

Fondo MIVIVIENDA S.A.
Statement of Financial Position
As of September 30, 2018 and December 31, 2017
(Stated in thousands of Nuevos Soles)

	Notes	As of September 30, 2018	As of December 31, 2017	Notes	As of September 30, 2018	As of December 31, 2017
ASSETS						
CASH AND DUE FROM BANKS						
Cash	4	2,652,083	2,854,064			
Banco Central de Reserva del Perú		602	95			
Banks and other companies of the financial system		2,584,485	2,853,446			
Foreign banks and other companies of the financial system		66,566	0			
Exchange		0	0			
Other cash and due from banks		430	523			
INTERBANK FUNDS						
		0	0			
INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS						
Equity Instrument		0	0			
Debt instrument		0	0			
Investments in commodities		0	0			
AVAILABLE-FOR-SALE INVESTMENTS						
	5	176,480	34,116			
Instruments representing the equity		0	0			
Instruments representing the debt		176,480	34,116			
HELD-TO-MATURITY INVESTMENTS						
	5	387,571	770,397			
LOAN PORTFOLIO						
Current Loan Portfolio	6	43,829	50,955			
Restructured Loan Portfolio		43,365	48,338			
Refinanced Loan Portfolio		0	0			
Non-performing Loan Portfolio		0	44			
Loan Portfolio in Judicial Collection		35,588	34,505			
(-) Provisions for Loans		156	155			
		-35,280	-32,087			
TRADING DERIVATIVE FINANCIAL INSTRUMENT						
	7	0	613			
HEDGING DERIVATIVE FINANCIAL INSTRUMENT						
	7	140,448	163,831			
ACCOUNTS RECEIVABLES						
Accounts Receivables for Sale of Goods and Services and Trust (net)	8	6,574,120	6,315,550			
Other Account Receivables (net)	9	6,543,954	6,294,111			
REALIZABLE ASSETS RECEIVED IN PAYMENTS, AWARDED						
Realizable Assets		30,166	21,439			
Assets Received in Payment and Awarded		0	0			
SHARES						
Branch companies		0	0			
Affiliated and shares in joint ventures		0	0			
Others		0	0			
PROPERTY, FURNITURE AND EQUIPMENT (NET)						
	10	895	1,058			
INTANGIBLE ASSET DIFFERENT THAT THE CAPITAL GAIN						
	11	4,675	4,366			
CAPITAL GAIN						
		0	0			
CURRENT INCOME TAXES						
	26 (g)	53,787	62,779			
DEFERRED INCOME TAXES						
	27	73,980	40,706			
NONCURRENTASSETS KEPT FOR SALE						
		0	0			
OTHER ASSETS						
	12	17,104	2,921			
TOTAL ASSETS		10,124,972	10,301,356			
LIABILITIES						
OBLIGATIONS WITH THE PUBLIC						
Demand deposits		521	216			
Saving Account Deposits		0	0			
Long-term Saving Account Deposits		0	0			
Other liabilities		0	0			
INTERBANK FUNDS						
		0	0			
FINANCIAL ORGANIZATIONS						
		0	0			
DUE TO BANKS AND FINANCIAL OBLIGATIONS						
Dues and Obligations with Banco Central de Reserva del Perú	13	5,346,030	6,031,409			
Dues and Obligations with Domestic Banks and Other Financial system companies		0	0			
Dues and Obligations with Foreign Companies and International Financial Bodies	13.a	439,956	195,722			
Other Dues and Obligations of the Country and Abroad		0	0			
Securities	13.b	4,906,074	5,835,687			
TRADINGS DERIVATIVE FINANCIAL INSTRUMENT						
	7	0	6			
HEDGING DERIVATIVE FINANCIAL INSTRUMENT						
	7	74,985	124,965			
ACCOUNTS PAYABLES						
	14	1,440,824	930,825			
PROVISIONS						
Provisions for Contingent Loans	15	5,387	7,222			
Provisions for Lawsuits and Disputes		0	0			
Others		1,883	2,171			
		3,504	5,051			
CURRENT INCOME TAXES						
		0	0			
DEFERRED INCOME TAXES						
		0	0			
OTHER LIABILITIES						
	15	1,017	1,092			
TOTAL LIABILITIES		6,868,764	7,095,735			
SHAREHOLDER'S EQUITY						
Capital Shares	16.a	3,324,714	3,302,620			
Additional Capital		0	0			
Treasury Shares		0	0			
Reserve	16.b	23,657	249			
Retained Earnings		-1,261	-1,798			
Net Income for the Year		19,930	24,549			
Adjustment to Equity	16.c	-110,832	-119,999			
TOTAL SHAREHOLDER'S EQUITY		3,256,208	3,205,621			
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		10,124,972	10,301,356			
MEMORANDA CONTINGENTS						
	30	3,028,589	3,885,733			
MEMORANDA ACCOUNTS						
CONTRA CREDIT ACCOUNT	30	2,994,919	2,908,448			
TRUST, COMMISSIONS OF MEMORANDA TRUSTEE AND CONTRA CREDIT ACCOUNT OF TRUST	30	2,106,082	1,762,932			
	30	205,150	199,333			

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 september 30, 2018 and 2017
(Stated in thousands of Nuevos soles)

	Notes	As of September 30, 2018	As of September 30, 2017	For the period specific from January to September 30, 2018	For the period specific from January to September 30, 2017
INTERESTS INCOME					
Available		21,184	28,156	69,000	77,205
Interbank funds		0	0	0	0
Investments at fair value with changes in results		0	0	0	0
Available-for-sale investments		1,401	213	2,474	213
Held-to-maturity investments		5,339	6,044	17,637	17,817
Direct Loans Portfolio		1,770	2,045	5,691	2,045
Income from hedging transactions		0	0	0	0
Accounts receivables		103,507	96,688	301,835	284,935
Other financial income		73	83	161	312
TOTAL INTEREST INCOME	17	133,274	133,229	396,798	382,527
INTEREST EXPENSES					
Obligations with the public		0	0	0	0
Interbank funds		0	0	0	0
Deposits of companies from the financial system and international financial organizations		0	0	0	0
Dues and Financial obligations		-61,887	-65,591	-189,002	-182,655
Dues and obligations with Banco Central de Reserva del Perú		0	0	0	0
Dues and obligations of the country's financial system		0	0	0	-2,360
Dues and obligations with foreign financial institutions and international financial bodies		-1,025	-677	-2,462	-1,912
Other dues and obligations of the country and abroad		0	0	0	0
Commissions and other charges of dues and financial obligations		-129	-341	-949	-1,047
Securities and outstanding liabilities		-60,733	-64,573	-185,591	-177,336
Interests of accounts payable		0	0	0	0
Income from hedging transactions		0	0	0	0
Other financial expenses		-14,499	-13,248	-40,653	-44,414
TOTAL INTEREST EXPENSES	18	-76,386	-78,839	-229,655	-227,069
GROSS FINANCIAL MARGIN		56,888	54,390	167,143	155,458
(-) Provisions for direct loans		-1,204	-30,603	-3,191	-30,603
GROSS FINANCIAL MARGIN		55,684	23,787	163,952	124,855
FINANCIAL SERVICE REVENUES					
Indirect loans income	19	1,038	1,395	3,400	4,094
Trusts and trust commissions income		165	156	489	464
Income from issuing electronic money		0	0	0	0
Miscellaneous income		873	1,239	2,911	3,630
FINANCIAL SERVICE EXPENSES	20	-534	-309	-2,106	-509
Indirect loans expenses		0	0	0	0
Trust expenses and trust commissions		-52	-69	-156	-150
Premium for the deposits insurance fund		0	0	0	0
Miscellaneous Expenses		-482	-240	-1,950	-359
NET FINANCIAL MARGIN OF FINANCIAL SERVICES REVENUES AND EXPENSES		56,188	24,873	165,246	128,440
FINANCIAL OPERATING INCOME	21	-21,573	-28,501	-80,832	-77,750
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	21.a	-707	-481	336	2,421
Income of hedging derivative instruments	21.b	-20,518	-27,379	-78,189	-79,587
Profits (losses) in shares		0	0	0	0
Profit-loss of exchange rate difference	21.c	-430	1,099	-2,690	956
Others		82	-1,740	-289	-1,540
OPERATING MARGIN		34,615	-3,628	84,414	50,690
ADMINISTRATIVE EXPENSES					
Personnel and board of directors expenses	22 (a)	-5,117	-4,566	-21,073	-15,290
Expenses due to services received from third parties	22 (b)	-4,085	-5,060	-17,627	-13,330
Taxes and contributions	22	-161	-205	-465	-446
DEPRECIATIONS AND AMORTIZATIONS NET		-403	-441	-1,080	-1,028
NET FINANCIAL MARGIN		24,849	-13,900	44,169	20,596
VALUATION OF ASSETS AND PROVISIONS					
Provisions for indirect loans		0	0	0	0
Provisions for uncollectibility of account receivables	23	-5,413	25,049	-17,932	25,119
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		-1,556	0	-3,776	0
Impairment of property, furniture and equipment		0	0	0	0
Impairment of intangible assets		0	0	0	0
Provisions for litigation and claims	23	-139	-563	-434	-779
Other provisions	23	-137	0	-602	0
OPERATING INCOME		17,604	10,586	21,425	44,936
Other income and expenses	24	371	185	2,797	562
INCOME BEFORE INCOME TAX		17,975	10,771	24,222	45,498
INCOME TAX	26 (h)	-3,157	-2,792	-4,292	-13,677
NET INCOME		14,818	7,979	19,930	31,821
Basic incomes (loss) per share		0.004	0.002	0.006	0.010
Diluted incomes (loss) per share		0.004	0.002	0.006	0.010

Fondo MIVIVIENDA S.A.
Statement of the Comprehensive Income
For the periods ended september 30, 2018 and 2017
(Stated in thousands of Nuevos Soles)

	Notes	As of September 30, 2018	As of September 30, 2017	For the period specific from January to September 30, 2018	For the period specific from January to September 30, 2017
Net income (Loss)		14,818	7,979	19,930	31,821
Other comprehensive income:					
Exchange difference due to transactions abroad		0	0	0	0
Gain (loss) of investments in equity instruments at fair value		0	0	0	0
Hedging of cash flow		15,122	-103,226	12,412	-120,511
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		-120	458	410	1,303
Another comprehensive income before taxes		15,002	-102,768	12,822	-119,208
Income tax related to components of another comprehensive income					
Exchange difference due to transactions abroad		0	0	0	0
Gain (loss) of investments in equity instruments at fair value		0	0	0	0
Hedging of cash flow		-4,461	30,452	-3,662	35,551
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		79	-91	7	-255
Sum of income taxes related to components of another comprehensive income		-4,382	30,361	-3,655	35,296
Other comprehensive Income:		10,620	-72,407	9,167	-83,912
Total comprehensive Income, net of the Income tax		25,438	-64,428	29,097	-52,091

Fondo MIVIVIENDA S.A.
Statement of Cash Flow
For the periods ended september 30, 2018 and 2017
(Stated in thousands of Nuevos Soles)

Note As of September 30, 2018 As of September 30, 2017

CASH FLOW FROM OPERATING ACTIVITIES

NET INCOME		19,930	31,821
ADJUSTMENTS			
Depreciation and amortization		1,080	1,028
Provisions		33,538	23,684
Impairment		3,776	0
Other adjustments		-213,346	9,631
NET CHANGES IN ASSETS AND LIABILITIES			
(Net increase) decrease in assets			
Loans		8,615	-86,396
Investments at fair value through profit and loss		0	0
Available-for-sale investments		-146,063	-25,719
Accounts receivables and others		68,888	-79,761
Net increase (decrease) in liabilities			
Financial liabilities, non-subordinated liabilities		0	0
Accounts receivables and others		501,715	222,355
Cash flow and equivalent to cash after adjustments and net change in assets and liabilities		278,133	96,643
Cash collected (paid) from income taxes		-11,413	-31,631
NET CASH FLOW FROM OPERATING ACTIVITIES		266,720	65,012

CASH FLOW FROM INVESTMENT ACTIVITIES

Cash from the sale of shares		0	0
Cash paid to purchase shares		0	0
Sale proceeds from intangibles and property, furniture and equipment		0	0
Acquisition of intangibles and property, furniture and equipment		-1,214	-1,351
Sale proceeds from held-to-maturity investments		403,980	0
Acquisition of held-to-maturity investments		0	-170,545
Other inflows related to investment activities		665,598	0
Other outflows related to investment activities		0	-727,512
NET CASH FLOW FROM INVESTMENT ACTIVITIES		1,068,364	-899,408

CASH FLOW FROM FINANCING ACTIVITIES

Proceeds from issuing subordinated financing liabilities		0	0
Outflow from recovery subordinated financial liabilities		0	0
Proceeds from issuing stock		0	0
Dividends paid to shareholders		0	0
Other inflows related to financing activities		0	1,677,904
Other outflows related to financing activities		-871,467	0
NET CASH FLOW FINANCING ACTIVITIES		-871,467	1,677,904

Net increase (decrease) in cash and cash equivalent before changes on the exchange rate		463,617	843,508
Effects of the changes on the cash and cash equivalent exchange rate		0	0
Net increase (decrease) of cash and cash equivalent		463,617	843,508
Cash and cash equivalent at the beginning of the period		1,186,586	584,231
Cash and cash equivalent at the end of the period		1,650,203	1,427,739

Fondo MIVIENDA S.A.
Statement of Changes in Net Equity
For the periods ended september 30, 2018 and 2017
(Stated in thousands of Nuevos Soles)

	Capital shares	Additional capital	Own Shares in the Portfolio	Legal reserves	Voluntary reserves	Retained Earnings	Net Income	Adjustments to Equity							Total Net Equity	
								Exchange differences in Translation of Foreign Operations	Gain (Losses) of Investment in Equity Instruments at fair value	Cash flow hedging	Hedging of net investment of foreign business	Participation in another Comprehensive Income of Affiliates, Associates and joint Ventures	Revaluation Surplus	Other adjustments		Total adjustments to equity
Balance as of January 1, 2017	3,257,086	0	0	66,217	0	48,180	0	0	0	-35,660	0	0	0	-9,945	-45,605	3,325,878
1. Adjustments due to changes in the accounting policies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2. Adjustments due to correction of errors	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Initial balance after adjustments	3,257,086	0	0	66,217	0	48,180	0	0	0	-35,660	0	0	0	-9,945	-45,605	3,325,878
4. Changes in the Equity:																
5. Comprehensive Income:																
6. Income							31,821									31,821
7. Other Comprehensive Income:										-84,961	0	0	0	1,048	-83,913	-83,913
8. Total Comprehensive Income:							31,821			-84,961	0	0	0	1,048	-83,913	-52,092
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)	45,534	0	0	0	0	-45,534										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	5,059	0	-4,573										486
Total changes in equity	45,534	0	0	5,059	0	-50,107	31,821	0	0	-84,961	0	0	0	1,048	-83,913	-51,606
Balance as of September 30, 2017	3,302,620	0	0	71,276	0	-1,927	31,821	0	0	-120,621	0	0	0	-8,897	-129,518	3,274,272
Balance as of January 01, 2018	3,302,620	0	0	249	0	22,751	0	0	0	-111,427	0	0	0	-8,573	-120,000	3,205,620
1. Adjustments due to changes in the accounting policies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2. Adjustments due to correction of errors	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Initial balance after adjustments	3,302,620	0	0	249	0	22,751	0	0	0	-111,427	0	0	0	-8,573	-120,000	3,205,620
4. Changes in the Equity:																
5. Comprehensive Income:																
6. Income							19,930									19,930
7. Other Comprehensive Income										8,750	0	0	0	418	9,168	9,168
8. Total Comprehensive Income:							19,930			8,750	0	0	0	418	9,168	29,098
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)	22,094	0	0	0	0	-22,094										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	23,408	0	-1,918										21,490
Total changes in equity	22,094	0	0	23,408	0	-24,012	19,930	0	0	8,750	0	0	0	418	9,168	50,588
Balance as of September 30, 2018	3,324,714	0	0	23,657	0	-1,261	19,930	0	0	-102,677	0	0	0	-8,155	-110,832	3,256,208

NOTES TO THE FINANCIAL STATEMENT

As of September 30, 2018

In thousands of soles

1. Background and economic activity

The Fondo MIVIVIENDA S.A. (hereinafter "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 amendments. The FUND falls within the scope of the National Fund for Financing State Entrepreneurial Activity - FONAFE for its acronym in Spanish and is ascribed to the Ministry of Housing, Construction and Sanitation (MVCS for its acronym in Spanish). The aforementioned Law No. 28579 provided for the conversion of the former Mortgage Fund for Housing Promotion - MIVIVIENDA FUND into a corporation called FONDO MIVIVIENDA S.A., as of January 1, 2006.

The FUND's objectives are to promote and finance the acquisition, improvement, and construction of housing, especially those of social interest, and to carry out activities related to the promotion of capital flows to the housing finance market, to the participation in the secondary mortgage credit market, and to contribute to the development of the capital market. All the activities of the FUND are regulated by the Superintendency of Banking, Insurance and Pension Fund Administrators (hereinafter "SBS" for its acronym in Spanish) through SBS Resolution No. 980-2006, Fondo MIVIVIENDA S.A. Regulations.

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

As of the date of these financial statements, the FUND administers the following programs and resources:

- i. MIVIVIENDA Program.
- ii. Techo Propio Program - Management of the "Household Housing Bonus" (Bono Familiar Habitacional - BFH for its acronym in Spanish) by commission of the Ministry of Housing, Construction and Sanitation - MVCS..
- iii. Resources of the FUND Law No. 27677, as commissioned by the Ministry of Economy and Finance - MEF by its acronym in Spanish.

The characteristics and resource of each program and resource are listed below:

- (i) MIVIVIENDA Program.
El The FUND, through the Trust Agreement with the "Corporación Financiera de Desarrollo S.A" or COFIDE for its acronym in Spanish, channels resources to financial institutions that are part of the Peruvian financial system for the granting of mortgage loans, among whose characteristics are the Good Payer Award (Premio al Buen Pagador or "PBP" by its Spanish acronym), the Good Payer Bonus (BBP for its Spanish acronym), and the Credit Risk Coverage (CRC for its Spanish acronym).

The MIVIVIENDA programme comprises the following products:

- Nuevo Crédito MIVIVIENDA
- Crédito MICONSTRUCCIÓN (*)
- Crédito MICASA MÁS (*)
- Crédito MITERRENO(*)
- Crédito MIHOGAR (*)
- Crédito MIVIVIENDA Estandarizado (*)

- Crédito MIVIVIENDA Tradicional (*)
- Techo Propio Supplementary Credit (Complementary Financing to the Household Housing Bonus)
- Credit Risk Coverage Service - CRC and Good Payer Award - PBP (Financing of Intermediary Financial Institutions, hereinafter the "IFI" by its acronym in Spanish) (*)

(*) These products have been discontinued as of June 30, 2017, the balances only correspond to receivables balances, see note 8. In the case of the CRC - PBP service and the Crédito MIVIVIENDA Estandarizado, these were no longer granted since November 2009, the Crédito MIHOGAR has not been granted since August 2009, the Crédito MIVIVIENDA Tradicional since May 2006 and the Crédito MICASA MAS and Crédito MICONSTRUCCIÓN since January 2018.

(ii) Techo Propio Program - Administration of the Household Housing Bonus (BFH)
The subsidy under the Techo Propio program is granted under three modalities:

- (i) Acquisition of a new home (AVN for its acronym in Spanish);
- (ii) Construction on owned lot (CSP for its acronym in Spanish); and
- (iii) House renovations (MV for its acronym in Spanish).

In all cases, the financing of housing under this program involves the participation of up to three components:

- (a) a subsidy channeled by the FUND with resources from the State called the Household Housing Bonus (BFH);
- (b) domestic savings and;
- (c) if necessary, the Household Housing Bonus Supplemental Funding (Techo Propio Program) that is to be awarded by an IFI.

In accordance with the provisions of the Third Transitory Provision of Law No. 28579, once the 2005 fiscal year was completed, the FUND was entrusted by the Executive Branch with the administration of the Household Housing Bonus and the funds of the Techo Propio Program, through the signing of an agreement with the MVCS.

On April 28, 2006, the FUND, the MVCS and the FONAFE signed the "Agreement on Management of the Household Housing Bonus and the Funds of the Techo Propio Program", by virtue of which the FUND is entrusted with the administration of the BFH and the funds of the Techo Propio Program, including the promotion activities, registration, recording and verification of information, qualification of applicants, allocation of the BFH and the transfer of the BFH to the promoter, vendor, builder or the respective technical entity. This agreement establishes that FONAFE must allocate resources to the Fund to manage the costs and expenses of the Program.

(iii) FUND Law 27677

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

2012 by Ministerial Resolution No. 609-2012-EF/10. Under these norms, the FUND would provide the Ad Hoc Commission with all the relevant documentation and reports for it to undertake the administration and collection of FONAVI's debts, funds and assets, as well as its liabilities. During 2017, 2016 and 2014 the FUND made cash transfers of said administered resources for the amounts of S/20'000,000, S/40'000,000 and S/200'000,000, respectively, according to a request received from the AD Hoc Commission, and in 2018 it transferred the receivable portfolio to the Ministry of Economy and Finance for the amount of S/154'667,691.

Likewise, the FUND established the CRC and PBP Nuevos Soles, and CRC and PBP US Dollars Trusts, in order to ensure the obligation of the FUND to render the PBP and CRC payments and, in addition, to secure the resources to cover the equivalent of one third (1/3) of the total amount placed by each IFI that contracts said service. It should be noted that these trusts are regulated by SBS Resolution No. 980-2006, which approves the Regulations of the FUND.

By virtue of the service contracts of the CRC and PBP Trusts, the FUND provides the IFIs with the following services:

- Credit Risk Coverage (CRC service) as defined in Article 21 of the CRC and PBP Regulations, is a guarantee that the FUND grants in favor of the IFI up to one third (1/3) of the outstanding balance of the covered credit or one third (1/3) of the loss, whichever is less, amount that must be communicated by the IFI to the FUND, in the terms and conditions provided by the aforementioned regulations.
- Good Payer Award (PBP service), defined in article 24 of the CRC and PBP Regulations as the service provided to the IFI, whereby the FUND assumes payment of the fees corresponding to the concession portion (amount of the good payer's premium) to be charged to the beneficiaries of the covered loans who have complied with timely payment of the fees corresponding to the non-concessional portion. This award is aimed to settle every six months the amount of the installment payable in the corresponding period to the concession portion of the MIVIVIENDA credit.

The financial statements as of September 30, 2018, were approved by the Board of Directors on October 17, 2018. The financial statements for 2017 were approved by the Shareholders' Meeting on 28 March 2018.

2. Trust Agreement - Corporación Financiera de Desarrollo S.A. (COFIDE)

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

The main duties of COFIDE are the following:

- Compliance with articles 241 to 274 of the General Law of the Financial and Insurance System and Organic Law of the SBS – Law No. 26702 and its amendments.
- Verify compliance with requirements and conditions of the IFI according to Supreme Decree No. 001-99- MTC.
- Sign an agreement with the IFIs that the requirements and conditions for the intermediation of the channeling of resources have been met.
- Supervise the use of the resources in accordance with the FUND's regulations and the agreement on the channeling of resources.
- Collect the loans granted to the IFIs.
- Contract the necessary audits at the FUND's expense.
- Submit periodic reports on the development of the Trust, as well as recommendations on IFI exposure limits (*).
- Establish operating procedures necessary for the proper administration of the FUND.
- Any others necessary to ensure the normal development of the objectives and functions of the trust and the FUND.

With regard to the commissions generated by the services provided by COFIDE, COFIDE was authorized to deduct from the amounts disbursed by the IFIs a one-time commission of 0.25 per cent on the amount of each loan, as well as a commission of 0.25 per cent per annum on the outstanding balances of the loans, which will be charged to the IFIs and will be charged preferably on the dates of collection of the loan instalments granted to the IFIs. These accounts are recorded as income by COFIDE.

The duration of this Agreement is 5 years and it is automatically renewed if neither of the parties expresses its will to terminate it.

- (*) On May 18, 2012, the Fund signed Addendum No. 1 to the Trust Agreement was signed, annulling COFIDE's obligation to issue recommendations on the exposure limits of the IFIs with the FUND, as the FUND is a corporation supervised by the SBS. Through SBS Resolution No. 3586-2013, the FUND is not subject to the limits established by Article 204 of the Banking Act No.26702, since it operates as a second-tier bank. Nonetheless, the FUND has established internal limits to prevent the concentration of lending to the 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 policies for the management, administration and destination of the FUND's resources.
- Approve the eligibility criteria of the IFIs that will receive resources from the FUND for their use in financing the purchase of housing, as well as the debt limits for each of them.
- Establish the terms and conditions under which the resources of the FUND will be made available to the IFIs, and the manner in which they will be placed.

The faculties of COFIDE are as follows:

- Intermediate and monitor the Fund's resources, being able to enter into and sign all deeds and documents necessary, public and private, for that purpose.
- Require that the IFI's constitute guarantees on behalf of the beneficiaries.
- Exercise all the powers contained in articles 74 and 75 of the Civil Procedure Code that may be necessary for the fulfilment of the entrusted task. Consequently, COFIDE may sue, counterclaim, reply to claims and counterclaims, withdraw from the proceedings or the claim, agree to the

claim, conciliate, compromise and submit to arbitration the claims at issue in the proceedings.

- It is stated that COFIDE is not responsible for the solvency of the IFIs.
 - (*) On December 30, 2016, Addendum No. 2 to the Trust Agreement was signed, the purpose of which is to modify the term of the Trust and the commissions agreed upon in clause seven of the Trust Agreement, which shall become effective as of January 2, 2017.

Regarding the commissions as remuneration for the services provided through the Trust, COFIDE will receive the following commissions:

A trust commission payable by THE FUND, on a monthly basis and amounting to S/. 10,000.00 (ten thousand and 00/100 soles) plus VAT. This commission will be collected on the last business day of each month from the FUND's resources.

Collection fee equivalent to 0.23% effective annually to be debited on balances due, for loans disbursed as of January 2, 2017, and will be on behalf of financial intermediaries. This commission shall be payable on the dates of collection of the instalments of the loans granted by the financial intermediaries. The duration of this Agreement is 3 years and it is automatically renewed if neither of the parties expresses its will to terminate it.

3. Main accounting principles and practices

The main accounting principles and practices applied in the preparation of the financial statements have been applied consistently in the periods presented, unless otherwise indicated, and are detailed below:

(a) Basis of presentation and use of estimates –

The accompanying financial statements have been prepared from the FUND's accounting records, which are maintained in nominal monetary terms as of the date of the transactions, in accordance with the SBS standards applicable to the FUND in effect in Peru as of September 30, 2018, and December 31, 2017; in addition, when there is no specific SBS standard, with the International Financial Reporting Standards - IFRS formalized in Peru through the resolutions issued by the Accounting Standards Council (CNC for its acronym in Spanish) and in force to September 30, 2018 and December 31, 2017, see paragraph (t.1).

The preparation of the accompanying financial statements requires management to make estimates that affect the reported amounts of assets and liabilities, revenues and expenses and the disclosure of significant events in the notes to the financial statements. Estimates are continuously evaluated and are based on historical experience and other factors. The final results could differ from those estimates. The most significant estimates in relation to the accompanying financial statements relate to the provision for doubtful accounts, the valuation of investments, the valuation of derivative financial instruments, the estimated useful lives and recoverable amounts of property, furniture, equipment and intangible assets and liabilities and deferred income tax assets and liabilities, the accounting criteria of which are described in this note.

(b) Currency

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

Transactions and balances in foreign currency -

Assets and liabilities in foreign currency are recorded at the exchange rate at the date of the transactions. Monetary assets and liabilities denominated in foreign currency are converted into soles at the end of each month using the exchange rate set by the SBS.

Gains or losses resulting from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rates prevailing at the date of the statement of financial position are recorded in earnings for the year as "Gain or loss on exchange difference " in " Income from financial transactions".

(c) Financial instruments -

Financial instruments are classified into assets, liabilities or equity according to the substance of the contractual agreement giving rise to them. Interest, dividends, gains and losses generated by a financial instrument classified as an asset or liability are recorded as income or expense. Financial instruments are offset when the FUND has the legal right to offset them and Management intends to cancel them on a net basis or to realise the asset and settle the liability simultaneously. In addition, see the numeral referring to the criteria for the accounting recording of accounts receivable from the CRC and PBP Trusts.

The financial assets and liabilities presented in the financial statements correspond to available-for-sale and held-to-maturity investments, the loan portfolio, accounts receivable (Trust Agreement - COFIDE), other accounts receivable and liabilities in general, except for those identified under the captions "Provisions and other liabilities" and " asset for deferred Income Tax, net " as non-financial instruments. In addition, all derivative instruments are considered to be financial instruments. The accounting policies for the recognition and valuation of these items are disclosed in the note below.

(d) Recognition of revenues and expenses

(d.1) Interest income and expense -

Interest income and expenses are recorded in the income statement for the period in which they are accrued, based on the term of the operations that generate them and the established interest rates. As the FUND grants credit lines to the IFIs for channeling resources, whose loan disbursements are made through the COFIDE Trust, and not when the final beneficiary is placed in accordance with the provisions of the Accounting Manual for companies of the Financial System of the SBS; their income is recorded on an accrual basis and no suspended interest is recognized in accordance with the accounting treatment stipulated by the SBS for the FUND.

(d.2) Bonuses and Awards for Good Payers -

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

(i) The Good Payer Bonus (hereinafter "BBP") was created pursuant to Law No. 29033 dated June 7, 2007, as non-refundable direct aid to eligible final beneficiaries, for a maximum amount of S/12,500 as of April 22, 2010 (S/10,000 before April 22, 2010), which is provided to persons who have timely paid six consecutive monthly installments corresponding to the non-concessional portion of the MIVIENDA Credit. For this purpose, the FUND divides the total

amount disbursed of the MIVIVIENDA Credit plus its interest into 2 schedules:

- A half-annual amortization schedule called "concessional section, corresponding to the amount of the Good Payer Bonus (principal and interest); and
- A monthly schedule called the 'non-concessional section, corresponding to the amount of the loan less the amount of the concessional period (principal and interest).

In these cases, the BBP is received from the MVCS (to the extent that the MVCS has the funds available) at the request of the FUND and is recorded for financial reporting and control purposes on the liability side in the "Bonus to the Good Payer (capital) received from the MVCS" account under the heading "Other accounts payable, allowances and other liabilities" of the statement of financial position.

When disbursing a MIVIVIENDA Credit through the COFIDE Trust, the FUND records in the "Accounts receivable, net (Trust Agreement - COFIDE)" account the full amount of the disbursed amount and generates the two aforementioned schedules.

The interest on both periods is recognized in accordance with the accrual method, based on the preferential rates agreed upon with the financial institutions with which the agreements have been signed, recognizing such interest as financial income.

Subsequently, the list of BBP beneficiaries is sent to the MVCS, and the bonus is reclassified from eligible beneficiaries of the "Good Payer Bonus - received" passive account to the " Good Payer Bonus - assigned" passive account.

- (ii) In cases where the Good Payer Bonus is assumed directly by the FUND (when they do not comply with the requirements of Law No. 29033, as amended; for example, when the value of the home to be acquired is greater than 25 Tax Units or when the bond is granted with own resources, among others), it is called the "Good Payer Bonus (PBP)".
- (iii) In both cases, the award or bonus is granted for the timely payment of six installments of the schedule called the non-concessional section, an amount that varies depending on the type of loan granted.
- (iv) By means of UD No. 002-2014 published on July 28, 2014, article 14.2 establishes that for the granting of the Good Payer Bonus the value of the property to be acquired is greater than 14 tax units and does not exceed 50 Tax Units. The BBP is available as a non-refundable financial assistance up to a maximum amount of S/12,500. To this end, the Banco de la Nación was authorized to lend the FUND an amount of S/500'000,000 with the participation of the MVCS for cancellation purposes, as established in the loan agreement. In these cases, the FUND previously receives all of the BBP's resources for allocation during 2014.

For these purposes, the MIVIENDA FUND has two modalities of application of the BBP corresponding to this Emergency Decree:

- Applied to the financing of the Good Payer Award (PBP), for an amount of S/10,000 for housing values greater than 14 Tax Units and not exceeding 25 Tax Units for MIVIVIENDA credits granted from January 1, 2014 to July 28, 2014. As of July 29, 2014, fund S/12,500 for housing values greater than 14 Tax Units and not exceeding 50 Tax Units.
 - Applied as a complement to the initial of the mortgage loan, the BBP will serve as a complement to the contribution of the final beneficiaries to reach the minimum down payment required and is applied at the time of disbursement of the loan, therefore, it does not form part of the loan.
- (v) The BBP under the guidelines of Supreme Decree No. 003-2015-VIVIENDA published on January 22, 2015, which establishes the staggered application of the Good Payer Bonus for housing values from 14 to 50 Tax Units, in accordance with the following detail:

Housing Value	BBP value S/
To 17 Tax Units	17,000
Over 17 tax unit to 20 tax unit	16,000
Over 20 tax unit to 35 tax unit	14,000
Over 35 tax unit to 50 tax unit	12,500

For these purposes, the MIVIENDA FUND has two ways of applying the BBP:

- BBP as a supplement to the down payment, which will serve as a supplement to the clients' contribution to reach the minimum down payment required and is applied at the time of disbursement of the loan to the IFIs, and therefore does not form part of the loan.
- BBP granted as financing of the PBP for the timely payment of six consecutive monthly installments corresponding to the non-concessional period of the loan. This BBP applies to those PBPs that were granted to homes between thirty-five (35) through fifty (50) Tax Units, which corresponds to the previous modality of the PBP, which was set at a value of S/12,500.

Supreme Decree No. 001-2017 of 01.13.2017 amends the Regulations of Law No. 29033, Law Creating the Good Payer Bond, approved by Supreme Decree No. 003-2015 which establishes a new phased application of the Good Payer Bonus.

Supreme Decree No. 017-2017 of 06.24.2017 amends the Regulations to Law No. 29033, Law Creating the Good Payer Bonus, approved by Supreme Decree No. 003-2015 in accordance with the following detail:

Currently, by means of Supreme Decree No. 002-2018 of 01.25.2018, it amends the Regulations of Law No. 29033, Law Creating the Good Payer Bonus, approved by Supreme Decree No. 003-2015 in accordance with the following detail

Housing value	Value of the BBP (Tax Units)
From S/ 56,700 to S/ 81,000	4.19753
Over S/ 81,000 to S/ 121,500	3.45679
Over S/ 121,500 to S/ 202,500	3.08642
Over S/ 202,500 to S/ 300,000	0.74074

These BBP values will be updated by the tax unit variation, rounded up to the nearest hundred. In relation to the housing ranges of the product, they will be expressed in soles and will be updated as a result of the multiplication of the housing value of the previous year by the variation of the annual Metropolitan Lima Consumer Price Index (CPI), rounded up to the nearest hundred.

- (vi) At the time the Good Payer Bonus is paid, when the final beneficiary has made a timely payment of six consecutive monthly installments, the FUND credits the accounts receivable (principal) of the concession portion of the installments against the liability for the "Good Payer-Assigned Bonus", see note 15(e). Interests on these concession portion payments are recognized as an expense of the FUND and are presented net of interest in the "Income from accounts receivable (Trust Agreement - COFIDE)" account included in "Interest income" in the income statement, see note 19.
- (vii) The Good Payer Award (hereinafter referred to as "PBP") are resources directly assumed by the FUND to provide a Bonus on housing values in excess of fifty (50) through seventy (70) Tax Units, in accordance with the following detail:

Housing value	BBP value
	S/
Over 50 tax unit to 70 tax unit	5,000

For these purposes, the MIVIENDA FUND has two modalities of application of the PBP:

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

By means of Board of Directors Agreement No. 04-16D-2017 dated 07.03.2017, the modification of the housing values and the value of the "Good Payer Award (PBP) as a complement to the initial payment" was approved, in accordance with the following details:

Good Payer Bonus value as a complement of the initial installment (tax unit)
0.74074

The PBP as a complement to the initial installment will continue to be covered by the FONDO MIVIVIENDA S.A., which will be added to the BBP in the same range of current housing values; it will also be updated by the tax unit variation, rounded up to the nearest highest hundred; the application amount at the close of December 31, 2017, is S/. 3,000.00.

In relation to the housing ranges of the product, they will be expressed in soles and will be updated as a result of the multiplication of the housing value of the previous year by the variation of the annual Metropolitan Lima Consumer Price Index (CPI), rounded up to the nearest highest hundred.

- (viii) Sustainable MIVIVIENDA Bonus (hereinafter referred to as "BMS" for its acronym in Spanish) is an additional feature of the MIVIVIENDA Credits which consists of the non-reimbursable direct financial assistance granted to those people who have access to sustainable housing with the MIVIVIENDA credit through the IFIs. This attribute increases the amount of the down payment and as an additional benefit to those offered by MIVIVIENDA products such as BFH, BBP and PBP as a complement to the initial installment.

For the purposes of the BMS, a sustainable home is one that incorporates into its conception and design, among other attributes, water- and energy-saving technology, as well as bioclimatic studies, good practices in the management of operating waste and in raising buyer awareness.

- (ix) When the Good Payer Award is paid out, with its own resources, with the fulfilment of the conditions by the final beneficiary, the FUND records this amount as an expense; consequently, the accounts receivable (principal) of the concession portion of the lease payments are reduced with a charge to "Interest expense" in the income statement, while interest, as in the previous case, is recognized as an expense and is presented net of interest in the "Income from accounts receivable" (Trust Agreement - COFIDE) account included in "Interest income" in the income statement,

- (x) Accounts receivable related to the CRC and PBP Trusts

It includes the assets of the CRC and PBP Trusts, which correspond to assets (available, investments and accrued income) and liabilities of the FUND, but which, in accordance with SBS regulations (SBS Resolution No. 980-2006 Reglamento del FONDO MIVIVIENDA S.A.), must be recorded as a net balance under the heading "Other accounts receivable, net" of the statement of financial position, since the FUND acts legally as trustee and settlor. The assets and liabilities included in these trusts are valued according to the criteria of the FUND for similar items, as described in this note.

Likewise, the surplus (deficit) of such trusts is recorded as "Interest income" in the Income Statement.

The CRC and PBP trusts were created in 2007 and their purpose is to allow the availability of resources for the fulfillment of the obligations of the FUND, arising from the CRC and PBP service

contracts signed with certain IFIs, as well as to allow those resources to be managed in the most efficient manner.

(e) Accounts receivable (Trust agreement- COFIDE) and allowances for doubtful accounts –

Accounts receivable are recorded when the funds are disbursed through COFIDE to the IFIs that channel the resources of the FUND for the credit placement of MIVIVIENDA products.

The calculation of the allowance is based on the criteria established by the SBS in the Regulation for the Evaluation and Classification of the Debtor and the Requirement of Provisions, SBS Resolution No. 11356-2008, in accordance with the following methodology:

First Component: IFI Risk Provision

a. For unsecured loans:

$$Prov\ IFI = ST \times TSBS$$

Where:

IFI Prov: IFI Risk Provision

ST: Total balance of loan

TSBS: Provision rate of the SBS considering the Classification of the IFI

b. For loans with pledged collateral:

$$Prov\ IFI = SSC \times TSBS$$

Where:

IFI Prov: IFI Risk Provision

SSC: Balance of Loan without credit risk coverage

TSBS: Provision rate of the SBS considering the Classification of the IFI

Additionally:

$$SSC = ST - SCC$$

Where:

ST: Total balance of loan

SCC Balance of loan with credit risk coverage

Second component: Provision for Credit Risk Coverage (CRC) – Only for secured loans.

$$Prov\ CRC = SCC \times TSBS$$

Where:

CRC Prov: Provision for Credit Risk Coverage (CRC)

SCC Balance of loan with credit risk coverage

TSBS: SBS provisioning rate considering Sub-Borrower Classification

Additionally:

$$SCC = ST \times FC$$

Where:

ST: Total balance of loan

FC: Total Credit Risk Coverage Factor:

The Fund applies the following percentages to determine its allowances

Risk Category	%	
	Table 1	Table 2
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

(f) Derivative financial instruments

All derivative financial instruments are classified in accordance with the company's intention as trading or hedging instruments, and are initially recognised in the Statement of financial position of the FUND at cost at the trade date and are subsequently carried at fair value. Derivatives are recorded as assets when the fair value is positive and as liabilities when the fair value is negative. The reference amount (nominal) of the operation is recorded in memorandum accounts at the reference amount in the contracted currency.

Fair values are estimated based on foreign exchange rates and market interest rates. Gains and losses on changes in the fair value of derivatives are recognized in the results for the year.

To September 30, 2018 and December 31, 2017, the FUND has foreign currency swap contracts to hedge foreign currency cash flows, which, upon being valued, their effective portion is allocated to equity until the contract is settled and/or the effect of the hedged item is realized, at which time the unrealized gain or loss is transferred to the Income Statement. The ineffective portion is recorded as a result of hedging derivatives in the income statement.

As of September 30, 2018, and December 31, 2017, Management considers that for management purposes the FUND has economic hedging derivatives, recognizing gains and losses for their valuation at market value in the results for the year. Also, at those dates, the FUND did not present any embedded derivatives.

It should be noted that to date the FUND has a Swap Interest Only which covers part of the interest on the debit in EUR with the French Development Agency (AFD) and the Cross Currency Swaps which cover the exchange risk of part of the nominal amount of the debit in EUR, previously contracted. The nominal amounts were recorded in the contingent accounts. It is not necessary to record them in the contingent accounts for the Swap Interest Only nominal amount because the derivative in question covers future interest flows.

(g) - Investments

As of September 30, 2018 and December 31, 2017, investments are valued in accordance with SBS Resolution No. 7033-2012.

Classification

(g.1) Available-for-sale investments

These are those designated as such because they are held for an indefinite period and may be sold due to liquidity needs or changes in interest rates, exchange rates or the price of capital; or they do not qualify for recognition as at fair value through profit or loss or held-to-maturity.

The estimated market value of available-for-sale investments is determined primarily on the basis of quoted market prices or, in the absence of quoted market prices, on the basis of discounted cash flows at market rates consistent with the credit quality and maturity of the investment.

(g.2) Held-to-maturity investments

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

- Have been acquired or reclassified with the intention of keeping them until their expiration date, except in those cases in which the sale, assignment or reclassification are permitted by the SBS.
- Companies must have the financial capacity and intention to hold investment instruments to maturity.
- Investment must have risk classifications as required by the SBS.
- In order to classify their investments in this category, companies must assess whether they have the financial capacity to hold investment instruments to maturity each time they decide to classify an instrument and at the end of each financial year

Recording date of the transaction

Transactions in available-for-sale and held-to-maturity investments are recorded at the trade date, i.e. the date on which they assume the reciprocal obligations that must be completed within the period established by the regulations and customs of the market in which the transaction is carried out.

Initial recognition

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

Amortized cost

Any premium or discount related to these investments is considered in determining the amortized cost by applying the effective interest rate methodology, recognizing the interest accrued in the "Interest on Available-for-sale Financial Assets Held to Maturity" account of "Interest Income" in the income statement.

Valuation

(g.1) Available-for-sale investments

These investments are recognized at fair value and the gains or losses arising from them are recognized in equity.

When the instrument is sold or gains or losses previously recognized as part of equity are realized, these gains or losses are transferred to profit

or loss for the year. On the other hand, when the Fund's management considers that the decrease in market value is permanent or due to credit impairment, it constitutes the respective allowances, transferring the estimated loss from equity to income for the year.

In any of the aforementioned cases, if the SBS considers necessary to record an additional allowance for any type of investment, such allowance will be determined by the SBS based on each individual asset and then communicated to the FUND, for its recognition in profit or loss for the period.

(g.2) Held-to-maturity investments

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

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

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

Impairment assessment

SBS Resolution 7033-2012 provides a standard methodology for the identification of impairment of financial instruments classified as available-for-sale and held-to-maturity investments. This analysis methodology includes two filters, as described below:

First filter:

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

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

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

Second filter:

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

- Impairment of financial ratios or financial position of the issuer and its business group.
- Adverse conditions of investment and the issuer.
- Decrease in risk rating due to other factors not mentioned above.
- Interruption in the in payment of interest or principal due to financial issues of the issuer.
- Interruption of a transaction or of an active market due to financial issues of the issuer.
- Forced renegotiation of the contractual terms of the instrument by legal or economic factors related to the issuer.

- Evidence that the issuer will be subject to a forced restructuring or bankruptcy procedure.
- Decrease in value due to regulatory changes (tax, regulatory or other governmental regulations).
- The FUND does not have the intention and the capacity to maintain investments with losses until the value is recovered. For that purpose, it is necessary to make a projection of the estimated term for the recovery of value and an analysis of the evidence, based on historical information and the financial position of the company, if there is intention and ability to hold the investment throughout such period.

As established in such resolution, there will be an impairment loss if at least two above mentioned factors exist. Once an impairment loss is recognized, subsequent evaluations are made on the carrying amount of the instruments, net of impairment losses for value previously recognized.

With regard to the restructuring of the Commercial Papers issued by ICCGSA, it is worth mentioning that although the conditions were not activated and the thresholds established in the first filter of the Standard Methodology for the Identification of the Impairment of Value of Financial Instruments indicated in the Regulation for the Classification and Valuation of Investments of Companies in the Financial System approved by SBS Resolution No. 7033-2012 were not exceeded, the FUND decided to consider, for the calculation of the allowance for this type of investment, the criteria established by the SBS in the Regulation for the Evaluation and Classification of the Debtor and the Provisions Requirement, approved by SBS Resolution No. 11356-2008, in relation to the following:

- ✓ The type of credit corresponding to the exposure of the FUND to Commercial Papers was considered as Corporate Credit.
- ✓ As regards the classification of the debtor, it was assigned as a Doubtful Category based on the following:
 - The issuer has been negatively affected in the availability of financing lines and in business continuity to generate cash flow for working capital and payment of obligations. This because it is in the process of being investigated for corruption cases related to the Odebrecht company.
 - There is a risk of other creditors challenging the assets transferred as collateral (suspicion period), which have been incorporated into the restructuring process of the papers.
- ✓ Regarding the determination of the provisioning rate, considering the subordinated guarantee of the Commercial Papers, Table 1 of the Regulation for the Evaluation and Classification of the Debtor and the Requirement of Provisions was taken, due to the fact that the payment guarantees in the process of restructuring the papers are considered residual.

In the event that the conditions for impairment allowances established in the Regulation on the Classification and Valuation of Investments of Companies in the Financial System are activated, they shall be calculated and reported in accordance with said Regulation.

(h) Property, furniture and equipment

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

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

	Years
Buildings	20
Installations	10
Furniture and Fixtures	10
Computer Equipment	4
Miscellaneous Equipment	10
Vehicles	5

Maintenance and repair costs are charged to the results of the period; all renewals and improvements are capitalized only when expenditures improve the condition of the asset and increase its useful life beyond the time originally estimated. The cost and accumulated depreciation of assets disposed of or sold are eliminated from their respective accounts, and any resulting gain or loss is included in the income statement.

(i) Assets received as payment.

The assets received as payment, repossessed and (arising from the resolution of a financial lease agreement) are initially recorded at the lower of the value determined by judicial or extra-judicial adjudication, market value or debt outstanding value, whichever is the lowest; recognizing in turn an allowance equivalent to 20 percent of the value upon repossession or recovery of the asset, being able to keep to such purpose the allowance that was recorded by the related credit.

Additional allowances are then recorded based on the following criteria:

- Assets that are not real state - a uniform monthly allowance shall be recorded as from the first month of repossession or recovery, for a period of twelve months until completing one hundred percent of the net value upon repossession or recovery.
- Real estate – Uniform monthly allowances shall be recorded based on the net book value as from the twelfth month; provided that the six-month extension provided for in SBS Resolution No. 1535-2005 has not been obtained, in which case, uniform monthly allowances will be recorded on the net book value obtained for the eighteenth month. En In both cases, allowances shall be recorded until completing one hundred percent of the net book value over a term of three and half years, counted as from the date on which monthly allowances started to be recorded.

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

(j) Intangible assets

Intangible assets included in "Other assets, net" in the statement of financial position include developments and acquisitions of computer software licenses used in the FUND's own operations. Software licenses purchased by the FUND are capitalized on the basis of the costs incurred to acquire or put into use the specific program. These intangible assets are amortized using the straight-line method over a standard period of four years.

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

(k) Securities and outstanding securities

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 the income generated on their placement are deferred and presented net of their issue value, and are amortized over the term of the securities, and related outstanding obligations using the effective interest method.

(l) Tax assets and liabilities

Current Income tax -

Current income tax is determined based on the taxable income recorded for tax purposes.

The Statement of Financial Position as of September 30, 2018 presents Current Taxes on Assets, mainly due to the balance of the payments on account in favor of previous years, and the balance of ITAN paid and not used in 2018.

(m) Deferred income tax -

The accounting record of the deferred income tax reflects the effects of timing differences between the balances of assets and liabilities for accounting purposes and those determined for tax purposes using the Balance Sheet Method. Deferred assets and liabilities are measured using the tax rates expected to be applied to taxable income in the year in which these differences are recovered or eliminated. The measurement of deferred assets and liabilities reflects the tax consequences derived from the form in which the FUND expects to recover or settle the value of assets and liabilities as of the date of the Statement of Financial Position.

Deferred assets and liabilities are recognized without considering the time in which it is estimated that the temporary differences will be canceled. Deferred assets are recognized when there may exist sufficient future tax benefits to apply the deferred asset.

As at the date of the Statement of Financial Position, the Fund Management has applied temporary differences of its assets and liabilities, according to the pronouncement of the SBS issued through a Multiple Letter N° 1205-2015-SBS dated January 14, 2015, where there is a pronouncement on IAS 12.

(n) Provisions

Provisions are recognized when the FUND has a present obligation (legal or implicit) as a result of a past event, it is probable that resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each period and adjusted to reflect the best estimate at the date of the statement of financial position. When the effect of the value of money over time is significant, the amount of the allowance is the present value of the disbursements expected to be incurred to repay it.

(o) Contingencies

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

Contingent assets are not recognized in financial statements, but should be disclosed when the contingency degree is possible.

(p) Cash and cash equivalents

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

(q) Reclassifications

Where necessary, comparative amounts have been reclassified to make them comparable with the current year's disclosure. There are certain transactions that were reclassified in the current year's statement and that, in the opinion of management, these reclassifications made in the financial statements at the end of the month are not material considering the financial statements as a whole.

4. Available

The following is a detail of the composition of the available as of September 30, 2018 and December 31, 2017:

	<u>In thousands of S/</u>	
	<u>09.30.2018</u>	<u>12.31.2017</u>
<u>Central Reserve Bank of Peru</u>		
*Current accounts	602	95
<u>Banks and other entities of the country's financial system</u>		
*Current and Savings Accounts (b)	1,615,099	946,891
*Time deposits (c)	34,072	200,477
<u>Other funds available</u>		
Other funds available	430	523
Cash and cash equivalent	<u>1,650,203</u>	<u>1,147,986</u>
Plus:		
<u>Banks and other entities of the country's financial system</u>		
*Term deposits over 91 days (c)	935,314	1,706,078
<u>Banks and other foreign financial institutions</u>		
*Term deposits over 91 days (d)	66,566	0
	<u>1,001,880</u>	<u>1,706,078</u>
Total Other Funds Available	<u>2,652,083</u>	<u>2,854,064</u>

- (a) The deposits in the Central Reserve Bank of Peru correspond to balances in soles and US dollars that 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 subscribed Trust Agreement.
- (b) The current and savings accounts correspond mainly to balances in soles and US dollars, they are freely available and, mainly, generate interest at market rates. However, it is important to indicate that as of September 30, 2018, thousands of S/1,243,112 are held in current accounts, representing 47% of the total amount available, which corresponds to resources transferred by the MVCS for BFH, BMS, Bono Reconstrucción and BBP. It is worth mentioning that the FUND is an intermediary between the MVCS and the technical entities for the transfer of resources to the beneficiaries.
- (c) As of September 30, 2018, there are two time deposits corresponding to term deposits of less than or equal to 91 days in the country's bank in soles, is freely available and bears interest at an annual effective rate of between 3.58 and 3.98 percent and originally mature between October and December 2018.

- (d) As of September 30, 2018, corresponds to term deposits in foreign banks in US dollars and in soles in domestic banks, and are freely available and bear interest at annual effective rates between 3.20 and 4.15 percent in Soles and between 2.25 and 2.66 percent in US Dollars, with original maturities greater than 91 days. As of December 31, 2017, they correspond to time deposits in the country's banks in soles, and are freely available and bear interest at annual effective rates between 3.50 and 5.20 percent and with original maturities of more than 91 days.

MIVIVIENDA

5. Available-for-sale and held-to-maturity investments, net

Composition of this item is presented below:

	30.Jun.2018				31.Dec.2017			
	Cost amortized S/(000)	Unrealized gross amount		Book Value S/(000)	Cost amortized S/(000)	Unrealized gross amount		Book Value S/(000)
		Profits S/(000)	Losses S/(000)			Profits S/(000)	Losses S/(000)	
Available-for-sale investments								
Corporate and financial bonds (a)	-	-	-	-	25,994	32	(16)	26,010
Negotiable certificates of deposit	175,206	1	(482)	174,725	4,430	17	-	4,447
Commercial Paper	3,499	-	-	3,499	3,498	13	-	3,511
Total	178,705	1	(482)	178,224	33,922	62	(16)	33,968
Plus:								
Accrued Interest				2,032				148
Minus:								
(Provisions for Available-for-sale investments) (e)				(3,776)				
Total available-for-sale investments				176,480				34,116
Held-to-maturity investments								
Corporate and financial bonds (a)	316,177	-	-	316,177	522,152	-	-	522,152
Negotiable certificates of deposit (b)	34,509	-	-	34,509	208,260	-	-	208,260
Sovereign Bonds of the Republic of Peru (c)	31,752	-	-	31,752	31,636	-	-	31,636
Total	382,438			382,438	762,048			762,048
Plus								
Accrued Interest				5,133				8,349
Total held-to-maturity investments				387,571				770,397
Total				564,051				804,513

MIVIVIENDA

- (a) Correspond to securities and titles acquired from corporate companies and the first level financial system of the country and abroad. As of September 30, 2018, corporate bonds classified as held-to-maturity investments are:
- i) Leasing bonds in U.S. dollars, which bear interest at an effective annual rate of 5% and mature in May 2020;
 - ii) Subordinated bonds in U.S. dollars, which bear interest at an effective annual rate of 6.53%, and mature in October 2028;
 - iii) U.S. dollar ordinary bonds, which bear interest at annual effective rates ranging from 3.25% to 7.62%, and mature between July 2019 and August 2023; and
 - iv) U.S. dollar securitization bonds, which bear interest at annual effective rates ranging from 6.16% to 7.5%, and mature between September 2022 and September 2028.
- (b) Corresponds to Certificates of deposit in financial institutions in the country and abroad. As of September 30, 2018, the certificates classified as available-for-sale investments correspond to:
- i) Certificates in financial institutions in soles, which accrue interest at annual effective rates ranging between 3.69 and 4.92%, and mature between October 2018 and May 2019, and
 - ii) Certificates in financial institutions in dollars, correspond to foreign banks that accrue interest at annual effective rates of 2.79%, and mature in March 2019.
- The certificates classified as held-to-maturity investments are:
- (i) In soles, bearing interest at an effective annual rate ranging from 4.31% to 5.7% and maturing between October 2018 and March 2019.
- (c) Corresponds to sovereign bonds of the Republic of Peru issued, in Soles, by the Ministry of Economy and Finance (MEF). As of September 30, 2018, sovereign bonds classified as held-to-maturity investments correspond to sovereign bonds SB12AGO26, SB12AGO31, SB12FEB37 and SB12FEB42, which bear interest at nominal annual rates between 6.85% and 8.20% (between 6.85% and 8.20% As of December 31, 2017), and mature between August 2026 and February 2042 (between August 2026 and February 2042 to December 31, 2017).
- (d) Corresponds to Commercial Papers in other entities that as of September 30, 2018, they are classified as available-for-sale investments, which bear interest at an effective annual rate of 8.40%, and mature in October 2018

As of September 30, 2018, accrued income from available-for-sale investments amounted to thousands of S/. 2,474 and held-to-maturity investments amounted to thousands of S/. 17,637, and are included in the "Interest income" category of the Statement of Income (Investment income available for sale amounted to S/. 213 thousand and held-to-maturity investments to thousands of S/17,817, respectively As of September 30, 2017)..

As of September 30, 2018, available-for-sale and held-to-maturity investments have the following maturities:

	Available-for-sale investments S/(000)	Held-to-maturity investments S/(000)	Available-for-sale investments S/(000)	Held-to-maturity investments S/(000)
Up to 3 months	4,634	31,585	-	96,472
From 3 months to 1 year	171,846	94,239	34,116	310,075
From 1 to 5 years	-	143,563	-	187,329
Over 5 years	-	118,184	-	176,521
Total	176,480	387,571	34,116	770,397

As of September 30, 2018, the FUND's Management has estimated the market value of available-for-sale investments based on available market prices or, if not available, discounting expected cash flows at an interest rate that reflects the risk classification of the security. Held-to-maturity investments are carried at amortized cost

- (e) The FUND's Management has determined that the unrealized losses as of September 30, 2018 do not originate from credit deterioration of the issuers, but are mainly due to variations in the risk-free rates that were incorporated in their valuations. Consequently, there is no impairment of available-for-sale and held-to-maturity investments in accordance with the accounting standards that must be recorded at each balance sheet date, except for the investment in commercial paper of ICCGSA, for which an impairment allowance of S/. 3.78 million was made.

6. Credit Portfolio

The detail of this caption as of the balance sheet date is as follows:

	09.30.2018 S/ (000)	12.31.2017 S/ (000)
Current loan portfolio		
Current Mortgage Loans (*)	45,634	50,879
(-) Deferred Revenue	(2,750)	(2,917)
Accrued yields	481	376
	43,365	48,338
Refinanced loan portfolio		
Refinanced Loans (**)	0	51
(-)Interest income and refinanced commissions	0	(7)
	0	44
Mature loan portfolio		
Past Due Loans (*)	42,068	41,268
(-) Deferred Revenue Mature loans refinanced	(6,523)	(6,763)
Refinanced Past Due Loans (**)	50	-
(-)Interest income and refinanced commissions	(7)	-
	35,588	34,505
Judicial Collection Loans portfolio		
Loans portfolio in Judicial Collection	102	102
(-) Deferred Revenue	(18)	(18)
Loans in Judicial Collection (**)	72	71
	156	155
(-) Provisions for Loans		
(-) Prov. for Mortgage Loans (*)		
(-)Prov. Specific for loans	(34,875)	(31,671)
(-)Prov. Generic for loans	(283)	(294)
(-) Prov. for Credits-Specific (**)	(122)	(122)
	(35,280)	(32,087)
	43,829	50,955

(*) Transferred from the CRAC Señor de Luren in Liq.

(**) Transferred from former CMAC Paita

Through SBS Resolution No. 3503-2015 dated June 19, 2015, the Caja Rural de Ahorro y Créditos Señor de Luren entered into an official liquidation process. In this context, the debts that Caja Rural de Ahorro y Créditos Señor de Luren had with its debtors, including the FUND, became insolvent; for this reason, the guarantees that safeguarded the related credits were enforced. This liquidation process of Caja Rural de Ahorro y Créditos Señor de Luren involved compliance with the conditions set out in clause 13 of the Agreement to channel resources from the FONDO Hipotecario de Promoción de la Vivienda - Mivivienda. Accordingly, the FUND carried out the following transactions:

- (i) It implemented Clause 13, corresponding to the assignment of rights to this sub-loan portfolio, in favor of the FUND under the Agreement to channel resources from the Mortgage Fund for Housing Promotion - Mivivienda subscribed by COFIDE and Caja Rural de Ahorro y Créditos Señor de Luren S.A. on October 19, 1999.
- (ii) On July 17, 2017, the Company entered into agreements to assign rights with Caja Municipal de Ahorro y Crédito Sullana y Financiera Efectiva S.A., through which part of the loan portfolio was transferred which, for the purposes of the accounts receivable (Trust Agreement - COFIDE), corresponded to balances due to the FUND amounting to thousands of S/22,514 and thousands of S/12,067, respectively. Likewise, through a contract with these IFIs, they were granted management of the non-transferred portfolio totaling thousands of S/87,587.
- (iii) On July 31, 2017, it withdrew from the accounts receivable (COFIDE Trust Agreement) of the COFIDE Trust corresponding to the balance of capital owed by Caja Rural de Ahorro y Créditos Señor de Luren S.A. in liquidation for an amount amounting to thousands of S/87,587 and reclassified thousands of S/23,661 corresponding to the allowance for doubtful accounts.
- (iv) On November 28, 2017, the Company entered into a rights assignment agreement with Financiera TFC S.A. whereby part of the loan portfolio was transferred which, for the purposes of the accounts receivable (Trust Agreement - COFIDE), corresponded to balances due to the FUND amounting to thousands of S/2,597.

The mortgage loan portfolio from CMAC Paita was acquired through the execution of clause 13 of the Agreement to channel resources of the Mortgage Fund for Housing Promotion - Mivivienda, and to date has two loans in judicial collection.

The movement of the allowance for doubtful accounts receivables was as follows:

	09.30.2018	12.31.2017
	S/(000)	S/(000)
Balance at the beginning of the period	32,087	0
<u>Plus (minus)</u>		
Provision for the year	5,344	32,087
Recoveries	(2,153)	0
Exchange differences	2	0
Balance at end of the period	35,280	32,087

In management's opinion, the allowance for direct loans, recorded as of September 30, 2018 and December 31, 2017, is in accordance with SBS regulations in effect at that date.

Given the transfer of a portion of the mortgage loan portfolio of CRAC Señor de Luren in Liquidation to the assets of the FUND at placed securities, they have been evaluated according to the final sub-borrower risk:

As of September 30, 2018 As of December 31, 2017

Risk Categ	Total	%	Total	%
	S/ (000)		S/ (000)	
Normal	42,517	48.42	42,028	45.56
CPP	1,700	1.94	3,644	3.95
Substandard	2,625	2.99	4,514	4.89
Doubtful	6,713	7.65	10,965	11.89
Loss	34,249	39.01	31,098	33.71
Total	87,804	100.00	92,249	100.00

Also, the portfolio coming from Ex CMAC Paita, has been registered as a Mortgage Loan portfolio.

Risk Category	As of September 30, 2018		As of December 31, 2017	
	Total	%	Total	%
	S/ (000)		S/ (000)	
Loss	122	100.00	123	100.00
Total	122	100.00	123	100.00

7. Financial Derivatives

The following table shows the fair value of financial derivative instruments, recorded as assets or liabilities, together with their reference (nominal) amounts. The notional amount is the notional amount of the underlying asset of the derivative and is the basis on which changes in the value of the derivatives are measured. The FUND has commitments to purchase and sell US dollars and euros forwards, as well as SWAP Principal Only, SWAP Interest Only and Cross Currency SWAP to hedge cash flows for exchange risk, whose fair value has generated accounts receivable and payable, as indicated below. The reference amounts indicate the volume of transactions pending as of 09/30/2018.

	09.30.2018			12.31.2017		
	Accounts receivable	Accounts payable	Amount Reference	Accounts receivable	Accounts payable	Amount Reference
<i>In thousands of soles</i>	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Trading derivatives						
Forwards – CMP	0	0	0	613	-6	42,559
Subtotal	0	0	0	613	-6	42,559
Hedging derivatives						
Forwards – CMP	373	0	29,700	1,066	0	
Forwards – VTA	0	-2,957	232,424			181,549
Swaps Principal Only – CMP	137,246	-33,059	1,965,742	156,662	-63,308	2,670,011
Cross Currency Swaps – CMP	1,275	-38,967	692,387	98	0	113,727
Cross Currency Swaps – VTA	1,494	0	33,000	5,904	-61,649	698,934
Swap Interest Only – CMP	60	2	0	101	-8	0
Subtotal	140,448	-74,985	2,953,253	163,831	-124,965	3,644,221
TOTAL	140,448	-74,985	2,953,253	164,444	-124,971	3,706,780

The derivative financial instruments that generate these receivables and payables are held for hedging and economic hedging or trading hedging with regard to the exchange risk and maturing between December 2018 and January 2023.

As of September 30, 2018, trading derivatives generated a net gain of thousands of S/. 336 (net gain of thousands of soles of S/. 2,421 As of September 30, 2017) and hedging derivatives generated a net loss of thousands of S/78,189 (net loss of thousands of soles of S/. 79,587 As of September 30, 2017), see **note 21**.

8. Accounts Receivable on Goods and Services Sale and Trust (Net)

Following is a detail of the composition of this category as of June 30, 2018 and December 31, 2017, in thousands of Soles:

	09.30.2018	12.31.2017
	S/ (000)	S/ (000)
Trust COFIDE (8a)	6,453,210	6,206,810
Trust CRC-PBP Nuevos Soles (8b)	43,054	41,647
Trust CRC-PBP US Dollars (8b)	47,690	45,654
	6,543,954	6,294,111

8.a Trust Agreement – COFIDE

The item is comprised as shown below:

	09.30.2018	12.31.2017
	S/ (000)	S/ (000)
Nuevo Crédito MIVIVIENDA	6,206,558	5,898,721
Crédito MIVIVIENDA Tradicional	148,685	181,545
Crédito MIHOGAR	66,969	93,498
Crédito Complementario Techo Propio	110,981	81,283
Crédito MIVIVIENDA Estandarizado	6,487	48,729
Crédito Mi Construcción	40,563	7,789
Crédito MICASA Mas	8,265	9,252
Crédito MITERRENO	489	574
	6,588,997	6,321,391
Plus (less)		
Accrued yields from accounts receivable	16,125	16,343
Allowance for doubtful accounts	(151,912)	(130,924)
Total	6,453,210	6,206,810

As described in note 2, monthly, the FUND disburses resources to the Trust - COFIDE so that it can channel them to the final beneficiaries through the IFIs. Also, monthly, the Trust - COFIDE transfers to the FUND the recoveries, prepayments or cancellations of accounts receivable made by the IFIs.

As of September 30, 2018 and December 31, 2017, the number of final beneficiaries (final debtors) was 91,817 and 90,173, respectively. There is no significant concentration of credit risk due to the type of credit operations held by the FUND.

The resources that the FUND channels through the IFIs are used in the granting of credit for the acquisition of housing in accordance with the provisions of Article 12 of Supreme Decree No. 001-99-MTC.

- (b) The composition of accounts receivable in accordance with the characteristics of the loans promoted by the FUND is as follows:

As of 30 September 2018			
Products	Credit risk with coverage	Credit risk without coverage	Total
	S/(000)	S/(000)	S/(000)
Nuevo crédito MIVIVIENDA	26,601	6,178,140	6,204,741
Crédito MIVIVIENDA Tradicional	1,449	147,236	148,685
Crédito complementario Techo Propio	942	67,845	68,786
Crédito MIHOGAR	901	110,080	110,981
Crédito MICONSTRUCCIÓN	0	6,487	6,487
Crédito MIVIVIENDA Estandarizado	0	40,563	40,563
Crédito MICASA MAS	0	8,265	8,265
Crédito MITERRENO	0	489	489
	29,892	6,559,104	6,588,997

As of 31 Dec 2017

Products	Credit risk with coverage	Credit risk without coverage	Total
	S/(000)	S/(000)	S/(000)
Nuevo crédito MIVIVIENDA	27,252	5,869,808	5,897,060
Crédito MIVIVIENDA Tradicional	1,552	179,993	181,545
Crédito complementario Techo Propio	1,148	81,797	82,945
Crédito MIHOGAR	964	92,534	93,498
Crédito MICONSTRUCCIÓN		7,789	7,789
Crédito MIVIVIENDA Estandarizado		48,729	48,729
Crédito MICASA MAS		9,252	9,252
Crédito MITERRENO		573	573
	30,916	6,290,475	6,321,391

- (c) Accounts receivable are classified by risk in accordance with SBS standards in effect as of September 30, 2018 and December 31, 2017. As indicated in note 3(e), the allowance for doubtful accounts receivable is determined based on the classification of the IFI and the end beneficiaries.

Below is the classification of the accounts receivable by risk category of the IFIs that grant MIVIVIENDA loans:

Risk Category	As of 09.30.2018		As of 12.31.2017	
	Total S/(000)	%	Total S/(000)	%
Normal	6,491,256	98.52	6,215,218	98.32
With potential problem	97,741	1.48	106,173	1.68
	6,588,997	100	6,321,391	100

- (d) The interest rates applied to the account of the products correspond to fixed rates established in order to promote the granting of each type of loan, and these are:

	As of 09.30.2018 %	As of 12.31.2017 %
Nuevo Crédito MIVIVIENDA	7.10	7.10
Crédito MIVIVIENDA Tradicional	7.75	7.75
Crédito Complementario Techo Propio	7.25	8.00
Crédito MIHOGAR	7.60	7.60
Crédito MI CONSTRUCCIÓN	8.00	8.00
Crédito MIVIVIENDA Estandarizado	6.90 and 7.30	6.90 and 7.30
Crédito MICASA MAS	7.70	7.70
Crédito MITERRENO	9.00	9.00

The interest rate of the Nuevo Crédito MIVIVIENDA product was reduced by 5%, only for loans with the BMS element disbursed from 03.01.2018 to 12.31.2018.

The interest rate of the Techo Propio Complementary Financing product was reduced to 7.25%, for placements made as of 01.01.2017.

- (e) In management's opinion, the allowance for doubtful accounts recorded as of September 30, 2018 and December 31, 2017 is constituted in accordance with SBS regulations in effect at that date.

- (f) The portfolio of accounts receivable as of September 30, 2018 and December 31, 2017, by maturity, is presented below:

	09.30.2018 S/(000)	12.31.2017 S/(000)
Not mature		
Due within 1 month	44,584	36,598
From 1 to 3 months	118,271	110,639
From 3 months to 1 year	477,003	484,386
From 1 to 3 years	1,477,177	1,418,047
More than 3 years	4,471,962	4,271,721
	6,588,997	6,321,391

8.b CRC and PBP Trusts

The detail of these accounts receivable as of September 30, 2018 and December 31, 2017, in thousands of Soles, is as follows:

- As of September 30, 2018, it includes the balances of the total net assets of the Trusts under management (total equity and net surplus (deficit)): CRC and PBP Trusts in Nuevos Soles for thousands of S/. 43,054 and CRC and PBP Trusts in US Dollars for thousands of S/. 47,690 (Thousands of S/41,647 and thousands of S/45,654 respectively, as of December 31, 2017).
- In June 2007, the FUND, as trustee and trustor simultaneously, entered into a trust in June 2007, created both trusts under its administration with the purpose of facilitating the availability of resources to meet the obligations assumed by the FUND under the CRC and PBP service contracts (credit risk coverage - CRC and payment of the Good Payer Award - PBP) entered into with certain Financial Institutions - EF, as well as allowing these resources to be managed in the most efficient manner, observing the provisions of the CRC and PBP Policy and Process Manual and Regulations; as well as the Handbook of Investment Policies and Procedures which is annexed to the Articles of Association.
- The accounting of these trusts is carried out in accordance with the provisions of SBS Resolution No. 980-2006 "Fondo MIVIVIENDA S.A.Regulation"; that is, in a single account in the Statement of Financial Position (see note 3 (d.x)) and separate accounting is maintained for control purpose showing the following balances as of September 30, 2018 and December 31, 2017:

CRC and PBP Trust Nuevos Soles	09.30.2018 S/(000)	12.31.2017 S/(000)
Statement of Financial Position		
Assets		
Cash and due from banks	922	4,165
Available-for-sale investments (*)	27,312	21,107

CRC and PBP Trust Nuevos Soles	09.30.2018	12.31.2017
	S/(000)	S/(000)
Held-to-maturity investments (*)	14,820	16,354
Other accounts receivable	-	21
Total assets	43,054	41,647
Net Equity and surplus		
Surplus collections, net	2,392	2,703
Unrealized profits	(340)	(676)
Accumulated results	41,002	39,620
Total equity and net surplus,	43,054	41,647

(*) During 2016 the equity in CRC and PBP trust in Nuevos Soles reclassified investments classified as available-for-sale towards the category of held-to-maturity investments. The carrying amounts at the reclassification dates amounted to approximately S/33'683,000 and the accumulated unrealized loss in shareholders' equity amounted to approximately S/1'344,000, the latter amount being transferred to income over the remaining term of the instruments. During 2018, 2017 and 2016, approximately S/. 149,630, S/228,000 and S/282,000, respectively, were transferred to results for the year

CRC and PBP Trust in Nuevos Soles	09.30.2018	09.30.2017
	S/(000)	S/(000)
Income Statements		
Income		
Interest income	1,780	1,806
Investment valuation, net	0	63
Total income	1,780	1,869
Expenses		
Administration fee	(191)	(179)
Tax on financial transactions	(1)	(1)
Misc. expense for financial services	(6)	(6)
Impairment loss on investments	(200)	-
Total expenses	(398)	(186)
Net surplus	1,382	1,683

In the CRC and PBP Trust in US Dollars we have:

CRC and PBP Trust in US DOLLARS	09.30.2018	12.31.2017
	S/(000)	S/(000)
Statement of Financial Position		
Assets		
Available (*)	9,266	8,417
Available-for-sale investments (**)	14,840	10,124
Held-to-maturity investments (***)	23,584	27,095
Other accounts receivable	0	18
Total assets	47,690	45,654
Liabilities	0	0
Net equity and surplus		
Initial equity	21,013	21,013
Surplus from collections, net	8,855	8,631
Unrealized results	-907	(1,246)

Retained earnings	18,729	17,256
Total assets and net surplus,	47,000	45,654

- (*) During 2016, the CRC-PBP Trust (US Dollars) Fund Equity investments reclassified investments classified as available-for-sale to the held-to-maturity category. The carrying amounts at the reclassification dates amounted to approximately S/35'327,000 and the accumulated unrealized loss in net equity amounted to approximately S/1'784,000, the latter amount being transferred to income over the remaining term of the instruments. During the years 2018, 2017 and 2016, approximately S/. 213,626, S/296,000 and S/192,000, respectively, were transferred to results for the year.

CRC and PBP Trust in US Dollars

	09.30.2018 S/(000)	09.30.2017 S/(000)
Income Statement		
Income		
Interest income	1,173	1,628
Exchange difference, net	183	0
Total income	1,956	1,628
Expenses		
Exchange difference, net		(505)
Administration fee	(210)	(197)
Misc. expense for financial services	(7)	(7)
Impairment loss on investments	(266)	0
Total expenses	(483)	(709)
Net surplus	1,473	919

9. Other accounts receivable, net

The item is comprised as shown below:

	In thousands of S/	
	09.30.2018	12.31.2017
Accounts receivable from banks in liquidation (a)	99,857	99,877
Accts receivable to Ex-CONEMINSA portfolio (b)	12,990	13,138
COFIDE recoveries to be distributed (c)	80	76
Other accounts receivable from Trust COFIDE(d)	34	511
Pending derivatives for liquidation (e)	27,449	20,062
Outstanding Invoices (f)	1,122	0
Other Accounts Receivable	345	1,350
	<u>141,877</u>	<u>135,014</u>
Less-allowance for other accounts (g)		
Banks in liquidation (a)	(99,857)	(99,877)
Ex-COMENISA Portfolio (b)	(10,707)	(12,677)
Other accounts receivable	(25)	(1,021)
	<u>(111,711)</u>	<u>(113,575)</u>
Total	30,166	21,439

- (a) Corresponds to accounts receivable for term deposits, certificates of deposit, among others, that the Fund, before being a financial company supervised by the SBS (before January 1, 2006), held in certain financial institutions that went into liquidation. The detail of balances and its allowances is as follows:

	In thousands of S/	
	09.30.2018	12.31.2017
Capital		
Banco Nuevo Mundo in liquidation	53,044	53,157
Banco República in liquidation	39,922	39,935
Banco Banex, in liquidation - payment in kind	4,573	4,491
Banco República, in liquidation-Pymt in kind	2,318	2,294
	<u>99,857</u>	<u>99,877</u>

Minus: Allowance for doubtful accounts		
Banco Nuevo Mundo in liquidation	(53,044)	(53,157)
Banco República in liquidation	(39,922)	(39,935)
Banco Banex, in liquidation – in lieu of Pymt	(4,573)	(4,491)
Banco República, in liq. - in lieu of Pymt	(2,318)	(2,294)
	<u>(99,857)</u>	<u>(99,877)</u>
Net	0	0

The FUND has received assets that are not real state and real estate and collection of credits as part of the payment for these debts.

In Management's opinion, the allowance for doubtful of accounts receivable from Banks in liquidation recorded as of September 31, 2018 and December 31, 2017 covers sufficiently the related collectability risk.

- (b) Corresponds to the mortgage loans granted by Compañía de Negociaciones Mobiliarias e Inmobiliarias S.A.-CONEMINSA, which was received by the FUND under the Framework of the Payment in Kind Agreement of December 30, 2003 for its administration and collection (before becoming a financial company supervised by the SBS).
- (c) Corresponds to the net effect of the adjustments and rebates of the monthly reconciliations between the balances of COFIDE, which are regularized in the following months.
- (d) The accounts receivable from the Trust COFIDE correspond to the balance pending to be transferred from the monthly collections.
- (e) Corresponds mainly to the account receivable:
- Derivatives contracted with Morgan Stanley and Merrill Lynch that generated a Margin Call for USD 6,610 thousand equivalent to S/ 21,813 thousand
 - Derivatives pending cancellation for S/. 5,636 thousand.
- (f) It mainly corresponds to the account receivable maintained with the Veritas Edificaciones for the collection of the Administration Commission of the Las Garzas Trust for USD 339 thousand equivalent to S/ 1,119 thousand and supplier invoices for S/ 2 thousand.
- (g) The movement in the allowance for other accounts receivable is shown below in thousands of Soles:

	09.30.2018	12.31.2017
	S/	S/
Balance at the start of the period	113,575	114,365
<u>Plus (minus)</u>		
Allowance for the period	129	206
Recovery	-232	-632
Exchange Difference	126	-240
Exchange methodology	-1,887	0
Others	0	-124
Balance at end of period	<u>111,711</u>	<u>113,575</u>

In management's opinion, the allowance for other doubtful accounts recorded as of September 30, 2018 and December 31, 2017 is in accordance with the standards established by the SBS in effect at that date.

10 Property, furniture and equipment, net

The financial entities in Peru cannot grant as collateral the assets that make up their property, furniture and equipment. In management's opinion, there is no evidence of

deterioration of the property, furniture and equipment held by the FUND as of September 30, 2018 and December 31, 2017.

As of September 30, 2018, the FUND has fully depreciated assets of thousands of S/. 2,427 (thousands of S/. 2,237 as of December 31, 2017). The Fund holds insurance coverage over its principal assets according to the policies established by Management; in that sense, as of 30 September 2018 and 31 December 2017, the Fund has contracted an all-risk insurance policy that covers the value of property, furniture and equipment owned by the Fund. In management's opinion, the FONDO's insurance policies are consistent with industry practice.

Following is the movement of the category as of September 30, 2018 and December 31, 2017:

	In thousands of S/			
	<u>Balances as of</u>		<u>withdrawals and</u>	<u>Balances as of</u>
	<u>12.31.2017</u>	<u>Additions</u>	<u>Other adjustments</u>	<u>06.30.2018</u>
Cost:				
Land	103			103
Buildings	36			36
Installations	46			46
Furniture and Fixtures	679	6	(21)	664
Computer Equipment	1,463	3	(153)	1313
Miscellaneous Equipment	965	17	(8)	974
Vehicles	759			759
Installation in leased assets	137			137
Work in progress and goods to be received	-	8		8
	<u>4,188</u>	<u>34</u>	<u>(182)</u>	<u>4,040</u>
Accumulated depreciation:				
Buildings	12	0		12
Installations	46	0		46
Furniture and Fixtures	501	21	(20)	502
Computer Equipment	1,331	63	(154)	1,240
Miscellaneous Equipment	673	44	(4)	714
Vehicles	549	54		603
Installation in leased assets	18	10		28
	<u>3,130</u>	<u>192</u>	<u>(177)</u>	<u>3,145</u>
Net Cost	<u>1,058</u>			<u>895</u>

11 Intangible Assets

The item is comprised as shown below:

	In thousands of S/			
	<u>Balances as of</u>		<u>withdrawals and</u>	<u>Balances as of</u>
	<u>12.31.2017</u>	<u>Additions</u>	<u>Other adjustments</u>	<u>06.30.2018</u>
Cost:				
Software	5,553	479		6,032
Licenses	1,239	105		1,344
Developing software	1,948	1,092	(480)	2,560
	<u>8,740</u>	<u>1,676</u>	<u>(480)</u>	<u>9,936</u>
Accumulated depreciation:				
Software	3,299	817		4,115
Licenses	1,075	71		1,146
	<u>4,374</u>	<u>888</u>		<u>5,261</u>

Net Cost

4,366

4,675

Intangible assets consist of software and licenses for the use of computer equipment whose total cost as of September 30, 2018 is S/. 9,936 thousand and its accumulated amortization is S/. 5,261 thousand (cost of S/. 8,740 thousand and accumulated amortization of S/. 4,374 thousand as of December 31, 2017). These intangible assets are amortized on a straight-line method according to the useful lives estimated by management.

12. Other assets

The item is comprised as shown below:

	<u>As of 09.30.2018</u>	<u>As of 12.31.2017</u>
	<u>Thousands of S/</u>	<u>Thousands of S/</u>
Operations in process (a)	14,564	0
Others (b)	2,540	2,921
Total	17,104	2,921

This item includes transactions in process, the payments anticipated by subscriptions, other deferred charges, among others.

- (a) The balance of transactions in process corresponds mainly to the collections of Caja Municipal de Ahorro y Crédito de Sullana, Financiera Efectiva and CRAC Señor de Luren in liquidation for the recoveries of the mortgage loan portfolio of Ex CRAC Señor de Luren, pending deposit in the current accounts of the FUND. These deposits are usually made in the month immediately following.
- (b) The balance of the Others item, registers the taxes and subscriptions paid in advance, deliveries to render account, travel expenses and other deferred charges, whose main balance is for the implementation of the Shared Data Center service (CDC for its acronym in Spanish) provided by the AI INVERSIONES PALO ALTO II SAC Company (ex GMD S.A.). As of September 30, an advance payment for this service was maintained in thousands of S/1,475 (As of December 31, 2017, thousands of S/. 1,474).

It should be noted that the "Corporate Information and Communication Technology (ICT) management plan for companies under the scope of FONAFE" was approved by Resolution of Executive Direction N° 046-2009/DE-FONAFE, resolution that defines the implementation of the Shared Data Center (CDC - ICT), in the framework of this process and to continue providing this service, FONAFE approved, on August 05, 2016, the good pro of the Peruvian awards for lesser amounts No. 004-2016FONAFE for contracting the service to the Company GMD S.A.

13. Debts and Financial Obligations

The item is comprised as shown below:

	<u>In thousands of S/</u>	
	<u>09.30.2018</u>	<u>12.31.2017</u>
-Debts and Obligations with Foreign Companies and International Financial Institutions (a)	439,956	195,722
-Securities and Titles (b)	4,906,074	5,835,687
Total	5,346,030	6,031,409

- a) As of September 30, 2018, the FUND has an accounting balance of thousands of EUR115,000 (Principal for thousands of EUR115,000 plus interest for thousands of

EUR260 less amortized cost for thousands of EUR48) equivalent in thousands of S/439,956 from the line of the loan of thousands of EUR 120,000 taken from the French Development Agency, with an interest rate of 1.30%; 0.61%; 0.92%; 0.77% and 0.79%.

As of December 31, 2017, the FUND has an accounting balance of thousands of EUR49,828 (Principal for thousands of EUR50,000 plus interest for thousands of EUR174 less amortized cost for thousands of EUR345) equivalent in thousands of S/194,011 from the line of the loan of thousands of EUR120,000 taken from the French Development Agency, with an interest rate of 0.61% and 1.30%. It also has a commission allowance for non-utilisation of the Afraissal Fee credit facility of thousands of EUR439, equivalent in thousands of S/1,711.

Date	Financial Institution	Principal Foreign Currency	Annual Interest Rate	In Thousands of S/.			Total	
				Principal	Interests	Amortized Cost Adjustment		
Debts and obligations with foreign companies and international financial entities								
09/04/15	AFD Loans	€36,000.00	3.893562	1.30%	137,979	80	(995)	137,064
10/04/16	AFD Loans	€9,000.00	3.893562	0.61%	34,495	9	0	34,504
24/04/18	AFD Loans	€10,000.00	3.893562	0.92%	38,328	16	0	38,343
11/07/18	AFD Loans	€20,000.00	3.893562	0.77%	76,655	26	0	76,681
08/23/18	AFD Loans	€40,000.00	3.893562	0.79%	153,310	54	0	153,364
		€115,000.00			440,766	185	(995)	439,956

Date	Financial Institution	Principal Foreign Currency	Annual Interest Rate	In Thousands of S/.			Total	
				Principal	Interests	Amortized Cost Adjustment		
Debts and obligations with foreign companies and international financial entities								
09/04/15	AFD Loans	€ 40,000.00	3.893562	1.30%	155,742	607	-1,346	155,004
10/04/16	AFD Loans	€ 10,000.00	3.893562	0.61%	38,936	71	0	39,007
		50,000.00			194,678	679	-1,346	194,011
Agence Francaise de developpment (AFD)								
		€ 25.28	3.893562		98			98
		€ 29.17	3.893562		114			114
	AFD - commission for non-use of line – Oct 16	€ 30.14	3.893562		117			117
	AFD - commission for non-use of line – Nov 16	€ 30.14	3.893562		117			117
	AFD - commission for non-use of line – Dec 16	€ 27.22	3.893562		106			106
	AFD - commission for non-use of line – Jan 17	€ 30.14	3.893562		117			117
	AFD - commission for non-use of line – Feb 17	€ 29.17	3.893562		114			114
	AFD - commission for non-use of line – Mar 17	€ 30.14	3.893562		117			117
	AFD - commission for non-use of line – Apr 17	€ 29.17	3.893562		114			114
	AFD - commission for non-use of line – May 17	€ 30.14	3.893562		117			117
	AFD - commission for non-use of line – Jun 17	€ 30.14	3.893562		117			117
	AFD - commission for non-use of line – Jul 17	€ 29.17	3.893562		114			114
	AFD - commission for non-use of line – Aug 17	€ 30.14	3.893562		117			117
	AFD - commission for non-use of line – Sep 17	€ 29.17	3.893562		114			114
	AFD - commission for non-use of line – Oct 17	€ 30.14	3.893562		118			118
		€ 439,444			1,711	0	0	1,711
		€ 50,439,444			196,389	679	-1,346	195,722

b) Outstanding securities - This caption is made up as follows:

	Annual nominal Interest rate %	Maturity	Amount issued (000)	Book Value	
				09.30.2018 S/(000)	12.31.2017 S/(000)
Domestic issuances					
Corporate Bonds –					
First Program (b)					
(1st issuance ("A" series) (a))	6.66	April 2019	S/ 116,045	116,005	115,921
(2nd issuance ("A" series) (b))	6.72	July 2026	S/ 310,000	309,711	309,776

	Annual nominal Interest			Book Value	
(3rd issuance ("A" series) (c)	7.00	February 2024	S/ 1,500,000 0	1,494,706	1,494,436
International issuances					
Corporate bonds					
1st issuance (d)	3.50	January 2023	US\$500,000	1,638,356	1,607,468
2nd issuance (e)	3.38	April 2019	US\$300,000	809,339	901,043
3rd issuance (f)	1.25	June 2018	CHF250,000	0	831,140
Reopening 1st (issuance) (g)	3.50	January 2023	US\$150,000	489,804	480,263
				4,857,921	5,740,047
Interest payable				48,153	95,640
Total				4,906,074	5,835,687

- a) In April 2016, the FUND carried out the first bond issuance in the local market. The issuance corresponded to a nominal amount of thousands of S/. 116,045, maturing in 3 years. Bonds were placed under par, at a coupon rate of 6.65625%, with a half-yearly payment of interest and amortization at maturity.
- b) In July 2016, the Fund carried out the second bond issuance in the local market. The issuance corresponded to a nominal amount of thousands of S/ 310,000, maturing in 10 years. Bonds were placed under par at a coupon rate of 6.7188%, with a half-yearly payment of interest and amortization at maturity.
- c) In February 2017, the Fund carried out the third bond issuance in the local market. The issuance corresponded to a nominal amount of S/1,500 billion, maturing in 7 years. Bonds were placed under par at a coupon rate of 7.0%, with a half-yearly payment of interest and amortization at maturity.
- d) In January 2013, the Fund issued bonds under Rule 144 and Regulations S of the U.S. Securities Law in the international market. The issuance corresponded to a nominal amount of thousands of US\$500,000, maturing in 10 years. Bonds were placed under par at price of 99.15%, and at a coupon rate of 3.50%, with a half-yearly payment of interest and amortization at maturity.
- e) In March 2014, the Fund negotiated bonds under Rule 144 and Regulations S of the U.S. Securities Law in the international market. The issuance corresponded to a nominal amount of thousands of US\$300,000, maturing in 5 years. Bonds were placed under par at price of 99.763%, and at a coupon rate of 3.375%, with a half-yearly payment of interest and amortization at maturity.
- f) On June 13, 2018 the third international issue in CHF was canceled in full, this issue was made in May 2014, the FUND issued bonds in the Swiss market. The issue was for a nominal amount of thousand of CHF 250,000, whose maturity is 4 years. The bonds were placed in the pair at a price of 99.826%, a cup coupon of 1.250%, with annual interest payment and amortization at maturity. As of September 30, 2018, this issue has been totally canceled paying a total amount of CHF 253.12 billion.
- g) In February 2017, the Fund reopened the 1st international issue to a nominal amount of thousands of US\$150,000, bonds under Rule 144, and Regulation S of the U.S. Securities Law in the International Market, maturing in 10 years,

at a coupon rate of 3.50% with an annually payment of interest and amortization at maturity

The resources raised by debt issues are used exclusively to finance credit operations.

As of September 30, 2018, interest expense on outstanding securities issued by the FUND amounted to thousands of S/185,591 (thousands of S/177,336 as of September 30, 2017) (note 18).

The balance of the securities and outstanding securities classified by maturity is presented below:

	09.30.2018 S/(000)	12.31.2017 S/(000)
From 1 to 2 years	942,650	1,849,907
From 2 to 5 years	2,140,784	-
Over 5 years	1,822,640	3,985,780
Total	4,906,074	5,835,687

14. Accounts payable

The accounts payable item comprises the following:

<i>In thousands of soles</i>	As of 09.30.18 S/(000)	As of 12.31.17 S/(000)
Other accounts payable:		
FONAVI contributions (a)	90,466	161,568
Good payer bonus (capital) allocated to COFIDE (b)	112,667	119,328
Household Housing Bonus to be transferred to technical Entities (c)	1,126,489	572,566
Reimbursement of BFH due to resignation	21,699	
Savings of the family group eligible for transferring to technical entities (TP) (d)	8,802	13,745
Savings of the family group eligible for transferring to Promoters (AVN) (e)	5,484	5,145
Resources to transfer for executed letters of guarantees)	2,640	4,082
Good payer bonus (capital) received from MVCS) (f)	63,992	46,555
Workers' Participation	3,641	0
Suppliers payable	2,520	5,987
Vacation and fringe benefits liquidations	1,540	971
Others	884	878
	1,440,824	930,825

(a) As of September 30, 2018 and December 31, 2017, this item compromises the following:

<i>In thousands of soles</i>	As of 09.30.18 S/(000)	As of 12.31.17 S/(000)
FONAVI collection	24,050	95,152
FONAVI contributions pending from being transferred to the MEF	621	621
Refund of FONAVI pending collection	65,795	65,795

90,466**161,568**

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

The activity of this item is as follows:

	As of 09.30.18	As of 12.31.17
In thousands of soles	S/(000)	S/(000)
Balance at the beginning of the fiscal year	95,152	95,327
Reclassification of contributions pending transfer to MEF	(71,102)	0
Reimbursement of FONAVI contributions	0	175
Balance at end of the fiscal year	24,050	95,152

FONAVI contribution pending from being transferred to the MEF corresponds to collection made by SUNAT that made contributions who have tax stability as per the Law No. 27071

The refunds of contributions to the FONAVI pending payment corresponds to checks issued from 1999 to 2017 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 financial resources received from the MVCS that were allocated to the credits authorized to the IFI (Crédito Proyecto MIHOGAR and Créditos Nuevo MIVIVIENDA), prior review of compliance with the requirements established in the respective regulations.
- (c) Corresponds to the balance to be transferred to the technical entities (builders) for the financing of the family housing bonus (BFH) of the family groups that accessed the Techo Propio Program.
- (d) Corresponds to the balance of the Family Housing Bonus to be transferred to the technical entities that accessed the Techo Propio Program.
- (e) Corresponds to the balance payable to the promoters on behalf of the eligible family groups that accessed the New Home Acquisition Program (AVN by its acronym in Spanish). Includes the savings deposited by family groups in the FUND's accounts.
- (f) Corresponds to the balance payable of the Good Payer Bond. 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 allocates these resources through COFIDE, when disbursements are authorized to the IFIs for the approved credits.

It corresponds to the funds received from the MVCS in accordance with the Agreement for the execution of the Good Payer Bond in force.

15. Provisions and other liabilities

Provisions and other liabilities include the following:

	As of 09.30.18	As of 12.31.17
In thousands of soles	S/(000)	S/(000)
Other allowances (a)	5,387	7,222
Other liabilities (b)	1,017	1,092

- (a) This category includes the provisions for litigation and for judicial and labor lawsuits, which in the opinion of Management and its legal advisors, the allowance recorded as of September 30, 2018 and December 31, 2017 is sufficient to cover the risk of loss from litigation and claims from the FUND. In addition, this report presents the allowances of the portfolio sold in 2007 to IFI, whose credit risk is still maintained.
- (b) This item includes deferred income from portfolio rescheduling and refinancing and that income generated by the higher value obtained by receiving the mortgage loan portfolio from the ex-CRAC Señor De Luren in liquidation that the FUND maintains in the accounts receivable - COFIDE Trust for the activation of Clause Thirty.

16. Net equity

(a) **Capital stock -**

As of September 30, 2018 and December 31, 2017, the capital stock of the FUND is represented by 3,324,714,348 common shares subscribed and paid in for thousands of S/3,324,714, the par value of which is one sol per share. The only shareholder of the FUND is the Fondo Nacional de Financiamiento de la Actividad empresarial del Estado – FONAFE (National Fund for the Financing of the State Entrepreneurial Activities).

On March 28, 2018 the Fund's General Stockholder Meeting agree the capitalization of the profit for the 2017 fiscal year, net of the legal reserve, amounting to thousands of S/22,094.

On March 29, 2017 the Fund's General Stockholder Meeting agree the capitalization of the profit for the 2016 fiscal year, net of the legal reserve, amounting to thousands of S/45,534.

(b) **Legal reserve -**

As of June 30, 2018 and December 31, 2017, the Legal Reserve of the FUND shows a balance of S/. 23,657 thousand and S/249 thousand, respectively.

In accordance with current legislation, the FUND must reach a legal reserve of not less than 35% of its paid-in capital. This reserve is constituted by the annual carry forward of not less than 10 per cent of its net profits and may only be used to offset losses or capitalization, in both cases with an obligation to replenish it.

At the General Shareholders' Meetings held on March 28, 2018 and March 29, 2017, it was agreed that the Legal Reserve for 2017 and 2016 income for thousands of S/2,455 and thousands of S/5,059, respectively, would be created.

With SBS Resolution No. 4907-2017, of December 20, 2017, the SBS approved that the FUND reduce the Legal Reserve by the amount of thousands of S/71,276 to cover the deficit of allowances of the account receivable of the Trust COFIDE due to the modification of its calculation methodology. Therefore, as of 2018, in application of IAS 12, this accounting recognition has generated a temporary difference, resulting in the recognition of deferred income tax, the effect As of 30 September 2018 being thousands of S/20,953.

(c) **Adjustment to equity**

The adjustments to heritaje correspond to the unrealized gain (loss) generated by the valuation of available-for-sale investments, the investments reclassified from available-for-sale investments to held-to-maturity investments. The movements of this item are shown below:

	Balance at January 1, 2017 S/(000)	Reclassification S/(000)	(Debit)/credit to statement of comprehensive income S/(000)	Balance As of December 31, 2017 S/(000)	(Debit)/credit to statement of comprehensive income S/(000)	Balance As of June 30, 2018 S/(000)
Available-for-sale investments from the Fund						
(Loss) unrealized gain from investments available-for-sale, net of transfers to profit and loss	-	11,846	8,214	46	2,058	2,104
Unrealized loss from debt instruments, reclassified from "Available-for-sale investments" to "Held-to-maturity investments", note 3(g)	(10,352)	(11,846)	1,494	(8,692)	(1,649)	(10,341)
	(10,352)	-	9,708	(8,646)	409	(8,237)
Deferred income tax	407	-	(844)	74	7	81
Sub Total	(9,945)	-	8,864	(8,572)	416	(8,156)
Cash flow hedges						
Net gain (loss) from cash flow hedge	219,023	-	(174,943)	71,163	13,826	84,989
Transfer to profit and loss of (gain) realized loss from cash flow hedge derivatives	(269,605)	-	69,159	(229,215)	(1,414)	(230,629)
	(50,582)	-	(105,784)	(158,052)	12,412	(145,640)
Deferred income tax	14,922	-	29,519	46,625	(3,661)	42,964
Sub Total	(35,660)	-	(76,265)	(111,427)	8,751	(102,676)
Total operations of the FUND	(45,605)	-	(67,401)	(119,999)	9,167	(110,832)

As of 30 Sep 18, M2M increased compared to 31 Dec17 due to the reduction of the interest rate effect (negative ETI on both dates).

The following are the effects of the valuation of the cash flow financial derivatives at 09.30.2018 and at the end of the previous year:

- **Exchange Rate Effect** The accounting USDPEN exchange rate increased with respect to that recorded as of 31 Dec 17, generating a positive impact on the valuation of USDPEN purchase derivatives. On the other hand, the EURPEN exchange rate decreased, negatively impacting the valuation of the EURPEN purchase derivatives. In addition, there is no longer any exposure to CHFPEN derivatives, as we no longer have CHF debt. In short, the ETC As of 30 Sep 18 was lower than as of 31 Dec 17
- **Interest Rate Effect:** The ask rates of the PEN swap curve fell in the short term and there is an increase in the medium and long term with respect to 31 Dec 17. The bid rates of the EUR swap curve did not differ in the short term; however, in the medium and long term there is an increase with respect to 31 Dec 17. On the other hand, the bid rates of the USD swap curve increased significantly with respect to 31 Dec 17. Finally, the impact resulted in a positive variation of the ETI (negative ETI on both dates)
- **Total effect** M2M As of September 30, 2018 increased compared to December 31, 2017 due to the interest rate. It should be noted that the total recovery remains positive.

(d) **Effective Equity**

In June 2008, Legislative Decree No. 1028 amended the Banking, Insurance and PFA Law, establishing that the effective equity must be equal to or greater than 10% of the total risk-weighted assets and contingent loans corresponding to the sum of:

- (i) the effective equity requirement for market risk multiplied by 10,
- (ii) the effective equity requirement for operational risk multiplied by 10, and
- (iii) credit risk-weighted assets and contingent claims.

As of September 30, 2018, and December 31, 2017, pursuant to Legislative Decree No. 1028, as amended, the FUND maintains the following amounts in respect of risk-weighted assets and contingent loans and effective equity (basic and supplementary), expressed in soles:

	2018	2017
	<u>S/(000)</u>	<u>S/(000)</u>
Assets and credits weighted by total risks	3,813,292	3,359,246
Total effective equity	3,301,381	3,289,330
Basic effective equity (Level 1)	3,301,381	3,289,330
Global capital ratio over the effective equity	77.00%	86.76%

As of September 30, 2018 and December 31, 2017, the FUND has been complying with SBS Resolutions Nos. 2115-2009, 6328-2009, 14354-2009, 4128-2014, Regulations for the Requirement of Cash Equity for Operational Risk, Market Risk, and Credit Risk, respectively, and amendments thereto. These Resolutions establish, mainly, the methodologies to be used by financial institutions to calculate weighted assets and loans for each type of risk.

In July 2011, the SBS issued Resolution No. 8425-2011, which establishes that in order to determine the level of additional effective equity, financial institutions must have a process in place to evaluate the sufficiency of their effective equity based on their risk profile, in accordance with the

methodology described in the Resolution. In application of said standard, the additional effective equity requirement shall be equal to the sum of the effective equity requirements calculated for each of the following components: economic cycle, concentration risk, market concentration risk, interest rate risk in the bank book and other risks.

It also provides for a phasing-in period of five years from July 2012. As of September 30, 2018, the adjustment percentage established by the SBS is 100%, which means that the additional requirement of effective equity estimated by the FUND amounts to thousands of S/75,348 (thousands of S/66,574 as of December 31, 2017).

In the opinion of Management, the FUND has been complying with the requirements established in the aforementioned resolution and will not have any inconvenience in continuing to comply with them, given that the assets constituted by the FUND comfortably cover such requirements

17. Interest Income

The item is comprised as shown below:

	09.30.2018	09.30.2017
	<u>S/(000)</u>	<u>S/(000)</u>
Interest income		
Interest from accounts receivable (Trust Agreement -COFIDE), net of interest related to PBP granted by the FUND (a)	298,981	282,333
Allocation of CRC and PBP Trusts	2,854	2,602
Interest per available (b)	69,000	77,205
Interest on investment returns (c)	20,111	18,030
Direct loan portfolio	5,691	2,045
Other income	161	312
Total interest income	396,798	382,527

- a) Corresponds to interest income from accounts receivable - Trust COFIDE, generated by loans to the financial institutions it administers.
- b) This corresponds to interest income generated by interest-bearing bank accounts and interest earned on time deposits.
- c) During 2018, the interest income of the investment portfolio is constituted primarily by the interest income of the Maturity Investments (Sovereign bonds, corporate bonds, subordinated bonds and bonds of Titling among others).

18. Interest Expense

Below is the composition of the item:

	09.30.2018	09.30.2017
	<u>S/(000)</u>	<u>S/(000)</u>
Interest expense		
Interest and commissions on securities and bonds outstanding (a)	185,591	177,336
Expenses for granting Good payer award (capital) (b)	40,634	44,414
Interest and commissions on debts and financial obligations (c)	2,462	4,272
Commissions and other charges for financial obligations	949	1,047
Expenses for Cobertura de Riesgo Crediticio CRC	19	
Total interest expenses	229,655	227,069

- (a) This corresponds to the interest expense accrued on international bond issues (first issue in 2013, the 2nd and 3rd issues were issued in 2014 and the reopening of the 1st issue in February 2017); and interest expense on the

first and second local issues in 2016 and the third local issue in February 2017.

- (b) This item shows the expense represented by the Good Payer Award granted through the Trust COFIDE.
- (c) It corresponds to accrued interest and the adjustment of the amortised cost of the loan to the French Development Agency (AFD), in the same way the allowance for the non-utilisation of the Afraissal Fee Euros credit line.

19. Financial Services Income

It corresponds to the commissions received for the trust management service, mainly the management of the CRC-PBP Trusts, for which the Fund receives a monthly commission equivalent to 0.05 percent of the net equity of the CRC and PBP as of the close of each month, charged to CRC and PBP, and also for the commission charged to the IFIs for the credit risk hedging agreement and the Good Payer Award.

	In thousands of S/	
	09.30.2018	09.30.2018
Income from trusts and fees	489	464
Various incomes	2,911	3,630
Total	3,400	4,094

20. Expenses for financial services

The composition of this item is shown below:

	In thousands of S/	
	09.30.2018	09.30.2018
Expenses from trusts and fees	156	150
Various expenses	1,950	359
Total	2,106	509

Corresponds to expenses for maintenance, freight, transfer commissions, commission for custody of securities, service for issuance of management checks and other expenses for services provided by banks; as well as administration commissions that as of 2017 are being paid to COFIDE, CMAC Sullana, Financiera Efectiva and CRAC Señor de Luren in Liquidation.

21. Results from Financial Transactions (ROF)

The item is comprised as shown below, in thousands of soles:

	09.30.2018	09.30.2017
	S/ (000)	S/ (000)
Trading derivatives (a)	336	2,421
Results for Coverage operations (b)	(78,189)	(79,587)
Profit - Loss in Exchange Difference (c)	(2,690)	956
Others	(289)	(1,540)
Final Balance	(80,832)	(77,750)

- (a) It corresponds to net gain generated from the: Negotiating forward (CHF – USD and USD-PEN), which as of 09.30.2018 represents an accumulated gain of S/ 336 mainly due to:

Contract Type	Amount S/
004 FWD Purchase Agreements	(590)
001 FWD Sale Agreements	926
	336

(b) It corresponds to the net loss generated by the following agreements:

- Forward of coverage at fair value coverage (USD) at 09.30.2018 has an accumulated gain of S/ 2,788 thousands of soles due mainly to:

Contract Type	Amount S/
004 FWD Purchase Agreements	591
011 FWD Sale Agreements	2,197
	2,788

- Swap Principal Only of cash flows hedge (USD, CHF and EUR) that as of 09.30.2018 has a cumulative profit of S/ 60,501 thousands of soles mainly due to:

Contract Type	Amount S/
055 Swap Principal only Agreements - Purchase	(60,501)
	(60,501)

- Cross Currency Swap to hedge cash flows (USD and EUR) which at 09.30.2018 presents an accumulated loss of S/. 20,465 thousands of Soles mainly due t:

Contract Type	Amount S/
13 Cross Currency Swap Purchase Agreement	(22,536)
08 Cross Currency Swap Sale Agreement	2,071
	(20,465)

- Swap Interest Only of cash flows hedge (USD and EUR) that as of 09.30.2018 has a cumulative loss of S/ 11 thousand Soles mainly due to:

Contract Type	Amount S/
01 Swap Interest Only Agreement Purchase	(11)
	(11)

(c) This refers principally to the Exchange rate leveling in the balances of the assets, liability, and equity accounts in U.S dollars, Swiss Francs, and Euros, which resulted in a cumulative loss of thousands of S/ 2,690.

22. Administration expenses

The item is comprised as shown below:

	In thousands of S/	
	09.30.2018	09.30.2017
Personnel and Board expenses (a)	21,073	15,290
Services received from third parties (b)	17,627	13,330
Taxes and contributions	465	446
	39,165	29,066
	=====	=====

(a) The detail of personnel and directory expenses is presented below:

	In thousands of S/	
	09.30.2018	09.30.2017
Remuneration	9,296	7,968
Bonus	481	470
Employee profit sharing	3,641	40
	385	204
Severance indemnities		
Gratuities	1,666	1,451
Severance indemnity expenses ("CTS", by its Spanish acronym)	983	846
Professional Internship Grant	531	477
Security and Social security	1,585	1,367
Vacation	904	750
Training	137	153
Allowance to the Board	8	282
Food Allowances	606	509
Personal clothing	293	294
Others	557	479
	21,073	15,290

(b) The detail of the account "Services provided by third parties" is as follows:

	In thousands of S/	
	09.30.2018	09.30.2017
Advertising	6,240	1,382
Rental of goods and properties	1,920	1,809
Fees and consultancy	2,133	1,867
Repair and Maintenance	1,551	1,008
TIC project expenses - FONAFE	663	1,057
Communications	590	649
Verification of works	99	230
Telemarketing Services	518	206
Travel expenses	147	278
Transport	210	252
Insurance	194	258
Document storage	209	200
Courier service	153	184
Other expenses	3,000	3,950
	17,627	13,330

23. Valuation of Assets and Provisions

The detail of this item is as follows:

	In thousands of S/.	
	09.30.2018	09.30.2017
Provisions for Uncollectible Accounts Receivable		
Provision COFIDE Trust	-45,334	-8,081
Provision EXCONEMINSA portfolio	-23	-64
Provision for Invoice Receivable	-107	-104
Provision for Reversion – COFIDE Trust	25,412	32,905
Provision for Reversion - EXConeminsa	1,993	163
Provision for Reversion - Banco Banex	0	2
Provision for Reversion - Banco Republica	0	48
Provision for Reversion - IFIS in Liquid.	127	250
	-17,932	25,119
Investments Impairment	-3,776	0
Provision for Suits and Complaints	-434	-779
Other Provisions	-602	0

24. Other income, net

The detail of this item is as follows:

	In thousands of S/	
	09.30.2018	09.30.2017
Other income		
Income for sundry Accounts Receivable	1,442	196
Deferred income accrued	14	54
Income linked to Letters Bonds	22	23
Penalties	30	37
License for use of brand	64	68
Reversal of Prov.-Portfolio Sold 2007	1,230	0
Other income	4	206
	2,806	584
Other expenses		
Fines	-	(6)
Other minor expenses	(9)	(20)
	(9)	(22)
Total other income, net	2,797	562

Other income balance items are detailed below:

Income linked to Letters of Guarantee, corresponds to the collection of income related to expired letters of guarantee; an amount of S / 22 thousand is recorded for the year 2018.

Penalties on providers corresponds to the collection made by the FUND from suppliers for the failure to comply with an awarded contract; an amount of of S/30 thousand is recorded for the year 2018,.

Income from License for Use of Brand corresponds to the collection of rights, which according to the contract, the FUND will charge 35% of the client's billing; an amount of S / 64 thousand is recorded for the year 2018.

Reversal of the Allowance of the item sold in 2007, this allowance last year was exposed within the Valuation of Assets and Provisions category, however it has been reclassified to this category for a better exposure; considering that the

eventual fulfillment of obligations to third parties corresponds to the fulfillment of the terms and conditions stipulated in the portfolio-sale contract entered into in 2007.

Other Income corresponds to the Sale of Bases, for the payment of the right of participation of suppliers to enter the award process and for the sale of recycled paper; an amount of S/. 4 thousands is recorded for the year 2018.

25. Profit Per Share-Unit

Basic profit per common share has been calculated by dividing net income for the year by the weighted average number of shares outstanding during the year. Since the FUND has no financial instruments with a dilutive effect, the basic and diluted earnings per share are the same.

<u>Detail</u>	<u>In thousands of S/.</u>	<u>In S/.</u>
Weighted average number of basic shares	3,309,985	
Weighted average number of diluted basic shares	3,309,985	
Income for the fiscal year		19,90
Basic earnings per share		0.006
Diluted earnings per share		0.006

26. Tax Status

(a) The FUND is subject to the Peruvian tax regime. Pursuant to Legislative Decree No. 1261, published on December 10, 2016 and effective as of the taxable year 2017 onwards, the applicable income tax rate on taxable income, after deducting employee participation, is 29.50%. Therefore, said income tax rate has been applicable to taxable income As of September 30, 2018 and December 31, 2017; after calculating the employees' share of profits, which in the case of the FUND, and in accordance with current labor standards, it is done by applying the rate of 5.00% on the net taxable income.

Legal entities not domiciled in Peru are subject to withholding of an additional tax on dividends received. In this regard, in accordance with the provisions of the aforementioned Legislative Decree, the additional tax on dividends on profits generated shall be as follows:

- 6.8% for profits generated from January 1, 2015 to December 31, 2016.
- The applicable rate will be 5% for income generated on or after January 1, 2017, and distributed after that date.

(b) Since 2011, with the amendment made by Law No.29645 to the Income Tax Law, the interests and other gains that come from foreign credits granted to the National Public Sector are also included as one of the assumptions exempted from Income Tax. State-owned companies with private law are considered to form part of the national public sector, as is the case of the FUND.

(c) In accordance with article 19 clause q) of the Single Amended Text of the Income Tax Law, interest and other earnings from external credits granted to the National Public Sector are exonerated until December 31, 2018(¹), and

¹ Law 30404, published on 12.30.2015 in the Official Gazette El Peruano, which extends until 12.31.2018 the exoneration of the VAT to appendix II and article 19 of the Income Tax Law.

therefore, the obligation to withhold Income Tax from non-domiciled persons is also exonerated.

Likewise, the sale of real estate investments made by the FUND are exempt from income tax from January 1, 2017 to December 30, 2019⁽²⁾ :

1. Common shares and Investment shares
2. American Depository Receipts (ADR) y Global Depositary (GDR)
3. Exchange Trade Fund (ETF) units with underlying shares and/or representative securities.
4. Debt instruments.
5. Certificates of participation in mutual funds for investment in securities.
6. Certificates of participation of real estate investment funds (FIRBI) and certificates of participation in securitization trusts for real estate investment (FIBRA).
7. Negotiable invoices

As for the General Sales Tax, the interest generated are inactive by securities issued through a public or private offering by legal entities incorporated or established in the country is unaffected, as are the interest generated by securities not placed through a public offering, when they have been acquired through any centralized trading mechanism referred to in the Securities Market Law.

- d) For the purpose of determining income tax, the transfer prices of transactions with related companies and with companies resident in countries or territories with low or no taxation, must be supported by documentation and information on the valuation methods used and the criteria considered for their determination. Based on the analysis of the Fund's operations, management and its internal legal advisors are of the opinion that, as a result of the application of these standards, no material contingencies will arise for the FUND As of September 30, 2018 and December 31, 2017.
- e) 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 in which the respective tax return is filed. The income tax returns for the years 2013, 2015, 2016 and 2017 and the general sales tax from 2012 to 2017 are subject to inspection by the Tax Authority. In 2018, the FUND requested the refund of the balance of the Tax on Net Assets (ITAN for its acronym in Spanish) not compensated in 2017, amounting to S/ 22'276,676; therefore, with Intendancy Resolution No. 012-180-0016409/SUNAT dated 05.04.2018, the Tax Administration authorized the total refund, which was collected in the same month.

In 2016, the FUND was taxed in relation to income tax for the period 2014 as a consequence of the ITAN refund request, which is why the Tax Administration determined that the refund in favor of the FUND should be in the amount of S/27'700,000. Also, the Tax Administration determined interest accrued in favor of the FUND for the same refund in the amount of S/1'865,000. In 2015, the FUND was audited in relation to the Income Tax for the period 2012, in this respect the Tax Administration did not find any observations or amounts of omission that had to be regularized after the resolution of the determination of the debt issued debt.

² Legislative Decree 1262, modifying Law 30341, published on 12.10.2016 in the Official Gazette El Peruano, Law that promotes the liquidity and integration of the securities market.

- f) The FUND has made an allowance for current income tax as of September 30, 2018, amounting to thousands of S/. 20,405; this effect is mainly due to the tax treatment of the exchange difference of assets and liabilities in foreign currency, which when comparing the accounting exchange rates with the weighted average exchange rates of purchase and sale, generated an addition in thousands of S/. 80,412 and a deduction in thousands of S/. 17,606.

There was no income tax allowance as of December 31, 2017.

- g) There was no income tax allowance as of December 31, 2017. The Income Tax Allowance as of September 30, 2018 and December 31, 2017, less (i) payments on account effectively paid before the end of the respective year, (ii) income tax credit for prior years, (iii) payments made by ITAN, and (iv) other taxes presented in the current tax statement are as follows.

	09.30.2018	12.31.2017
	<u>S/(000)</u>	<u>S/(000)</u>
Provision for income tax	(20,405)	-
Payment on account of income tax	6,125	-
Temporary Tax Payments on Net Assets	27,492	-
Income Tax Credit Previous fiscal Year	40,623	62,899
General sales tax	(48)	(120)
Total	<u>53,787</u>	<u>62,779</u>

- h) In relation to the allowance for income tax shown in the income statement comprises:

	09.30.2018	09.30.2017
	<u>S/(000)</u>	<u>S/(000)</u>
Income tax		
Current	(20,405)	(224)
Deferred	16,113	(13,453)
TOTAL	<u>(4,292)</u>	<u>(13,677)</u>

27. Deferred Income Tax

Deferred income tax has been calculated based on the differences between the accounting and tax bases of assets and liabilities. The breakdown and change in this item is presented below according to the items originating it:

	Balance at	Additions (Deductions)		Balance at
	09.30.2018			12.31.2017
	(000)	Results	Equity	(000)
Assets				
Investment	1,195	1,114	7	74
Loan Portfolio	2,826	(122)		2,948
Derivatives for hedging purposes	42,964		(3,662)	46,626
Accounts Receivable	29,523	(4,226)	20,815	12,934
Intangible Assets	261	133		128
Other Assets	548			548
Total Assets	<u>77,317</u>	<u>(3,101)</u>	<u>17,160</u>	<u>63,258</u>
Liabilities				

Accounts payable	277	(9)	286
Provisions	1,362	715	(23,721)
Other liabilities	218	(18)	
Leveling of assets and liabilities	(5,194)	18,527	(23,633)
Total Liabilities	(3,337)	19,215	40,706
	73,980	16,114	17,160

28. Financial Risk Management

The activities of the Fund are mainly related to the credit placement of its resources through the country's financial institutions for the acquisition of homes by individuals. The financial institutions are evaluated and assigned long-term credit lines; they also participate in activities to encourage the construction and promotion of housing and manage the resources received from the State (such as the Bono Familiar Habitacional) and their own resources, investing these funds mainly in fixed income and investment grade investments, with the purpose of making them profitable and preserving their value over time, ensuring the necessary liquidity to meet their obligations and credit activities.

In this sense, financial risk management includes the management of the main risks that the Fund faces due to the nature of its operations; these are: credit, market, liquidity and operational risk.

- 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 risk: the possibility of losses on positions within and outside the statement of financial position arising from fluctuations in interest rates, exchange rates, prices of equity instruments and other market prices that affect the valuation of positions in financial instruments.
- Liquidity risk: this is the possibility that the Fund may not be able to meet its obligations when due, incurring losses that significantly affect its equity position.
- Operational risk: is the possibility of loss due to inadequate processes, personnel or information technology failures or external events.

A structure and organization specialized in management, measurement and reporting systems, and mitigation and coverage processes are in place to manage these risks.

(a) Structure and organization of risk management -

The Fund has a governance and management structure that allows it to coordinate the administration and control of the risks it faces.

(i) Board of Directors

The Board of Directors of the Fund is responsible for establishing an adequate integral management of risks and for fostering an internal environment that facilitates their development. The Board of Directors is kept permanently informed about the degree of exposure to the various risks managed by the Fund.

The Board of Directors has created several specialized committees to which it has delegated specific functions in order to strengthen risk management and internal control.

(ii) Risk Committee

The Risk Committee is a collegiate body created by agreement of the B of D. It is responsible for approving the policies and organization for the comprehensive management of risks, as well as the modifications made to them. The Committee defines the level of tolerance and the degree of risk exposure that the Fund is willing to assume in the development of the business and decides on the actions necessary for the implementation of the required corrective measures, in the event of deviations from the risk tolerance levels and the degrees of exposure assumed. The Committee meets on a monthly basis and is composed of the Chairman of the Board and two Directors, the General Manager, and the Risk Manager. The Committee reports quarterly to the Board of Directors on the agreements reached and issues discussed at the Risk Committee meetings.

(iii) Special Audit Committee

The Special Audit Committee is a collegiate body created by agreement of the B of D. Its main purpose is to monitor the appropriateness of accounting and financial reporting processes, to evaluate the activities carried out by internal and external auditors, and to monitor the proper functioning of the internal control system. The Special Committee is composed of three members of the Board of Directors and may include as guests the General Manager and the Head of the Internal Audit Office, as well as such other officers as the Special Audit Committee deems necessary. The Special Committee meets at least once a month and its Chairman submits a quarterly report on the work of the Special Committee to the Board of Directors.

(iv) Assets and Liabilities Management Committee

The Assets and Liabilities Committee (hereinafter "the ALCO Committee") is a collegiate body created by agreement of the Board of Directors. Its main function is to manage the financial structure of the status of the Fund, according to the goals of profitability and risk. The Committee is also responsible for proposing new products or operations that contain market risk components. It is also the communication channel with market risk generating areas. The Committee meets monthly and is made up of the General Manager, Commercial Manager, Finance Manager and Risk Manager.

(v) General Management

The General Manager has the responsibility of implementing an adequate integral risk management in the Fund. Also directs and coordinates the efforts of the various management and offices, ensuring that an adequate balance is established between risk and profitability. The General Manager is responsible for proposing policies, procedures and methodologies for competent comprehensive risk management, promoting the alignment of the Fund's risk management measures with appetite and risk tolerance levels and the development of appropriate controls. Risk Management is made up of the Market, Liquidity and Operational Risk Department and the Credit Risk and Portfolio Monitoring Department.

(vi) Internal Audit

The Internal Audit Division reports functionally to the Board of Directors. Provides independent and objective assurance and consultation services. Helps the Fund to meet its objectives by applying a systematic and disciplined approach to assessing and improving the effectiveness of governance, risk management, and control processes.

- (b) Risk measurement and reporting systems -
The Fund uses different rating models and tools for risk management. These tools measure and assess the risk to make better decisions in the different stages or life cycle of credit.

Management indicators are constantly reviewed and analyzed in order to identify possible deviations in the risk profile from the stipulated risk appetite and take timely corrective measures. This information is presented monthly to the Risk Committee and periodically to the Board of Directors.

- (c) Risk concentration
The Fund, through its policies and procedures, establishes the guidelines and mechanisms necessary to avoid excessive concentration of risk, thus maintaining a diversified portfolio. If a concentration risk is identified, the Fund has specialized units that allow it to control and manage this risk.

28.1 Credit risk -

Credit risk is defined as the probability of incurring financial losses due to the non-fulfillment of contractual obligations by a counterparty or third party due to insolvency, inability or unwillingness to pay.

- (a) The Fund opts for a risk policy that ensures sustained and profitable growth by incorporating analysis procedures for appropriate 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 for adequate measurement, quantification and monitoring of the loans granted to the IFIs, promoting the continuous improvement of policies, tools, methodologies and processes.

The Fund's credit risk exposure is managed through ongoing analysis of debtors' ability to meet interest and principal payments on their obligations and through monitoring the use of the General Line of Credit granted to the IFI.

- (b) Maximum credit risk exposure-
As of September 30 2018, and As of 31 December 2017, the Fund's Management has estimated that the maximum amount of credit risk to which the Fund is exposed to is represented by the carrying value of financial assets that present a credit risk exposure and that consist mainly of deposits in banks, investments available for sale, investments at maturity, accounts receivable, operations with derivative financial instruments and other monetary assets. The exposure of each counterparty is limited by internal and regulatory guidelines.

In this regard, As of September 30, 2018 and As of December 31, 2017,:

- 100 percent, for both periods, of the accounts receivable (Trust Agreement - COFIDE) is classified, according to IFI risk, in the two upper levels defined by the SBS.
- 92.19 percent and 92.49 percent, respectively, of the accounts receivable (Trust Agreement - COFIDE), according to the risk of the final beneficiary, are considered to be neither overdue nor impaired.

- 98.04 percent and 93.40 percent, respectively, of the investments available for sale and at maturity, have at least investment grade (BBB- or higher).

With respect to the evaluation of the Loan Portfolio, the FUND classifies the debtors in the risk categories established by the SBS and in accordance with the classification criteria established for each type of loan: that is, for the debtors of the Mortgage Portfolio. The classification of debtors is determined by means of a methodology based on the criteria of SBS Resolution No.11356-2008 "Regulation for the evaluation and classification of debtors and the requirement of provisions" and its amendments. See note 3(e).

- (c) Credit risk management for accounts receivable (Trust Agreement - COFIDE) -
Credit risk is managed mainly through the admission, monitoring and control of the IFIs.

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

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

The Financial credits from the FUND are placed in national currency. It is important to note that the FUND still maintains loan balances in U.S. dollars, corresponding to the first products disbursed (as of September 30, 2018 and December 31, 2017, the dollar portfolio represents 2.36 and 2.75 percent of the total portfolio, respectively).

As of September 30, 2018 and December 31, 2017, the maximum level of exposure to credit risk of the FUND is approximately S/. 6,468,426,802.73 and S/. 6,321,390,509.63 respectively, which corresponds to the balance of accounts receivable (Trust Agreement - COFIDE).

In accordance with the FUND's agreement with the IFIs, the IFI is responsible for ensuring that subloans are secured by mortgage guarantee constituted.

Due to its role as trustee, COFIDE has mechanisms through the contracts for channeling resources signed with the IFIs, which guarantee the mass of mortgage loans placed by the FUND, for which the IFI is responsible.

The evaluation and proposal of the credit line is carried out by the Commercial Management. Risk Management reviews the assessment and analyses the risks. The proposal is referred to the Risk Committee for approval or rejection.

Below are balances of accounts receivable (Trust Agreement - COFIDE) based on IFI risk classification.

IFI RISK:

Risk Category	As of 09.30.2018		As of 12.31.2017	
	Total S/(000)	%	Total S/(000)	%
Normal	6,367,201	100.77	6,215,218	100.48
With potential problem	101,226	1.60	106,173	1.72
Total gross accounts receivable	6,468,427	102.37	6,321,391	102.20
Less: Provision for doubtful credits:	149,700	2.37	135,888	2.20
Total, net	6,318,727	100.00	6,185,503	100.00

(d) 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 foreign investments, the evaluation considers the ratings issued by the international risk rating agencies, as well as the risk of the issuer's country, which is evaluated considering its main macroeconomic variables.

(e) Financial instruments exposed to credit risk - Concentration of financial instruments exposed to credit risk

As of September 30, 2018 and December 31, 2017, financial instruments exposed to credit risk were distributed according to the following economic sectors:

Sep-18

A fair value with effect on results					
	For negotiation or for hedging coverage S/(000)	Accounts Receivables S/(000)	Available-for-sale investments S/(000)	Held-to-maturity investments S/(000)	Total S/(000)
Financial services	140,448	6,679,741	174,724	204,219	7,199,132
Central Government	-	-	-	31,752	31,752
Electricity, gas and water	-	-	-	116,829	116,829
Construction	-	-	3,499	4,400	7,899
Others	-	-	-	25,238	25,238
Total	140,448	6,679,741	178,223	382,438	7,380,850
Interests	-	16,126	2,032	5,133	23,291
Total	140,448	6,695,867	180,255	387,571	7,404,141

Dec-2017

A fair value with effect on results

	For negotiation or for hedging coverage S/(000)	Accounts Receivables S/(000)	Available-for-sale investments S/(000)	Held-to-maturity investments S/(000)	Total S/(000)
Financial services	164,444	6,408,692	10,939	516,788	7,100,863
Central Government	-	-	-	31,636	31,636
Electricity, gas and water	-	-	-	175,776	175,776
Construction	-	-	3,511	5,131	8,642
Others	-	-	19,518	32,717	52,235
Total	164,444	6,408,692	33,968	762,048	7,369,152
Intereses	-	16,344	148	8,349	24,841
Total	164,444	6,425,036	34,116	770,397	7,393,993

28.2 Market risk -

Market risk is the possibility of loss due to changes in financial market conditions. The main variations to which the Fund is exposed are: exchange rates and interest rates; these variations may affect the value of the financial assets and liabilities of the Fund. The Fund classifies market risk exposures as follows:

(a) 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 (Exchange VaR) and for the investment portfolio (Interest Rate VaR), both with a 99% confidence level and a 10-day settlement period. It is worth mentioning that this method does not assume any distribution function for profit and loss, and is based solely on the historical behavior observed.

(b) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Interest rate fair value risk 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 generated when changes in interest rates expose the entity to higher costs in financing operations (borrowing rates); or lower returns on its investment operations (lending rates). The second is related to the valuation of the assets and liabilities of the entity and, therefore, to the economic value or real value of its equity. This modality occurs when market interest rates change, that are used for the valuation of the various instruments that form part of the statement of financial position of the Fund.

The SBS calls these two impacts Gains at Risk (GER for its acronym in Spanish) and Equity Value at Risk (VPR for its acronym in Spanish), both of which are short-term and long-term structural rate risk indicators, respectively.

The Fund monitors that the earnings at risk, calculated under the regulatory and internal model, are below the regulatory limit of 5% and the internal limit of 4% on the Fund's effective equity, respectively. In addition, the Fund has an internal limit of 20% for the calculation of the regulatory model and the internal model for the value of assets at risk.

The management of structural interest rate risk is managed through the monitoring and reporting of regulatory indicators. These indicators result from the regulatory annexes required by the SBS: Appendix No. 7-A "Measurement of Interest Rate Risk - Gain on Risk" and Appendix No. 7-B "Measurement of Interest Rate Risk - Equity Value". The results of the indicators are reported to the Risk Committee and the Asset and Liability

Management Committee, which decide on the actions to mitigate exposure to rate risk.

Sensitivity to changes in interest rates -

The following shows the sensitivity of the income statement and the valuation of the non-negotiation book to various interest rate fluctuations. Fluctuations affect both expected flows and the value of stocks.

In the case of the income statement, the calculation reflects the expected variation in the financial margin over the equivalent period of one year. For this purpose, the current revenue and expenditure position is taken into account and the effect of changes in rates is annualized. The figures express the expected change in the value of assets fewer liabilities for various time gaps. Also included is the effect of derivative financial instruments that were affected by interest rates.

The interest rate fluctuations considered apply equally throughout the yield curve; that is, they are considered a parallel movement of the curve. The effects are considered separately for each of the two currencies presented.

The calculations are based on the regulatory interest rate risk model approved by the SBS, in effect at the date of the statement of financial position. Sensitivities are calculated before the income tax effect.

Interest rate exposure is supervised by the ALCO Committee, as well as by the Risk Committee, the latter approving the maximum limits allowed.

The effects of the estimated changes in interest rates as of September 30, 2018 and As of December 31, 2017 are as follows:

Currency	<u>As of September 30, 2018</u>				
	Changes in basis points		Sensitivity to net results		Sensitivity in net equity
				S/(000)	S/(000)
US Dollars	+/-25	+ / -	(204)	+ / -	(55)
US Dollars	+/-50	+ / -	(407)	+ / -	(109)
US Dollars	75	+	(611)	+	(164)
US Dollars	100	+	(814)	+	(219)
Soles	+/- 50	- / +	13,194	- / +	23,005
Soles	+/-75	- / +	19,790	- / +	34,507
Soles	+/-100	- / +	26,387	- / +	46,010
Soles	+/-150	- / +	39,581	- / +	69,015

Currency	<u>As of December 31 2017</u>		
	Changes in basis points	Sensitivity to net results	Sensitivity in net equity

			S/(000)		S/(000)
US Dollars	+/-25	+ / -	123	+ / -	(23)
US Dollars	+/-50	+ / -	245	+ / -	(47)
US Dollars	75	+	368	+	(70)
US Dollars	100	+	490	+	(93)
Soles	+/- 50	- / +	13,114	- / +	20,211
Soles	+/-75	- / +	19,671	- / +	30,317
Soles	+/-100	- / +	26,227	- / +	40,422
Soles	+/-150	- / +	39,341	- / +	60,633

(a) Foreign currency exchange risk -

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

Management sets limits on exposure levels by currency, which are monitored daily. Most foreign currency assets and liabilities are held in U.S. dollars.

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

The Fund monitors foreign exchange risk through the internal hedging limit on the foreign currency accounting exchange position. The maximum losses due to adverse exchange rate movements are calculated using the regulatory model of value at risk and its methodological notes. Additionally, the Fund uses the historical simulation model to measure these maximum expected losses (the methodology of the internal model is detailed in the Fund's Market Risk Policy Manual).

Below are the results of the value at risk regulatory and internal model (at settlement period of 10 days):

	September 2018		December 2017	
	S/(000)	%	S/(000)	%
Models				
Internal	1,426	0.04%	4,570	0.14%
Global Position	41,274	1.25%	16,001	0.49%
	Oversold		Overbought	

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

The following are the sensitivities for the case of the variation of the US dollar, euro and Swiss franc. Negative variations represent potential losses while positive variations represent potential gains.

Sensitivity analysis.	Changes in exchange rate %	Sep-18 S/(000)	Dec-17 S/(000)
Revaluation -			
US Dollar	5	-2,090	526
US Dollar	10	-4,181	1,051
Devaluation -			
US Dollar	5	2,090	-526
US Dollar	10	4,181	-1,051

Sensitivity analysis.	Changes in exchange rate %	Jun-18 S/(000)	Dec-17 S/(000)
Revaluation -			
Euros	5	27	46
Euros	10	53	92
Devaluation -			
Euros	5	-27	-46
Euros	10	-53	-92

28.3 Liquidity risk -

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

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

The internal control indicators are the internal liquidity ratio, liquidity gaps, duration of resources analysis and stress analysis. Said internal control indicators are prepared in accordance with internal and regulatory methodologies

(contained in the Fund's Liquidity Risk Policy Manual and in the SBS methodological notes for the preparation of regulatory liquidity annexes, respectively). In the event of any event that could give rise to liquidity risk, the Fund has a liquidity contingency plan, which considers the settlement of certain assets, the issuance of debt or the taking of debt.

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 asset is held-to-maturity investments, which are allocated on a contractual basis. The distributional assumptions were approved by the Risk Committee.

29. Contingencies:

As of September 30, 2018 and 2017, the FUND is engaged in the following litigation proceedings:

- (a) Various labor proceedings concerning its operations related to lawsuits for payment of profits and reimbursement of social benefits, recording an allowance of approximately thousands of S/. 1,883 as of September 30, 2018 (thousands of S/2,172 as of December 31, 2017).
- (B) Constitutional processes (amparo proceedings) related to the restitution of labor rights to former FUND workers. Also, proceedings arising from discrimination in the right to participate in procurement and contracting processes, cancellation of registration of technical entities for violations committed.
- (c) Contentious-administrative process on behalf of the DHMONT & CG & M S.A.C. Consortium for Challenge of administrative resolution, in which the plaintiff requests the nullity of the letter from the FUND in which the return of the letter of guarantee is denied, which served as a guarantee and requirement to present its appeal in the public tender (Collique) convened by the FUND in which said company participated. The sum claimed amounts to approximately thousands of S/4,870, the Court ordered the return of thousands of US\$ 250, which was credited to the plaintiff on May 31, 2015.

30. Contingent and order accounts

The following is the composition of the category as of September 30, 2018:

Contingents	In thousands of S/	
	09.30.2018	12.31.2017
Forwards (a)	262,124	224,108
Swaps (b)	2,691,129	3,482,672
Other contingencies	75,336	178,953
Total contingents	3,028,589	3,885,733
Order accounts		
Income in suspension of Ex-Coneminsa portfolio(c)	6,614	6,605
Income from loans Inv. and suspended income (d)	13,062	10,164

LG - CRAC Señor de Luren in Liquidation	52,343	52,343
CRC and PBP Trusts in MN and ME(e)	90,744	87,301
Fid. Cofide - Granted and unused lines	2,771,462	2,691,341
Written-off bad debts (f)	36,233	36,223
Securities in custody	5,962	5,962
Employer contribution debt (g)	18,222	18,222
Other memorandum accounts receivable	277	288
Total other memorandum accounts receivable	2,994,919	2,908,448
Current contracts with suppliers	17,407	11,501
Funds received from the Ministry of Housing - BFH	1,077,509	503,022
LG and joint and several guarantees in custody (h)	898,773	780,282
Mortgage guarantees assigned to the FUND (i)	2,846	2,795
Preferred Guarantees - MIVIVIENDA FUND loans	109,381	192,619
Unused and Granted Line of Credit - AFD Exterior	0	272,549
Other memorandum accounts receivable	166	163
Total Other memorandum accounts receivable	2,106,082	1,762,932
Letters of guarantee and joint and several guarantees in custody		
Autonomous equity, FUND Law 27677 (j)	0	0
Trust CRC-PBP (k)	183,835	177,902
Las Garzas Trusts (l)	21,315	21,431
Total trust	205,150	199,333
Total memorandum accounts	8,334,740	8,756,446

- (a) This corresponds to the FUND's commitment under the US dollar forward sale contracts entered into to hedge the foreign exchange risk of its Availables and Investments for thousands of USD 79,432 As of September 30, 2018.
- (b) It corresponds to the FUND's commitment to the following operations:
- Swaps Principal Only Purchase of U.S. dollars and euros contracted to hedge their accounts payable in U.S. dollars for USD 580,000 thousands and EUR 13,500 thousands As of September 30, 2018.
 - Cross Currency Swaps Sale of U.S. dollars contracted to hedge their accounts payable in U.S. dollars for USD 10,000 thousands of U.S. dollars As of June 30, 2018.
 - Cross Currency Swaps Purchase of euro and US dollars contracted to hedge their accounts payable in that currency for thousands of EUR 51,500 and USD 150,000 As of September 30, 2018.
- (c) As of September 30, 2018 and December 31, 2017, it corresponds to accrued interest on the past-due portfolio of Ex-Coneminsa and "Other accounts receivable".
- (d) Corresponds to the suspended interest generated by the mortgage loans.
- (e) This corresponds to the recognition of the right acquired by the incorporation of the CRC and PBP Nuevos Soles and CRC and PBP US Dollars Trusts in 2007, with current trust assets of thousands of S/43,054 and thousands of S/47,690, respectively (Thousands of S/41,647 and thousands of S/45,654 as of December 31, 2017, respectively).
- (f) As of September 30, 2018 and December 31, 2017, it corresponds mainly to write-offs of balances receivable (principal and interest) under the caption "other

accounts receivable": Corporación Transcontinental del Perú SA amounting to thousands S/4,333 and thousands S/3,775; Banco Banex in liquidation amounting to thousands S/13,586 and thousands S/2,325; Banco Orión in liquidation amounting to thousands S/9,991 and thousands S/1,989. These write-offs were made pursuant to a board agreement.

- (g) As of September 30, 2018 and December 31, 2017, this corresponds to a control account for the FUND's claim with the Ministry of Economy and Finance (MEF) for the contributions to the FONAVI – Employer's Contribution, as per Law No. 26969 – the FONAVI Settlement Act, to which the FUND believes it is entitled to.
- (h) As of September 30, 2018 and December 31, 2017, this corresponds to the letters of guarantee received in custody as a guarantee of the compliance of the Technical Entities by virtue of the contracts signed by the Techo Propio program for the Bono Familiar Habitacional and Ahorro Familiar, as well as the letters of guarantee in guarantee for the compliance of contracts of acquisition of goods and services received as a guarantee.
- (i) As of September 30, 2018 and December 31, 2017, it corresponds to the mortgage guarantees received from two financial institutions in liquidation for the loan portfolio held with them.
- (j) As of June 30, 2018 and December 31, 2017, it corresponds to the value of the total assets of "Patrimonio FONDO Law No. 27677" net of liabilities and equity, which includes the results for the year for a gain of thousands of S/804 and a loss of thousands of S/1,702, respectively. The Patrimonio FONDO Law No. 27677, was constituted by Public Deed dated February 13, 2002, with the resources transferred to the FONDO MIVIVIENDA S.A. from the liquidation of the FONDO Nacional de Vivienda (FONAVI), for its administration, recovery and channeling through the Intermediary Financial Institutions (IFI).
- (k) As of September 30, 2018, it corresponds to the total of the accounts of assets, liabilities, income, expenses and the value of the total equity of the Trusts in administration denominated "CRC (Credit Risk Coverage) and PBP (Good Payer Award) Nuevos Soles" and "CRC (Credit Risk Coverage) and PBP (Good Payer Award) US Dollars".

Both trusts in administration were constituted by Public Deed dated June 11, 2007, with the purpose of allowing the availability of resources for the fulfillment of the obligations of the FUND arising from the service contracts CRC (Credit risk coverage) and PBP (good payer award) signed with certain financial entities, as well as allowing such resources to be managed in the most efficient manner.

- (l) Real estate trust in which the Banco de Comercio acted as a trustee from its creation in 2006 until October 6, 2010. On October 7, 2010, the Banco de Comercio waived its role as trustee and transferred to FONDO MIVIVIENDA S.A. the trust assets and the function of the trustee, and from that date, the FUND was responsible for keeping the accounting records as part of its fiduciary role.

31. Subsequent events

As events subsequent to 09.30.2018, the commercial papers acquired from ICCGSA Ingenieros, which are 100% provisioned for impairment, expired on 10.22.2018 without payment having been made by the company due to the fact that it is in bankruptcy process, so in October the FUND has transferred it from investments to accounts receivable

