

Fondo MIVIENDA S.A.
Statement of Financial Position
As of September 30, 2016 and December 31, 2015
(Stated in thousands of Nuevos Soles)

	Notes	As of September 30, 2016	As of December 31, 2015		Notes	As of September 30, 2016	As of December 31, 2015
ASSETS				LIABILITIES			
CASH AND DUE FROM BANKS				OBLIGATIONS WITH THE PUBLIC			
Cash	5	1,026,349	1,001,986	Demand deposits		426	179
Banco Central de Reserva del Perú		0	0	Saving Account Deposits		0	0
Banks and other companies of the financial system		162	448	Long-term Saving Account Deposits		0	0
Foreign banks and other companies of the financial system		1,025,864	1,001,331	Other liabilities		426	179
Exchange		0	0	INTERBANK FUNDS		0	0
Other cash and due from banks		323	207	FINANCIAL ORGANIZATIONS		0	0
INTERBANK FUNDS		0	0	Demand Deposits		0	0
INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS		0	0	Saving Deposits		0	0
Equity Instrument		0	0	Time Deposits		0	0
Debt instrument		0	0	DUE TO BANKS AND FINANCIAL OBLIGATIONS	13	4,433,706	4,093,665
Investments in commodities		0	0	Dues and Obligations with Banco Central de Reserva del Perú		0	0
AVAILABLE-FOR-SALE INVESTMENTS	6	18,236	691,535	Dues and Obligations with Domestic Banks and Other Financial system companies		243,555	351,091
Instruments representing the equity		0	0	Dues and Obligations with Foreign Companies and International Financial Bodies		152,874	147,220
Instruments representing the debt		18,236	691,535	Other Dues and Obligations of the Country and Abroad		0	0
HELD-TO-MATURITY INVESTMENTS	6	591,936	23,454	Securities		4,037,277	3,595,354
LOAN PORTFOLIO		0	0	TRADINGS DERIVATIVE FINANCIAL INSTRUMENT	7	136	0
Current Loan Portfolio		0	0	HEDGING DERIVATIVE FINANCIAL INSTRUMENT	7	43,001	21,329
Restructured Loan Portfolio		0	0	ACCOUNTS PAYABLES	14	398,611	588,841
Refinanced Loan Portfolio		0	0	PROVISIONS	15	2,105	2,051
Non-performing Loan Portfolio		0	0	Provisions for Contingent Loans		0	0
Loan Portfolio in Judicial Collection		0	0	Provisions for Lawsuits and Disputes		1,667	1,576
(-) Provisions for Loans		0	0	Others		438	475
TRADING DERIVATIVE FINANCIAL INSTRUMENT	7	130	0	CURRENT INCOME TAXES		0	0
HEDGING DERIVATIVE FINANCIAL INSTRUMENT	7	317,436	393,966	DEFERRED INCOME TAXES	27	0	10,809
ACCOUNTS RECEIVABLES		6,206,289	5,909,311	OTHER LIABILITIES	15	341	343
Accounts Receivables for Sale of Goods and Services and Trust (net)	8	6,180,509	5,908,459	TOTAL LIABILITIES		4,878,326	4,717,217
Other Account Receivables (net)	9	25,780	852	SHAREHOLDER'S EQUITY			
REALIZABLE ASSETS RECEIVED IN PAYMENTS, AWARDED		0	0	Capital Shares	16 a	3,257,086	3,174,249
Realizable Assets		0	0	Additional Capital		0	0
Assets Received in Payment and Awarded		0	0	Treasury Shares		0	0
SHARES		0	0	Reserve	16 b	66,217	57,013
Branch companies		0	0	Retained Earnings		0	-2,943
Affiliated and shares in joint ventures		0	0	Net Income for the Year		39,381	92,041
Others		0	0	Adjustment to Equity	16 c	-41,406	21,796
PROPERTY, FURNITURE AND EQUIPMENT (NET)	10	1,141	1,044	TOTAL SHAREHOLDER'S EQUITY		3,321,278	3,342,156
INTANGIBLE ASSET DIFFERENT THAT THE CAPITAL GAIN	11	3,495	2,376				
CAPITAL GAIN		0	0	TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		8,199,604	8,059,373
CURRENT INCOME TAXES	26 (f)	13,612	35,402				
DEFERRED INCOME TAXES		20,581	0				
NONCURRENTASSETS KEPT FOR SALE		0	0				
OTHER ASSETS	12	399	299				
TOTAL ASSETS		8,199,604	8,059,373				
MEMORANDA CONTINGENTS	32	3,387,073	2,945,303				
MEMORANDA ACCOUNTS	32	2,712,734	144,403				
CONTRA CREDIT ACCOUNT	32	1,114,475	1,221,344				
TRUST, COMMISSIONS OF MEMORANDA TRUSTEE AND CONTRA CREDIT ACCOUNT OF TRUST	32	199,885	182,496				

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

Fondo MIVIVIENDA S.A.
Statement of Income
For the periods ended September 30, 2016 and 2015
(Stated in thousands of Nuevos soles)

	Notes	For the specific quarter from July 1 to September 30, 2016	For the specific quarter from July 1 to September 30, 2015	For the period specific from January 1 to September 30, 2016	For the period specific from January 1 to September 30, 2015
INTERESTS INCOME					
Available		9,653	4,975	24,378	8,405
Interbank funds		0	0	0	0
Investments at fair value with changes in results		0	0	0	0
Available-for-sale investments		213	9,760	6,107	13,599
Held-to-maturity investments		6,287	226	15,045	241
Direct Loans Portfolio		0	0	0	0
Income from hedging transactions		0	0	0	0
Accounts receivables		93,556	166,658	270,804	244,529
Other financial income		124	856	569	1,092
TOTAL INTEREST INCOME	17	109,833	182,475	316,903	267,866
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		-37,661	-58,714	-103,589	-86,473
Dues and obligations with Banco Central de Reserva del Perú		0	0	0	0
Dues and obligations of the country's financial system		-3,065	-6,225	-10,838	-9,493
Dues and obligations with foreign financial institutions and international financial bodies		-602	0	-1,805	-164
Other dues and obligations of the country and abroad		0	0	0	0
Commissions and other charges of dues and financial obligations		-381	-668	-1,231	-668
Securities and outstanding liabilities		-33,613	-51,821	-89,715	-76,148
Interests of accounts payable		0	0	0	0
Income from hedging transactions		0	0	0	0
Other financial expenses		-14,085	-26,208	-43,950	-38,688
TOTAL INTEREST EXPENSES	18	-51,746	-84,922	-147,539	-125,161
GROSS FINANCIAL MARGIN		58,087	97,553	169,364	142,705
(-) Provisions for direct loans		0	0	0	0
GROSS FINANCIAL MARGIN		58,087	97,553	169,364	142,705
FINANCIAL SERVICE REVENUES					
Indirect loans income	19	1,546	3,180	4,760	4,741
Trusts and trust commissions income		155	286	454	416
Income from issuing electronic money		1,391	2,894	4,306	4,325
Miscellaneous income		0	0	0	0
FINANCIAL SERVICE EXPENSES					
Indirect loans expenses	20	-75	-183	-243	-207
Trust expenses and trust commissions		0	0	0	0
Premium for the deposits insurance fund		0	0	0	0
Miscellaneous Expenses		-75	-183	-243	-207
NET FINANCIAL MARGIN OF FINANCIAL SERVICES REVENUES AND EXPENSES		59,558	100,550	173,881	147,239
FINANCIAL OPERATING INCOME					
Investments at fair value with changes in results	21	-20,160	-19,249	-82,263	-30,468
Investments at fair value with changes in results		0	0	0	0
Investments in commodities		0	0	0	0
Available-for-sale investments		2,194	192	-1,234	-359
Trading derivative instruments		774	0	3,764	0
Income of hedging derivative instruments		-24,144	45,708	-71,633	101,974
Profits (losses) in shares		0	0	0	0
Profit-loss of exchange rate difference		874	-64,283	-12,637	-131,349
Others		142	-866	-523	-734
OPERATING MARGIN		39,398	81,301	91,618	116,771
ADMINISTRATIVE EXPENSES					
Personnel and board of directors expenses	22 (a)	-8,161	-10,562	-18,138	-16,564
Expenses due to services received from third parties	22 (b)	-3,745	-14,182	-13,203	-17,604
Taxes and contributions	22	-311	-167	-501	-237
DEPRECIATIONS AND AMORTIZATIONS NET		-232	-361	-675	-547
NET FINANCIAL MARGIN		26,949	56,029	59,101	81,819
VALUATION OF ASSETS AND PROVISIONS					
Provisions for indirect loans		0	0	0	0
Provisions for uncollectibility of account receivables	23	-1,156	-1,914	-6,966	-2,676
Provisions for realizable, received in payment, recovered, awarded and other assets		0	0	0	0
Provision for noncurrent assets kept for sale		0	0	0	0
Investment impairment		0	0	0	0
Impairment of property, furniture and equipment		0	0	0	0
Impairment of intangible assets		0	0	0	0
Provisions for litigation and claims		-120	-609	-341	-991
Other provisions		0	-84	-11	-146
OPERATING INCOME		25,673	53,422	51,783	78,006
Other income and expenses	24	144	5,671	2,490	5,815
INCOME BEFORE INCOME TAX		25,817	59,093	54,273	83,821
INCOME TAX	26 (g)	-7,352	-16,003	-14,892	-19,117
NET INCOME		18,465	43,090	39,381	64,704
Basic incomes (loss) per share		0.006	0.007	0.012	0.021
Diluted incomes (loss) per share		0.006	0.007	0.012	0.021

Fondo MIVIVIENDA S.A.
Statement of the Comprehensive Income
For the periods ended September 30, 2016 and 2015
(Stated in thousands of Nuevos Soles)

	Notes	For the specific quarter from July 1 to September 30, 2016	For the specific quarter from July 1 to September 30, 2015	For the period specific from January 1 to September 30, 2016	For the period specific from January 1 to September 30, 2015
Net income (Loss)		39,525	42,926	39,381	64,704
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		-104,282	88,635	-83,871	93,358
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		3,833	-15,051	20,669	-11,021
Another comprehensive income before taxes		-100,449	73,584	-63,202	82,337
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		0	0	0	0
Hedging of net investment of business abroad		0	0	0	0
Share in another comprehensive income of affiliates, associates and joint ventures		0	0	0	0
Revaluation surplus		0	0	0	0
Others		0	0	0	0
Sum of income taxes related to components of another comprehensive Income		0	0	0	0
Other comprehensive Income:		-100,449	73,584	-63,202	82,337
Total comprehensive Income, net of the Income tax		-60,924	116,510	-23,821	147,041

Fondo MIVIENDA S.A.
Statement of Cash Flow
For the periods ended 2016 and 2015
(Stated in thousands of Nuevos Soles)

	Note	From January 1, 2015 until September 30, 2016	From January 1, 2014 until September 30, 2015
CASH FLOW FROM OPERATING ACTIVITIES			
NET INCOME		39,381	64,704
ADJUSTMENTS			
Depreciation and amortization		675	547
Provisions		28,839	31,484
Impairment		0	0
Other adjustments		-26,605	-276,143
NET CHANGES IN ASSETS AND LIABILITIES			
(Net increase) decrease in assets			
Loans		0	0
Investments at fair value through profit and loss		0	0
Available-for-sale investments		694,028	-185,539
Accounts receivables and others		-271,424	76,153
Net increase (decrease) in liabilities			
Financial liabilities, non-subordinated liabilities		329,302	-109,220
Accounts receivables and others		-196,781	69,438
Cash flow and equivalent to cash after adjustments and net change in assets and liabilities		597,415	-328,576
Cash collected (paid) from income taxes		3,862	-29,012
NET CASH FLOW FROM OPERATING ACTIVITIES		601,277	-357,588
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		-1,815	-796
Sale proceeds from held-to-maturity investments		0	0
Acquisition of held-to-maturity investments		-566,432	-22,321
Other inflows related to investment activities		0	0
Other outflows related to investment activities		-327,330	25,000
NET CASH FLOW FROM INVESTMENT ACTIVITIES		-895,577	1,883
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issuing subordinated financing liabilities		0	0
Outflow from recovery subordinated financial liabilities		0	0
Proceeds from issuing stock		0	0
Dividends paid to shareholders		0	0
Other inflows related to financing activities		0	0
Other outflows related to financing activities		0	0
NET CASH FLOW FINANCING ACTIVITIES		0	0
Net increase (decrease) in cash and cash equivalent before changes on the exchange rate		-294,300	-355,705
Effects of the changes on the cash and cash equivalent exchange rate		-8,667	86,476
Net increase (decrease) of cash and cash equivalent		-302,967	-269,229
Cash and cash equivalent at the beginning of the period		1,001,986	1,470,316
Cash and cash equivalent at the end of the period		699,019	1,201,087

For the specific For the specific quarter from January 1 to March 31, 20:

Fondo MIVIENDA S.A.
Statement of Changes in Net Equity
For the periods ended September 30, 2016 and 2015
(Stated in thousands of Nuevos Soles)

	Capital shares	Additional capital	For the specific quarter from January 1 to March 31, 2016	Specific quarter from January 1 to March		Retained Earnings	Net Income	Adjustments to Equity							Total Net Equity	
				Legal reserves	Voluntary reserves			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, 2015	3,109,899	0	0	49,862	0	69,244	0	0	0	7,138	0	0	0	-7,890	-752	3,228,253
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	3,109,899	0	0	49,862	0	69,244	0	0	0	7,138	0	0	0	-7,890	-752	3,228,253
4. Changes in the Equity:																
5. Comprehensive Income:																
6. Income							64,704									64,704
7. Other Comprehensive Income:								0	0	93,358	0	0	0	-11,021	82,337	82,337
8. Total Comprehensive Income:							64,704	0	0	93,358	0	0	0	-11,021	82,337	147,041
9. Changes in the net Equity (not included in comprehensive Income)																
10. Transference of the Income to retained Earnings				0	0	0	0									0
11. Declared cash dividends							0									0
12. Issuance of Capital stock (different than business combination)	0	0	0	0	0	0	0									0
13. Reduction of Capital (different than business combination)	0	0	0	0	0	0	0									0
14. Increase (decrease) of Business Combination	0	0	0	0	0	0	0									0
15. Increase (decrease) due to trades of treasury stock	0	0	0	0	0	0	0									0
16. Increase (decrease) due to Transference and Other Changes	0	0	0	7,150	0	-7,849										-699
Total changes in equity	0	0	0	7,150	0	-7,849	64,704	0	0	93,358	0	0	0	-11,021	82,337	146,342
Balance as of June 30, 2015	3,109,899	0	0	57,012	0	61,395	64,704	0	0	100,496	0	0	0	-18,911	81,585	3,374,595
Balance as of January 1, 2016	3,174,249	0	0	57,012	0	89,099	0	0	0	40,605	0	0	0	-18,809	21,796	3,342,156
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	3,174,249	0	0	57,012	0	89,099	0	0	0	40,605	0	0	0	-18,809	21,796	3,342,156
4. Changes in the Equity:																
5. Comprehensive Income:																
6. Income							39,381									39,381
7. Other Comprehensive Income								0	0	-83,871	0	0	0	20,669	-63,202	-63,202
8. Total Comprehensive Income:							39,381	0	0	-83,871	0	0	0	20,669	-63,202	-23,821
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)	82,837	0	0	0	0	-82,837										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	9,205	0	-6,262										2,943
Total changes in equity	82,837	0	0	9,205	0	-89,099	39,381	0	0	-83,871	0	0	0	20,669	-63,202	-20,878
Balance as of June 30, 2016	3,257,086	0	0	66,217	0	0	39,381	0	0	-43,266	0	0	0	1,860	-41,406	3,321,278

NOTES TO THE FINANCIAL STATEMENTS

As of September 30, 2016

In thousands of Soles

1. Background and Economic Activity**(a) Background**

Fondo MIVIVIENDA S.A. (hereinafter, the Fund) is a state-owned company under private law and is governed by Law N° 28579 and the Fund's Bylaw. The Fund falls under the purview of the Peruvian National Fund for the Financing of the State Entrepreneurial Activities (Fondo Nacional de Financiamiento de la Actividad Empresarial del Estado or "FONAFE", as per the Spanish acronym) under the Ministry of Housing, Construction and Sanitation (Ministerio de Vivienda, Construcción y Saneamiento or "MVCS" as per the Spanish acronym). The aforementioned Law N° 28579 provided for the conversion of the former Mortgage Fund for Housing Promotion (Fondo Hipotecario de Promoción de la Vivienda – Fondo MIVIVIENDA) into a corporation named Fondo MIVIVIENDA S.A. effective as of January 1, 2006.

(b) Economic Activity

The Fund's objectives are the promotion and financing of the acquisition, improvement and construction of homes, especially those of social interest, promotion of activities to invest in the home lending market, participation in the primary and secondary market for mortgage loans, and contributing to the development of the Peruvian capital market. The Fund's activities are regulated by the Superintendency of Banking, Insurance and Pension Funds Administrators (Superintendencia de Banca, Seguros y Administradoras Privada de Fondo de Pensiones, hereinafter "SBS" as per the Spanish acronym), pursuant to the provisions of SBS Resolution N° 980-2006 "Fondo MIVIVIENDA S.A. Regulations".

The registered office of the Fund is Avenida Paseo de la República N° 3121, San Isidro, Lima, Peru.

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

- (i) MIVIVIENDA Program.
- (ii) Techo Propio Program – Management of the Household Housing Bonus (Administración del Bono Familiar Habitacional, or "BFH", as per the Spanish acronym), as commissioned by the Ministry of Housing, Construction and Sanitation – MVCS.
- (iii) Resources of the Fondo Ley N° 27677, as commissioned by the Ministry of Economy and Finance (hereafter "MEF" as per the Spanish acronym).

The characteristics of each program are as follows:

- (i) MIVIVIENDA Program
The Fund, through a Trust Agreement with the Corporación Financiera de Desarrollo S.A. ("COFIDE" as per the Spanish acronym) channels resources to financial institutions that are participants in the Peruvian

financial system to grant mortgage loans. Among its features are the Good Payer Award (Premio al Buen Pagador or "PBP" as per the Spanish acronym), the Good Payer Bonus (Bono al Buen Pagador or "BBP" as per the Spanish acronym), the Credit Risk Coverage (Cobertura de Riesgo Crediticio or "CRC" as per the Spanish acronym), the Bono MIVIVIENDA Sostenible (MIVIVIENDA Sustainable Bonus or "BMS" as per Spanish acronym), Fixed rate and Currency in Soles for all the credit life.

The MIVIVIENDA Program includes the following products:

- Crédito MIVIVIENDA Tradicional (*)
- Crédito MIHOGAR (*)
- Crédito MIVIVIENDA Estandarizado (*)
- Servicio de Cobertura de Riesgo Crediticio and Premio al Buen Pagador (CRC-PBP Trusts) Service of Credit Risk Coverage and Good Payer Award (Funding to Intermediary Financial Institutions, hereinafter IFI) (*)
- Financiamiento Complementario Techo Propio
- Nuevo Crédito MIVIVIENDA
- Crédito MICONSTRUCCIÓN
- Crédito MICASA MAS
- Crédito MITERRENO
- Crédito MIPROYECTO (**)
- Crédito MIAquilerCompra: (**)

(*) As of September 30, 2016 and December 31, 2015, these lending products have been discontinued. The remaining balance of loans under these programs consists solely of uncollected amounts (note 7). CRC-PBP services and Crédito MIVIVIENDA Estandarizado were discontinued in November 2009, Crédito MIHOGAR was discontinued in August 2009, and Crédito MIVIVIENDA Tradicional in May 2006.

(**) Products without credit positioning as of September 30, 2016.

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

Through Law N° 27829 published in El Peruano Official Gazette on September 20, 2002, the Household Housing Bonus (BFH) was created. The subsidies under the Techo Propio Program are granted in three modalities,

- (a) Acquisition of a new home;
- (b) Construction on owned lot; and
- (c) House renovations.

In all modalities, mortgage loan financing within this program involves up to three components:

- (a) A subsidy channeled by the Fund with resources from the Peruvian government – the aforementioned Household Housing Bonus (BFH);
- (b) household savings and;
- (c) when necessary, Techo Propio complementary financing which must be granted by an IFI.

Law N° 27829 was amended through Legislative Decree N° 1037, published on June 25, 2008. This Legislative Decree amended section

6° of such Law establishing the power of the Fund to carry out the administration of the BFH with its own resources.

(iii) Fondo Ley N° 27677

By virtue of Law N° 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 N° 29625, which became effective on December 8, 2010, provides for the reimbursement of the amount that was contributed to FONAVI to the workers that made those contributions. Article 4 of Law N° 29625 provides for the formation of an Ad Hoc Committee responsible for conducting and supervising all procedures relating to the reimbursement of the FONAVI contributions. The current composition of such Ad Hoc Committee was approved on September 24, 2012 by Ministerial Resolution N° 609-2012-EF/10.

Likewise, the Fund established the CRC-PBP trusts, one in Soles and the other in US Dollars, to cover the Fund's obligations to provide PBP payments and CRC in an amount equivalent to one-third (1/3) of the total loan portfolio balance reported by each IFI that contracted such service. These trusts are governed by SBS Resolution N° 980-2006, which approves the Fund's Regulations.

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

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

(c) Approval of the Financial Statements

These financial statements as of September 30, 2016, presented to the Superintendency of Banking, Insurance and AFP, have been issued to General Manager with the memorandum N° 1068-2016-FMV/GA to be approved by the Board of Directors in the meeting on November 09, 2016.

These financial statements as of December 31, 2015, presented to the Superintendency of Banking, Insurance and AFP, were approved on January 18, 2016 by the General Shareholder's Meeting on March 17, 2016.

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

On March 25, 1999, a Trust Agreement was signed between the Fondo Hipotecario de Promoción de la Vivienda - MIVIVIENDA (Mortgage Fund for Housing Promotion), (now Fondo MIVIVIENDA S.A.) and Corporación Financiera de Desarrollo S.A. (COFIDE). Its purpose was the creation of a trust through which COFIDE receives the resources from the Fund and acts as the trustee on behalf of the Fund, in order to channel the funds for loans to final borrowers through the IFIs that desire to use them to finance the acquisition or improvement of home and residences, in accordance with article 12 of Supreme Decree N° 001-99-MTC "Regulations on the Fondo Hipotecario de Promoción de la Vivienda - Fondo MIVIVIENDA".

The main duties of COFIDE are as follows:

- Compliance with articles 241 to 274 of the General Law of the Financial and Insurance System and Organic Law of the SBS – Law N° 26702, as amended.
- Verify compliance with requirements and conditions of the IFI according to Supreme Decree N° 001-99-MTC.
- Sign the agreement on resources intermediation with IFI's that have fulfilled the corresponding requirements and conditions.
- Monitor the use of resources, according to the provisions of the Fund's Regulations and the agreement on channeled resources.
- Collect the loans granted to the IFI's.
- Contract the necessary audits of the Fund.
- Periodically submit reports on the development of the aforementioned trusts, as well as make recommendations for exposure limits of IFI's (*).
- Establish operating procedures necessary for the proper administration of the Fund.
- Other duties necessary to ensure the normal development of the objectives and functions of both the Trust and the Fund.

(*) On May 18, 2012, The Fund executed the Amendment N°1 to the Trust Agreement with COFIDE, which discharged the latter from the obligation to issue recommendations on maximum credit capacity of intermediary financial institutions with the Fund, given the fact that the Fund is a Corporation supervised by the SBS. By virtue of SBS Resolution N° 3586-2013, the Fund is no longer subject to the lending limits established by Article N°204 of the Peruvian Banking Law N° 26702, to the extent the Fund acts as a second-tier bank. However, the Fund has established internal limits to prevent the concentration of loans to intermediary financial institutions, which take into account factor related to the size of regulatory capital, risk classification and risk-weighted regulatory capital ratio.

The main duties of the Fund are the following:

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

As trustee, COFIDE is entitled to the following:

- To intermediate and monitor the Fund's resources, being able to enter into and sign all kinds of public and private documents, for that purpose.

- To require that the IFI 's establish guarantees on behalf of the beneficiaries.
- To exercise all the powers contained in articles 74 and 75 of the Civil Procedure Code necessary for carrying out the assignment given as trustee. Consequently, COFIDE may sue, counterclaim, answer complaints and counterclaims, desist processes or claims, agree to claims, reconcile, settle and to arbitrate the claims at issue in the process.
- It is stated that COFIDE is not responsible for the solvency of the IFI.

This Agreement shall be valid for five (05) years and shall be automatically renewed if none of the parties expresses its willingness to terminate it.

3. Accounting principles and practices

The main accounting principles and practices in the preparation of the financial statements have been evenly applied in the periods presented, unless otherwise stated; and are as follows:

(a) Basis of Presentation and Changes in the Accounting Policies –

(i) Statement of Compliance:

The accompanying financial statement have been prepared in Soles from the accounting records of the Fund and are presented in accordance with current legal regulations and accounting principles authorized by the SBS. In case of unforeseen events in such rules, the provisions of the International Financial Reporting Standards (IFRS), made official in Peru by the Accounting Standards Board (ASB) shall apply. Such regulations comprise the rules and interpretations issued or adopted by the International Accounting Standards Board (IASB), including the International Financial Reporting Standards (IFRS), the International Accounting Standards (IAS), and the pronouncements of the IFRS Interpretations Committee (IFRSIC) by the former Standing Interpretations Committee (SIC) adopted by the IASB, made official by the Accounting Standards Board (ASB) to be applied in Peru.

As at the date of the financial statements:

By Resolution CNC N° 063-2016-EF/30, the CNC makes official the 2016 version of the International Financial Reporting Standards (IAS, IFRS, IFRSIC and SIC) whose content is detailed in the Annex of such resolution and in the Conceptual Framework for Financial Reporting.

Regarding CNC Resolution No. 062-2016-EF/30 published on June 14, 2016, made official the International Financial Reporting Standard 16 Leases and amendments to the International Financial Reporting Standard 15 Incomes of Ordinary Activities from Contracts with Clients.

On April 02, 2016, the CNC issued Resolution No. 061-2016-EF/ 30, where it made official the amendments to IAS 12 Income Taxes and IAS 7 Statement of Cash Flows.

Regarding CNC Resolution N° 060-2016-EF/30 issued on February 04, 2016, the CNC made official the amendments to IFRS 15 Income of Ordinary Activities Originating from Customer Contracts, IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures.

By CNC Resolution N° 059-2015-EF/30 published on August 11, 2015, ASB made official the 2015 version International Financial Reporting Standards (17 IAS including its conceptual framework for the financial information, 14 IFRSIC, 15 IFRS and 7 SIC).

Also, by virtue of CNC Resolution N°058-2015-EF/30 published on March 05, 2015, the ASB made official the modifications to IAS 1 Presentation of Financial Statements, IFRS 7 Financial Instruments: Disclosures; IAS 34 Interim Financial Reporting, IFRS 10 Consolidated Financial Statement, IFRS 12 Disclosure of Interests in Other Entities, and IAS 28 Investment in Associates and Joint Ventures.

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

- (ii) **Basis of measurement**
The financial statements have been prepared according to the historical cost basis, except for the following, that are measured at fair value:
- Derivative financial instruments.
 - Financial instruments at fair value through profit or loss.
 - Available-for-sale financial assets.
- (iii) **Preparation and presentation functional currency**
The financial statements are presented in Soles (S/) according to SBS standards, which is the Fund's preparation and presentation functional currency. Financial information presented in Soles (S/) has been rounded to the nearest thousands (S/ 000), except as otherwise indicated.
- (iv) **Critical accounting estimates and criteria**
The preparation of the financial statements in conformity with the accounting principles requires management to use certain critical accounting estimates and criteria. Estimates and criteria are reviewed on an on-going basis according to experience and include reasonable assumptions about the future in every circumstance. Since these are estimates, final results may differ; however, based on the opinion of the Fund management, these estimates and assumptions do not have significant risk of causing a material adjustment to the balances of assets and liabilities of subsequent financial statement.
- The significant estimates related to the financial statements correspond to the provision for doubtful accounts receivable, valuation of investments, estimates of useful life and the recoverable amount of property, furniture and equipment and intangible assets, estimate of deferred income tax recovery, provision for current tax, and the valuation of derivative financial instruments, which accounting criteria are defined and applied by our accounting practices.
- (v) **Accounting Principles and Practices:**

The significant accounting principles and practices as of September 30, 2016 have not varied in relation to the report audited by Caipo y Asociados Sociedad Civil de Responsabilidad Limitada, representatives of KPMG International for the year ending on December 31, 2015.

By Multiple Letter N° 1575-2014, the SBS has ordered that for purposes of disclosing minimum information, financial companies shall include a note related to the fair value of financial instruments, as stated in the Accounting Manual for companies of the financial system. Such letter states that as it is related to the portfolio of credits and deposits, the fair value thereof corresponds to the fair value of book value.

As of September 30, 2016 and December 31, 2015, The Fund has considered the carrying amount of the accounts receivable (Trust – COFIDE) and other accounts receivable from credit portfolios at book value.

- (vi) Responsibility of the information and estimations performed:
The information of the Financial Statements is responsibility of the Fund Management. For their preparation, some estimation have been made to quantify diverse assets, liabilities, income, expenditures and commitments appearing registered thereon, based on the experience and other relevant factor. The final results may not be equal to such estimations.

Such estimations are verified and analyzed on a continuous basis. Changes in accounting estimates shall be recognized prospectively by including them in profit or loss in the period of such analysis.

The sources of estimation uncertainty considered more important for the elaboration of the financial statements of the Funds are referred to:

- Available-for-sale and held-to-maturity investments.
- Provision for accounts receivable.
- Other assets.
- Provision for sundry goods.
- Useful life assigned to property, machinery and equipment.
- Register of contingent liabilities.
- Deferred income tax.
- Derivative financial instruments.

(b) Transactions in foreign currency

In accordance with SBS Regulations, the Fund's functional and presentation currency is the Sol. Assets and liabilities in U.S. Dollars and Swiss francs are recorded at the transaction date Exchange rate. Monetary assets and liabilities denominated in U.S. Dollars and Swiss Francs are converted to Soles at the month-end using the accounting Exchange rate set by the SBS (**note 3**). Gains or losses from restatement of monetary assets and liabilities denominated in U.S. Dollars and Swiss Francs at the Exchange rates prevailing at the financial position reporting date are recorded in the statements of income.

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

(c) Financial instruments -

Financial instruments are classified as assets, liabilities or equity according to the substance of the contractual agreement that originated them. Interests, dividends, gains and losses generated by financial instruments classified as assets or liabilities are recorded as income or expense. Financial instruments are offset when the Fund has a legal right to offset them and Management has the intention to settle them on a net base or to realize the asset and settle the liability simultaneously. Refer to **note 8 (b)** related to criteria for accounting records of accounts receivable from the CRC-PBP Trusts.

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

As of September 30, 2016 and December 31, 2015, the Fund classified financial assets and liabilities as follows:

As of September 30, 2016	In thousands of S/			
	Loans and items receivable	Available for sale at fair value	Held to maturity	Hedging derivatives
Financial Assets:				
Cash and due from banks	1,026,349			
Investments available for sale:				
Debt Instruments		18,236		
Investments held to maturity			591,936	
Accounts receivable (Trust Agreement - COFIDE)	6,096,467			
Accounts receivable from hedging derivatives				317,436
Other accounts receivable	25,780			
Other accounts receivable CRC-PBP	8,132	3,304	72,607	
	-----	-----	-----	-----
	7,156,728	21,540	664,543	317,436
	=====	=====	=====	=====
		At amortized cost	Hedging Derivatives	
Financial Liabilities:				
Deposits and obligations		426		
Debts and financial obligations		4,433,706		
Accounts payable on hedging derivatives			43,001	
Other accounts payable		398,611		
		-----	-----	
		4,832,743	43,001	
		=====	=====	

As of December 31, 2015	In thousands of S/			
	Loans and items receivable	Available for sale at fair value	Held to maturity	Hedging derivatives
Financial Assets:				
Cash and due from banks	1,001,986			

Investments available for sale:		691,535		
Debt Instruments				
Investments held to maturity			23,454	
Accounts receivable (Trust Agreement - COFIDE)	5,831,216			
Accounts receivable from hedging derivatives				393,966
Other accounts receivable	852			
Other accounts receivable CRC-PBP	7,474	61,232	8,536	
	-----	-----	-----	-----
	6,841,528	752,767	31,990	393,966
	=====	=====	=====	=====

	At amortized cost	Hedging Derivatives
Financial Liabilities:		
Deposits and obligations	179	
Debts and financial obligations	4,093,665	
Accounts payable on hedging derivatives		21,329
Other accounts payable	588,841	
	-----	-----
	4,682,685	21,329
	=====	=====

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

(d) Recognition of revenues and expenses

(d.1) Interest income and expenses

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

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

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

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

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

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

(d.2) Good Payer Bonus and Award

Fund's registration of the Good Payer Award (PBP) and the Good Payer Bonus (BBP), MIVIVIENDA Sustainable Bonus (BMS) including

applicable interests, shall be registered according to the accounting treatment accepted by the SBS, being recognized as follows:

- The Good Payer Bonus (BBP) was created in compliance with Law N° 29033, issued on June 7, 2007, as a non-reimbursable direct assistance payable to clients up to a maximum amount of S/ 10,000 for housing prices over 14 UIT up to 25 UIT, which is granted to borrowers who have paid on time for six consecutive monthly installments related to the non-concessional section of the Crédito MIVIVIENDA.
- The Good Payer Award (PBP) is an attribute of the Créditos MIVIVIENDA Loans: MIHOGAR with a PBP of S/ 10,000 for housing prices of 14 UIT up to 25 UIT and Nuevo Crédito MIVIVIENDA with a PBP of S/ 10,000 until 04.21.2010, and from 04.22.2010 is of S/ 12,500 for housing prices of 14 UIT up to 50 UIT. For housing prices from 50 to 70 UIT, the PBP is of S/ 5,000. The Good Payer Bonus (BBP) is used to finance the Good Payer Award (PBP) in the part that may apply.
- In these cases, the BBP is assumed by the Ministry of Housing, Construction and Sanitation at the request of the Fund and it is recorded for financial reporting and control as a liability in the "Good Payer Bonus – received".
- For this purpose, the Fund divides the total amount of Crédito MIVIVIENDA plus its interest into two (2) schedules:
 - A half-annual Schedule called "concessional section" that corresponds to the PBP amount which includes the Good Payer Bonus (principal and interests); and
 - A monthly schedule called "non-concessional section" that corresponds to the loan amount less the concessional tranche amount (capital and interests).
- Upon being granted, the total amount disbursed on the Crédito MIVIVIENDA loan through the COFIDE Trust is recorded as placement in the "Accounts receivable (Trust Agreement – COFIDE)" caption and generates the two aforementioned schedules.
- Subsequently, the list of BBP beneficiaries, reclassifying such bonus to eligible borrowers from "Good Payer Bonus – received" to "Good Payer Bonus –assigned" is sent to the Ministry of Housing, Construction and Sanitation.
- When the PBP is made effective, provided the client has complied with the timely payment of six consecutive monthly installments, the Fund credits the accounts receivable (principal) of the concessional section and charges it to the liability on the account "Good Payer Bonus – Assigned". Interest on such amounts of the concessional section are reverted to the account "Income from accounts receivable (Trust agreement – COFIDE)" item included in the "Interest income" caption of the statement of income.
- Through DU 002-2014 published on 07.28.2014, Article 14.2 presents the general regulatory framework for granting the Good

Payer Bonus to the Fund for houses with prices over 14 UIT and less than 50 UIT, BBP is available as a non-reimbursable economic aid up to a maximum amount of S/12,500.00. In these cases, the Fund has received all the resources from the BBP and this is recorded as accounts payable.

- For such purpose, the Fund has two forms to apply the BBP:
 - a. BBP granted as financing of the PBP for making timely payments of six installments of the Schedule called non-concessional tranche, the modality and allocation mentioned above is maintained.
 - b. BBP as supplement of the initial installment, BBP shall be used as supplement of the contribution of the sub-borrowers to reach the minimum initial installment and is applied at the time of disbursing the credit; therefore, it is not part of it.
- When the Good Payer Bonus becomes effective as supplement of the initial installment, the account payable is reversed.
- When the Good Payer Award is made effective (see subparagraph b) above, for example, when the PBP is assumed directly by the Fund provided the fulfillment of the conditions by the client, the Fund records such amounts as expenses; as consequence, the accounts receivable (principal) of the installments of the concessional section are reduce and the amount is recorded in the "Interest Expenses" caption, while interest, as in the previous case, is reverted from the account "Income from accounts receivable (Trust Agreement - COFIDE)" item which is included in the "Interest income" caption of the statement of income.
- Through Du 002-2014 published on 07.28.2014, it is established for purposes of the Good Payer Bonus in the framework of Law N° 29033 that for houses with prices over 14 UIT and less than 50 UIT, BBP is available as a non-reimbursable economic aid up to a maximum amount of S/ 12,500.00 granted to the beneficiaries of the Crédito MIVIVIENDA loan. For such purpose, the Banco de la Nación was authorized to lease Fondo MIVIVIENDA the amount of S/500 000 000.00 with the participation of MVCS for payment purposes, as set forth in the loan agreement.
- On January 22, 2015, DS 003-2015 establishes the phased application of the Good Payer Bonus.

Value of housing	Value of Good Payer Bonus (S/)
Up to 17 UIT	17,000
More than 17 UIT up to 20 UIT	16,000
More than 20 UIT up to 35 UIT	14,000
More than 35 UIT up to 50 UIT	12,500

- For such purpose, the Fund has two forms to apply the BBP:
 - a. BBP as supplement of the initial installment, BBP shall be used as supplement of the contribution of the clients to reach the

minimum initial installment and is applied at the time of disbursing the credit; therefore, it is not part of it.

- b. BBP granted as financing of the PBP for making timely payments of six installments of the schedule called non-concessional section, the modality and allocation mentioned above is maintained. For houses with prices over thirty five (35) and up to fifty (50) UIT.
- The Sustainable MIVIVIENDA Bond (Bono MIVIVIENDA Sostenible or "BMS" as per the Spanish acronym) was approved by Board of Directors Agreement N° 02-12D-2015 dated June 15, 2015 and was modified by Board of Directors Agreement N° 02-13D-2015 dated June 30, 2015, which is appointed for MIVIVIENDA products through housing acquisition that provides financial support to people who want to have a property declared as sustainable (house built to reduce environmental impact). This additional characteristic will serve the sub-borrower as an increase in the amount of the down payment and as an additional benefit for those who provide MIVIVIENDA products, such as the BBP. For this reason, FMV entered into a Resource Distribution Agreement with the French Development Agency (AFD).

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

(e) Accounts receivable and provision for accounts receivable:

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

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

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

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

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

According to the Fund's Regulation, enacted by SBS Resolution N° 980-2006 issued on August 14, 2006, the calculation of the allowance is performed based on the criteria established by the SBS in the "Regulation for the evaluation and classification of debtor and allowance requirements", as established in SBS Resolutions N° 11356-2008.

According to the SBS Resolution N° 11356-2008, the Fund applies the following percentages to determine provisions:

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

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

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

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

It includes the assets of the CRC-PBP trusts, which correspond to assets (due from banks, investments and accrued yields) and liabilities of the Fund, but according to SBS regulation (SBS Resolution N° 980-2006, the Fondo MIVIVIENDA S.A. Regulation), they must be presented as a net balance in the "Other accounts receivable, net" caption in the statement of financial position, since the Fund legally acts simultaneously as trustee and trust beneficiary. The assets and liabilities included in such trusts are valued according to the criteria used by the Fund for similar items, as described in this note.

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

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

(e.3) Other accounts receivable, net

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

To determine provision for other doubtful accounts receivable, the Fund assigns a risk classification in accordance with SBS Resolution N° 11356-2008.

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

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

(f) Derivative financial instruments

All derivative financial instruments are classified, according to the intention of the company, for trading or hedging purposes, are initially recognized in the Statement of Financial Position of the Fund at cost on the date of the transaction and, subsequently, are carried at fair value. Derivatives are registered as assets when the fair value is positive and as liabilities when the fair value is negative. The (nominal) notional amount of the operation is recorded in memorandum accounts at the notional amount of the involved currency.

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

As of September 30, 2016 and December 31, 2015, the Fund holds foreign exchange swaps to hedge cash flows in foreign currency. When valued, the agreements in effect are included in the equity until the agreement is settled and/or the hedged item effect is realized. At this time, the unrealized result is transferred to the Statement of Income. Meanwhile, the non-effective part is registered as a result of hedge derivatives in the Statement of Income.

As of September 30, 2016 and December 31, 2015, Management considers that the Fund holds economic hedging derivatives for administrative purposes, recognizing gains and losses arising from their measurement at fair value in profit or loss for the fiscal year. Likewise, as of these dates, the Fund does not hold any embedded derivatives.

(g) Investments

As of September 30, 2016 and December 31, 2015, investments are valued in accordance with SBS Resolution N° 7033-2012.

Classification

(g.1) Available-for-sale investments

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

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

(g.2) Held-to-maturity investments

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

- Acquired or reclassified for the purpose of holding them until their maturity date; except for the cases when sale, assignment or reclassification are allowed by the SBS.

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

Recording date of the transaction

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

Initial recognition

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

Amortized cost

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

Valuation

(g.1) Available-for-sale investments

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

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

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

(g.2) Held-to-maturity investments

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

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

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

Impairment assessment

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

First filter:

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

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

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

Second filter:

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

- Impairment of financial ratios or financial position of the issuer and its business group.
- Adverse conditions of investment and the issuer.
- Downgrade in risk rating due to factors other than those mentioned above.
- Interruption in the payment of interest or principal due to financial distress of the issuer.
- Disruption of a transaction or of an active market due to financial distress of the issuer.
- Forced renegotiation of the contractual terms of the instrument by legal or economic factors related to the issuer.
- Evidence that the issuer will be subject to a forced restructuring or bankruptcy procedure.
- Decline in value due to policy changes (tax, regulatory or other governmental regulations).
- The Fund does not have the intention and ability to hold the underperforming investment until its value is recovered. For that, it is necessary to make a projection of the estimated time for the recovery of value and an analysis of the evidence supporting, based on historical information and the financial position of the company, if there is the intent and ability to hold the investment throughout such period.

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

(h) Property, Furniture and Equipment

One element of the —“Property, Furniture, and Equipment” item that was initially booked as an asset did meet the general recognition criteria set forth in IAS 16: Property, Plant, and Equipment.

- a) Its acquisition price, including the import duties and unrecoverable indirect taxes levied on the procurement, if any, after subtracting any deduction to or reduction in the price;
- b) All costs directly related to the location of the asset at the place and in the conditions necessary so that it can operate in the form planned by the management; and
- c) The initial estimate of the costs for disassembly or removal of the element, as well as the remediation of the place on which it rests, when these are obligations incurred in by the Fund as a consequence of the use of the element during a given period.

The Fund applied the cost model as the sole model for booking at a later date. In application of this model, the elements that make up the “Property, Plant, and Equipment” item must be measured at their purchase cost less cumulative depreciation and deterioration of value.

The Fund booked and depreciated the fixed asset by element throughout its useful life, using the straight-line method.

Assets in disuse are also booked to the accounts of this item, and continue to depreciate until they are disposed of.

For the appropriate presentation in the Statement of Financial Position, the Fund will present the balance of this item subtracted from Account 1809 (Cumulative Depreciation and Deterioration of Property, Plant, and Equipment).

The depreciation is calculated using the straight-line method, based on the following estimated useful lives:

	As of	
	09.30.2016	12.31.2015
Premises	10	10
Buildings	20	20
Various equipment	10	10
Computer equipment	4	4
Furniture and fixtures	10	10
Vehicles	5	5

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

As from taxable year 2015, buildings and constructions may be depreciated for purposes of the Income Tax, by applying an annual depreciation percentage of twenty percent (20%) up to their total

depreciation, provided that the goods are destined exclusively to the corporate development and comply with the following conditions:

- a) The construction would have started from January 1, 2014. It is understood that the construction starts at the time in which a building license or another document required in the Regulations is obtained. To determine the start of the construction, neither the building license or nor any other document issued as a consequence of the procedure to regularize constructions will be considered.
- b) In case until December 31, 2016, the construction had at least eighty percent work progress of (80%). In the case of constructions that have not been completed until December 31, 2016, it is presumed that the work progress at such date is lower than 80 percent (80%), unless otherwise evidenced by the taxpayer. It is understood that the construction has been completed when the corresponding municipal office has issued the work completion certificate or another document established in the Regulations.

(i) Assets received as payment.

The assets received as payment, repossessed and recovered are initially booked at the lower of the value determined by the court, out of court, market value or unpaid debt value, whichever is the lowest; recognizing in turn a provision equivalent to 20 percent of the value upon repossession or recovery of the asset, being able to keep to such purpose the provision that was recorded by the related credit.

Additional provisions are recorded based on the following criteria:

- Personal property- a uniform monthly provision 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 provisions shall be recorded based on the net book value as from the twelfth month. In addition, SBS Resolution N° 1535-2005 allows the granting of an extension of six months, in which case, uniform monthly provisions shall be recorded on the net book value as from the eighteenth month. In both cases, provisions 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 provisions started to be recorded.

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

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

Assets held by the Fund are registered as Sundry Assets as they are derived from accounts receivable before becoming a corporation.

(j) Available-for-sale non-current assets

This account records non-current assets held-for-sale, after being reclassified from fixed assets to their net amount.

The subsequent measurement shall follow the guidelines of IFRS 5, and the valuation adjustments shall be registered in the sub-account 4304.03 called "Provision for Noncurrent assets held for sale" credited to sub-account 1609.03.

Gains or losses from the sale of non-current assets held for sale are registered in the accounts 5604 and 4604 respectively, when they are realized.

(k) Intangible assets

Intangible assets, included in the "Other assets" caption on the statement of financial position, comprise development and licensing of computer software used in the Fund's operations. Software licenses purchased by the Fund are capitalized on the basis of costs incurred to acquire and bring to use the specific program. These intangible assets are amortized on a straight-line basis for a maximum of 4 years.

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

As of September 30, 2016 and December 31, 2015, the Fund does not hold any intangible assets with indefinite useful lives.

(l) Impairment of long-lived assets

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

In Management's opinion, there is no evidence of impairment in the value of such assets as of September 30, 2016 and December 31, 2015.

(m) Tax assets and liabilities

Current Income tax -

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

The item Current Taxes in the Asset is shown in the Statement of Financial Position as of September 30, 2016, mainly because those paid of ITAN 2016 and payments on account are higher than the income tax payable.

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) Employee benefits

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

(n.1) Employees' profit sharing

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

SBS Official Letter N° 4049-2011, dated January 21, 2011, established a change in treatment of employees' profit sharing plans indicating that this should be recorded according to International Accounting Standard 19 "Employee Benefit". Consequently, this profit sharing is recognized as personnel expense and liability related with benefits to employees and does not recognize deferred assets or liabilities as a result of temporary differences between financial and tax bases.

(n.2) Vacations and other employee benefits

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

(n.3) Severance payment

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

(o) Provisions, contingent liabilities and contingent assets

Provisions are recognized when the Fund has a present obligation (legal or constructive) as a result of a past event, it is probable that resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each date and adjusted to reflect the best estimate at the date of the statement

of financial position. When the effect of the time value of money is material, the amount of the provision is equal to the present value of the expenditure expected to settle the obligation.

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) Deferred income

1. Deferred incomes from market value transfer of properties received in dation in fixed asset payment, under Art. 8 of SBS Resolution SBS N° 1535-2005

2. - Deferred incomes from refinanced incomes of the Ex Coneminsa portfolio, which are recognized as income as they are perceived.

(q) Trust Activities

Assets, liabilities, income and expenditures of equities managed by the Fund in its capacity as trustee from trust activities in which there is a commitment to return such assets to the beneficiaries of the trust, have been excluded from the financial statements. Such assets are controlled in the financial statements separately and are presented in the memorandum accounts.

(r) Other comprehensive income

Unrealized loss of the year on available-for-sale investments, net of the amount of deferred tax gains is presented as part of other comprehensive income. In addition, it shows the unrealized result from cash flow hedging derivatives net of the corresponding deferred gain tax.

As of September 30, 2016 and December 31, 2015, , non-realizable earnings of the effective part of the valuation of contracted SWAP principal only and Cross currency SWAP, where only ineffective part of the earnings is affected, if any, and the valuation amount which corresponds to the exchange difference to the extent the exchange difference of the item covered is affected. These balances are presented net of the related deferred income tax amount.

(s) Statement of Cash Flows

Cash presented in the statements of cash flows includes cash and due from banks balance with original maturities of 91 days or less.

4. Balances in foreign currency

The Statement of Financial Position includes balances of transactions in foreign currency, mainly in U.S. Dollars (US\$), which are recorded in Soles (S/) at the exchange rate established by the SBS. As of September 30, 2016 and December 31, 2015, these rates were US\$1 = S/ 3.400 and S/ 2.411, respectively.

In addition, we hold positions in Swiss Franc (CHF), which are registered at the exchange rate in Soles (S/) established by the SBS. As of September 30, 2016

and December 31, 2015, these rates were CHF1= S/ 3.367808 and S/ 3.501184, respectively.

We also hold positions in Euros (EUR), which are registered at the exchange rate in Soles (S/) established by the SBS. As of September 30, 2016 and December 31, 2015, these rates were EUR = S/ 3.824521 and S/ 3.412023, respectively.

Foreign currency transactions in the country and international trade transaction, referring to the concepts approved by the Banco Central de Reserva del Perú, are channeled through the Free Banking Market.

The buy and sell Exchange rate used were:

In US Dollars:

	Buying	Selling
As of 09/30/2016	3.386	3.388
As of 12/31/2015	3.407	3.410

In Swiss Franc:

	Buying	Selling
As of 09/30/2016	3.396	3.593
As of 12/31/2015	3.358	3.558

In Euros:

	Buying	Selling
As of 09/30/2016	3.752	3.853
As of 12/31/2015	3.633	3.838

As of September 30, 2016 and December 31, 2015, U.S. Dollars balances, equivalent to thousands of US Dollars, are summarized as follows:

	<u>In thousands of US\$</u>	
	<u>09.30.2016</u>	<u>12.31.2015</u>
Assets:		
Cash and due from banks	37,886	140,087
Investments	161,569	168,140
Derivatives	173	101,398
Accounts receivable, net (Trust agreement - COFIDE)	86,398	70
Other accounts receivable, net	5,102	26
Other assets, net	11	140,087
	-----	-----
	291,139	409,721
	-----	-----
Liabilities:		
Debts and financial obligations	(801,995)	(803,013)
Derivatives	(1,319)	(2,354)
Other accounts payable	(309)	(671)
Other Liabilities	(105)	(115)
	-----	-----
	(803,728)	(806,153)
	-----	-----
	(512,589)	(396,432)
Derivative financial instruments	533,505	481,521
	-----	-----
(Liability) asset position, net	20,916	85,089

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As of September 30, 2016 and December 31, 2015, balances in Swiss francs, equivalent to thousands of Swiss francs, are summarized as follows:

	In thousands of CHF	
	<u>09.30.2016</u>	<u>12.31.2015</u>
Assets:	0	0
Liabilities:		
Debts and financial obligations	(250,409)	(250,958)
Derivative financial instruments	250,000	240,000
(Liability) asset position, net	(409)	(10,958)

As of September 30, 2016 and December 31, 2015, balances in Euros, equivalent to thousands of Euros, are summarized as follows:

	In thousands of EUR	
	<u>09.30.2016</u>	<u>12.31.2015</u>
Assets:		
Cash and due from banks	1,644	20,651
Investments	4,768	19,246
Other Assets	0	0
Liabilities:		
Debts and financial obligations	(39,972)	(39,716)
Accounts payable	(0)	(22)
Derivative financial instruments	(33,560)	159
(Liability) asset position, net	1,440	159

In the period accumulated from January 01 to September 30, 2016, the Fund recorded a loss on exchange difference amounting to S/12,637; thousands, while in the period accumulated January 01 to September 30, 2015, the Fund recorded a loss on exchange difference amounting to S/131,349 thousands, which are presented in the item "Profit-Loss from exchange difference" of the income statement in the corresponding periods.

5. Cash and due from banks

The composition of this item as of September 30, 2016 and December 31, 2015:

	In thousands of S/	
	<u>09.30.2016</u>	<u>12.31.2015</u>
Banco Central de Reserva del Perú (a)	162	448
Checking and savings accounts (b)	601,854	781,813
Term deposits (c)	96,681	219,518
Other cash and due from banks	323	207

Cash and Cash equivalents	699,020	1,001,986
Plus		
Term deposits over 90 days	327,329	0
Total Cash and due from banks	1,026,349	1,001,986

- a) Funds denominated in Soles and U.S. Dollars held in Banco Central de Reserva del Perú (BCRP) are mainly used in transactions entered into by the Fund with COFIDE, under the Trust Agreement.
- b) It corresponds to deposits in Soles and U.S Dollars in banks and other financial system companies in Peru; they have free withdrawal option and accrue interest at market interest trades.

As of 09.30.2016, S/ 74,050 are kept in checking accounts, representing 7.21% of the total Available item, corresponding to BFH resources transferred by the MVCS, while as of 12.31.2015, S/ 186,594 representing 18.6% are held in checking accounts. It is worth mentioning that the Fund is intermediary between the MVCS and technical entities for the transfer of resources to the beneficiaries.

- c) It corresponds to term deposits in local and foreign currency at banks and other companies of the financial system of the country. As of 09.30.2016 the Fund holds deposits with maturities of less than 90 days for term deposits in Soles generating an interest rate at an annual effective rate between 5.10% in local currency for S/ 3,031, and deposits with maturity of more than 90 days for term deposits in Soles generating an interest rate at an annual effective rate between 4.90% and 5.30%. Moreover, term deposits auctions in local currency with maturities of less than 90 days in thousands of S/ 93, 660 generating an annual effective rate between 4.95%-5.70% and maturities of more than 90 days in thousands of S/ 297, 221 generating an annual effective rate between 4.90% and 5.95%.

As of 12.31.2015 the Fund held deposits with maturities of less than 90 days for term deposits auctions in Soles generating an interest rate at an annual effective rate between 5.75% and 6.43%. Moreover, term deposits auctions in foreign currency with maturities of less than 90 days in thousands of S/ 88,704 generating an annual effective rate between 0.65%-0.80%.

6. Available-for-sale investments and at maturity, net

- (a) The composition of this item is shown below:

<i>In thousands of Soles</i>	Amortized Cost	Unrealized Gains	As of 09.30.2016	
			Losses	Carrying Amount (*)
Investments available for sale:				
Sovereign bonds (a)				17,940
Global Bonds (b)	16,079	1,861		
Plus: Accrued interest				296
		1,861		18,236
Investments held to maturity:				
Sovereign bonds (a)	40,527			40,527
Corporate bonds (c)	543,909			543,909
Short-term instruments (d)	1,712			1,712
Commercial papers (e)				

Plus:	
Accrued interest	5,788
	591,936
	610,172

<i>In thousands of Soles</i>	Amortized Cost	Unrealized		12.31.2015 Carrying Amount (*)
		Gains	Losses	
Investments available for sale:				
Sovereign bonds (a)	80,922		(15,379)	65,543
Global Bonds (b)	70,960	71		71,031
Corporate bonds (c)	547,552	1,832	(6,584)	542,800
Short-term instruments (d)	3,660			3,660
Plus:				
Accrued interest				8,501
		1,903	(21,963)	691,535
Investments held to maturity:				
Short-term instruments (d)	13,103			13,103
Commercial papers (e)	9,920			9,920
Plus:				
Accrued interest				431
				23,454
				714,989

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

- (a) It corresponds to sovereign bonds of the Republic of Peru, issued in Soles by the Ministry of Economy and Finance (MEF). As of September 30, 2016 we do not keep this bonds, however as of December 31, 2015 were classified in investments available for sale (sovereign bonds SB12AGO20 and SB12SEP23, these bonds accrue interests at effective annual rates of 7.84% and 5.20%, and maturing on August 2020 and September 2023). Sovereign bonds classified in held-to-maturity investments, correspond to the following sovereign bonds SB12AGO26, SB12AGO31, SB12FEB37 and SB12FEB42, these bonds accrue interests at nominal annual rates between 6.85% and 8.20%, maturing on August 2026 and February 2042. As of December 31, 2015, these sovereign bonds were classified in available for sale investments.
- (b) It corresponds to the global bonds of the Republic of Peru issued in Euros, by the Ministry of Economy and Finance (MEF) classified as available for sale. As of September 30, 2016, these bonds accruing interests at annual nominal rates of 2.75% and with a held to maturity in January, 2026.
- (c) It corresponds to securities acquired for corporate and financial system companies at first level inside or outside the country. As of September 30, 2016, investments classified as held-to-maturity are: i) financial leasing bonds in US dollars accruing interests at annual effective rate between 4.84% and 5%, mature between May 2017 and May 2020; Subordinated Bonds in US dollars, accruing interests at an annual effective rate of 6.53% and mature in October 2028; iii) Ordinary Bonds in US dollars, accruing interests at annual effective rates between 2.75%

and 6.12% and mature between January, 2017 and May, 2023; and iv) Securitization Bonds in US dollars, accruing interests at annual effective rates between 4.44% and 6.16% and mature between June 2018 and September 2028.

- (d) It corresponds to short-term investments instruments at held-to maturity issued by the Agricultural Bank (Banco Agropecuario) accruing interests at an annual effective rate of 7.22% and mature in June 2017.
- (e) It corresponds to US dollar commercial paper issued by Los Portales SA, kept as of December 31, 2015, accruing interests at an annual rate of 3.46% and matures in August 2016.

As of September 30, 2016, accrued interests of available-for-sale-interests amounted to S/ 6,107 and S/ 15,045, respectively, and are included in the item "Income for interests" of the Income Statement (thousands of S/ 13,599 and thousands of S/ 241, respectively as of September 30, 2015).

As of September 30, investments available-for- sale and to mature have the following maturing terms:

<i>In thousands of soles</i>	As of 09.30.16	As of 12.31.15
Up to 1 year	39,126	40,293
From 1 to 5 years	277,681	315,740
From 5 to 10 years	179,763	168,334
More than 10 years	113,602	190,622
	610,172	714,989

As of September 30, 2016, the Fund Management has estimated the market value of available-for-sale investments based on available market prices or, in their absence, discounting expected cash flows at an interest rate reflecting the risk rating of the security.

The Fund Management has determined that unrealized losses as of September 30, 2016 are not the result of credit impairment of the issuers but they are mainly due to variations in the free risk rates that were incorporated to its valuations. Consequently, there is no impairment of available-for-sale investments in accordance with the accounting standards which must be registered on the date of each balance sheet.

7. Financial Derivatives

The following table shows the fair value of the financial instruments, recorded as assets or liabilities, along with their notional amounts (nominal). The notional amount is the face amount of the derivative underlying asset and is the basis on which changes in the value of derivatives are measured. The Fund has future sale/purchase commitments of US Dollars, Euros and Swiss Franc ("forwards") as well as Swaps for cash flow hedge which fair value has generated accounts receivable and payable, as indicated below.

The notional amounts state the volume of outstanding transactions at the end and are not and indicator of market risk or of credit risk, note 22:

	09.30.2016			Accounts receivable	12.31.2015	
	Accounts receivable	Accounts payable	Reference amount		Accounts payable	Reference amount
<i>In thousands of Soles</i>						
Trading derivatives						
Forwards - Purchase	130	(80)	86,536	0	0	0
Forwards - Selling	0	(56)	34,000	0	0	0
Subtotal	130	(136)	120,536	0	0	0
Hedging derivatives						
Forwards - Purchase	0	0	0	0	(1,723)	191,073
Forwards - Selling	0	0	0	0	(641)	63,033
Swaps Principal Only - Purchase	315,429	(34,558)	2,731,628	393,966	(18,965)	2,333,312
Cross Currency Swaps - Purchase	1,453	(6,462)	129,008	0	0	0
Cross Currency Swaps - Selling	554	(1,981)	90,100	0	0	0
Subtotal	317,436	(43,001)	2,950,736	393,966	(21,329)	2,587,418
TOTAL	317,556	(43,137)	3,071,272	393,966	(21,329)	(2,587,418)

The derivative financial instruments generating this account receivable and payable are held for hedging purposes and economic and trading hedging with regard to the exchange risk and maturing from October 2016 to January 2023.

At the end of 2015, the Fund:

- Reclassified the record of some derivative hedging financial instruments of cash flows and also hedge derivatives at a fair value, including the year's outcome.
- Reclassified and registered the difference of the change of the hedge item of the hedging derivatives at a fair value, contracted in 2015, to the accounting account 51092401 or 410902401 as a result of hedge transactions.

Regarding the effect of the exchange rate difference in the valuation of cash flow hedging derivatives has been recorded and presented in the account 5108 or 4108 Exchange Difference to present the net effect of the difference corresponding change to heading covered.

At the end of December 2015 and as a recommendation of SBS, it was reclassified in trading of the income balances of FWD income CHF-USD purchase which were registered as a fair value hedge.

As of September 30, 2016, hedging derivatives generated a net gain of S/ 3,764 thousands and the hedging derivatives generated and net loss amounting to S/ 71,633 (net gain amounting S/ 101,974 thousands, as of September 30, 2015), see note 21.

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

The composition of this caption as of September 30, 2016 and December 31, 2015, in thousands of Soles, is detailed as follows:

09.30.2016	12.31.2015
S/ (000)	S/ (000)

COFIDE Trust (8a)	6,096,467	5,831,217
CRC-PBP Trust Soles (8b)	39,267	36,126
CRC-PBP Trust U.S. Dollars (8b)	44,775	41,116
	6,180,509	5,908,459

8.a Trust Agreement – COFIDE

The item is comprised as shown below:

	09.30.2016 S/ (000)	12.31.2015 S/ (000)
Nuevo Crédito MIVIVIENDA	5,541,230	5,181,332
Crédito MIVIVIENDA Tradicional	310,209	367,534
Crédito MIHOGAR	108,108	121,142
Crédito Complementario Techo Propio	113,819	124,627
Crédito MIVIVIENDA Estandarizado	10,532	12,016
Crédito Mi Construcción	60,272	66,403
Crédito MICASA Mas	8,056	4993
Crédito MITERRENO	222	243
	6,152,448	5,878,290
Plus (minus)		
Accrued interest on accounts receivable	15,764	16,849
Provision for doubtful accounts (f)	(71,745)	(63,922)
Total	6,096,467	5,831,217

- (a) As of September 30, 2016 and December 31, 2015, the number of transactions in force is 90,952 and 83,323, respectively.

All these resources have been channeled through COFIDE by virtue of the legal relationship of the Trust Agreement that the Fund has with it. The COFIDE Trust receives the Fund's resources in order to channel them through intermediate financial institutions called IFI who wish to use them in lending for house purchase in accordance with the provisions of Article 12° of Supreme Decree N° 001-99-MTC.

- (b) The composition of the accounts receivable (Trust Agreement – COFIDE) based on sub-loans for which a Risk Hedging has been required is as follows:

Products	As of 09.30.2016		
	Credit risk with coverage S/ (000)	Credit risk without coverage S/ (000)	Total S/ (000)
Nuevo crédito MIVIVIENDA	26,891	5,514,340	5,541,231
Crédito MIVIVIENDA Tradicional	2,026	308,182	310,209
Crédito Proyecto MIHOGAR	1,483	106,624	108,108
Programa Techo Propio	1,055	112,764	113,819
Crédito MIVIVIENDA Estandarizado	0	10,532	10,532
MICONSTRUCCION	0	60,272	60,272
Crédito MICASA Mas	0	8,056	8,056
Crédito MITERRENO	0	222	222
	31,456	6,120,992	6,152,448

As of 12.31.2015

Products	Credit risk with coverage	Credit risk without coverage	Total
	S/ (000)	S/ (000)	
Nuevo crédito MIVIVIENDA	16,336	5,164,997	5,181,333
Crédito MIVIVIENDA Tradicional	2,335	365,199	367,534
Crédito Proyecto MIHOGAR	1,695	119,447	121,142
Programa Techo Propio	877	123,750	124,627
Crédito MIVIVIENDA Estandarizado	0	12,016	12,016
MICONSTRUCCION	0	66,403	66,403
Crédito MICASA Mas	0	4,993	4,993
Crédito MITERRENO	0	243	243
	21,242	5,857,048	5,878,290

- (c) Accounts receivable are classified by risk according to the SBS regulation in force as of 2015 and 2014. In accordance with the provisions of note 3. (c.1.1), the provision for accounts receivable is determined based on final borrowers and IFI classification. The table below details the classification of accounts receivable according to final borrowers based on the consolidated credit report (RCC):

Risk Category	As of September 30, 2016		As of December 31, 2015	
	Total	%	Total	%
	S/ (000)		S/ (000)	
Normal	5,640,932	91.69	5,440,260	92.55
With potential problem	103,793	1.69	108,073	1.84
Deficient	97,986	1.59	95,841	1.63
Doubtful	139,756	2.27	111,888	1.90
Losses			122,229	2.08
Total	6,152,448	100	5,878,290	100

- (d) The classification of accounts receivable of IFI's granting MIVIVIENDA credits is presented as follows:

	09.30.2016	12.31.2015
	%	%
Nuevo Crédito MIVIVIENDA	7.80	6.60
Crédito MIVIVIENDA Tradicional (*)	7.75	7.75
Crédito MIHOGAR (*)	7.60	7.60
Financiamiento Complementario Techo Propio	8.00	8.00
Crédito MIVIVIENDA Estandarizado (*)	6.90 and 7.30	6.90 and 7.30
Crédito MI CONSTRUCCION	8.00	8.00
Crédito MICASA Mas	7.70	6.50
Crédito MITERRENO	9.00	9.00

(*) Suspended products, in recovery only.

The interest rate of Nuevo Crédito MIVIVIENDA and MICASA Mas products had a 60 basic points increment, for colocations made since 06.01.2016; and an extra 60 points for colocations made since 09.01.2016, by Board of Directors agreement N° 05-08D-2016 dated April 29, 2016

The interest rates of Crédito MICONSTRUCCIÓN product were modified from 7.50% and 8.00%, without Credit Risk Coverage and with Credit Risk Coverage respectively, to a flat rate of 8.00%, by Board of Directors agreement N° 06-18D-2014 dated July 18, 2014.

The interest rate of Crédito complementario Techo Propio product was modified from 6.00% to 8.00%, by Board of Directors agreement N° 02-25D-2014 dated October 28, 2014

- (e) The following is a presentation of the portfolio of accounts receivable as of September 30, 2016 and December 31, 2015 classified by due date:

	09.30.2016	12.31.2015
	S/ (000)	S/ (000)
To become due		
Up to 1 month	36,513	42,771
1 to 3 months	70,648	92,898
3 months to 1 year	390,910	374,966
1 to 3 years	901,250	1,331,629
Over 3 years	4,753,127	4,036,026
	6,152,448	5,878,290

By Resolution SBS N° 3471-2015 issued on June 18, 2015, the Superintendency of Banking and Insurance (SBS) declared the submission of intervention scheme to the Caja Rural de Ahorro y Crédito Señor de Luren. Therefore, on that basis, the portfolio risk of MIVIVIENDA CRAC Señor de Luren in liquidation is only considered at risk of the final borrower.

Risk Category of the Mivivienda CRAC Señor de Luren's Portfolio in Liquidation

Risk Category	As of September 30, 2016		As of December 31, 2015	
	Total	%	Total	%
	S/ (000)		S/ (000)	
Normal	91,631	69.00	122,568	85.54
CPP	5,383	4.05	66	0.05
Deficient	7,339	5.53	11,463	8.00
Doubtful	12,051	9.07	6,914	4.83
Losses	16,400	12.35	2,272	1.59
	132,804	100	143,284	100

By virtue of the activation of the Clause 13 of the Resources Allocation Agreement between the Fund and the Caja Metropolitana, starting October 2015, the portfolio of Caja Metropolitana is provisioned due to subborrower risk.

Risk Category of the former portfolio Mivivienda of Caja Metropolitana

Risk Category	As of September 30, 2016		As of December 31, 2015	
	Total	%	Total	%
	S/ (000)		S/ (000)	
Normal	44,648	91.35	50,035	92.12
CPP	749	1.53	1,022	1.88
Deficient	910	1.86	768	1.41
Doubtful	1,002	2.05	1,398	2.57
Losses	1,569	3.21	1,092	2.01
	48,879	100	54,315	100

(f) Since year 2014 changed the methodology to estimate the provisions for Accounts Receivable from the COFIDE Trust, by identifying two components:

- First Component- IFI Risk Provision. - This is the provision that considers credit risk with Financial Institution (IFI), considering the capital balance lacking of pledged collaterals and the capital balance having pledged collaterals in order to apply provision criteria according to Table 1 or Table 2 pursuant to the Regulations for the Evaluation and Classification of the Debtor and Allowance Requirements, approved as according to SBS Resolution N° 11356-2008.
- The second Component is the Provision for Credit Risk Coverage (CRC).- It is based on the uncovered share with mortgage guarantees. The calculation is made from the capital balance of each mortgage loan, which has security lodged, and the value of the mortgage is subtracted, resulting in capital outstanding balance, which is applied to the coverage factor resulting in net capital balance to apply the coverage. CRC provision is the result of multiplying the net to apply the coverage for Table 1 of provisions percentage according to the Regulations for the Debtor's Evaluation and Classification and the required Provision approved by Resolution SBS No. 11356-2008 based on the risk rating of the final borrower.

(g) It is important to mention that the Fund provides an additional 1/3 to the cover credit risk for IFIs with risk classification by financial strength (A+, A, A-) and meet some conditions established in the "Regulations of Additional Credit risk Coverage (CRCA as per Spanish Acronym)". IFIs that have an agreement with CRCA signed with the Fund are BCP, BBVA Banco Continental, Interbank and Scotiabank. In June 2016, Interbank and BCP are the only financial institutions that have met the conditions established in the Convention on Additional Credit Risk Coverage signed between the IFI and the Fund.

In year 2015, the Fund made the following risk reclassifications, which were absorbed by the voluntary provisions:

1. Risk classification for saving and credit unions was modified from "Normal" category to "With Potential Problems (CPP) category, according to the risk assessment performed by the Fund.
2. Classification of MIVIVIENDA portfolio of Caja Rural de Señor de Luren under winding up process was modified from IFI risk to end-borrower risk.

3. The classification of MIVIVIENDA portfolio of Caja Metropolitana, of IFI risk to the final borrower risk is modified.

From December 2014, voluntary provisions which were approved by Board Agreement N° 03-27D-2014 were recorded. In this way, possible variations in the change of classification of some monitored IFI are protected.

The voluntary provision for February 2016 decreased from S/ 7'278,164.32 to S/ 0.00 because the balance value was fully used to cover part of the supply increase of the portfolio of CRAC Señor de Luren in liquidation (S/ 7'881,896.27), which changed from S/ 9'588,874.85 in January 2016 to S/ 17'470,771.11 in February 2016.

8.b CRC-PBP Trusts

The composition of these accounts receivable as of September 30, 2016 and December 31, 2015, in thousands of Soles, is detailed as follows:

- As of September 30, 2016, it comprises the balances of total assets net of liabilities of management Trust (total equity and surplus (deficit) net): CRC-PBP in Soles for S/ 39'267 thousands and CRC-PBP in US Dollars for S/ 44'775 thousands (S/36'126 thousands and S/41'116 thousands respectively, as of December 31, 2015).
- Through certificates of incorporation signed in June 2007 by the Fund as trustee and trustor simultaneously, both Trust were established on an administration basis aiming to assure the availability of resources for the Fund to comply with the obligations arising from CRC-PBP service agreements (credit risk coverage-CRC and payment of the good payer award – PBP) signed with certain financial institutions – EF, as well as to guarantee that those resources are efficiently managed, in compliance with the provisions of the Regulations and the Manual of policies and procedures of CRC-PBP, as well as the Manual of Investment Policies and Procedures that are part of the exhibits of the articles of incorporation.
- The accounting record of these trust transactions are made in accordance with Resolution SBS N°980-2006- "Fondo MIVIVIENDA S.A. Regulation", meaning one single account of the Statement of Financial Position (see note 3 (c.1.2-34)). The accounting for trust is maintained separately for control purposes and shows the following balances as of September 30, 2016 and December 31, 2015:

CRC-PBP Trust Soles

<i>In thousands of Soles</i>	09.30.2016	12.31.2015
Statement of financial position		
Assets:		
Cash and due from banks	2,531	1,791
Investments available for sale	1,802	31,359
Investments held to maturity	34,934	2,976
Total assets	39,267	36,126
Equity and net surplus:		
Surplus from collections, net	2,421	2,274

Adjustment to equity		(1,350)
Retained earnings	36,846	35,202
Total equity and net surplus	39,267	36,126

<i>In thousands of Soles</i>	09.30.2016	09.30.2015
Income Statement		
Interests income:		
Cash and due from banks	80	68
Investments available for sale	353	1,526
Investments held to maturity	1,386	79
Gross finance margin	1,819	1,673
Net finance margin	1.819	1,673
Financing services expenditure	(175)	(166)
Net finance margin of income and expense for services	1,644	1,507
Financing transactions outcome (ROF):		(499)
Investments available for sale		-
Others		-
Transaction margin	1,644	1,008
Managing expenditure		(1)
Net transaction margin	1,644	1,007
Other income and expenditure		
Year gain before income tax	1,644	1,007
Year net gain	1,644	1,007

CRC-PBP Trust US Dollars

<i>In thousands of Soles</i>	09.30.2016	12.31.2015
Statement of financial position		
Assets:		
Cash and due from banks	5,601	5,683
Investments available for sale	1,502	29,873
Investments held to maturity	37,672	5,560
Total assets	44,775	41,116
Liabilities:		
Accounts payable of financial derivative products		-
Total Liabilities	-	-
Equity and net surplus:		
Initial equity	21,013	21,013
Surplus from collections, net	8,120	7,641
Unrealized income on investments	-	(1,860)
Retained earnings	15,642	14,322
Total equity and net surplus	44,775	41,116
Total liabilities, equity and net surplus	44,775	41,116

<i>In thousands of Soles</i>	09.30.2016	09.30.2015
Income Statement		

Interests income:		
Cash and due from banks	60	83
Investments available for sale	301	1,148
Investments held to maturity	1,201	231
Gross finance margin	1,562	1,462
Net finance margin	1,562	1,462
Financing services expenditure	(198)	(182)
Net finance margin of income and expense for services	1,364	1,280
Financing transactions outcome (ROF):		
Investments available for sale		(894)
Trading derivatives		
Hedge Operating income		
Gain for Exchange variation	(43)	1,065
Others		
	1,321	1,451
Transaction margin	1,321	1,451
Managing expenditure	(1)	(1)
Net transaction margin	1,320	1,450
Operating gain	1,320	1,450
Year gain before income tax	1,320	1,450
Year net gain	1,320	1,450

9. Other accounts receivable, net

The item is comprised as shown below:

	In thousands of S/	
	09.30.2016	12.31.2015
Account receivable from banks in liquidation (a)	101,833	102,500
Account receivable from Ex - CONEMINSA portfolio(b)	13,343	13,630
Recoveries of COFIDE to be distributed (c)	2,964	0
Investments for liquidation	17,213	0
Derivatives for liquidation	4,917	0
Other accounts receivable	1,149	1,200
	141,419	117,330
Less-provision for other accounts (f)		
Banks in liquidation (a)	(101,833)	(102,501)
Ex - CONEMINSA portfolio (b)	(12,793)	(13,069)
Other accounts receivable	(1,013)	(908)
	(115,639)	(116,478)
Total	25,780	852

- (a) It corresponds to accounts receivables generated from term deposits, deposit certificates, among others, which before being a company of the financial system supervised by the SBS (before 01.01.2006), the Fund maintained in certain financial institutions which subsequently entered in winding-up procedure.

The detail of the balances and their provisions as of September 30, 2016 and December 31, 2015 is as follows:

	In thousands of S/	
	09.30.2016	12.31.2015
Capital		
Banco Nuevo Mundo, in liquidation (i)	54,775	55,398
Banco República, in liquidation (i)	39,935	39,955
Banco Banex, in liquidation – payment in kind	4,713	4,733
Banco República, in liquidation – payment in kind (i)	2,410	2,414
	<u>101,833</u>	<u>102,501</u>
Minus: provision for doubtful of accounts receivable		
Banco Nuevo Mundo, in liquidation (i)	(54,775)	(55,398)
Banco República, in liquidation (i)	(39,935)	(39,955)
Banco Banex, in liquidation – payment in kind	(4,713)	(4,733)
Banco República, in liquidation – payment in kind (i)	(2,410)	(2,414)
	<u>(101,833)</u>	<u>(102,501)</u>
Net	<u>0</u>	<u>0</u>

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

The 100% of the accounts receivable from Banks in liquidation are recorded in provisions. The Funds recognizes in books the recoveries of these accounts receivable each time they are made. As of September 30, the Fund received in cash from Banco República in liquidation thousands of S/20 and from Banco Nuevo Mundo in liquidation and thousands of S/623 (thousands of S/ 763 in cash received from Banco Nuevo Mundo in liquidation and thousands of S/29 from Banco República in liquidation during 2015).

In the Management's opinion, the provision for doubtful of accounts receivable from Banks in liquidation recorded as of September 30, 2016 and December 31, 2015 covers sufficiently the related collectability risk.

- (b) It corresponds to accounts receivable from the portfolio of mortgage loans granted by Compañía de Negociaciones Mobiliarias e Inmobiliarias S.A.- CONEMINSA, which was received by the Fund in the Framework of the Payment in Kind Agreement dated December 30, 2003 for administration and recovery purposes (before being a financial entity supervised by the SBS).
- (c) As of September 30, 2016 and December 31, 2015, it corresponds to the net effect of adjustment and reversals of monthly reconciliation among the balances of COFIDE, which are regularized in the following months.

	In thousands of S/	
	09.30.2016	12.31.2015
	S/	S/
Balance at the beginning of the fiscal year	116,478	116,291
Plus (minus)	0	0
Provision for the fiscal year	161	384
Charge-Off	-	-
Recoveries	(979)	(1,053)
Exchange differences	(21)	856
Balance at the end of the fiscal year	115,639	116,478

The provision of other accounts receivable, determined according to the criteria indicated in note 3 (c.1.3), is shown below in thousands of Soles:

In Management's opinion, the provision for the other doubtful accounts receivable recorded as of September 30, 2016 and December 31, 2015 are aligned with SBS standards in force as of each such date.

10 Property, furniture and equipment, net

The activity of this item as of September 30, 2016 and December 31, 2015 is as follows:

	In thousands of S/			
	<u>Balances as of</u> 12.31.2015	Additions	<u>Withdrawals and other adjustments</u>	<u>Balances as of</u> 09.30.2016
Cost:				
Land	103			103
Buildings	36			36
Premises	62			62
Furniture and fixtures	607	15		622
Computer equipment	2,216	24	(215)	2,025
Various equipment	1,046	78	(78)	1,046
Vehicles	731	202		933
Installation of leased assets		20		20
Ongoing works (improve leased premises)	51	3	(17)	37
	4,852	342	(310)	4,884
	-----	=====	=====	-----
Accumulated depreciation:				
Buildings	11	1		12
Premises	58	1		59
Furniture and fixtures	530	12		542
Computer equipment	1,910	108	(215)	1,803
Various equipment	709	59	(75)	693
Vehicles	590	43		633
Installation of leased assets	-	1		1
	3,808	225	(290)	3,743
	-----	-----	-----	-----
Net cost	1,044			1,141

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

In Management's opinion there is no evidence of impairment of property, furniture and equipment held by the Fund as of September 30, 2016 and December 31, 2015.

As of September 30, 2016, the Funds holds totally depreciated assets in amount of S/ 2,778 (thousands of S/ 2,941 as of December 31, 2015).

The Fund holds insurance coverage over its principal assets according to the policies established by the Management; in that sense, as of September 30, 2016 and December 31, 2015, the Fund has contracted an all-risk insurance policy that covers the value of property, furniture and equipment owned by the Fund. In the Management's opinion insurance policies of the Funds are consistent with the industry practice.

11 Intangibles

The item is comprised as shown below:

	In thousands of S/			
	<u>Balances as of</u>	<u>Additions</u>	<u>Withdrawals and other adjustments</u>	
	<u>12.31.2015</u>			
Cost:				
Software	2,622	682		3,304
Licenses	1,010	146		1,156
Developing software	1,260	740		2,000
	-----	-----	-----	-----
	4,892	1,568		6,460
	-----	=====	=====	-----
Accumulated amortization:				
Software	1,630	386		2,016
Licenses	886	63		949
	-----	-----	-----	-----
	2,516	449		2,965
	-----	=====	=====	-----
Net cost	<u>2,376</u>			<u>3,495</u>
	=====			=====

The intangible item is composed of software and licenses for the use of computer equipment which total cost as of September 30, 2016 is S/ 6'460 thousands and its accumulated amortization of approximately S/ 2,965 (cost of S/ 4,892 thousands and amortized amortization of approximately S/ 2,516 thousands as of December 31, 2015). Such intangibles assets are amortized under straight-line method according to the estimated useful lives by the Management, note 3 (k).

12. Other Assets

The item is comprised as shown below:

	<u>09.30.2016</u>	<u>12.31.2015</u>
Assets awarded, net	0	10

Others (a)	399	289
Total	<u>399</u>	<u>299</u>

This category gathers the operations in process, the payments anticipated by subscriptions, other deferred loads, among others. The balance of other deferred loads records mainly the expenses deferred by support and maintenance of software.

It should be noted that the "Corporate Management Plan on Information Technology and Communications (TIC) for companies within the scope of FONAFE", was approved by executive Resolution N° 046-2009/DE-FONAFE. This resolution defines the implementation of the Shared Service Center for Information Technology and Communications of FONAFE. As of September 30, 2016, there is no pre-paid balance for this service (S/ 43 thousands as of December 31, 2015) and it is included as others.

13. Debts and financial obligations

The item is comprised as shown below:

	In thousands of S/	
	09.30.2016	12.31.2015
- Debts and Obligations with domestic companies and financial institutions (a)	243,555	351,091
- Debt an Obligations with Foreign companies and International financial institutions (b)	152,874	147,220
-Securities (c)	4,037,277	3,595,354
Total	<u>4,433,706</u>	<u>4,093,665</u>

- a. As of September 30, 2016, the Fund maintains a balance of S/ 243,555 (principal and interests) thousands pending of payment to the Banco de la Nación for advance account.

		Principal M.N	T.E.A	Interest M.N	Total M.N
Banco de la Nación					
12/31/14	Advance in Account	150,000	4.43%	1,817	151,817
12/11/15	Advance in Account	<u>90,000</u>	6.17%	<u>1,738</u>	<u>91,738</u>
		<u>240,000</u>		<u>3,555</u>	<u>243,555</u>

As of December 31, 2015, the Fund maintained a capital and interest ending of payment to the Banco de la Nación amounting to S/ 351,091 to an annual interest rate of 4.43% to 6.17% as detailed below:

		Principal	T.E.A	Interest	Total in Soles
Banco de la Nación					
12/31/14	Advance in Account	200,000	4.43%	145	200,145
9/10/15	Advance in Account	50,000	3.85%	596	50,596
12/11/15	Advance in account	<u>100,000</u>	<u>6.17%</u>	350	100,350

350,000	1,091	351,091
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b. As of September 30, 2016, the Fund holds a balance of EUR 40,000 thousands (principal) equivalent in thousands of S/ 151,204 of the line loan of thousands of EUR 120,000 from the Development Financial Agency.

Also the Fund has made provision by the commission due to the non-use of the line of credit Afraissal Fee Euros in thousands of S / 1,669

	Foreign Currency	Exchange rate	Principal M.N	T.E.A	Interest M.N	Amortized cost adjustment M.N	Total M.N
French Development Agency (AFD)-Loan							
9/4/15	€ 40,000	3.824521	152,981	1.30%	88	-1,865	151,204
	€ 40,000		152,981		88	-1,865	151,204
French Development Agency (AFD)- Fee due to non-use of line							
Sep 2015	€ 29	3.824521					110
Oct 2015	€ 34	3.824521					132
Nov 2015	€ 33	3.824521					127
Dec 2015	€ 36	3.824521					136
Jan 2016	€ 34	3.824521					132
Feb 2016	€ 32	3.824521					123
Mar 2016	€ 34	3.824521					132
Apr 2016	€ 33	3.824521					127
May 2016	€ 34	3.824521					132
June 2016	€ 33	3.824521					127
July 2016	€ 34	3.824521					132
Aug. 2016	€ 34	3.824521					132
Sep.2016	€ 33	3.824521					127
	€ 433		1,669				1,669
	€ 40,433		154,650		88	-1,865	152,873

c. On July 2916, el the Fund issued bonds in the local market. The issuance corresponded to a nominal amount of S/310,000, thousands maturing in 10 years. Bonds were placed under par at a coupon rate of 6.7188%, with payment of interest annually and amortization at maturity. Proceeds obtained were used exclusively to finance credit operations.

On April 2016, the Fund issued bonds in the local market. The issuance corresponded to a nominal amount of S/ 116,045, thousands maturing in 3 años. Bonds were placed at a coupon rate of 6.65625%, with payment of interest half-annually and amortization at maturity. Proceeds obtained were used exclusively to finance credit operations.

In May 2014, the Fund issued bonds in the Swiss market. The issuance corresponded to a nominal amount of CHF 250,000, thousands maturing in 4 years, bonds were placed under par at a price of 99.826%, and a coupon rate of 1.250% with payment of interest annually and amortization

at maturity. Proceeds obtained were used exclusively to finance credit operations.

In March 2014, 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 US\$ 300,000, thousands maturing in 5 years. Bonds were placed under par at Price of 99.763%, and at a coupon rate of 3.375%, with payment of interest semi-annually and amortization at maturity. Proceeds obtained were used exclusively to finance credit operations.

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

As of September 30, 2016, interest expenses on outstanding securities issued by the fund amounts to S/89,715 (S/76,148 thousands as of September, 2015) (note 20).

14. Other accounts payable

The account payable item comprises the following:

<i>In thousands of soles</i>	As of 09.30.16	As of 12.31.15
Other accounts payable :		
FONAVI contributions (a)	161,766	161,370
Good payer bonus (capital) allocated to COFIDE (b)	65,909	69,911
Savings of the family group eligible for transferring to technical entities (c)	15,151	16,440
Family housing bonus to be transferred to technical entities (d)	74,622	187,416
Good payer bonus (capital) received from MVCS (f)	71,402	141,892
Supplier payables	2,230	2,133
Workers' Participation	3,370	6,000
Resources to transfer for executed letters of guarantees	1,322	1,275
Vacation and fringe benefits liquidations	1,424	1,068
Others	1,415	1,336
	398,611	588,841

(a) As of September 30, 2016 and December 31, 2015 this item comprise the following:

<i>In thousands of soles</i>	As of 09.30.16	As of 12.31.15
FONAVI collections	95,374	94,979

FONAVI contributions pending from being transferred to the MEF	65,795	65,795
Refund of FONAVI pending collection	597	596
	161,766	161,370

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 N° N° 26969.

The activity of this item is as follows:

<i>In thousands of soles</i>	As of 09.30.16	As of 12.31.15
Balance at beginning of the fiscal year	94,979	95,192
Collection of the fiscal year	430	3,641
Reclassification of contributions pending to be transferred to the MEF	0	(2,650)
Reimbursement of FONAVI contributions	(35)	(1,204)
Balance at end of the fiscal year	95,374	94,979

FONAVI contribution pending from being transferred to the MEF corresponds to collection made by SUNAT of FONAVI contributions made by tax payers who have stabilized the tax regime applicable to them as per the Law N° 27071.

Uncollected FONAVI reimburses correspond to checks drawn from 1999 to 2016 which have not be cashed by its beneficiaries. These checks were issued to refund FONAVI contributions according to SUNAT communications, responsible for the collection of these resources.

- (b) It corresponds to the Funds received from the Ministry of housing, Construction and Sanitation that were allocated to credits authorized to IFI's (Credito MIHOGAR and Nuevo crédito, MIVIVIENDA prior compliance review of other requirements set forth in the respective regulations.
- (c) It corresponds to the balance payable to technical entities on behalf of eligible households who accessed the TechoPropio program. This balance comprises the amount of savings deposited by the households in the Fund's account and savings of Fondo de Vivienda Policial (FOVIPOL).
- (d) It corresponds to the balance payable to technical entities (builders) for the financing of the family housing allowance (BFH for its acronym in Spanish) of households that accessed to the TechoPropio program.
- (e) It corresponds to the Funds received from the Ministry of housing, Construction and Sanitation with pending allocation to beneficiaries that request credit products offered by the Fund. The allocations of these resources are made through COFIDE when disbursements to IFI'S are authorized by approved credits.
- (f) It corresponds to funds received from MVCS from DU 002-2014 to assume the BBP for houses at prices higher than 14 UIT-25 UIT (from 01.01.14 to 07.28.14) and 14 UIT - 50 UIT (from 07.29.14 to 01.22.15). The balance

of unused resources is being allocated pursuant to the provisions of DS 003-2015.

15. Provisions and other liabilities

Provision and other liabilities include the following:

<i>In thousands of soles</i>	As of 09.30.16	As of 12.31.15
Provisions and other liabilities:		
Deferred income for cash flow advances	0	0
Other deferred income	329	336
Provisions for litigation , claims and other contingencies (a)	1,667	1,576
Provision for credit risk coverage on advances of flows	0	0
Transactions in progress	12	7
Others Provisions	438	475
	2,446	2,394

(a) It corresponds to provisions for disputes and claims of judicial and labor nature. In the opinion of management and the Fund's legal advisors, the provision recorded as of September 30, 2016 and December 31, 2015 is sufficient to cover the risk of loss for disputes and claims of the Fund.

16. Net Equity

(a) Capital social

As of September 30 2016, the capital comprises 3,257,086,154 common shares, subscribed and paid up (3,174,248,949 common shares as of December 31, 2015). All the shares have voting rights and par value of S/ 1 each.

As of September 30 2016 and December 31 2015, the unique 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 17, 2016 the Fund's General Stockholder Meeting approved the capitalization of the profit for the 2015 fiscal year amounting to S/ 82,837; this will increase the capital from S/ 3,174,249 thousands to S/ 3,257,086 thousands

(b) Legal reserve

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

The General Shareholder Meeting held on March 17, 2016, approved the increase of the legal reserve amounting to S/ 66,217 thousands charged to the obtained earnings for the 2015 fiscal year.

The General Shareholder Meeting held on March 2015, approved the increase of the legal reserve amounting to S/ 57,012 thousands charged to the obtained earnings for the 2014 fiscal year.

(c) Adjustment to equity

The equity adjustments correspond to unrealized gain (loss) generated by the valuation of available-for-sale investments of the Fund as well as the forward and the Swaps (Interest Rate effect) cash flows hedge agreements generated by the valuation that are within the range of effectiveness. The net movement is as follows:

<i>In thousands of soles</i>	As of 09.30. 16	As of 12.31.15
Initial balance	21,796	(752)
Unrealized gain (loss) on available -for-sale investments	20,686	(13,086)
Unrealized gain of operations of covering of the fund's flow	(113,743)	45,174
Transfer of loss on available-for-sale for incomes net of the performed gain	1,234	262
Deferred income tax	28,621	(9,802)
	(41,406)	21,796

(d) Patrimonio efectivo

As of September 30, 2016, the effective equity of the Fund determined pursuant to applicable standards, amounts to S/3,323,302 thousands (S/ 3,320,329 thousands as of December 31, 2015). This figure is issued to calculate certain limits and legal restrictions in accordance with the applicable Fund's General Law, and has been determined as follows:

	In thousands of	
	09.30.2016	12.31.2015
Level 1 effective equity :		
Paid- in capital stock	3,257,086	3,174,249
Plus:		

Legal reserve	66,217	66,217
Profit with Capitalization agreement		82,837
Less:		
Accumulated loss		
Unrealized losses on available-for-sale investments		2,830
		144
	-----	-----
Total level 1 effective equity	3,323,302	3,320,329
	-----	-----
Total Level 2 effective equity		
	-----	-----
Total effective equity	3,323,302	3,320,329
	=====	=====

As of September 30 2016, the requirements for effective equity for credit risk determined by the Fund according to legislation applicable to financial institutions amounts to S/ 3,278,506 thousands (S/ 3,286,170 thousands, as of December 31, 2015), while effective equity requirements for market and operational risk amount S/21,948 thousands and S/22,848 thousands, respectively (S/12,098 thousands and S/22,061 thousands, respectively, as of December 31, 2015).

According to the General Law, the effective equity must be equal to or greater than 10% of the total risk-weighted assets and contingent credits, which include:

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

As of September 30 2016, the Fund's cash assets represents 105,40% of minimum capital requirements for market, operating and credit risk (87.47% as of December 31, 2015).

As of April 2, 2009, the SBS enacted Resolution N° 2115-2009 approving the Regulations on Additional Effective Equity Requirement for operational risk, which is effective as of 1 July 2009. In this respect we need to indicate that as of the date of this report, the Fund applies the Basic Indicator Approach for the calculation of the effective equity for operational risk.

On July 20, 2011, the SBS enacted Resolution N° 8425-2011 approving the Regulations on Additional Effective Equity Requirement indicating that the net worth shall be equal to the sum of the net worth requirements, calculated per each of the following components;

- i) Economic cycle,
- ii) Concentration risk,
- iii) Market risk concentration,
- iv) Interest rate risk in banking records and
- iv) other risks

As from the effective date of this standard, financial entities will have a five year term to conform all of their total net worth to the level indicated in such Resolution. This additional requirement has come into force

progressively starting in July 2012. As of September 30, 2016 and December 31, 2015, the global effective equity excess is as follows:

	In thousands of S/	
	09.30.2016	12.31.2015
Minimum effective equity requirement:		
For credit, market, and operational risks	315,317	366,556
Additional effective equity	53,802	54,793
	-----	-----
Total minimum requirement	369,119	421,349
	=====	=====
Total calculated effective equity	3,323,302	3,206,356
	=====	=====
Global effective equity excess	3,692,421	2,785,007
	=====	=====

17. Interest income

The item is comprised as shown below:

	In thousands of S/	
	As of 09.30.2016	As of 09.30.2015
Cash and due from banks (a)	24,378	8,405
Available-for-sale investments (b)	6,107	13,599
Held-to-maturity investments (c)	15,045	241
Accounts receivable (d)	270,804	244,529
Other financial income	569	1,092
TOTAL	316,903	267,866

- a) It corresponds to interest-bearing bank accounts and interest accrued from term deposits.
- b) It corresponds to available-for-sale an investment which is mainly comprised of interests of ordinary Sovereign Bonds, Ordinary Bonds, and Securitization Bonds, among others.
- c) It corresponds to held-to-maturity investments that are comprised of interest accrued from Short-Term instruments and deposit certificates.
- d) Interest income from accounts receivable corresponds to interest earned on accounts receivables from financial entities placed through the COFIDE Trusts; likewise, it corresponds to the attributions of results regarding the CRC.PBP Trusts.

18. Interest expenses

The item is comprised as shown below:

	In thousands of S/	
	09.30.2016	09.30.2015
Debts and obligations of the Peruvian financial system		
- Debts and obligations of the financial system of Peru (a)	(10,838)	(9,493)
- Debts and obligations with foreign financial systems and international financial organizations (b)	(1,805)	(164)
- Fees and other charges from debts and financial liabilities (c)	(1,231)	(668)
- Securities and Obligations outstanding (d)	(89,715)	(79,148)
	<u>(103,589)</u>	<u>(89,473)</u>
Interests of accounts payable	-	
Other finance expenditures (e)	(43,950)	(38,688)
Total interest expenses	<u>(147,539)</u>	<u>(128,161)</u>

- (a) It corresponds to interest accrued on amounts owed to Banco de la Nación.
- (b) It corresponds to interest accrued and adjustments of the amortized cost of the loan to the French Development Agency (AFD).
- (c) The Fund has made a provision for the unused facility Afraissal Fee euros.
- (d) It corresponds to interest accrued for bonds Issues, with the first issuance in 2013 and the second and third issuance in 2014.
- (e) This item represents the expenses for the Good Payer Award (Premio del Buen Pagador) granted through the COFIDE Trust.

19. Ingresos por servicios financieros

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 for the commission charged to the IFIs for the credit risk hedging agreement and the Good Payer Award.

	09.30.2016	09.30.2015
	S/ (000)	S/ (000)
Income from trusts and fees	454	416
Various incomes	4,306	4,325
Final Balance	<u>4,760</u>	<u>4,741</u>

20. Financial Services Expenses

The composition of this item is shown below:

	In thousands of S/	
	09.30.2016	09.30.2015
Sundry expenses	(243)	(207)

Total	<u>(243)</u>	<u>(207)</u>
--------------	--------------	--------------

It corresponds to the expenses for maintenance, charges transfer fees securities custody fee, service for issuing cashier's check and other expenses for services rendered by Banks.

21. Results from financial Transactions (ROF)

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

	09.30.2016	09.30.2015
	S/ (000)	S/ (000)
Available-for-sale investment	(1,234)	(359)
Trading derivatives (a)	3,764	0
Income on hedging transactions (b)	(71,633)	101,974
Exchange rate profit-loss (c)	(12,637)	(131,349)
Others	(523)	(734)
Final balance	<u>(82,263)</u>	<u>(30,468)</u>

- (a) It corresponds to net loss generated from the: negotiating forward (CHF -USD, EUR-PEN USD-PEN), which as of 09.30.2016 represents an accumulated gain of S/ 3,764 thousands mainly due to:

Type of contract	Amount S/
146 Agreements Purchase	5,073
010 Agreements Selling	<u>(1,309)</u>
	<u>3,764</u>

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

- Forward sale of flows coverage (USD) as of 09.30.2016 has an accumulated gain of S/ 331 thousands of soles due mainly to:

Type of contract	Amount S/
12 FWD Agreements Selling	301
	<u>301</u>

- Swap Principal Only Currency of cash flows hedge (USD, CHF and EUR) that as of 09.30.2016 has a cumulative profit of S/ 67,133 thousands soles mainly due to:

Type of contract	Amount S/
53 Principal Swap Agreements Purchase only	(67,133)

(67,133)

- Swap Principal Cross Currency of cash flows hedge (USD and EUR) that as of 09.30.2016 has an cumulative loss of S/ S/ 4,801 thousands Soles mainly due to:

Type of contract	Amount S/
04 Swap Cross Currency Agreement Purchase	1,270
04 Swap Cross Currency Agreement Selling	(6,071)
	(4,801)

- (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, with no hedged derivative financial instrument, which resulted in a cumulative loss of S/ 12,797 thousand.

22. Administrative expenses

This item is comprised as shown below:

	In thousands of S/	
	09.30. 2016	09.30.2015
Personnel and Board of directors expenses (b)	18,138	16,564
Services received from third parties (c)	13,203	17,604
Taxes and contributions	501	237
	-----	-----
	31,842	34,405
	=====	=====

- (a) This Personnel and Board of Director expenses item is comprised as shown below“:

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

	In thousands of S/	
	09.30.2016	06.30.2015
Remuneration	(7,809)	(7,467)
Bonus	(280)	(279)
Employee profit sharing	(3,370)	(3,294)
Gratuities	(1,425)	(1,340)
Severance payment	(843)	(789)
Professional Practices Grant	(609)	(599)
Security and indemnities	(807)	(760)
Vacation	(725)	(674)
Training	(239)	(163)
EPS undertaken by the company	(553)	(365)
Allowances to the Board	(275)	(243)

Food allowances	(484)	-
Personal clothing	(297)	(287)
Others	(422)	(304)
	(18,138)	(16,564)
	=====	=====

(b) The composition of this item "services received from third parties" is as follows":

	<u>In thousands of S/.</u>	
	<u>09.30.15</u>	<u>09.30.15</u>
Advertising	3,997	8,298
Advisory services	1,250	1,196
Rental of goods and properties	1,752	1,630
Repair and maintenance	1,153	1,127
TIC project expenses-FONAFE	1,047	988
Communications	788	837
Travel expenses	268	337
Mobility	265	357
Guarding and Protection	137	131
Insurance	195	180
Courier services	166	156
Office supplies	44	73
Utilities	152	142
Cleaning services	18	11
Telemarketing services	329	728
Other expenses	1,643	1,413
	-----	-----
	13,203	17,604
	=====	=====

23. Valuation of Assets and Provisions

The composition of this item is shown in detail below:

	<u>In S/</u>	
	<u>09.30.2016</u>	<u>09.30.2015</u>
Provisions for uncollected accounts receivable		
Provision COFIDE Trust	(23,101)	(17,768)
Provision EXCONEMINSA Portfolio	(53)	(151)
Provision for Invoices Receivable	(108)	(100)
Provision for Invoices Receivable – Others	1	(6)
Provision Reversion – COFIDE	15,317	15,089
Provision Reversion- EXConeminsa	331	236
Provision Reversion - Banco Banex	4	5
Provision Reversion – IFIS in liquidation	643	19
	-----	-----
	(6,966)	(2,676)
Provision for Suits and Complaints	(341)	(991)

Otras Provisions (11) (146)

24. Other income, net

The composition of this item is shown in detail below:

	In thousands of S/	
	09.30.2016	09.30.2015
Other income		
Income for sundry Accounts Receivable	229	271
Deferred income accrued	45	15
Notarial Expenditures- Enforcement of Letter of Guarantee	32	43
Penalties	68	12
License for use of brand	74	86
Interest for balance return in favor DDJJ2014	1,847	0
Other incomes	301	5,610
	2,596	6,037
Other expenses		
	(13)	(30)
Other minor expenses	(93)	(192)
	(106)	(222)
Total other income, net	2,490	5,815

25. Profit per share

Basic profit per common share has been calculated by dividing the net profit of the year by the weighted average of the number of existing shares in such periods. Because the Fund does not have financial Instruments with dilutive effect, the basic and diluted profits per share are the same

<u>Detail</u>	<u>Average</u>	<u>Amount</u>
Weighted average number of basic shares	3,201,861	
Weighted average number of basic diluted shares	3,201,861	
Profit for the year		39,381
Profit for basic share		0.012299
Profit per diluted share		0.012299

26. Tax Situation

(a) The Fund has not made a provision for current income tax as of September 30, 2016 only for the amount in thousands of S/ 17.928, this effect is mainly due to the tax treatment of the difference in exchange for assets and liabilities in foreign currency by comparing the accounting rates on weighted average exchange of purchase and sales, which generated a deduction of S/ 27,800 thousands (income tax provision as of December 31, 2015 of thousands of S/ 31.920).

(b) Since 2005, it was established a Temporary Tax on Net Assets (ITAN as per Spanish Acronym), whose base represents the value of adjusted net assets at the end of the previous fiscal year to which the payment is made, less net depreciation, amortization, enforceable deficit, and specific provisions for credit risk. The tax rate from the year 2009 is 0.4%, applicable to the amount of assets that excess of thousands of S/ 1,000. Such tax shall be paid in cash or in nine consecutive monthly installments. The amount may be used against the payments on account of the General Income Tax Regime of the tax year from March to December of the tax year for which the tax was paid until the expiration date of each prepayments and upon payment of income tax regularization of the taxable year to which it corresponds. The Fund has calculated the ITAN as of September 30, 2016 in thousands of S/ 21,488 (ITAN is S/ 31,246 as of December 31, 2015).

(c) In accordance with current tax legislation, income tax of legal persons calculated for the years 2015 and 2016 at a rate of 28% on taxable net income.

In accordance with the Law N ° 30296, published in December 31, 2014 and in force as of January 1, 2015, the income tax rate applicable on the net income will be as follows: 28% for the years 2015 and 2016, 27% for the years 2017 and 2018 and 26% for the year 2019 onwards.

Legal persons who are not domiciled in Peru and natural persons are subject to the additional tax withholdings on the dividends received. In this regard, in accordance with the Law N ° 30296, additional tax on dividends for the income generated will be 4.1% for the income generated as of December 31, 2015, and will increase to 6.8% for the years 2015 and 2016, 8% for the years 2017 and 2018 and 9.3% for the years 2019 onwards.

(d) It has also been established in 15% the income tax withholding rate applicable to the technical assistance provided by entities that are not domiciled in the country, regardless of where they perform the service provided as long as they comply with the requirements set forth in the Income Tax Act.

(e) As of September 30, 2016 and 2015, the financial transaction tax rate has been set at 0.005% and applies over charges and credits in the bank accounts and flow of funds through the financial system, unless it is exonerated.

(f) The provision of income tax as of September 30, 2016 and December 31, 2015, discounting i) payments to account effectively paid before the end of the financial year, (ii) tax credit to income from previous exercises, (iii) payments by ITAN, (iv) the following are other taxes presented in the Current Tax:

CURRENT TAX	As of 09.30.2016
	<u>S/ (000)</u>
Provision for income tax	17,928
Payments on account January to February	(6,271)
Income Tax Credit Previous Fiscal Year	(3,864)

ITAN 2016	(21,488)
Income Tax Credit	<u>(13,695)</u>
Other taxes	<u>83</u>
TOTAL TAXES AND/OR CURRENT CREDIT	<u><u>(13,612)</u></u>
CURRENT TAX	As of 12.31..2015
	<u>S/ (000)</u>
Provision for income tax 2015	31,920
Payments on account January to February 2015	(8,274)
Income Tax Credit Previous Fiscal Year	(27,883)
ITAN 2015	<u>(31,246)</u>
Income Tax Credit to December 2015	<u>(35,483)</u>
Other Taxes	<u>81</u>
TOTAL TAXES AND/OR CURRENT CREDIT	<u><u>(35,402)</u></u>

(a) In relation to the provision of the Income Tax shown in the income statement comprises:

	<u>In thousands of S/</u>	
	09.30.2016	12.31.2015
Income Tax:		
Current	(17,928)	(31,920)
Deferred	<u>3,036</u>	<u>4,118</u>
TOTAL	<u><u>(14,892)</u></u>	<u><u>(27,802)</u></u>

27. Deferred Income Tax

The deferred income tax has been calculated on the basis of the differences between the accounting and tax base of assets and liabilities. The composition according to the items that originated it is as follows:

DEFERRED INCOME TAX	<u>In thousands of S/</u>			Balance as of 12.31.2015
	Balance as of 09.30. 2016	Additions Results	(Deductions) Equity	
Assets				
Generic provision for accounts receivable	11,553	-2,023	-	13,576
Available-for-sale Investments	0		-1,518	1,518
Income deferred by flows in advance of the BCP.		-	-	
Derivative financial products with coverage purposes.	15,276		15,276	
Others	1,344	-10	-	1,354

Liabilities				
Derivative financial products with coverage purposes.	-	-	14,597	(14,597)
Available-for-sale Investments	-	-	-	-
Adjustment of assets and liabilities	(7,506)	5,016	-	(12,522)
Others	(86)	52	-	(138)
	<u>20,581</u>	<u>3,035</u>	<u>28,355</u>	<u>(10,809)</u>

28. Financial Instruments

Financial instruments are classified as assets, liabilities or equity according to the substance of the contractual agreement that originated them. Interests, dividends, gains and losses generated by financial instruments classified as assets or liabilities are recorded as income or expense. Financial instruments are offset when the Fund has a legal right to offset them and Management has the intention to settle them on a net basis or to realize the asset and settle the liability simultaneously. Refer to note 10 (c) related to criteria for accounting records of accounts receivable from the CRC-PBP Trusts.

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

As of September 30, 2016 and 2015, the classification categories of financial assets and liabilities are observed as follows:

As of 09.30.2016				
	Loans and receivables	Available for sale at Fair value	Held to maturity	Hedging derivatives
<i>In thousands of soles</i>				
Financial assets:				
Cash and due from banks	1,026,349			
Available for sale investments:				
Debt instruments		18,236		
Held-to-maturity investments			591,936	
accounts receivable (Trust Agreement - COFIDE)	6,096,47			
Hedging Derivatives Accounts receivable				317,436
Other accounts receivable	25,780			
Other accounts receivable				
CRC-PBP trust	8,132	3,304	72,607	
	<u>7,156,728</u>	<u>21,540</u>	<u>664,543</u>	<u>317,436</u>

As of 09.30.2016

	At amortized cost	Hedging Derivatives
<i>In thousands of soles</i>		
Financial Liabilities:		
Public obligations	426	
Debts and financial obligations	4,433,706	
Hedging Derivatives Accounts receivable		43,001
Other accounts payable	398,611	
	4,832,743	43,001

As of 12.31.2015

	Loans and receivables	At fair value available For sale	Held To maturity	Hedging derivatives
<i>In thousands of soles</i>				
Financial assets:				
Cash and due from banks	1,001,986			
Available for sale investments:		691,535		
Debt instruments held-to-maturity			23,454	
accounts receivable (Trust Agreement - COFIDE)	5,831,216			
Hedging Derivatives Accounts receivable				393,966
Other accounts receivable	852			
Other accounts receivable CRC-PBP trust	7,474	61,232	8,536	
	6,841,528	752,767	31,990	393,966

As of 12.31.2015

	At amortized cost	Hedging Derivatives
<i>In thousands of soles</i>		
Financial Liabilities:		
Public obligations	179	
Debts and financial obligations	3,853,222	
Hedging Derivatives Accounts receivable		17,277
Other accounts payable	638,916	
	4,492,317	17,277

The accounting policies about the acknowledgment and valuation of these items are described in the following notes.

29. Financial Risk Management

The MIVIVIENDA S.A. Fund manages its risks through policies and methodologies approved by the Board of Directors in order to manage mainly

the credit, market, liquidity and operational risks. Based on said methodologies, the main indicators that make possible the mitigation of risks to which the entity is exposed have been established.

Limits have been set forth in the methodologies established for the integral risk management, as well as tolerances and deviations, which allow the monitoring and mitigation of the entity's risks. The Fund has different hedging policies and mitigation of risk, which are located in the manuals developed by the Risk Management.

In order to avoid excessive concentrations of risk, a structure of internal limits has been established in the Manual of Policies and Procedures of Market Risk Management as well as in the Manual of Investment Policies of the Fund. The limits are established by financial institution, economic sectors, issuer, instrument, currency, risk classification, etc.

Also, the concentration in the institutions of the local financial system is monitored, at least once a year, through assignment and updating of investment lines by entity. Furthermore, in order to monitor the concentrations of issuers of financial instruments, before carrying out any operation, Risk Management evaluates the proposal made by the Finance Department, and communicating a positive or negative opinion to the General Manager, who will approve or deny the implementation of the investment. The results of the evaluation are told to the Risk Committee to their knowledge.

Market Risk

The Fund is exposed to the following market risk factors: interest rate risk of the trading portfolio, structural interest rate risk and Exchange risk.

The interest rate risk of the trading portfolio is controlled through internal limits of *stop loss* and through unrealized losses alerts. In accordance with Manual of Investment Policies and Procedures, when the losses for the devaluation of a debt instrument plus the accrued interests earned since the instrument acquisition is over or equal to 5% of the acquisition value. The financial instrument shall be liquidated in the highest value.

The structural balance interest rate risk is monitored by tracking the risk Earnings and risk Equity Value situations reported to the SBS; these are indicators of structural rate risk at short-term and long-term respectively. Risk Earnings being below the 5% regulatory limit of the effective equity of the Fund is monitored. Also, in relation to the risk Equity Value, the Fund has a 20% internal limit for the regulatory calculation and a 19.8% internal limit for the internal calculation.

The exchange risk is controlled by a hedging internal limit which is in between the range of 80% to 120% regarding the Fund's accounting rates position in foreign currency. Furthermore, the Fund has an internal limit to the risk value of the global position equal to 1% of its effective equity.

The structural interest rate risk management is managed by monitoring and reporting of the regulatory indicators: risk Earnings and risk Equity Value. These indicators are a result of the regulatory annexes: Annex N° 7-A "Measurement

of the Interest Rate Risk – Risk Earnings” and Annex N° 7-B “Measurement of the Interest Rate Risk – Risk Equity Value”.

The preparation of the Annex N° 7-A and Annex N° 7-B is done according to internal assumptions and to the SBS’s methodological notes.

Since 2014, the assumptions and methodology used for the preparation of the Annex N° 7 has not changed.

The indicator’s results are reported to the Risk Committee and the Assets and Liabilities Management Committee, who decide the actions to be taken in order to mitigate the exposure of rate risk.

As of September 30, 2016 and June 30, 2016, exposition of the Fund to the interest rate risk considering repricing dates of the instruments is as follows:

Interest rate risk	Up to 1 month	More than 1 month up to 2 months	More than 2 months Up to 3 months	More than 6 months Up to 6 months	More than 6 months Up to 12 months	More than 12 months	Note Accrued interest	Total set 2016
<i>In soles</i>								
Assets:								
Cash and due from banks	652,805,752	170,770,123	35,276,793	167,334,673.6	0	0	0	1,026,187,341
Investments	647,006	3,975,975	2,030,052	39,277,073	24,546,781	539,694,870	0	610,171,757
Account receivable (Trust Agreement – COFIDE)	28,994,215	34,171,498	37,215,027	95,072,751	200,653,623	5,700,359,443	0	6,096,466,556
Accounts receivable for Hedging derivatives	0	0	0	0	0	0	317,566,411	317,566,411
Total assets	682,446,973	208,917,595	74,521,871	301,684,497	225,200,404	6,240,054,313	317,566,411	8,050,392,066
Liabilities:								
Debts and financial obligations	17,649,542	0	61,786,693	33,918,121	121,659,835	4,198,691,617	0	4,433,705,807
Accounts payable for Hedging derivatives	0	0	0	0	0	0	43,136,953	43,136,953
Total liabilities	17,649,542	0	61,786,693	33,918,121	121,659,835	4,198,691,617	43,136,953	4,476,842,761
off-balance accounts								
Derivative instruments, assets	0	0	0	0	0	0	2,947,172,367	2,947,172,367
Derivative instruments, liabilities	0	0	0	0	0	0	124,100,000	124,100,000
Marginal Gap	664,797,431	208,917,595	12,735,178	267,766,377	103,540,570	2,041,362,696	3,097,501,825	6,396,621,672
Accumulated Gap	664,797,431	873,715,027	886,450,205	1,154,216,582	1,257,757,151	3,299,119,847	6,396,621,672	

(*) This table does not consider the accounts receivable to the CRC/PBP trusts in accordance with the regulatory law.

								June 2016	
Interest rate risk		More than 1 month	More than 2 months	More than 3 months	More than 6 months	More than	Not accrued		
<i>In soles</i>	Up to 1 months	Up to 2 months	Up to 3 months	Up to 6 months	Up to 12 months	12 month	interest	Total	
Assets:									
Cash and due from banks	628,822,303	62,346,319	99,454,301	35,154,090	0	0	0	825,777,014	
Investment	10,968,086	10,064,666	1,403,896	6,006,398	47,910,901	552,014,453	0	628,368,401	
Account receivable (Trust Agreement – COFIDE)	39,638,539	28,586,106	33,826,796	104,217,544	206,383,781	5,616,902,143	0	6,029,554,909	
Accounts receivable for Hedging derivatives	0	0	0	0	0	0	299,564,452	299,564,452	
Total assets	679,428,929	100,997,092	134,684,993	145,378,032	254,294,683	6,168,916,596	299,564,452	7,783,264,776	
liabilities:									
Debts and financial obligations	25,079,031	0	912,700	78,780,582	112,635,704	3,769,782,174	0	3,987,190,192	
Accounts payable for Hedging derivatives							50,027,216	50,027,216	
Total liabilities	25,079,031	0	912,700	78,780,582	112,635,704	3,769,782,174	50,027,216	4,037,217,408	
Off-balance accounts									
Derivative instruments, assets							2,760,461,550	2,760,461,550	
Derivative instruments, liabilities							32,890,000	32,890,000	
Marginal Gap	654,349,897	100,997,092	133,772,293	66,597,449	141,658,978	2,399,134,422	2,977,108,786	6,473,618,918	
Accumulated Gap	654,349,897	755,346,989	889,119,282	955,716,732	1,097,375,710	3,496,510,132	6,473,618,918		

(*)This table does not consider the accounts receivable to the CRC/PBP trusts in accordance with the regulatory law.

The effects of the changing estimated on the interest rate as of September 30, 2016 and June 30, 2016, are the following:

<i>In thousands of</i>	Results before taxes			
	September 2016		June 2016	
	S/	US\$	S/	US\$
Change in the interest rate				
-2.00%	-22,511	-2,644	-16,258	-5,680
-1.50%	-16,883	-1,983	-12,194	-4,260
-1.00%	-11,256	-1,322	-8,129	-2,840
-0.50%	-5,628	-661	-4,065	-1,420
0%	0	0	0	0
0.50%	5,628	661	4,065	1,420
1.00%	11,256	1,322	8,129	2,840
1.50%	16,883	1,983	12,194	4,260
2.00%	22,511	2,644	16,258	5,680

<i>In thousands of</i>	Effect on equity before taxes			
	September 2016		June 2016	
	S/	US\$	S/	US\$
Change in the interest rate				
-2.00%	-71,340	-131	-73,050	-1,871
-1.50%	-53,505	-98	-54,787	-1,403
-1.00%	-35,670	-65	-36,525	-936
-0.50%	-17,835	-33	-18,262	-468
0%	0	0	0	0
0.50%	17,835	33	18,262	468
1.00%	35,670	65	36,525	936
1.50%	53,505	98	54,787	1,403
2.00%	71,340	131	73,050	1,871

(*) This table does not consider the accounts receivable to the CRC/PBP trusts in accordance with the regulatory law.

Furthermore, it is important to indicate that the interest rate risk of investments in government bonds in BCRP deposit and in corporate bonds is managed using the risk value model.

The Fund monitors the Exchange risk through the hedging internal limit over the accounting rates position in foreign currency. In regards to the maximum losses due to adverse movements in the exchange rate, these are calculated according to the regulatory model of risk value and its methodological notes. Also, the Fund makes use of the historical simulation model to measure these maximum estimated losses (the methodology of the internal model is detailed in the Manual of Policies and Procedures of Market Risk Management). The results of these models are reported in the Annex N° 9 "Positions Subject to Exchange Risk".

As of September 30, 2016 and December 31, 2015, the exposition from the Fund to the exchange rate risk is as follows:

<i>In thousands of soles</i>	As of 09.30.2016				As of 12.31.2016			
	US Dollar	Other currencies	Sol	Total	US currencies	Other currencies	Sol	Total
Interest rate risk								
Monetary assets								
Cash and due from banks	128,812	6,286	891,251	1,026,349	1,271,919		-269,933	1,001,986
Available-for-sale investments	-	18,236	-	18,236	244,627		446,908	691,535
Maturing investments	549,334		42,602	591,936	2,071		21,383	23,454
Account receivable (Trust Agreement – COFIDE)	293,751		5,802,715	6,096,466	365,112		5,466,104	5,831,216
Account receivable for Trading derivatives	34		96	130				
Account receivable for Hedging derivatives	554		316,882	317,436			393,966	393,966
Other Accounts receivable	17,347		92,476	109,823	66.00		78,029	78,095
Current tax			13,612	13,612			26,955	26,955
Total Monetary assets	989,832	24,522	7,159,634	8,173,988	1,883,795		5,885,874	7,769,669
Monetary Liabilities								
Public obligations			426	426			180	180
Debts and financial obligations	2,726,784	723,855	983,067	4,433,706	2,394,038	752,874	946,753	4,093,665
Accounts payable for trading derivate	80		56	136				
Accounts payable for Hedging derivatives	4,401	-	38,600	43,001	7,456		13873	21,329
Other Accounts payable	1,051		397,560	398,611	3,394		585,447	588,841
Total Monetary Liabilities	2,732,316	723,855	1,419,709	4,875,880	2,404,888	752,874	1,546,253	4,704,015
Out of financial situation accounts:								
Derivative instruments, assets	1,938,018	787,767	-2,725,785	-	1,533,746	687,522	-2,221,268	0
Derivative instruments, liabilities	-124,100		124,100	-	-541,441		541,441	0
	1,813,918	787,767	-2,601,685	-	992,305	687,522	-1,679,827	0
Net monetary position	71,434	88,434	3,138,240	3,298,108	471,212	-65,352	2,659,794	3,065,654

Regarding the exchange risk the table below shows the results of the risk value models internal and regulatory (with a level of reliability of 99% and a liquidation term of 10 days) described in Annex N° 9 Affected positions to the exchange risk:

	Sep 2016		Jun 2016	
	In thousands of S/	%	In thousands of S/	%
Models				
Regulatory	2,092	0.06%	5,363	0.16%
Internal	2,965	0.09%	7,796	0.23%
Global Position	75,187	2.26%	192,880	5.80%
	Over purchase		Over purchase	

Article 6 of the Regulations for the Administration of Foreign Exchange Risk, approved by SBS Resolution No. 1455-2003, and its amendments, requires that the global position of financial institutions oversold shall not exceed 10% of its net equity. The regulation also states that the global position of financial institutions overbought shall not exceed 50% of its net equity.

By Resolution No. 05-04CR-2014 from the Risk Committee Meeting from April 23, 2014, it was approved the Risk Management's proposal to establish a preventive clearance margin at global oversell that not exceed the 8% relating to the effective equity and for the global oversell position the 30% relating to the effective equity in order to avoid infringing the regulatory limits.

Currently, the derivatives recorded as Financial Economic Coverage are accounted for as trading.

Liquidity risk

Liquidity risk is managed by analyzing contractual maturities. The main component of the Fund's assets are accounts receivable; there loans disbursed to financial institutions are recorded. Maturities are based on monthly maturities of loans made. Other components of the assets are investments, which are distributed according contractual term. Distributional assumptions were approved by Resolution No. 03-01CR-2014 of Meeting No. 01-2014 of the Risk Committee dated January 24, 2014

<i>In thousands of S/</i>	Up to 1 month	More than 1 Up to 3 months	More than 3 Up to 12 months	More than 1 year	total
Exposition to the liquidation risk Financial statement situation Risk					
Liabilities:					
Public obligations	-	427	0	0	427
Debts and financial obligations	-	60,889	60,889	4,311,928	4,433,706
Accounts payable for hedging derivatives	0	0	0	43,001	43,001
Others Accounts payable	78,054	151	4,523	315,882	398,610
Other liabilities	-	0	0	341	341
Total	78,054	61,467	65,412	4,671,152	4,876,085

<i>In thousands of S/</i>	Up to 1 month	More than 1 Up to 3 months	More than 3 Up to 12 months	More than 1 year	total
Exposition to the liquidation risk Financial statement situation Risk					
Liabilities:					
Public obligations	-	0	186	0	186
Debts and financial obligations	-	0	120,245	3,866,945	3,987,190
Accounts payable for hedging derivatives	0	0	0	49,366	49,366
Other accounts payable	156,771	160	739	339,294	496,964
Other liabilities	-	0	0	371	371
Total	156,771	160	121,170	4,255,976	4,534,077

The liquidity risk management is focused on the development of a portfolio of assets and liabilities, looking for the funding sources diversification in order to achieve the fit between assets and liabilities terms.

These control internal indicators are the ratio of internal liquidity and the analysis of duration of resources. Said control internal indicators are prepared according to internal and regulatory methodologies (included in the Policies and Liquidity Risk Management Manual and in the methodology notes of SBS to elaborate regulatory annexes of liquidity, respectively). Facing any event that might cause liquidity risk, the Fund holds a contingency plan for liquidity in which the settlement certain assets, debt and debit issuance is considered

Credit Risk

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

Risk analysis is based mainly in: i) economic, financial and commercial evaluation, ii) market development evaluation, iii) enterprise management evaluation, iv) evaluation of funding sources and real estate projects to be developed, v) guarantee and collateral evaluation, vi) economic sector evaluation.

The main functions of risk management are: i) IFI credit risk analysis, ii) credit risk analysis of the final borrower, iii) IFI classification and provisioning, iv) final borrower classification and provision, v) IFI loan portfolio review, through the evaluation of credit policies, operational procedures and, in general, all the financial and operational aspects of the institution, and vi) monthly control and monitoring of IFI, through financial indicators internally determined.

Funded credits by the Fund are presented in local currency. It is worth pointing out that the Fund holds loan balances in dollars, corresponding to the first products received by the Fund (4.76% of the total portfolio as of September 16).

As of September 30, 2016, the maximum level of exposure to credit risk of the Fund was of S/ 6, 152,448, corresponding to the balance of the accounts to be collected (Financial trust agreement with COFIDE). According to the Resource Channeling Agreement entered by the Fund and the Intermediary Financial Institution (IFI), IFI holds the responsibility of creating mortgage guarantee on all sub-loans. Due to its fiduciary role, COFIDE uses mechanisms through resource channeling agreements entered with IFIs in order to ensure the mortgage credit group received from the Fund, for which the IFIs are obliged to respond.

The evaluation and proposal for a credit line is carried out by the Commercial Management. The risk management reviews the evaluation and analyzes the risks. The proposal refers to the Risk Committee for their approval or denial.

As of September 30, 2016 and December, 2015, the Fund's exposure to the credit risk on the basis of the risk classification of the credit's final beneficiary by IFIs is as follows:

Final Beneficiary risk

<i>In thousands of soles</i>	09.30.2016		12.31.2015	
	Portfolio balance	%	Portfolio balance	%
Not matured or deteriorated portfolio:				
Normal	5,640,932	91.69	5,440,260	92.55
With potential problems	103,793	1.69	108,073	1.84
		93.38		94.39
Deteriorated portfolio:				
Deficient	97,986	1.59	95,841	1.63
Doubtful	139,756	2.27	111,888	1.90
Less	169,981	2.76	122,229	2.08
	407,723	6.62	329,958	5.61
Gross portfolio	6,152,448	100.00	5,878,290	100.00

Risk for IFI

09.30.2016

12.31.2015

<i>In thousands of soles</i>	Portfolio balance	%	Portfolio Balance	%
Not matured or deteriorated portfolio				
Normal	5,848,614	95.06	5,550,178	94.42
With potential problems	122,151	1.99	130,514	2.22
		97.05		96.64
Former portfolio (Caja Metropolitana)	48,879	0.79	54,314	0.92
Former portfolio (CRAC Señor de Luren)	132,804	2.16	143,284	2.44
Gross portfolio	6,152,448	100.00	5,878,290	100.00

It is important to point out that, due to the use of Clause 13 of the Resource Channeling Agreement entered by the Fund and Caja Rural de Ahorro y Crédito (CRAC, Saving and Credit Land Bank) Señor de Luren in September 2014 and the Resolution SBS N° 3471-2015 published in 06.18.2015 in which the Superintendency of Banking, Insurance and Pension Fund Associations (SBS) declared the compliance of the intervention regime for CRAC Señor de Luren, the risk of Mivivienda portfolio of CRAC Señor de Luren for settlement is considered as final beneficiary risk.

Additionally, in accordance with the use of Clause 13 of the Resource Channeling Agreement entered by the Fund and Caja Metropolitana, from October 2015, risk of Caja Metropolitana portfolio is considered as final beneficiary risk.

In both cases, it is specified that the management of Mivivienda credit portfolio, which includes collection management and delivery of information regarding SBS lending operations risk classification of the lending borrower to SBS, is performed by IFI, if there is no portfolio transfer.

30. Fair value

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

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

As of September 30, 2016 and 2015, the fair value of financial instruments of the Fund is as follows:

<i>In thousands of soles</i>	Value in books	Sep 2016 Fair value	Value in books	Dec 2015 Fair value
Assets:				
Cash and due from banks	1,026,349	1,026,349	1,001,986	1,001,986
Debts representative instruments	18,236	18,236	691,535	691,535
Held to maturity investments	591,936	591,936	23,454	23,454
Accounts receivable (Trust Agreement -COFIDE)	6,096,467	6,096,467	5,831,216	5,831,216

Accounts receivable for financial derivatives	317,436	317,436	393,966	393,966
Other accounts receivables	109,823	109,823	78,094	78,094
	8,160,247	8,160,247	8,020,251	8,020,251
Liabilities:				
Bonds payable	426	426	179	179
Debts and financial obligations	4,433,706	4,433,706	3,853,222	3,978,841
Accounts payable for financial derivatives	43,001	43,001	17,277	17,277
Other accounts payable	398,611	398,611	638,916	638,916
	4,875,744	4,531,109	4,509,594	4,635,213

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

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

- (a) The cash and due from Banks represents cash or short-term deposits, not presenting significant credit risks.
- (b) Available-for-sale investments generally have share Price or market value through discounted cash flows.
- (c) The fair value, of the accounts receivable (Trust agreement - COFIDE) are similar to their carrying amount, net of their corresponding provision for a loan losses, according to the "Oficio Multiple SBS N° 1575-2014-SBS".
- (d) Debts with Banks and correspondents accrue interests at fixed rate and variables; they have short-term maturities. The fair value of such financial instruments is calculated using discounted cash flows at current rates for liabilities with similar characteristics. As a result of the calculation, the estimated market value does not differ significantly from the carrying amount.

Securities and obligations bear interest at fixed rates. The fair value of these financial instruments was calculated using discounted cash flows at rates prevailing for liabilities with similar characteristics. As a result of the calculation, the estimated market value does not differ from book value.

- (e) Commitments of future purchase and sale of foreign currency are registered in carrying amounts at marked estimated values, so there are no differences with the corresponding fair values.

Below are presented the financial instruments registered by the Fund at the fair value according to the following levels:

- Level 1: Instruments quoted in active markets.
- Level 2: Instruments quoted in the non-active markets.
- Level 3: Not quoted Instruments.

<i>In thousands of soles</i>	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets:						
Available for sale investments						
Representative instruments of debt	38,944			397,498	290,283	3,754
Accounts receivable financial derivatives			299,565			393,966
Other accounts receivable				31,633	29,599	
	38,944		299,565	429,131	319,882	397,720
Liabilities:						
Debt and financial obligations	3,649,16			3,480,52		
Accounts payable for financial Derivatives	1		338,029	9		498,311
			50,027			17,277
	3,649,16		388,056	3,480,52		515,588
	1			9		

31. Contingencies

As of September 30, 2016, the Fund holds the following contentious processes:

- a) Lawsuits on labor issues related to profit sharing payment and reimbursement of fringe benefits. As of September 30, 2016, the Fund recorded a provision for S/ 1,667 thousands for this concept (S/ 1,577 thousands as of December 31, 2015).
- b) Various constitutional procedures (protective action) related to the reestablishment of labor rights to former employees of the Funds and to the cancellation of records to technical entities for committed infringements.
- c) Administrative procedure with Consortium DHMONT & CG & M S.A.C for challenging an administrative resolution. The claimant is seeking the annulment of the letter by virtue of which the Fund refused to return the stand-by letter of credit granted to the Fund as guarantee, which was posted as a condition to appeal the award under the public bid (Collique) called by the Fund. The amount in dispute is S/ 4,870 thousands. The judge ordered the return of US\$ 250 thousands, which as of 05.31.2015 has been recorded in favor of the plaintiff.
- d) Arbitration proceeding with Veritas Edificaciones S.A.C. and CG&M Proyectos y Construcciones S.A.C. The claim involves an amount of US\$ 7,327 thousands. On 07.14.2015 it was notified arbitration award having no civil and economic stability of the Fund.

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

32. Contingent and memoranda accounts

The item up to date of the general balance is comprised as shown below:

	In thousands of S/	
	09.30.2016	12.31.2015
Contingents		
Forwards (a)	120,536	254,106
Swaps (b)	2,731,628	2,333,312
Cross currency ©	219,108	0
Other contingents	315,801	357,885
Total contingents	3,387,073	2,945,303
Memoranda accounts		
Suspended interest of Ex-Coneminsa portfolio and other accounts receivable (c)	6,449	6,298
CRC-PBP Trusts in MN and ME (d)	84,042	77,242
Written-off uncollectible accounts (e)	36,197	36,197
Fid. Cofide – granted lines, not used	2,561,451	0
Securities and bonds outstanding 4,565	6,084	6,161
Employer's contribution debt (f)	18,222	18,222
Other debt accounts	289	283
Total debit memoranda accounts	2,712,734	144,403
Effective agreements signed with suppliers	49,484	12,558
Funds received from the Ministry of Housing – Family Housing Bond	70,978	186,433
Stand-by letters of credit and surety bonds received as guarantees (g)	524,955	672,701
Mortgage guarantees received (h)	2,932	2,942
Advance in account in favor of FONDO	160,000	50,000
AFD Exterior– granted credit line, not used	305,962	296,544
Other debt accounts	164	166
Total credit memoranda accounts	1,114,475	1,221,344
Trusts and autonomous equity in administration		
Autonomous equity, Fondo Ley 27677 (i)	0	0
CRC-PBP Trust (j)	177,960	158,408
Las Garzas Trusts (k)	21,925	24,088
Total Trusts	199,885	182,496
Total memoranda accounts	7,414,167	4,493,546

- (a) Corresponds to the Fund's commitment on forward buying of Swiss Francs and U.S dollars to hedge its debts in such currencies in thousands of CHF 15,000 and USD 20,005 as of September 30, 2016.
- (b) Corresponds to the Fund's commitment for operations:
- Swap principal only buying operations for U.S Dollars and Swiss Francs assumed to hedge its debts in such currencies for: USD 540,000 thousands and CHF 220,000 thousands and EUR 10,000 thousands as of September 30, 2016.

- Cross currency swaps selling of US Dollars assumed to hedge its debts in such currency for USD 26,500 as of September 30, 2016.
 - Cross currency swaps buying euros assumed to hedge the accounts payable in such currency for CHF 15,000 and EUR 20,000 as of September 30, 2016.
- (c) As of September 30, 2016 and December 31, 2015, this corresponds to the letters of guarantee received to secure the performance of the Technical Entities under the contracts entered into by the Techo Propio program for the Family Housing Bond and the Family Savings Bond, as well as letters of guarantee for the performance of procurement contracts for goods and services.
- (d) Corresponds to the recognition of the right assumed for the constitution of the CRC and PBP Trusts in Soles and U.S Dollars in 2007, with a current trust fund of S/39,267 thousands and S/44,775 thousands, respectively (S/36,126 thousands and S/41,116 thousands as of December 31, 2015, respectively).
- (e) As of September 30, 2016 and December 31, 2015, 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 N°26969 – the FONAVI Settlement Act, to which the Fund believes it is entitled.
- (f) As of September 30, 2016 and December 31, 2015, these mainly correspond to write-offs on the balances receivable (principal and interest) from Corporación Transcontinental del Perú S.A. totaling S/4,333 thousands and S/3,775 thousands, which were booked in the "Other accounts Receivable" and "Other Suspended Performance" items. This write-off was recorded as per the resolution of the Board of Directors.
- (g) As of September 30, 2016 and December 31, 2015, this corresponds to the mortgage securities received from two financial entities in liquidation, for the credit portfolios held with them.
- (h) As of September 30, 2016 and December 31, 2015, this corresponds to the interest accrued on the past-due portfolio with Ex-Coneminsa and "Other Accounts Receivable".
- (i) As of September 30, 2016 and December 31, 2015, this corresponds to the value of the total assets of the "Fondo Ley Equity", net of liabilities and equity that includes the results for the fiscal year for earnings of S/4,311 thousands and S/22,331 thousands respectively. The Statutory Fund Equity N° 27677 was established via the Notarially Recorded Instrument dated February 13, 2002, with the resources transferred to Fondo MIVIVIENDA S.A. from the liquidation of the National Housing Fund (FONAVI), for its administration, recovery, and channeling through the Intermediary Financial Institutions (IFIs).
- (j) As of September 30, 2016 this corresponds to the total assets, liabilities, revenues, expenses and expenses accounts, and the total equity value of the Trusts managed, known as "CRC (Credit Risk

Hedging) and PBP (Good Payer Award) in Soles” and “CRC (Credit Risk Hedging) and PBP (Good Payer Award) in US Dollars, S/78,885 and S/99,075 thousands (S/73,694 thousands and S/84,714 thousands as of December 31, 2015). For more details, see Note 4.4.2.

Both managed trusts were established via the Notarial deed dated on June 11, 2007, for the purpose of enabling the availability of resources to meet the Fund’s obligations under the CRC (Credit Risk Hedging) and PBP (Punctual Payer’s Bonus) service agreements entered into with certain financial entities, as well as to allow said resources to be managed as efficiently as possible.

- (k) Land trust in which the Banco de Comercio acted as trustee from the creation thereof in 2006, until October 6, 2010. By virtue of the preliminary agreement (minute) date October 7, 2010, the Banco de Comercio resigned from its role as trustee and transferred to Fondo MIVIVIENDA S.A. the trust estate and the duty of trustee, since that date, the Fund has been responsible for keeping the accounting records as part of its duties as trustee.

14. Subsequent events

There are no significant events occurred between the closing date of the financial statements, that may affect them significantly.