>      |
|--|------------------|------------------|
| Debts and financial obligations with companies and financial institutions of Peru      | 0                | 118,516          |
| Debts and Obligations with Foreign Companies and International Financial Organizations | 700,704          | 516,676          |
| Values and Titles  | 4,678,149        | 4,284,038        |
|  | <b>5,378,853</b> | <b>4,919,230</b> |

Debts with banks and other financial institutions include some specific agreements on financial conditions that must be maintained regarding compliance with financial ratios and other administrative matters. Said financial ratios are as follows:

- Foreign currency net general position
- Consolidated capital ratio
- Capital adequacy ratio by credit risk

As of June 30, 2020 and December 31, 2019, the Fund's Management believes that it has complied with the conditions established for these transactions.



## Notes to the Financial Statements June 30, 2020

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

| <i>In thousands Soles</i> | Currency | Maturity | Annual<br>Interest<br>Rate % | 2020      |                   |                             |          | 2019           |                   |                             |                |  |
|---------------------------|----------|----------|------------------------------|-----------|-------------------|-----------------------------|----------|----------------|-------------------|-----------------------------|----------------|--|
|                           |          |          |                              | Principal | Amortized<br>cost | Interest and<br>commissions | Total    | Principal      | Amortized<br>cost | Interest and<br>commissions | Total          |  |
| <b>Entity</b>             |          |          |                              |           |                   |                             |          |                |                   |                             |                |  |
| Banco BBVA Perú           | USD      | 2020     | 3.1                          | 0         | 0                 | 0                           | 0        | 115,990        | 0                 | 2,526                       | 118,516        |  |
|                           |          |          |                              | <b>0</b>  | <b>0</b>          | <b>0</b>                    | <b>0</b> | <b>115,990</b> | <b>0</b>          | <b>2,526</b>                | <b>118,516</b> |  |

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

As of June 30, 2020 and December 31, 2019, the balance of the caption corresponds to loans received from the Asociación Francesa de Desarrollo - AFD (French Development Association) and Kreditanstalt für Wiederaufbau KfW to finance its operations.

As of June 30, 2020, the loan maintained with Asociación Francesa de Desarrollo - AFD, denominated in Euros, amounts to €146,667,000 (equivalent approximately to S/ 583,172,000) and the loan in Euros from Kreditanstalt für Wiederaufbau - KfW amounts to €30,000,000 (equivalent approximately to 119,285,000), and are exposed to exchange rate risk, being hedged by cross currency swaps (CCS), principal only swaps (POS) and interest only swaps (IOS) for a nominal amount of approximately €9,000,000 (equivalent to approximately S/35,785,566), €167,666,666.67 (equivalent to approximately S/666,671,841), and € 0 (equivalent to S/ 0), respectively, see Note 14.

This caption includes:

| <i>In thousands Soles</i>             | Currency | Maturity      | Annual<br>Interest<br>Rate % | 2020           |                   |                             |                | 2019           |                   |                             |                |  |
|---------------------------------------|----------|---------------|------------------------------|----------------|-------------------|-----------------------------|----------------|----------------|-------------------|-----------------------------|----------------|--|
|                                       |          |               |                              | Principal      | Amortized<br>cost | Interest and<br>commissions | Total          | Principal      | Amortized<br>cost | Interest and<br>commissions | Total          |  |
| <b>Entity</b>                         |          |               |                              |                |                   |                             |                |                |                   |                             |                |  |
| Asociación Francesa de Desarrollo AFD | Euros    | 2023 and 2031 | 0.61 to 1.30                 | 583,172        | (2,325)           | 1,216                       | 582,063        | 462,861        | (2,444)           | 1,174                       | 461,591        |  |
| Kreditanstalt für Wiederaufbau-KfW    | Euros    | 2031          | 0.975                        | 119,285        | (815)             | 171                         | 118,641        | 55,791         | (816)             | 110                         | 55,085         |  |
|                                       |          |               |                              | <b>702,457</b> | <b>(3,140)</b>    | <b>1,387</b>                | <b>700,704</b> | <b>518,652</b> | <b>(3,260)</b>    | <b>1,284</b>                | <b>516,676</b> |  |

**Notes to the Financial Statements**  
**June 30, 2020**

**13.c) Securities and bonds**

This caption includes:

| <i>In thousands Soles</i>                  | Annual nominal<br>interest rate<br>% | Maturity         | Amount<br>issued | Book Value       |                  |
|--|--------------------------------------|------------------|------------------|------------------|------------------|
|  |                                      |                  |                  | 2020             | 2019             |
| <b>Domestic issuances</b>                  |                                      |                  |                  |                  |                  |
| <b>Corporate Bonds - 1st m Program (a)</b> |                                      |                  |                  |                  |                  |
| 4th issuance ("A" series)                  | 6.72                                 | July of 2026     | S/ 310,000       | 309,789          | 309,802          |
| 3rd issuance ("A" series)                  | 7.00                                 | February of 2024 | S/ 1,500,000     | 1,496,195        | 1,495,819        |
| 5th issuance ("A" series)                  | 5.03                                 | July of 2026     | S/ 250,000       | 249,629          | 249,618          |
| 6th issuance ("A" series)                  | 4.78                                 | January of 2027  | S/ 240,210       | 239,826          |                  |
| <b>International Issuances</b>             |                                      |                  |                  |                  |                  |
| <b>Corporate Bonds</b>                     |                                      |                  |                  |                  |                  |
| 1 <sup>st</sup> issuance (b)               | 3.50                                 | January of 2023  | USD 500,000      | 1,761,283        | 1,648,530        |
| Reopening of 1 <sup>st</sup> issuance (c)  | 3.50                                 | January of 2023  | USD 150,000      | 527,209          | 493,278          |
|  |                                      |                  |                  | <b>4,583,931</b> | <b>4,197,047</b> |
| Interest payable                           |                                      |                  |                  | 94,218           | 86,991           |
| <b>Total</b>                               |                                      |                  |                  | <b>4,678,149</b> | <b>4,284,038</b> |

- (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, as amended 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. Proceeds from the issuance of the bonds were used exclusively to finance credit operations.  
As of June 30, 2020 y December 31, 2019, 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/ 1,769,000,000 and S/ 1,657,000,000, 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" performed in January 2013. The new issue was for a nominal amount of USD150,000,000 with a maturity of 6 years. The 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 used to finance the operations of the Fund's line of business.  
As of June 30, 2020 y December 31, 2019, said bonds have exposure to exchange rate risk, being hedged by cross currency swaps (CCS) for a nominal amount of USD 150,000,000 (equivalent to approximately S/ 530,700,000 and S/ S,497,100,000, respectively), **note 7**.

## Notes to the Financial Statements June 30, 2020

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

| <i>In thousands Soles</i> | 2020             | 2019             |
|---------------------------|------------------|------------------|
| From 1 to 2 years         | -                | -                |
| From 2 to 5 years         | 3,858,139        | 3,709,141        |
| Over 5 years              | 820,010          | 574,897          |
|                           | <b>4,678,149</b> | <b>4,284,038</b> |

- (e) The table below presents the cash flow from financing activities of securities and bonds outstanding as of June 30, 2020 y December 31, 2019:

| <i>In thousands Soles</i>          | Cash flows         |                |                   | Exchange<br>difference,<br>net | Movements      |                    |                   |
|------------------------------------|--------------------|----------------|-------------------|--------------------------------|----------------|--------------------|-------------------|
|                                    | January 1,<br>2020 | Provided       | Used              |                                | Interest       | Changes in         |                   |
|                                    |                    |                |                   |                                |                | Amortized<br>cost  | the fair<br>value |
| <b>Domestic issuances</b>          |                    |                |                   |                                |                |                    |                   |
| 1st issuance ("A" series)          | -                  |                | -                 | -                              | -              |                    | -                 |
| 4th issuance ("A" series)          | 319,537            |                | (10,414)          | 10,407                         | (13)           |                    | 319,517           |
| 3rd issuance ("A" series)          | 1,535,764          |                | (52,500)          | 52,362                         | 376            |                    | 1,536,002         |
| 5th issuance ("A" series)          | 255,360            |                | (6,289)           | 6,283                          | 12             |                    | 255,366           |
| 6th issuance ("A" series)          | -                  | 239,828        |                   | 5,301                          | (2)            |                    | 245,127           |
| <b>International<br/>issuances</b> |                    |                |                   |                                |                |                    |                   |
| 1st issuance                       | 1,672,800          |                | (29,391)          | 112,632                        | 29,820         | 1,276              | 1,787,137         |
| 2nd Issuance                       | -                  |                | -                 | -                              | -              |                    | -                 |
| Reopening of 1st<br>issuance       | 500,577            |                | (8,817)           | 33,711                         | 8,963          | 566                | 535,000           |
|                                    | <b>4,284,038</b>   | <b>239,828</b> | <b>(107,411)</b>  | <b>146,343</b>                 | <b>113,136</b> | <b>2,215</b>       | <b>4,678,149</b>  |
| <i>In thousands Soles</i>          | Cash flows         |                |                   | Exchange<br>difference,<br>net | Movements      |                    |                   |
|                                    | January 1,<br>2019 | Provided       | Used              |                                | Interest       | Changes in         |                   |
|                                    |                    |                |                   |                                |                | Amortiz<br>ed cost | the fair<br>value |
| <b>Domestic issuances</b>          |                    |                |                   |                                |                |                    |                   |
| 1st issuance ("A" series)          | 117,815            |                | (119,908)         | 2,058                          | 35             |                    | -                 |
| 4th issuance ("A" series)          | 319,524            |                | (20,828)          | 20,827                         | 14             |                    | 319,537           |
| 3rd issuance ("A" series)          | 1,535,048          |                | (105,000)         | 105,000                        | 716            |                    | 1,535,764         |
| 5th issuance ("A" series)          |                    | 249,558        |                   | 5,742                          | 60             |                    | 255,360           |
| <b>International<br/>issuances</b> |                    |                |                   |                                |                |                    |                   |
| 1st issuance                       | 1,700,065          |                | (58,205)          | (29,938)                       | 58,386         | 2,492              | 1,672,800         |
| 2nd Issuance                       | 834,485            |                | (825,816)         | (15,866)                       | 6,959          | 238                | -                 |
| Reopening of 1st<br>issuance       | 508,349            |                | (17,461)          | (8,955)                        | 17,516         | 1,128              | 500,577           |
|                                    | <b>5,015,286</b>   | <b>249,558</b> | <b>1,147,218)</b> | <b>(54,759)</b>                | <b>216,488</b> | <b>4,683</b>       | <b>4,284,038</b>  |

**Notes to the Financial Statements**  
**June 30, 2020**

**14. Accounts Payable**

This caption includes:

| <i>In thousands Soles</i>   | <b>2020</b>      | <b>2019</b>      |
|---|------------------|------------------|
| <b>Accounts Payable</b>   |                  |                  |
| FONAVI contributions (a)  | 8,644            | 8,644            |
| Family Housing Bond/Vulnerable Housing Protection Bond (b)                              | 1,111,844        | 994,578          |
| Good Payer Bonus (principal) received from MVCS (c)                                     | 59,326           | 92,272           |
| Good Payer Bonus (principal) assigned to COFIDE (d)                                     | 98,008           | 102,010          |
| Eligible Household Savings transferred to technical entities (e)                        | 17,462           | 22,470           |
| Bond 500 (D.U. N° 014-2017) (f)   | 638              | 3,646            |
| Eligible Household Group Savings transferred to Lease Home Bond Lease Home Bond BAV (g) | 52,121           | 51,960           |
| Workers' profit sharing payable   | 1,183            | 5,639            |
| Resources to transfer for executed bank guarantees                                      | 2,031            | 1,984            |
| Suppliers payable   | 3,862            | 3,263            |
| Bonuses for Management agreement – FONAFE   | 3,291            | 2,229            |
| Vacation and settlement of social benefits payable                                      | 2,473            | 1,009            |
| Balance Due from the FUND by Reconciliation with the MEF                                | 81,822           | 81,822           |
| Other   | 1,333            | 1,350            |
|   | <b>1,444,038</b> | <b>1,372,876</b> |

(a) The balance of the caption as of June 30, 2020 and 2019 is as follows:

| <i>In thousands Soles</i>                             | <b>2020</b>  | <b>2019</b>  |
|---|--------------|--------------|
| FONAVI collections according to Law N°26969 (i)       | 0            | 0            |
| FONAVI contributions pending transfer to the MEF (ii) | 8,023        | 8,023        |
| Refund of not collected FONAVI checks (iii)           | 621          | 621          |
|   | <b>8,644</b> | <b>8,644</b> |

- (i) Corresponds mainly to the balances assigned to the Fund as a result of the collections received from SUNAT, related to contributions to FONAVI made by taxpayers in accordance with Law N°26969.

The movement of the balance is presented below:

| <i>In thousands Soles</i>  | <b>2020</b> | <b>2019</b> |
|--|-------------|-------------|
| <b>Balance at the beginning of the fiscal year</b>                                 | 0           | 81,822      |
| <b>More (less)</b>   |             |             |
| Transfer to the Ad Hoc Commission of refunds of FONAVI contributions (*)           | 0           | 0           |
| Reclassification and adjustments of contributions pending transfer to the MEF (**) | 0           | (81,822)    |
| Return of contributions to FONAVI  | 0           | 0           |
| <b>Balance at the end of the year</b>  | <b>0</b>    | <b>0</b>    |

(\*) Corresponds to the transfer of resources managed by the Fund classified as " FONAVI collections according to Law N°26969 " to the "Ad Hoc Commission" as Executing Unit of the MEF,

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*created by Law No. 29625 for an amount of approximately S/71,101,000. This transfer was made effective by Letter No. 00094-2018-FMV / DVO dated January 12, 2018.*

*(\*\*) Corresponds to the reclassification of balances by balance reconciliation with the MEF.*

- (ii) Corresponds mainly to FONAVI contributions pending from being transferred to the MEF for collections made by SUNAT of FONAVI contributions made by taxpayers who have a stabilized tax regime applicable as per Law N°27071. During 2018, the Fund reclassified approximately S/57,771,000 from the "FONAVI contributions pending transfer to the MEF" account to the "FONAVI collections according to Law N°26969", by way of collections that would later be transferred to the Ad Hoc Commission, see note 13 (b).
  - (iii) Corresponds to checks issued from 1999 to 2016 pending collection by the beneficiaries. These checks were issued as reimbursement of FONAVI contributions according to SUNAT communications, which is the entity responsible for the collection of these resources.
- (b) Corresponds to the balances to be transferred to technical entities (builders) for the financing of the Bono Familiar Habitacional (BFH) and the Bono de Protección Vulnerable de Vivienda of the family groups who had access to the Programa Techo Propio, received from the MVCS. During 2020, the Fund received resources from the MVCS for this purpose, through Agreement No. 013-2019, Agreement No. 113-2020, Agreement No. 120-2020 for amounts of approximately S/2'970,000; S/408,500, S/484'350,000.
  - (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 funds received from the MVCS, approved by Ministerial Resolution No. 455-2017-Housing of November 24, 2017, which were assigned as economic aid to the affected population that occupied a house that was in a condition of collapse or disqualification, due to the occurrence of rain and dangers associated with the natural phenomenon called "Coastal Child" occurred in 2017. In that sense, the delivery of economic aid is of monthly periodicity, destined to the rent of a house by a value of 500 soles monthly, which will continue being given until the resources of this fund are exhausted.
  - (g) Corresponds to the balances to be paid to the eligible family groups that accessed the Bono Alquiler Vivienda (BAV). This balance includes the savings deposited by the family group in the Fund's accounts.

**15. Provisions and Other Liabilities**

This caption includes:

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| <i>In thousands Soles</i>               | <b>2020</b>  | 2019         |
|---|--------------|--------------|
| <b>Provisions and Other Liabilities</b> |              |              |
| Provisions (a)                          | 3,512        | 3,305        |
| Other liabilities (b)                   | 5,468        | 1,677        |
|   | <b>8,980</b> | <b>4,982</b> |

(a) The caption of provisions mainly includes the provision for credit risk coverage - portfolio sold, for approximately S/ 1,726,000 whose movement is shown below:

| <i>In thousands Soles</i>                          | <b>2020</b>    | <b>2019</b>    |
|--|----------------|----------------|
| <b>Balance at the beginning of the fiscal year</b> | (2,084)        | (3,151)        |
| Provision recognized as a period expense           | (107)          | (408)          |
| Recovery of provisions as income for the period    | 606            | 1,421          |
| Exchange different, net                            | (141)          | 54             |
| <b>Balance at the end of the year</b>              | <b>(1,726)</b> | <b>(2,084)</b> |

Additionally, it includes the provisions for credit risk hedge of the portfolio sold to the Investment Funds, for approximately S/ 366,000.

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 at June 30, 2020 and 2019 is sufficient to cover the risk of loss from such contingencies.

(b) Other liabilities mainly include deferred income from rescheduling of accounts receivable belonging to the COFIDE Trust, amounting to approximately S/. 5,024,000.

**16. Current Taxes**

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

| <i>In thousands Soles</i>                     | <b>June 2020</b> | <b>Dec 2019</b> |
|---|------------------|-----------------|
| Income tax provision                          | (6,630)          | (0)             |
| Income tax advance payments                   | 3,487            | 0               |
| ITAN  | 0                | 0               |
| Balance in favor I. Income from previous year | 38,800           | 39,172          |
| Non-Domiciled IGV                             | 12,941           | 0               |
| General Sales Tax:                            | (45)             | (52)            |
|   | <b>48,553</b>    | <b>39,120</b>   |

(b) The composition of the profit (expense) in the statement of income as of June 2020 and June 2019, respectively, is as follows

| <i>In thousands Soles</i> | <b>June 2020</b> | <b>June 2019</b> |
|---------------------------|------------------|------------------|
| Current                   | (6,630)          | (18,716)         |



**Notes to the Financial Statements**  
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|          |            |                 |
|----------|------------|-----------------|
| Deferred | 6,854      | 7,227           |
|          | <b>224</b> | <b>(11,489)</b> |

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

| <i>In thousands Soles</i>     | <b>June 2020</b> |                 | <b>June 2019</b> |                 |
|-------------------------------|------------------|-----------------|------------------|-----------------|
| Profit before income tax      | 7,956            | 100.00%         | 38,335           | 100.00%         |
| <b>Theoretical Expense</b>    | <b>(2,347)</b>   | <b>(29.50%)</b> | <b>(11,308)</b>  | <b>(29.50%)</b> |
| <b>More (less)</b>            |                  |                 |                  |                 |
| Net effect of permanent items | 2,571            | 32.32%          | (181)            | (0.47%)         |
| <b>Income Tax</b>             | <b>224</b>       | <b>2.82%</b>    | <b>(11,489)</b>  | <b>(29.97%)</b> |

## Notes to the Financial Statements June 30, 2020

### 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:

| <i>In thousands Soles</i>  | Balances<br>as of<br><b>01.01.2019</b> | (Debit)<br>credit to<br>income | (Debit)<br>credit to<br>equity | Balances as<br>of<br><b>12.31.2019</b> | (Debit)<br>credit to<br>income | (Debit)<br>credit to<br>equity | Balances as<br>of<br><b>06.30.2020</b> |
|--|--|--------------------------------|--------------------------------|--|--------------------------------|--------------------------------|--|
| <b>Deferred asset</b>  |  |                                |                                |  |                                |                                |  |
| Generic provision for doubtful accounts portfolio  | 7,384                                  | (2,766)                        | 1,435                          | 6,053                                  | (1,284)                        | -                              | 4,769                                  |
| Allowance for doubtful accounts for 2017 adjustments (*)   | 20,953                                 | -                              | (1,435)                        | 19,518                                 | -                              | -                              | 19,518                                 |
| Unrealized loss from debt instruments, reclassified from   | -                                      | -                              | -                              | -                                      | -                              | -                              | -                                      |
| Unrealized losses (gains) from the valuation of derivatives for hedging purposes.                                | 30,146                                 | -                              | 10,180                         | 40,326                                 | -                              | (691)                          | 39,635                                 |
| Unrealized losses from Trust investments   | 165                                    | -                              | (165)                          | -                                      | -                              | -                              | -                                      |
| Deferred income from loan portfolio  | 3,844                                  | (432)                          | -                              | 3,412                                  | 1,291                          | -                              | 4,703                                  |
| Other  | 3,134                                  | 14,907                         | -                              | 18,041                                 | 9,050                          | -                              | 27,091                                 |
| <b>Total deferred liability</b>  | <b>65,626</b>                          | <b>11,709</b>                  | <b>10,015</b>                  | <b>87,350</b>                          | <b>9,057</b>                   | <b>(691)</b>                   | <b>95,716</b>                          |
| <b>Deferred liability</b>  |  |                                |                                |  |                                |                                |  |
| Unrealized gains from Trust investments  | -                                      | -                              | (282)                          | (282)                                  | -                              | (2)                            | (284)                                  |
| Unrealized gains from debt instruments, reclassified from "available for sale" to "held-to-maturity investments" | (84)                                   | -                              | (110)                          | (194)                                  | -                              | (50)                           | (244)                                  |
| Unrealized gains from fluctuations in available-for-sale investments   | (32)                                   | -                              | 32                             | -                                      | -                              | -                              | -                                      |
| Difference in exchange of monetary assets and liabilities  | (14,138)                               | 6,957                          | -                              | (7,181)                                | (1,982)                        | -                              | (9,163)                                |
| Debts and financial obligations  | -                                      | (929)                          | -                              | (929)                                  | 929                            | -                              | -                                      |
| Loan and Debt Costs Incurred   | -                                      | -                              | -                              | -                                      | (1,149)                        | -                              | (1,149)                                |
| Other  | 4                                      | -                              | (4)                            | -                                      | -                              | -                              | -                                      |
| <b>Total deferred liabilities</b>  | <b>(14,250)</b>                        | <b>6,028</b>                   | <b>(364)</b>                   | <b>(8,586)</b>                         | <b>(2,202)</b>                 | <b>(52)</b>                    | <b>(10,840)</b>                        |
| <b>Total deferred assets</b>   | <b>51,376</b>                          | <b>17,737</b>                  | <b>9,651</b>                   | <b>78,764</b>                          | <b>6,855</b>                   | <b>(743)</b>                   | <b>84,876</b>                          |

(\*)/(\*) As a result of the observation made by the SBS in its Inspection Visit report No. 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 No. N° 4907-2017/SBS dated 20.dic.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 y 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 No. 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.





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**18. Shareholders' equity**

**A. Capital stock**

As of June 30, 2020 and as of December 31, 2019, the Fund's capital stock was represented by 3,355,584,361 common shares subscribed and paid, respectively, which nominal value is S/1.00 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.

ON June 30, 2020, the General Shareholders' Meeting agreed to capitalize the earnings generated in 2019, net of legal reserve, for approximately S/27,003,000.

**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 June 30, 2020, approved the appropriation of legal reserves for net income 2019 for approximately S/3'000,000.

Due to the change in the methodology for the calculation of provisions beginning August 1, 2017 detailed in note 3(e), in December 2017, the SBS through SBS Resolution No. 4907 -2017 authorized to the Fund to record the provision deficit from accounts receivable (Trust Agreement – COFIDE) for approximately S/71,027,000 by a reduction of the "Legal Reserve" balance. Subsequently, in the year 2018, the Fund recorded the deferred income tax related to this methodological change in this item.

**C. Unrealized results**

The unrealized results includes the unrealized gains (losses) from the valuation of available-for-sale investments from the Fund and CRC-PBP Trusts, and also from derivatives instruments designated as cash flow hedges. Movements in the unrealized gains during 2020 and 2019, presented net of their tax effect, were as follows:

|   | Balance as<br>of January<br>1, 2019 | (Debit)/cre<br>dit to<br>statements<br>of<br>comprehen<br>sive | Balance as<br>of<br>December<br>31, 2019 | (Debit)/cre<br>dit to<br>statements<br>of<br>comprehen<br>sive | Balance as<br>of June 30,<br>2020 |
|---|-------------------------------------|--|--|--|-----------------------------------|
| <i>In thousands Soles</i>   |                                     |  |  |  |                                   |
| <b>Available-for-sale investments from the Fund</b>   |                                     |  |  |  |                                   |
| (Unrealized loss) unrealized gain from investments available-for-sale, net of transfers to profit and loss                  | 96                                  | (96)   | -  | -  | -                                 |
| Unrealized loss from debt instruments, reclassified from "Available-for-sale investments" to "Held to maturity investments" | (7,531)                             | 647  | (6,884)                                  | 435  | (6,449)                           |
|   | <b>(7,435)</b>                      | <b>551</b>   | <b>(6,884)</b>                           | <b>435</b>   | <b>(6,449)</b>                    |

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|   |                  |                 |                  |              |                  |
|---|------------------|-----------------|------------------|--------------|------------------|
| Income Tax  | (112)            | (82)            | (194)            | (50)         | (244)            |
| <b>Subtotal</b>   | <b>(7,547)</b>   | <b>469</b>      | <b>(7,078)</b>   | <b>385</b>   | <b>(6,693)</b>   |
| <b>Cash flow hedges</b>   |                  |                 |                  |              |                  |
| Net gain (loss) from cash flow hedge  | 182,810          | (84,653)        | 98,157           | 181,251      | 279,408          |
| Transfer to profit and loss of (realized gain) realized loss from cash flow hedge derivatives | (284,999)        | 50,146          | (234,853)        | (178,912)    | (413,765)        |
|   | <b>(102,189)</b> | <b>(34,507)</b> | <b>(136,696)</b> | <b>2,339</b> | <b>(134,357)</b> |
| Income Tax  | 30,145           | 10,180          | 40,325           | (690)        | 39,635           |
| <b>Subtotal</b>   | <b>(72,044)</b>  | <b>(24,327)</b> | <b>(96,371)</b>  | <b>1,649</b> | <b>(94,722)</b>  |
| <b>Total</b>  | <b>(79,591)</b>  | <b>(23,858)</b> | <b>(103,449)</b> | <b>2,034</b> | <b>(101,415)</b> |

**D. Effective 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 June 30, 2020 and as of December 31, 2019, 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 thousands Soles</i>              | <b>2020</b> | <b>2019</b> |
|--|-------------|-------------|
| Total risk weighted assets and credits | 378,377     | 379,285     |
| Total regulatory capital               | 3,336,253   | 3,338,068   |
| Basic regulatory capital (Level 1)     | 3,336,253   | 3,338,068   |
| Global regulatory capital ratio        | 88.17%      | 88.01%      |

As of June 30, 2020 and as of December 31, 2019, 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.

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, market concentration risk, interest rate risk in the banking book and other risks.

Likewise, the regulation has established a period of gradual adaptation of five years starting since July 2012. As of June 30, 2020, , the percentage of adaptation established by SBS is 100 percent, therefore the additional requirement of regulatory capital estimated by the Fund amounts to approximately S/ 71,515,000 (S/ 70,416,000 considering an adequacy of 100 percent established by the SBS as of December 31, 2019).

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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 The income tax rate as of June 30, 2020 and as of December 31, 2019 was 29.5 percent, on taxable income after calculating workers' profit sharing, which, in accordance with current regulations, is calculated, in the case of the Fund, applying a rate of 5 percent on net taxable income.

In accordance with L.D. N°1261, published on December 10, 2016 and effective as of January 1, 2017, the applicable income tax rate on the taxable income, after deducting the workers' profit sharing, will be, from the 2017 fiscal year onwards, 29.5 percent.

Legal entities not domiciled in Peru and individuals are subject to retention of an additional tax on dividends received. In this regard and in attention to the related L.D., the additional tax on dividend income generated is as follows:

- 4.1 percent for the profits generated until December 31, 2014.
- 6.8 percent for the profits generated from January 1, 2015 to December 31, 2016.
- For profits generated since January 1, 2017, which will be distributed as of that date, the applicable rate will be 5 percent.

- B. Since 2011, with the amendment introduced by Law N°29645 on the Income Tax Law, interest and other income generated by foreign loans granted to the Peruvian National Public Sector must also be included as an item exempted from the Income Tax. Likewise, there are considered income from Peruvian sources those obtained from the indirect disposal of shares or ownership interests of the capital stock of legal entities domiciled in Peru. For such purposes, an indirect disposal shall be considered to occur upon the sale of shares or ownership interests of the capital stock of a legal entity not domiciled in the country that, in turn, is the owner – whether directly or through one or more other legal entities – of shares or ownership interests of the capital stock of one or more legal entities domiciled in the country, provided certain conditions established by law are met. This situation also occurs in those cases where the issuer is jointly and severally liable.

Currently, the Income Tax Law establishes that a case of indirect transfer of shares occurs when, in any of the twelve months prior to the disposal, the market value of the shares or ownership interests of the domiciled legal entity is equivalent to 50 per cent or more of the market value of the shares or ownership interests of the non-domiciled legal entity. Additionally, as a concurrent condition, it is established that a case of indirect transfer of shares also occurs when, in any period of twelve 12 months, the disposal of shares or ownership interests representing 10 per cent or more of the capital stock of a non-domiciled legal entity is performed.

With regard to the Value Added Tax, in accordance with articles t) and u) of TUO of the Value Added Tax Law, said tax is not levied on the interest accrued on securities issued by public or private offering by legal entities incorporated or established in Peru; as well as the interest accrued on securities not placed by public offering, when such securities have

## **Notes to the Financial Statements June 30, 2020**

been acquired through any of the centralized trading mechanisms referred to in the Stock Exchange Law.

- C. 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. Based on the analysis of the Fund's operations, Management and its internal legal advisors believe that, as a result of the application of these rules, no significant contingencies to the Fund will arise as of June 30, 2020 and as of December 31, 2019.
- D. On May 2020, Legislative Decree No. 1488 was published, establishing a Special Depreciation Regime and modifying Depreciation Terms:
- 1) As from taxable year 2021, buildings and constructions will be depreciated, for income tax purposes, by applying an annual depreciation percentage of twenty percent (20%) up to their total depreciation, provided that the assets are totally affected to the production of third category taxable income and comply with the following conditions:
    - a) Construction would have begun on January 1, 2020.
    - b) Until December 31, 2022 the construction had a work advance of at least eighty percent (80%).
  - 2) The provisions of the preceding paragraph may also be applied by taxpayers who, during the years 2020, 2021 and 2022, acquire property that meets the conditions set forth in paragraphs a) and b). The provisions of this paragraph do not apply when such assets have been built totally or partially before January 1, 2020.

With regard the first paragraph of the preceding article, depreciation is computed separately from that corresponding to the buildings and constructions to which they were incorporated.

It is also stated that as from the taxable year 2021, the assets indicated below, acquired in the years 2020 and 2021, affected to the production of taxable income, will be depreciated by applying over their value the percentage resulting from the following table, until their total depreciation:

- ✓ Data processing equipment with an annual percentage of depreciation up to a maximum of 50%
- ✓ Machinery and equipment with an annual percentage of depreciation up to a maximum of 33.3%

In the case of the assets referred to in the previous paragraph that begin to depreciate in the taxable year 2020, the rate resulting from the table therein is applied as from taxable year 2021, if applicable, except in the last taxable year in which the lower depreciation percentage is applied.

- E. On April 2020, Legislative Decree No. 1471<sup>o</sup> was published, amending the Income Tax Law. It incorporates the fifty-third transitional and final provision of the Income Tax Law:

Fifty-third provision - Payments on account of the third category income tax corresponding to the months of April to July of the taxable year 2020: Taxpayers

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generating third category income who, in application of the provisions of Article 85 of the Law, are required to make payments on account for the months of April, May, June and/or July of the taxable year 2020, may modify or suspend their payments on account for the referred months, in accordance with the following:

- 1) They must compare the net income obtained in each month with those obtained in the same month of the taxable year 2019.
- 2) If as a result of such comparison it is determined that the net income of the month corresponding to taxable year 2020: a. has decreased by more than thirty percent (30%), the payment on account corresponding to such month is suspended. Such suspension does not exempt the taxpayer from the obligation to file the respective monthly affidavit. b. have decreased by up to thirty percent (30%), the amount determined as the down payment for the month as set forth in Article 85 of the Law is multiplied by the factor 0.5846 and the resulting amount is the down payment to be made for such month. c. have not decreased, the down payment is made for the amount determined as set forth in Article 85 of the Law.
- 3) If the taxpayers have not obtained income in April, May, June or July of the taxable year 2019, in the month that this occurs, for the purposes of the comparison provided for in paragraph 1 must be considered: A) the highest amount of net income obtained in any of the months of such fiscal year. B) if no income was obtained in any month of the taxable year 2019, the highest amount of the net income obtained in the months of January and February of the taxable year 2020. 4. If taxpayers had not obtained income in any month of the taxable year 2019 or in the months of January and February of the taxable year 2020, the payments on account for the months of April, May, June and/or July of the taxable year 2020 are determined by multiplying the amount of the payment on account determined in accordance with the provisions of Article 85 of the Law by the factor 0, 5846.

F. In July 2018, Law 30823 was published in which Peruvian Congress delegated in the Government the power to manage on various issues, including tax and financial matters. In this sense, the main tax regulations issued are the following:

- (i) Pursuant to Legislative Decree No. 1369, as of January 1, 2019, the incorporation of paragraph a.4) to Article 37 of the Law came into effect, in the following terms:

"Article 37.- (...)  
(...)

a.4) The royalties, and remuneration for services, technical assistance, assignment in use or others of a similar nature in favor of non-domiciled beneficiaries, may be deducted as a cost or expense in the taxable year to which they correspond when they have been paid or credited within the term established by the Regulations for the presentation of the sworn statement corresponding to said year.

The costs and expenses referred to in the preceding paragraph that are not deducted in the fiscal year to which they correspond shall be deductible in the fiscal year in which they are actually paid, even if they are duly provided for in a previous fiscal year.

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- (ii) Pursuant to Legislative Decree No. 1372, the rules governing the obligation of legal entities and/or bodies to report the identification of their final beneficiaries were established). These rules are applicable to legal entities domiciled in the country, in accordance with Article 7 of the Income Tax Law, and to legal entities incorporated in the country. The obligation covers non-domiciled legal entities and legal entities incorporated abroad as long as: a) they have a branch, agency or other permanent establishment in the country; b) the natural or legal person that manages the autonomous assets or the investment funds abroad, or the natural or legal person that has the capacity of protector or administrator, is domiciled in the country; and c) any of the parties to a trust is domiciled in the country. This obligation shall be complied with by submitting to the Tax Authority an informative Affidavit, which shall contain the information of the final beneficiary and shall be submitted, in accordance with the regulations and within the terms established by a Resolution of the Superintendency of SUNAT.

On December 12, 2019, Emergency Decree No. 25-2019 was published, by means of which paragraph 3.1 c) of Legislative Decree No. 1372 was amended, except for the presentation of the declaration of the final beneficiary to public companies whose capital is one hundred percent (100%) owned by the Peruvian State.

- (iii) The Tax Code was amended in the application of the general anti-elusion rule (Rule XVI of the Preliminary Title of the Tax Code (Legislative Decree N° 1422).

As part of this amendment, a new case of joint and several liability is provided for, when the tax debtor is subject to the application of the measures provided for in Rule XVI in the event that cases of evasion of tax regulations are detected; in such case, joint and several liability shall be attributed to the legal representatives provided that they have collaborated with the design or approval or execution of acts or situations or economic relations provided for as elusive in Rule XVI. In the case of companies that have a Board of Directors, this corporate body is responsible for defining the entity's tax strategy and must decide whether or not to approve acts, situations or economic relations to be carried out within the framework of tax planning, this power being non-delegable. The acts, situations and economic relations carried out within the framework of tax planning and implemented at the date of entry into force of Legislative Decree No. 1422 (September 14, 2018) and that continue to have effects, must be evaluated by the Board of Directors of the legal entity for the purpose of their ratification or modification until March 29, 2019, without prejudice to the fact that the management or other administrators of the company had approved the referred acts, situations and economic relations at the time.

Likewise, it has been established that the application of Rule XVI, with respect to the characterization of tax avoidance cases, will occur in the definitive auditing procedures in which acts, facts or situations occurring since July 19, 2012 are reviewed.

- (v) Amendments to the Income Tax Law, effective as of January 1, 2019, were included to perfect the tax treatment applicable to (Legislative Decree No. 1424):
- Income obtained from the indirect sale of shares or participations representing the capital of legal entities domiciled in the country. Among the most relevant

## **Notes to the Financial Statements June 30, 2020**

changes is the inclusion of a new case of indirect disposal, which is configured when the total amount of the shares of the domiciled legal entity whose indirect disposal is made is equal to or greater than 40,000 UIT.

- Permanent establishments of sole proprietorships, companies and entities of any nature incorporated abroad. For such purpose, new cases of permanent establishment have been included, among them, when services are rendered in the country, with respect to the same project, service or for a related one, for a total period exceeding 183 calendar days within any twelve-month period.
- The regime of credits against Income Tax for taxes paid abroad, to incorporate the indirect credit (corporate tax paid by foreign subsidiaries) as an applicable credit against the Income Tax of domiciled legal entities, in order to avoid economic double taxation.
- The deduction of interest expenses for the determination of the corporate income tax. For this purpose, limits were established both for loans with related parties and for loans with third parties contracted as from September 14, 2018 on the basis of equity and EBITDA.
- According to the only Supplementary Provision of the above mentioned Decree, it is stated that as from January 1, 2021, paragraph a) of Article 37° of the Law shall consider the following points.

a) The interest on debts and the expenses originated by the constitution, renewal or cancellation of such debts, provided that they have been incurred to acquire goods or services related to the obtaining or production of taxable income in the country or to maintain its productive source.

For the purposes of the expenses provided for in this subsection, the following shall be taken into account:

1. Net interest on the portion exceeding thirty percent (30%) of the EBITDA of the previous year is not deductible.
2. For such purpose, it is understood that:
  - i. Net interest: Amount of interest expenses exceeding the amount of interest income, computable to determine net income.
  - ii. EBITDA: Net income after offsetting losses plus net interest, depreciation and amortization.

Net interest that could not be deducted in the year because it exceeds the above-mentioned limit may be added to those corresponding to the four (4) immediately following years, subject to the limit as established in the Regulations.

2. The limit referred to in the preceding paragraph is not applicable to:
  - a. The companies of the financial and insurance system indicated in Article 16 of Law No. 26702 - General Law of the Financial and Insurance Systems and Organic Law of the Superintendence of Banking and Insurance.
  - b. Taxpayers whose net income in the taxable year is less than or equal to two thousand five hundred (2500) UIT.

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c. Taxpayers that develop public infrastructure projects, public services, services related to these, applied research and/or technological innovation that are carried out within the framework of Legislative Decree No. 1224, "Legislative Decree of the Framework for the Promotion of Private Investment through Public-Private Partnerships and Projects in Assets" and the regulations that modify or replace it.

d. Debt interests for the development of public infrastructure projects, public services, services related to these, applied research and/or technological innovation, under the modality of Projects in Assets in the framework of Legislative Decree No. 1224, "Legislative Decree of the Framework for the Promotion of Private Investment through Public-Private Associations and Projects in Assets" and the rules that modify or substitute it, according to the provisions of the Regulations.

e. Interest on debts arising from the issuance of securities representing debt that meet the following conditions:

i. They are made by primary public offering in the national territory in accordance with the provisions of the Securities Market Law approved by Legislative Decree No. 861 and the rules that modify or substitute it.

ii. The securities issued are registered; and,

iii. The public offering is placed with a minimum of 5 investors not related to the issuer.

The interests indicated in sections d. and e. of this paragraph shall be computed for purposes of calculating the limit provided for in paragraph 1 of this section. Said interest is deductible even when it exceeds the referred limit.

3. Only the interest determined pursuant to paragraphs 1 and 2 of this subsection shall be deductible in respect of the portion exceeding the amount of exonerated and unaffected interest income. For such purpose, exonerated and unaffected interests generated by securities whose acquisition has been carried out in compliance with a legal norm or provisions of the Central Reserve Bank of Peru shall not be computed, nor those generated by securities that yield an interest rate, in national currency, not higher than fifty percent (50%) of the average monthly active market rate in national currency (TAMN) published by the Superintendence of Banking, Insurance and Private Pension Fund Administrators.

4. In the case of banks and financial companies, the existing proportion between taxed financial income and exonerated and unaffected financial income must be established and only the charges in the proportion previously established for taxed financial income must be deducted as an expense.

5. The interests of fractions granted according to the Tax Code shall also be deductible. These are not part of the calculation of the limit indicated in paragraph 1.

- v) Rules have been established for the accrual of income and expenses for tax purposes as of January 1, 2019 (Legislative Decree No. 1425). Until 2018 there was no normative definition of this concept, so in many cases the accounting standards were used for its interpretation. In general terms, with the new criterion, for purposes of determining income tax, it will now be considered whether the substantial events for the generation of the income or expense agreed by the parties have occurred, which are not subject to a condition precedent, in which case recognition will be given when such condition is met;



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the opportunity for collection or payment established will not be taken into account; and, if the determination of the consideration depends on a future event or fact, the total or part of the income or expense that corresponds will be deferred until such event or fact occurs".

- G. Supreme Decree No. 256-2018-EF approves the regulations that establish the financial information that financial institutions subject to reporting must provide to SUNAT in order to carry out the automatic exchange of information in accordance with international treaties and the decisions of the Commission of the Andean Community.

The aforementioned decree adds that the category of Public Bodies also includes: a) integral parts, b) controlled entities and c) political subdivisions of Peru. Thus, it defines a "controlled entity" as any entity that is not part of the Peruvian government or that has its own legal personality, provided that:

- (i) It is fully owned or controlled by one or more government entities, directly or through one or more controlled entities;
- (ii) All of the institution's income must be deposited in its own account or in other accounts of one or more public bodies, without such income being allocated, even in part, for the benefit of an individual, and
- (iii) The assets of the entity are distributed to one or more public bodies after its dissolution.

Since the FMV is a public entity in the category of "controlled entity", as provided in paragraph 2 of Section B, Subparagraph (B) of Annex I - Glossary of Supreme Decree No. 256-2018-EF, it would be exempt from submitting the financial information declaration to SUNAT for the automatic exchange of information.

- H. 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 year of filing of the respective tax return. Income tax returns for the years 2015, 2016, 2017, 2018 and 2019 and general sales tax from 2015 to 2019 are subject to audit by the Tax Authority. Due to the possible interpretations that the Tax Authority may make of the legal regulations in force, it is not possible to determine at this date whether or not the revisions made will result in liabilities for the Fund, and therefore any higher tax or surcharge that may result from possible tax revisions would be applied to the results of the year in which it is finally determined.

## **20. Risks and Contingent Commitments**

As of June 30, 2020 and 2019, 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.

## **21. Interest income and expenses**

This caption includes:

**Notes to the Financial Statements**  
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| <i>In thousands Soles</i>                                    | <b>2020</b>    | <b>2019</b>    |
|--|----------------|----------------|
| <b>Interest Income</b>                                       |                |                |
| Interest per availability                                    | 18,441         | 31,630         |
| Interest income from investments                             | 6,596          | 9,355          |
| Interest income from Loan portfolio                          | 2,099          | 3,291          |
| Interest on accounts receivable                              | 226,975        | 216,512        |
| Other income   | 60             | 99             |
| <b>Total Interest Income</b>                                 | <b>254,171</b> | <b>260,887</b> |
| <b>Interest expenses</b>                                     |                |                |
| Interest and commissions on financial debts and obligations  | 4,273          | 2,788          |
| Interest and commissions on securities and bonds outstanding | 115,667        | 111,292        |
| Good payer award (capital) granted by the Fund               | 23,971         | 34,015         |
| Good payer award (capital and interest)                      | 1,012          | 1,421          |
| <b>Interest expenses</b>                                     | <b>144,923</b> | <b>149,516</b> |

**22. Income from and expenses for financial services**

This caption includes:

| <i>In thousands Soles</i>                           | <b>2020</b>  | <b>2019</b>  |
|---|--------------|--------------|
| <b>Income from financial services</b>               |              |              |
| Income from Trusts and Trusted Com.                 | 321          | 339          |
| Commission for CRC and PBP services (a)             | 1,469        | 1,609        |
| Commission for operating MVCS grants                | 367          | 210          |
| Com. Investment Fund. CRC and evaluation services   | 46           |              |
| <b>Total Income from financial services</b>         | <b>2,203</b> | <b>2,158</b> |
| <b>Expenses for financial services</b>              |              |              |
| Credit portfolio management service                 | 764          | 978          |
| Securities custody service and various banking com. | 108          | 137          |
| Expenses for Trusts                                 | 88           | 96           |
| <b>Total Income from financial services</b>         | <b>960</b>   | <b>1,211</b> |

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

**23. Results on financial operations**

This caption includes:

| <i>In thousands Soles</i>                             | <b>30.06.2020</b> | <b>30.06.2019</b> |
|---|-------------------|-------------------|
| Net income in finance. Prod. from trading derivatives | 1,495             | 1,223             |
| Net loss from derivative financial hedge products     | (41,561)          | (37,615)          |
| Gain (loss) on exchange difference                    | (2,093)           | (3,643)           |
| Other   | 145               | 348               |
| <b>Results on financial operations</b>                | <b>(42,014)</b>   | <b>(39,687)</b>   |

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**24. Administrative expenses**

This caption includes:

| <i>In thousands Soles</i>                 | <b>2020</b>   | <b>2019</b>   |
|---|---------------|---------------|
| Personnel and Board of Directors expenses |               |               |
| (a)                                       | 13,891        | 16,485        |
| Services received from third parties (b)  | 7598          | 8,731         |
| Taxes and contributions                   | 156           | 461           |
|   | <b>21,645</b> | <b>25,677</b> |

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

| <i>In thousands Soles</i>            | <b>2020</b>   | <b>2019</b>   |
|--------------------------------------|---------------|---------------|
| Salaries                             | 6,547         | 6,518         |
| Workers' profit sharing              | 1,183         | 3,339         |
| Gratuities                           | 1,153         | 1,160         |
| Social security                      | 1,062         | 1,038         |
| Bonuses as per Management agreement  | 1,121         | 1,172         |
| Others bonuses                       | 339           | 331           |
| Severance indemnity expenses         | 673           | 680           |
| Food services                        | 458           | 441           |
| Vacation                             | 580           | 584           |
| Internship Subsidy                   | 390           | 427           |
| Training                             | 22            | 93            |
| Allowances to the Board of Directors | 206           | 221           |
| Staff attire                         | 0             | 304           |
| Other                                | 157           | 177           |
|                                      | <b>13,891</b> | <b>16,485</b> |

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

| <i>In thousands Soles</i>  | <b>2020</b>  | <b>2019</b>  |
|--|--------------|--------------|
| Advertising  | 215          | 290          |
| Property and good rentals  | 1,352        | 626          |
| Fees and consultancy   | 1,007        | 1,042        |
| Expenses from bonds issued   | 1,018        | 430          |
| Repair and Maintenance   | 930          | 575          |
| Miscellaneous management charges                                   | 623          | 122          |
| Information technologies and communication share services – FONAFE | 630          | 221          |
| Communications   | 366          | 233          |
| Telemarketing services   | 199          | 185          |
| Travel expenses  | 18           | 33           |
| Transport  | 41           | 62           |
| Insurance  | 527          | 236          |
| Document storage   | 165          | 73           |
| Miscellaneous supplies   | 84           | 64           |
| Other expenses   | 423          | 230          |
|  | <b>7,598</b> | <b>4,422</b> |

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**25. Other income and expenses**

This caption includes:

| <i>In thousands Soles</i>                                  | <b>2020</b>  | <b>2019</b>  |
|--|--------------|--------------|
| <b>Other income</b>  |              |              |
| Income from Ex – CONEMINSA portfolio                       | 33           | 58           |
| Ex Prestaperu portfolio interest                           | 1,441        | 0            |
| Margin Call Interest                                       | 798          | 277          |
| Honoring letters of guarantee for noncompliance in Project | 0            | 1,400        |
| Reversal of Prov Fid. Cofide-Portfolio sold 2007           | 606          | 984          |
| Other income   | 184          | 1,131        |
|  | <b>3,062</b> | <b>3,850</b> |
| Other expenses   | (421)        | (216)        |
| <b>Total other income and expenses, net</b>                | <b>2,641</b> | <b>3,634</b> |

**26. Contingencies**

As of June 30, 2020 and 2019, the Fund maintains the following contingency processes:

- (a) Various labor proceedings related to its operations referring to legal claims for payment of profits and reimbursement of social benefits, recording a provision of approximately S/. 1,338,000 as of June 30, 2020 (S/. 1,135,000 as of December 31, 2019), note 13(f). In the opinion of the Fund's Management and its legal advisors, the provision for legal contingencies recorded as of June 30, 2020 and 2019, 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.

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**27. Classification of Financial Instruments**

The amounts of financial assets and liabilities in the statement of financial position are presented by category according to

| <i>In thousands Soles</i>                             | <b>Financial assets and liabilities at fair value</b> |                  | <b>Available-for-sale investments</b> | <b>Held-to-maturity Investments</b> | <b>Financial</b> | <b>Total</b>      |
|---|---|------------------|---------------------------------------|-------------------------------------|------------------|-------------------|
|   | <b>Held for</b>                                       | <b>Loans and</b> |                                       |                                     |                  |                   |
| <b>As of June 30, 2020</b>                            |   |                  |                                       |                                     |                  |                   |
| <b>Financial assets</b>                               |   |                  |                                       |                                     |                  |                   |
| Available   |   | 1,743,567        |                                       |                                     |                  | 1,743,567         |
| Available-for-Sale and Held-to-Maturity Investments   |   |                  |                                       | 252,317                             |                  | 252,317           |
| Accounts Receivable, Net (Trust Agreement - COFIDE)   |   | 7,616,588        |                                       |                                     |                  | 7,616,588         |
| Loan Portfolio, Net                                   |   | 31,430           |                                       |                                     |                  | 31,430            |
| Other accounts receivable, net                        |   | 123,231          |                                       |                                     |                  | 123,231           |
| Accounts receivable for derivative financial instrum. | 297,702   |                  |                                       |                                     |                  | 297,702           |
|   | <b>297,702</b>  | <b>9,514,816</b> |                                       | <b>252,317</b>                      |                  | <b>10,064,835</b> |
| <b>Financial liabilities</b>                          |   |                  |                                       |                                     |                  |                   |
| Obligations with the public                           |   |                  |                                       |                                     | 221              | 221               |
| Debts and financial obligations                       |   |                  |                                       |                                     | 700,704          | 700,704           |
| Securities and bonds outstanding                      |   |                  |                                       |                                     | 4,678,149        | 4,678,149         |
| Accounts receivable for derivative financial products | 60,000  |                  |                                       |                                     |                  | 60,000            |
| Other accounts payable                                |   |                  |                                       |                                     | 1,444,038        | 1,444,038         |
|   | 60,000  |                  |                                       |                                     | 6,823,112        | 6,883,112         |



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| <i>In thousands Soles</i>                             | <b>Financial assets and liabilities at fair value</b> |                              | <b>Available-<br/>for-sale</b> | <b>Held-to-<br/>maturity</b> | <b>Financial liabilities at amortized cost</b> | <b>Total</b>     |
|---|---|------------------------------|--------------------------------|------------------------------|--|------------------|
|   | <b>Held for trading or hedging purposes</b>           | <b>Loans and receivables</b> | <b>investments</b>             | <b>Investments</b>           |  |                  |
| <b>As of December 31, 2019</b>                        |   |                              |                                |                              |  |                  |
| <b>Financial assets</b>                               |   |                              |                                |                              |  |                  |
| Available   |   | 1,479,013                    |                                |                              |  | 1,479,013        |
| Available-for-Sale and Held-to-Maturity Investments   |   |                              |                                | 242,943                      |  | 242,943          |
| Accounts Receivable, Net (Trust Agreement - COFIDE)   |   | 7,498,076                    |                                |                              |  | 7,498,076        |
| Loan Portfolio, Net                                   |   | 35,966                       |                                |                              |  | 35,966           |
| Other accounts receivable, net                        |   | 147,981                      |                                |                              |  | 147,981          |
| Accounts receivable for derivative financial instrum. | 166,325   |                              |                                |                              |  | 166,325          |
|   | <b>166,325</b>  | <b>9,161,036</b>             |                                | <b>242,943</b>               |  | <b>9,570,304</b> |
| <b>Financial liabilities</b>                          |   |                              |                                |                              |  |                  |
| Obligations with the public                           |   |                              |                                |                              | 223  | 223              |
| Debts and financial obligations                       |   |                              |                                |                              | 635,192  | 635,192          |
| Securities and bonds outstanding                      |   |                              |                                |                              | 4,284,038                                      | 4,284,038        |
| Accounts receivable for derivative financial products | 93,592  |                              |                                |                              |  | 93,592           |
| Other accounts payable                                |   |                              |                                |                              | 1,372,876                                      | 1,372,876        |
|   | 93,592  |                              |                                |                              | 6,292,329                                      | 6,385,921        |

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**28. 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 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 management 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 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

## **Notes to the Financial Statements June 30, 2020**

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 Management 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 organ 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.

### ▪ ***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.



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#### **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. 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.

*i.* 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.

#### **ii. Maximum exposure to credit risk**

As of June 30, 2020 and December 31, 2019, 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 that sense, as of June 30, 2020 and December 31, 2019:

- 100 percent of the accounts receivable, net (Trust Agreement - COFIDE) are classified, according to IFI risk, into the two upper levels defined by the SBS, see Note 6(b).
- 89.60 y 90.35 percent of the loan portfolio are classified according to the risk of the sub borrower, in the two upper levels defined by the SBS, see note 7(d).
- 79.19 and 93.42 percent, respectively, of the available-for-sale and held-to-maturity investments of the instruments classified abroad have at least a BBB- classification, for



## Notes to the Financial Statements June 30, 2020

long-term instruments, or at least a CP-2 classification, for short-term instruments, note 26.A.

- 0 and 99.34 percent, 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 3.E and 3.F.

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

The main functions of credit risk management are: (i) IFI credit risk analysis, (ii) IFI classification and allowance, (iii) review of accounts receivable IFI portfolio, through the evaluation of its credit policies, operating procedures, and in general, and (iv) the monitoring and monthly control of the IFI from internally defined financial indicators.

The accounts receivable granted by the Fund are placed in national currency. It is important to note that the Fund still maintains loan balances in U.S. dollars, which correspond to the first products it disbursed (as of June 30, 2020 and December 31, 2019 the dollar portfolio represents 1.16 and 1.28 percent of the total portfolio, respectively).

As of June 30, 2020 and December 31, 2019, the maximum credit risk exposure level of the accounts receivable fund (Trust Agreement - COFIDE) is approximately S/ 7,773,033,983 and S/ 7,642,411,888, respectively, corresponding to its balances as of such dates.

In accordance with the Resource Channelling 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.

Below is the classification of accounts receivable corresponding to the unhedged balance of credit risk by risk category of the IFI granting the MIVIVIENDA loans:



## Notes to the Financial Statements June 30, 2020

IFI Risk:

| <i>In thousands Soles</i>                     | As of June 30, 2020 |         | As of December 31, 2019 |         |
|---|---------------------|---------|-------------------------|---------|
| Normal  | 5,716,823           | 100.61% | 5,457,836               | 100.58% |
| With potential problems                       | 5,606               | 0.10%   | 7,045                   | 0.13%   |
|   | 5,722,429           | 100.71% | 5,464,881               | 100.71% |
| Less: Provision for doubtful collection loans | 40,208              | (0.71%) | 38,434                  | (0.71%) |
| Total, net                                    | 5,682,221           | 100.00% | 5,426,447               | 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 thousands Soles            | As of June 30, 2020 | As of December 31, 2019 |
|-------------------------------|---------------------|-------------------------|
| Financiera TFC in Liquidation | 221,429             | 221,590                 |
| CMAC Sullana                  | 156,448             |                         |
| CAC Quillabamba               | 1,511               |                         |
| Provision Sub-borrower        | 29,559              | 10,056                  |

#### **iv. 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:

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| <i>In thousands Soles</i>                          | <b>June 2020</b>                      |   | <b>December 2019</b>                |               |                                       |   |                                     |               |
|--|---------------------------------------|---|-------------------------------------|---------------|---------------------------------------|---|-------------------------------------|---------------|
|  | <b>Available-for-sale investments</b> |   | <b>Held-to-maturity Investments</b> |               | <b>Available-for-sale investments</b> |   | <b>Held-to-maturity Investments</b> |               |
| <b>Instruments issued and rated in Peru</b>        |                                       |   |                                     |               |                                       |   |                                     |               |
| AAA  | -                                     | - | -                                   | -             | -                                     | - | 85,204                              | 35.07%        |
| AA- a AA+  | -                                     | - | 86,040                              | 34.10%        | -                                     | - | -                                   | -             |
| CP-1(+/-)  | -                                     | - | -                                   | -             | -                                     | - | -                                   | -             |
| CP-2(+/-)  | -                                     | - | -                                   | -             | -                                     | - | <b>85,204</b>                       | <b>47.96%</b> |
|  |                                       |   | <b>86,040</b>                       | <b>34.10%</b> |                                       |   |                                     |               |
| <b>Instruments issued in Peru and rated abroad</b> |                                       |   |                                     |               |                                       |   |                                     |               |
| A- a A+  | -                                     | - | -                                   | -             | -                                     | - | 125,711                             | 38.85%        |
| BBB- a BBB+  | -                                     | - | 132,113                             | 52.36%        | -                                     | - | 25,596                              | 10.54%        |
| BB- a BB+  | -                                     | - | 27,471                              | 10.89%        | -                                     | - | <b>151,307</b>                      | <b>49.39%</b> |
|  |                                       |   | <b>159,584</b>                      | <b>63.25%</b> |                                       |   |                                     |               |
| <b>Instruments issued and rated abroad</b>         |                                       |   |                                     |               |                                       |   |                                     |               |
| BBB- a BBB+  | -                                     | - | 3,175                               | 1.26%         | -                                     | - | 2,992                               | 1.23%         |
| CP-1(+/-)  | -                                     | - | -                                   | -             | -                                     | - | -                                   | -             |
| CP-2(+/-)  | -                                     | - | -                                   | -             | -                                     | - | -                                   | -             |
| <b>Total</b>                                       | -                                     | - | <b>248,799</b>                      | <b>98.61%</b> | -                                     | - | <b>239,503</b>                      | <b>98.58%</b> |
| <b>Accrued income</b>                              | -                                     | - | <b>3,519</b>                        | <b>1.39%</b>  | -                                     | - | <b>3,441</b>                        | <b>1.42%</b>  |
| <b>Total</b>                                       | -                                     | - | <b>252,318</b>                      | <b>100%</b>   | -                                     | - | <b>242,944</b>                      | <b>100%</b>   |



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**v. Financial instruments exposed to credit risk - Concentration of financial instruments exposed to credit risk**

As of June 30, 2020 and December 31, 2019, the financial instruments exposed to credit risk were distributed according to the following economic sectors:

|                            | <b>June 2020</b>                                       |                            |                                       |                                     | <b>December 2019</b>                                   |   |                            |                                       |                                     |                  |
|----------------------------|--|----------------------------|---------------------------------------|-------------------------------------|--|---|----------------------------|---------------------------------------|-------------------------------------|------------------|
|                            | <b>Designated at fair value through profit or loss</b> |                            |                                       |                                     | <b>Designated at fair value through profit or loss</b> |   |                            |                                       |                                     |                  |
|                            | <b>Held for trading or hedging purposes</b>            | <b>Accounts receivable</b> | <b>Available-for-sale investments</b> | <b>Held-to-Maturity investments</b> | <b>Total</b>   | <b>Held for trading or hedging purposes</b> | <b>Accounts receivable</b> | <b>Available-for-sale investments</b> | <b>Held-to-maturity Investments</b> | <b>Total</b>     |
| <i>In thousands Soles</i>  |  |                            |                                       |                                     |  |   |                            |                                       |                                     |                  |
| Financial services         | 297,703  | 9,377,903                  | -                                     | 99,003                              | 9,774,609  | 166,325                                     | 8,998,397                  | -                                     | 94,819                              | 9,259,541        |
| Central Government         | -  | -                          | -                                     | 31,320                              | 31,320   | -   | -                          | -                                     | 31,316                              | 31,316           |
| Electricity, gas and water | -  | -                          | -                                     | 88,351                              | 88,351   | -   | -                          | -                                     | 84,734                              | 84,734           |
| Construction               | -  | -                          | -                                     | 30,124                              | 30,124   | -   | -                          | -                                     | 28,633                              | 28,633           |
| Other                      | -  | 123,226                    | -                                     | -                                   | 123,226  | -   | 147,952                    | -                                     | -                                   | 147,952          |
|                            | <b>297,703</b>   | <b>9,501,129</b>           | <b>-</b>                              | <b>248,798</b>                      | <b>10,047,630</b>                                      | <b>166,325</b>                              | <b>9,146,349</b>           | <b>-</b>                              | <b>239,502</b>                      | <b>9,552,176</b> |
| Interest                   | -  | 13,687                     | -                                     | 3,519                               | 17,206   | -   | 14,686                     | -                                     | 3,441                               | 18,127           |
|                            | <b>297,703</b>   | <b>9,514,816</b>           | <b>-</b>                              | <b>252,317</b>                      | <b>10,064,836</b>                                      | <b>166,325</b>                              | <b>9,161,035</b>           | <b>-</b>                              | <b>242,943</b>                      | <b>9,570,303</b> |



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As of June 30, 2020 and December 31, 2019, the financial instruments exposed to credit risk according to geographic area are the following:

|                           | <b>June 2020</b>                                       |                            |                                       |                                     |                   | <b>December 2019</b>                                   |                            |                                       |                                     |                  |
|---------------------------|--|----------------------------|---------------------------------------|-------------------------------------|-------------------|--|----------------------------|---------------------------------------|-------------------------------------|------------------|
|                           | <b>Designated at fair value through profit or loss</b> |                            |                                       |                                     |                   | <b>Designated at fair value through profit or loss</b> |                            |                                       |                                     |                  |
|                           | <b>Held for trading or hedging purposes</b>            | <b>Accounts receivable</b> | <b>Available-for-sale investments</b> | <b>Held-to-Maturity investments</b> | <b>Total</b>      | <b>Held for trading or hedging purposes</b>            | <b>Accounts receivable</b> | <b>Available-for-sale investments</b> | <b>Held-to-maturity Investments</b> | <b>Total</b>     |
| <i>In thousands Soles</i> |  |                            |                                       |                                     |                   |  |                            |                                       |                                     |                  |
| Perú                      | 2,291  | 9,501,129                  | -                                     | 245,623                             | 9,749,043         | 6,403  | 9,146,349                  | -                                     | 236,511                             | 9,389,263        |
| United States of America  | 140,472  | -                          | -                                     | -                                   | 140,472           | 77,478   | -                          | -                                     | -                                   | 77,478           |
| Colombia                  | -  | -                          | -                                     | -                                   | -                 | -  | -                          | -                                     | -                                   | -                |
| Chile                     | -  | -                          | -                                     | 3,175                               | 3,175             | -  | -                          | -                                     | 2,992                               | 2,992            |
| China                     | -  | -                          | -                                     | -                                   | -                 | -  | -                          | -                                     | -                                   | -                |
| Germany                   | 13,535   | -                          | -                                     | -                                   | 13,535            | 8,289  | -                          | -                                     | -                                   | 8,289            |
| United Kingdom            | 1,335  | -                          | -                                     | -                                   | 1,335             | 74,155   | -                          | -                                     | -                                   | 74,155           |
|                           | <b>297,703</b>   | <b>9,501,129</b>           | <b>-</b>                              | <b>248,798</b>                      | <b>10,047,630</b> | <b>166,325</b>   | <b>9,146,349</b>           | <b>-</b>                              | <b>239,503</b>                      | <b>9,552,177</b> |
| Interest                  | -  | <b>13,687</b>              | -                                     | <b>3,519</b>                        | <b>17,206</b>     | -  | <b>14,686</b>              | -                                     | <b>3,441</b>                        | <b>18,127</b>    |
|                           | <b>297,703</b>   | <b>9,514,816</b>           | <b>-</b>                              | <b>252,317</b>                      | <b>10,064,836</b> | <b>166,325</b>   | <b>9,161,035</b>           | <b>-</b>                              | <b>242,944</b>                      | <b>9,570,304</b> |

## **Notes to the Financial Statements June 30, 2020**

### **B. 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 its exposures to market risk in the following manner:

#### ***i. 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.

#### ***ii. 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 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 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 (GER) and Value at Risk (VPR), which are indicators of short and long term structural rate risk, respectively.

As of June 30, 2020 and December 31, 2019, 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 June 30, 2020, 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 impairment 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.



## **Notes to the Financial Statements June 30, 2020**

The results of the indicators are reported to the Risk Committee and the Assets and Liabilities 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:



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**June 30, 2020**

|  | <b>June 2020</b>         |                               |                                |                              |                         |                                       |                   |
|--|--------------------------|-------------------------------|--------------------------------|------------------------------|-------------------------|---------------------------------------|-------------------|
| <i>In thousands Soles</i>                                | <b>Up to 1<br/>month</b> | <b>From 1 to 3<br/>months</b> | <b>From 3 to<br/>12 months</b> | <b>From 1 to 5<br/>years</b> | <b>Over 5<br/>years</b> | <b>non-<br/>interest-<br/>bearing</b> | <b>Total</b>      |
| <b>Assets</b>  |                          |                               |                                |                              |                         |                                       |                   |
| Available  | 1,708,363                | 35,031                        | -                              | -                            | 173                     | -                                     | 1,743,567         |
| Available-for-Sale and Held-to-Maturity Investments      | -                        | 4,641                         | 4,305                          | 158,943                      | 84,428                  | -                                     | 252,317           |
| Loan Portfolio, Net                                      | 254                      | 479                           | 2,184                          | 13,002                       | 15,511                  | -                                     | 31,430            |
| Accounts Receivable, Net (Trust Agreement - COFIDE)      | 45,289                   | 82,706                        | 382,955                        | 2,573,903                    | 4,531,733               | -                                     | 7,616,586         |
| Other accounts receivable, net                           | -                        | -                             | -                              | -                            | 102,244                 | -                                     | 102,244           |
| Accounts receivable for derivative financial instrum.    | -                        | -                             | -                              | -                            | -                       | 297,702                               | 297,702           |
| Other assets, Net  | -                        | -                             | -                              | -                            | -                       | 165,136                               | 165,136           |
| <b>Total assets</b>                                      | <b>1,753,906</b>         | <b>122,857</b>                | <b>389,444</b>                 | <b>2,745,848</b>             | <b>4,734,089</b>        | <b>462,838</b>                        | <b>10,208,982</b> |
| Obligations with the public                              | -                        | -                             | 221                            | -                            | -                       | -                                     | 221               |
| Debts and financial obligations                          | -                        | 50,882                        | 50,882                         | 333,250                      | 265,691                 | -                                     | 700,705           |
| Securities and bonds outstanding                         | -                        | -                             | -                              | 3,858,139                    | 820,010                 | -                                     | 4,678,149         |
| Accounts receivable for derivative financial products    | -                        | -                             | -                              | -                            | -                       | 59,999                                | 59,999            |
| Other accounts payable, provisions and other liabilities | 1,165,176                | -                             | -                              | -                            | -                       | 2,618,195                             | 3,783,371         |
| Shareholders' equity                                     | -                        | -                             | -                              | -                            | -                       | 3,316,892                             | 3,316,892         |
| <b>Total liabilities and net equity</b>                  | <b>1,165,176</b>         | <b>50,882</b>                 | <b>51,103</b>                  | <b>4,191,389</b>             | <b>1,085,701</b>        | <b>5,995,086</b>                      | <b>12,539,337</b> |
| Off-balance sheet items:                                 |                          |                               |                                |                              |                         |                                       |                   |
| Hedge derivatives financial instruments – Assets         | -                        | -                             | -                              | -                            | -                       | 3,002,157                             | 3,002,157         |
| Hedge derivatives financial instruments – Liability      | -                        | -                             | -                              | -                            | -                       | 326,635                               | 326,635           |
| <b>Marginal gap</b>                                      | <b>588,730</b>           | <b>71,975</b>                 | <b>338,341</b>                 | <b>(1,445,541)</b>           | <b>3,648,388</b>        |                                       |                   |
| <b>Accumulated gap</b>                                   | <b>588,730</b>           | <b>660,705</b>                | <b>999,046</b>                 | <b>(446,495)</b>             | <b>3,201,893</b>        |                                       |                   |



**Notes to the Financial Statements**  
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|  | <b>December 2019</b>     |                               |                                |                              |                         |                                       |                   |
|--|--------------------------|-------------------------------|--------------------------------|------------------------------|-------------------------|---------------------------------------|-------------------|
| <i>In thousands Soles</i>                                | <b>Up to 1<br/>month</b> | <b>From 1 to 3<br/>months</b> | <b>From 3 to<br/>12 months</b> | <b>From 1 to 5<br/>years</b> | <b>Over 5<br/>years</b> | <b>non-<br/>interest-<br/>bearing</b> | <b>Total</b>      |
| <b>Assets</b>  |                          |                               |                                |                              |                         |                                       |                   |
| Available  | 1,478,953                | -                             | -                              | -                            | 60                      | -                                     | 1,479,013         |
| Available-for-Sale and Held-to-Maturity Investments      | -                        | 1,282                         | 9,000                          | 148,549                      | 84,112                  | -                                     | 242,943           |
| Loan Portfolio, Net                                      | 32                       | 64                            | 298                            | 1,961                        | 33,610                  | -                                     | 35,965            |
| Accounts Receivable, Net (Trust Agreement - COFIDE)      | 40,817                   | 80,561                        | 370,668                        | 2,505,818                    | 4,500,211               | -                                     | 7,498,075         |
| Other accounts receivable, net                           | -                        | -                             | -                              | -                            | 129,127                 | -                                     | 129,127           |
| Accounts receivable for derivative financial instrum.    | -                        | -                             | -                              | -                            | -                       | 166,325                               | 166,325           |
| Other assets, Net  | -                        | -                             | -                              | -                            | -                       | 148,442                               | 148,442           |
| <b>Total assets</b>                                      | <b>1,519,802</b>         | <b>81,907</b>                 | <b>379,966</b>                 | <b>2,656,328</b>             | <b>4,747,120</b>        | <b>314,767</b>                        | <b>9,699,890</b>  |
| Obligations with the public                              | -                        | -                             | 224                            | -                            | -                       | -                                     | 224               |
| Debts and financial obligations                          | -                        | 47,585                        | 166,101                        | 288,115                      | 133,390                 | -                                     | 635,191           |
| Securities and bonds outstanding                         | -                        | -                             | -                              | 3,709,141                    | 574,898                 | -                                     | 4,284,039         |
| Accounts receivable for derivative financial products    | -                        | -                             | -                              | -                            | -                       | 93,592                                | 93,592            |
| Other accounts payable, provisions and other liabilities | 1,050,741                | -                             | -                              | -                            | -                       | 2,428,598                             | 3,479,339         |
| Shareholders' equity                                     | -                        | -                             | -                              | -                            | -                       | 3,308,988                             | 3,308,988         |
| <b>Total liabilities and net equity</b>                  | <b>1,050,741</b>         | <b>47,585</b>                 | <b>166,325</b>                 | <b>3,997,256</b>             | <b>708,288</b>          | <b>5,831,178</b>                      | <b>11,801,373</b> |
| Off-balance sheet items:                                 |                          |                               |                                |                              |                         |                                       |                   |
| Hedge derivatives financial instruments – Assets         | -                        | -                             | -                              | -                            | -                       | 2,672,752                             | 2,672,752         |
| Hedge derivatives financial instruments – Liability      | -                        | -                             | -                              | -                            | -                       | 268,597                               | 268,597           |
| <b>Marginal gap</b>                                      | <b>469,061</b>           | <b>34,322</b>                 | <b>213,641</b>                 | <b>(1,340,928)</b>           | <b>4,038,832</b>        |                                       |                   |
| <b>Accumulated gap</b>                                   | <b>469,061</b>           | <b>503,383</b>                | <b>717,024</b>                 | <b>(623,904)</b>             | <b>3,414,928</b>        |                                       |                   |

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***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 fluctuations in interest rates are applied equally all through the yield curve, which means that it considers a parallel move of the curve. The effects are considered independently for each of the two currencies presented.

The 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.

The interest rate exposure is overseen by the ALCO, as well as the CR, the latter being in charge of approving the permitted maximum limits.

The effects due to estimated changes in interest rates as of June 30, 2020 and December 31, 2019, are the following:

| <b>June 2020</b>          |                     |       |                                   |       |                               |
|---------------------------|---------------------|-------|-----------------------------------|-------|-------------------------------|
| <i>In thousands Soles</i> | <b>Changes in</b>   |       | <b>Sensitivity in net results</b> |       | <b>Net equity sensitivity</b> |
|                           | <b>basic points</b> |       |                                   |       |                               |
| US Dollars                | +/-25               | + / - | (226)                             | + / - | (23)                          |
| US Dollars                | +/-50               | + / - | (452)                             | + / - | (47)                          |
| US Dollars                | 75                  | +     | (678)                             | +     | (70)                          |
| US Dollars                | 100                 | +     | (904)                             | +     | (93)                          |
| Soles                     | +/- 50              | - / + | 5,964                             | - / + | 16,814                        |
| Soles                     | +/-75               | - / + | 8,946                             | - / + | 25,220                        |
| Soles                     | +/-100              | - / + | 11,928                            | - / + | 33,627                        |
| Soles                     | +/-150              | - / + | 17,892                            | - / + | 50,441                        |

  

| <b>December 2019</b>      |                     |       |                                   |       |                               |
|---------------------------|---------------------|-------|-----------------------------------|-------|-------------------------------|
| <i>In thousands Soles</i> | <b>Changes in</b>   |       | <b>Sensitivity in net results</b> |       | <b>Net equity sensitivity</b> |
|                           | <b>basic points</b> |       |                                   |       |                               |
| US Dollars                | +/-25               | + / - | (275)                             | + / - | (18)                          |
| US Dollars                | +/-50               | + / - | (550)                             | + / - | (37)                          |
| US Dollars                | 75                  | +     | (824)                             | +     | (55)                          |
| US Dollars                | 100                 | +     | (1,099)                           | +     | (73)                          |
| Soles                     | +/- 50              | - / + | 10,384                            | - / + | 22,642                        |
| Soles                     | +/-75               | - / + | 15,576                            | - / + | 33,963                        |
| Soles                     | +/-100              | - / + | 20,768                            | - / + | 45,284                        |
| Soles                     | +/-150              | - / + | 31,152                            | - / + | 67,925                        |



## Notes to the Financial Statements June 30, 2020

### iii. Foreign exchange risk

Foreign exchange risk is related to the change in value of positions within and outside the statement of financial position that are adversely affected by exchange rate movements.

The Board of Directors approves the foreign exchange risk exposure limits, which are monitored daily. Most foreign currency assets and liabilities are held in U.S. dollars.

Foreign exchange risk is controlled by an internal hedge limit, which is in the range of 95 percent and 105 percent of the Fund's foreign currency accounting exchange position. The Fund also has an internal limit on the value at risk of the global position equal to 0.75 percent of its effective assets.

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 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 thousands Soles</i> | <b>June 2020</b>  |       | <b>December 2019</b> |       |
|---------------------------|-------------------|-------|----------------------|-------|
| <b>Internal Model</b>     | 4,259             | 0.01% | 724                  | 0.02% |
| <b>Global Position</b>    | 14,612            | 0.44% | 9,406                | 0.28% |
|                           | <b>Overbought</b> |       | <b>Overbought</b>    |       |

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

As of June 30, 2020 and December 31, 2019, 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:

|            | <b>Symbol</b> | <b>June 2020</b> | <b>December 2019</b> |
|------------|---------------|------------------|----------------------|
| US Dollars | USD           | 3.538            | 3.314                |
| Euros      | €             | 3.976174         | 3.719415             |

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.

**Notes to the Financial Statements**  
**June 30, 2020**

| <i>In thousands Soles</i>   | <b>Changes</b> | <b>Jun-2020</b> | <b>Dec-2019</b> |
|-----------------------------|----------------|-----------------|-----------------|
| <b>Sensitivity analysis</b> |                |                 |                 |
| <b>Revaluation</b>          |                |                 |                 |
| US Dollar                   | 5%             | (821)           | (571)           |
| US Dollar                   | 10%            | (1,641)         | (1,143)         |
| <b>Devaluation</b>          |                |                 |                 |
| US Dollar                   | 5%             | 821             | 571             |
| US Dollar                   | 10%            | 1,641           | 1,143           |

| <i>In thousands Soles</i>   | <b>Changes in Exchange rates</b> | <b>Jun-2020</b> | <b>Dec-2019</b> |
|-----------------------------|----------------------------------|-----------------|-----------------|
| <b>Sensitivity analysis</b> |                                  |                 |                 |
| <b>Revaluation</b>          |                                  |                 |                 |
| Euros                       | 5%                               | 90              | 101             |
| Euros                       | 10%                              | 180             | 202             |
| <b>Devaluation</b>          |                                  |                 |                 |
| Euros                       | 5%                               | (90)            | (101)           |
| Euros                       | 10%                              | (180)           | (202)           |

**C. Liquidity risk**

The liquidity risk consists of the Fund's inability to comply with the maturity of its obligations, thus incurring into losses that importantly affect its equity position. This risk may arise as result of diverse events such as: the unexpected decrease of funding sources, the inability to rapidly settle assets, among others.

Liquidity risk management focuses on the development of a portfolio of assets and liabilities seeking the diversification of sources of financing in order to achieve the fit 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 Liquidity Risk Policy and Management Manual of the Fund and in the methodological notes of the SBS for the preparation of regulatory liquidity annexes, respectively). In 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 collection.

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

**Notes to the Financial Statements**  
**June 30, 2020**

Following are the Fund's cash flows payable as of June 30, 2020 and December 31, 2019, by agreed contractual maturity, the amounts disclosed are the undiscounted cash flows and include their respective accrued interests.

|  | <b>June 2020</b>     |                           |                            |                          |                     |                  |
|--|----------------------|---------------------------|----------------------------|--------------------------|---------------------|------------------|
| <i>In thousands Soles</i>                    | <b>Up to 1 month</b> | <b>From 1 to 3 months</b> | <b>From 3 to 12 months</b> | <b>From 1 to 5 years</b> | <b>Over 5 years</b> | <b>Total</b>     |
| <b>Financial liabilities by type</b>         |                      |                           |                            |                          |                     |                  |
| Obligations with the public                  | -                    | -                         | 221                        | -                        | -                   | 221              |
| Debts and financial obligations              | -                    | 50,882                    | 50,882                     | 333,250                  | 265,691             | 700,705          |
| Securities and bonds outstanding             | -                    | -                         | -                          | 3,858,139                | 820,010             | 4,678,149        |
| Other accounts payable                       | 1,152,980            | 21,433                    | 2,080                      | -                        | 267,648             | 1,444,141        |
| <b>Total non - derivate liabilities</b>      | <b>1,152,980</b>     | <b>72,315</b>             | <b>53,183</b>              | <b>4,191,389</b>         | <b>1,353,349</b>    | <b>6,823,216</b> |
| <b>Derivatives financial liabilities (*)</b> |                      |                           |                            |                          |                     |                  |
| Contractual amounts receivable (inflow)      | 104,974              | 95,534                    | 241,391                    | 2,680,708                | -                   | 3,122,607        |
| Contractual amounts payable (outflow)        | (138,362)            | (101,649)                 | (296,479)                  | (2,473,227)              | -                   | (3,009,717)      |
| <b>Total</b>                                 | <b>(33,388)</b>      | <b>(6,115)</b>            | <b>(55,088)</b>            | <b>207,481</b>           | <b>-</b>            | <b>112,890</b>   |

  

|  | <b>December 2019</b> |                           |                            |                          |                     |                    |
|--|----------------------|---------------------------|----------------------------|--------------------------|---------------------|--------------------|
| <i>In thousands Soles</i>                    | <b>Up to 1 month</b> | <b>From 1 to 3 months</b> | <b>From 3 to 12 months</b> | <b>From 1 to 5 years</b> | <b>Over 5 years</b> | <b>Total</b>       |
| <b>Financial liabilities by type</b>         |                      |                           |                            |                          |                     |                    |
| Obligations with the public                  | -                    | -                         | 224                        | -                        | -                   | 224                |
| Debts and financial obligations              | -                    | 47,585                    | 166,101                    | 288,115                  | 133,390             | 635,191            |
| Securities and bonds outstanding             | -                    | -                         | -                          | 3,709,141                | 574,898             | 4,284,039          |
| Other accounts payable                       | 1,056,832            | 5,797                     | 709                        | -                        | 309,537             | 1,372,875          |
| <b>Total non - derivate liabilities</b>      | <b>1,056,832</b>     | <b>53,382</b>             | <b>167,034</b>             | <b>3,997,256</b>         | <b>1,017,825</b>    | <b>6,292,329</b>   |
| <b>Derivatives financial liabilities (*)</b> |                      |                           |                            |                          |                     |                    |
| Contractual amounts receivable (inflow)      | 349,088              | 268,427                   | 129,543                    | 2,335,535                | -                   | 3,082,593          |
| Contractual amounts payable (outflow)        | (214,494)            | (250,805)                 | (298,272)                  | (4,456,707)              | -                   | (5,220,278)        |
| <b>Total</b>                                 | <b>134,594</b>       | <b>17,622</b>             | <b>(168,729)</b>           | <b>(2,121,172)</b>       | <b>-</b>            | <b>(2,137,685)</b> |

## **Notes to the Financial Statements June 30, 2020**

### **D. Capital management**

As of June 30, 2020 and 2019, the Fund has complied with Legislative Decree No. 1028 and with Resolutions SBS No. 2115-2009, No. 6328-2009, No. 14354-2009, No. 8425-2011, No. 4128-2014 and amendments thereto, Regulations for the Requirement of Effective Equity for Operational Risk, for Market Risk and for Credit Risk, respectively, and amendments thereto. These Resolutions mainly establish the methodologies to be used by financial institutions to calculate regulatory equity requirements.

### **E. Fair value**

*i.* Fair value is the amount by which an asset can be exchanged between a buyer and a seller duly informed, or the amount by which an obligation between a debtor and a creditor with sufficient information can be canceled under the terms of a transaction of free competition.

Fair value is a market-based measurement, so a financial instrument traded in a real 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, the fair value should be measured using another valuation technique, seeking to maximize the use of relevant observable variables and minimize the use of unobservable variables.

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

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

- Financial instruments recorded at fair value - The fair value is based on market prices or some other methods of financial valuation. The positions valued at market prices are mainly investments traded on centralized mechanisms. The positions valued by some method of financial valuation include derivative financial instruments and instruments that may not have market prices in which case their fair value is mainly determined by using the market interest rate curves and the price vector provided by the SBS.
- Instruments whose fair value is similar to their book value – For the financial assets and liabilities that are liquid or have short-term maturities (less than three months), it is considered that the book value is similar to the fair value. This assumption is also applicable to time deposits, savings accounts without a specific maturity and variable-rate financial instruments.
- Financial instruments at fixed rate – The fair value of the financial liabilities at fixed rate and at amortized cost is determined by comparing the market interest rate at the moment of their initial recognition to the current market rates related to similar financial instruments. In the case of quoted issued debt, the fair value is determined on the basis of the quoted market prices. The fair value of the loan portfolio and deposits and obligations, according to SBS Multiple Official Letter N°1575-2014, corresponds to the book value.

**Notes to the Financial Statements**  
**June 30, 2020**

**ii. Financial instruments measured at fair value and fair value hierarchy**

The following table presents an analysis of the financial instruments that are measured at fair value as of June 30, 2020, and December 31, 2019, including the level of the fair value hierarchy. The amounts are based on the balances presented in the statements of financial position:

| <i>In thousands Soles</i>                             | <b>As of June 30, 2020</b> |                |                |                | <b>As of December 31, 2019</b> |                |                |                |
|---|----------------------------|----------------|----------------|----------------|--------------------------------|----------------|----------------|----------------|
|   | <b>Level 1</b>             | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b>   | <b>Level 1</b>                 | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b>   |
| <b>Financial assets</b>                               |                            |                |                |                |                                |                |                |                |
| <b>Available-for-sale investments</b>                 |                            |                |                |                |                                |                |                |                |
| Debt instruments:                                     | -                          | -              | -              | -              | -                              | -              | -              | -              |
| Accounts receivable for derivative financial instrum. | -                          | 297,70         | -              | 297,702        | -                              | 166,325        | -              | 166,325        |
|   | -                          | <b>297,70</b>  | -              |                | -                              |                | -              |                |
|   |                            |                |                | <b>297,702</b> |                                | <b>166,325</b> |                | <b>166,325</b> |
| <b>Total Financial assets</b>                         |                            |                |                | <b>297,702</b> |                                |                |                | <b>166,325</b> |
| Financial liabilities                                 |                            |                |                |                |                                |                |                |                |
| Accounts payable for derivative financial instruments | -                          | 59,99          | -              | 59,999         | -                              | 93,592         | -              | 93,592         |
| <b>Total Financial liabilities</b>                    | -                          | <b>59,99</b>   | -              | <b>59,999</b>  | -                              | <b>93,592</b>  | -              | <b>93,592</b>  |

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

**iii. Financial instruments not measured at fair value**

Set out below is the disclosure of the comparison between the carrying amounts and fair values of the financial instruments, which are not measured at fair value, presented in the statements of financial position by level of the fair value hierarchy.





**Notes to the Financial Statements**  
**June 30, 2020**

|   | As of June 30, 2020 |                    |                    |                          |                          | As of December 31, 2019 |                    |                    |                          |                          |
|---|---------------------|--------------------|--------------------|--------------------------|--------------------------|-------------------------|--------------------|--------------------|--------------------------|--------------------------|
|   | Level 1<br>S/(000)  | Level 2<br>S/(000) | Level 3<br>S/(000) | Fair<br>value<br>S/(000) | Book<br>value<br>S/(000) | Level 1<br>S/(000)      | Level 2<br>S/(000) | Level 3<br>S/(000) | Fair<br>value<br>S/(000) | Book<br>value<br>S/(000) |
| <b>Assets</b>                                       |                     |                    |                    |                          |                          |                         |                    |                    |                          |                          |
| Available   | -                   | 1,743,567          | -                  | 1,743,567                | 1,743,567                | -                       | 1,479,013          | -                  | 1,479,013                | 1,479,013                |
| Held-to-Maturity investments                        | -                   | 252,317            | -                  | 252,317                  | 252,317                  | -                       | 242,943            | -                  | 263,009                  | 242,943                  |
| Accounts Receivable, Net (Trust Agreement - COFIDE) | -                   | 7,616,587          | -                  | 7,616,587                | 7,616,587                | -                       | 7,498,076          | -                  | 7,498,076                | 7,498,076                |
| Loan Portfolio, Net                                 | -                   | 31,430             | -                  | 31,430                   | 31,430                   | -                       | 35,966             | -                  | 35,966                   | 35,966                   |
| Other accounts receivable, net                      | -                   | 123,232            | -                  | 123,232                  | 123,232                  | -                       | 147,981            | -                  | 147,981                  | 147,981                  |
| <b>Total</b>  | <b>-</b>            | <b>9,767,133</b>   | <b>-</b>           | <b>9,788,272</b>         | <b>9,767,133</b>         | <b>-</b>                | <b>9,403,979</b>   | <b>-</b>           | <b>9,424,045</b>         | <b>9,403,979</b>         |
| <b>Liabilities</b>                                  |                     |                    |                    |                          |                          |                         |                    |                    |                          |                          |
| Obligations with the public                         | -                   | 221                | -                  | 221                      | 221                      | -                       | 224                | -                  | 224                      | 224                      |
| Debts and financial obligations                     | -                   | 700,705            | -                  | 700,705                  | 700,705                  | -                       | 635,191            | -                  | 635,191                  | 635,191                  |
| Securities and bonds outstanding                    | -                   | 4,678,149          | -                  | 5,537,287                | 4,678,149                | -                       | 4,284,039          | -                  | 5,222,028                | 4,284,039                |
| Other accounts payable                              | -                   | 1,444,141          | -                  | 1,444,141                | 1,444,141                | -                       | 1,372,875          | -                  | 1,372,875                | 1,372,875                |
| <b>Total</b>  | <b>-</b>            | <b>6,823,216</b>   | <b>-</b>           | <b>7,682,354</b>         | <b>6,823,216</b>         | <b>-</b>                | <b>6,292,329</b>   | <b>-</b>           | <b>7,230,318</b>         | <b>6,292,329</b>         |