

**Fondo MIVIVIENDA S.A.**  
**Statement of Financial Position**  
**As of June 30, 2014 and December 31, 2013**  
**(in thousands of nuevos soles)**

	Notes	2014	2013		Notes	2014	2013
<b>ASSETS</b>				<b>LIABILITIES</b>			
<b>CASH AND DUE FROM BANKS</b>				<b>OBLIGATIONS WITH THE PUBLIC</b>			
Cash	5	1,853,665	408,506			167	162
Banco Central de Reserva del Perú		0	0	Demand obligations		0	0
Banks and other local financial system companies		3,327	198	Savings accounts obligations		0	0
Banks and other foreign financial system companies		1,850,064	408,080	Long-term obligations		0	0
Float		0	0	Other obligations		167	162
Other funds available		274	228	<b>INTERBANK FUNDS</b>		0	0
<b>INTERBANK FUNDS</b>		0	0	<b>DEPOSITS FROM FINANCIAL SYSTEM COMPANIES AND INTERNATIONAL FINANCIAL ORGANIZATIONS</b>		0	0
<b>INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		0	0	Demand deposits		0	0
Capital Instrument		0	0	Savings deposits		0	0
Debt Instrument		0	0	Time deposits		0	0
Investments in Commodities		0	0	<b>DEBTS AND FINANCIAL OBLIGATIONS</b>	14	3,628,891	1,801,663
<b>AVAILABLE FOR SALE INVESTMENTS</b>	6	331,705	330,731	Debts and Obligations to Banco Central de Reserva del Perú		0	0
Equity instruments		0	0	Debts and obligations to local financial entities and institutions		602,834	402,525
Debt instruments		331,705	330,731	Debts and obligations to foreign companies and international financial organizations		0	0
<b>HELD TO MATURITY INVESTMENTS</b>	6	0	6,447	Other local and foreign debts and obligations		0	0
<b>LOANS PORTFOLIO</b>		0	0	Securities		3,026,057	1,399,138
Current Loans Portfolio		0	0	<b>TRADING DERIVATIVES</b>		0	0
Restructured Loans Portfolio		0	0	<b>HEDGING DERIVATIVES</b>	8	53,584	382
Refinanced Loans Portfolio		0	0	<b>ACCOUNTS PAYABLE</b>	15	279,815	254,580
Past Due Loans Portfolio		0	0	<b>PROVISIONS</b>	15	5,470	6,761
Loan Portfolio with court action for collection		0	0	Provision for standby credit		0	0
(-) Provisions for Loans		0	0	Provision for litigation and complaints		1,745	1,283
<b>TRADING DERIVATIVES</b>		0	0	Other		3,725	5,478
<b>HEDGING DERIVATIVES</b>	8	2,399	737	<b>CURRENT TAXES</b>		0	0
<b>ACCOUNTS RECEIVABLE</b>		4,872,032	4,423,623	<b>DEFERRED INCOME TAX</b>		0	0
Accounts receivable from sale of assets and services and from the Trust (net)	7	4,865,552	4,422,163	<b>OTHER LIABILITIES</b>	15	3,399	5,046
Other accounts receivable (net)	9	6,480	1,460	<b>TOTAL LIABILITIES</b>		3,971,326	2,068,594
<b>REALIZABLE ASSETS RECEIVED IN PAYMENT, AWARDED</b>		0	0	<b>SHAREHOLDERS' EQUITY</b>		3,050,654	3,050,654
Realizable assets		0	0	Capital stock	16	34	34
Assets received in payment and awarded		0	0	Additional capital		0	0
<b>SHARE</b>		0	0	Treasury shares in portfolio		49,863	43,283
Subsidiaries		0	0	Reserves		56,753	-3,677
Affiliated companies and interests in joint ventures		0	0	Retained earnings		17,002	65,790
Other		0	0	Fiscal year net profit (loss)		-39,701	-29,797
<b>PROPERTY, FURNITURE AND EQUIPMENT (NET)</b>	10	935	1,122	Adjustments to equity		3,134,605	3,126,287
<b>INTANGIBLE ASSET OTHER THAN GOODWILL</b>	11	892	825	<b>TOTAL SHAREHOLDERS' EQUITY</b>		3,134,605	3,126,287
<b>PLUSVALUE</b>		0	0				
<b>CURRENT ASSETS</b>		22,822	13,723				
<b>DEFERRED INCOME TAX</b>	12	20,235	7,842				
<b>NON-CURRENT ASSETS HELD FOR SALE</b>		1	13				
<b>OTHER ASSETS</b>	13	1,245	1,312				
<b>TOTAL ASSETS</b>		7,105,931	5,194,881	<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		7,105,931	5,194,881
<b>CONTINGENT ACCOUNTS RECEIVABLE</b>	17	2,448,623	1,051,493				
<b>MEMORANDA ACCOUNTS RECEIVABLE</b>	17	131,719	128,494				
<b>CONTRA ACCOUNT OF MEMORANDUM ACCOUNTS CREDIT BALANCE</b>	17	523,427	685,677				
<b>TRUSTS, DEBTOR TRUST FEES, AND TRUST CREDITOR CONTRA ACCOUNTS</b>	17	166,711	1,030,506				

**Fondo MIVIVIENDA S.A.**  
**Income Statement**  
**For the periods ended June 30, 2014 and 2013**  
**(in thousands of nuevos soles)**

	For the Qtr. from Notes April 1 to June 30, 2014	For the Qtr. from April 1 to June 30, 2013	For the Semester from Jan. 1 to June 30, 2014	For the Semester from Jan. 1 to June 30, 2013
<b>INTEREST INCOME</b>				
Cash and due from banks	1,438	3,309	2,016	8,986
Interbank funds	0	0	0	0
Investments at fair value through profit or loss	0	0	0	0
Available for sale investments	4,789	2,943	9,242	4,801
Held to maturity investments	22	96	103	118
Direct loans portfolio	0	0	0	0
Income from hedging transactions	0	0	0	0
Accounts receivable	69,462	52,139	135,473	100,225
Other financial income	458	663	912	812
<b>TOTAL INTEREST INCOME</b>	<b>19</b>	<b>76,199</b>	<b>147,746</b>	<b>114,942</b>
<b>INTEREST EXPENSES</b>				
Obligations with the Public	0	0	0	0
Interbank funds	0	0	0	0
Deposits from financial system entities and international financial organizations	0	0	0	0
Debts and financial obligations	-27,138	-12,351	-45,556	-20,405
Debts and obligations to Banco Central de Reserva del Perú	0	0	0	0
Debts and obligations to the local financial system	-6,819	0	-12,656	-443
Debts and obligations to foreign financial entities and international financial organizations	0	0	0	0
Other local and foreign debts and obligations	0	0	0	0
Fees and other charges for debts and financial obligations	0	0	0	0
Outstanding securities, bonds and debentures	-20,319	-12,351	-32,900	-19,943
Account payable interest	0	-142	0	-147
Income (expense) from hedging transactions	0	0	0	0
Other Financial Expenses	-11,579	-9,813	-22,220	-15,613
<b>TOTAL INTEREST EXPENSES</b>	<b>20</b>	<b>-38,717</b>	<b>-22,311</b>	<b>-38,168</b>
<b>GROSS FINANCIAL MARGIN</b>	<b>37,442</b>	<b>36,839</b>	<b>79,970</b>	<b>75,777</b>
(-) Provisions for direct loans	0	0	0	0
<b>NET FINANCIAL MARGIN</b>	<b>37,442</b>	<b>36,839</b>	<b>79,970</b>	<b>75,777</b>
<b>INCOME FROM FINANCIAL SERVICES</b>				
Income from indirect loans	21	1,516	1,942	3,557
Income from trusts and trust fees	0	0	0	0
Miscellaneous income	128	126	283	251
Miscellaneous income	1,388	1,816	2,795	3,306
<b>FINANCIAL SERVICES EXPENSES</b>	<b>-35</b>	<b>-31</b>	<b>-64</b>	<b>-49</b>
Indirect loan expenses	0	0	0	0
Trust and trust fee expenses	0	0	0	0
Premium to deposit insurance fund	0	0	0	0
Miscellaneous expenses	-35	-31	-64	-49
<b>NET FINANCIAL MARGIN OF INCOME AND EXPENSES FROM FINANCIAL SERVICES</b>	<b>38,923</b>	<b>38,750</b>	<b>82,954</b>	<b>79,285</b>
<b>INCOME (EXPENSE) FROM FINANCIAL TRANSACTIONS (ROF)</b>				
Investments at fair value through profit or loss	0	0	0	0
Investments at fair value through profit or loss	0	0	0	0
Investments in commodities	0	0	0	0
Available for sale investments	0	0	0	0
Trading derivatives	-2,259	608	-2,259	608
Income (expense) from hedging transactions	-5,820	0	-7,251	-2,128
Gains (losses) on shares	0	0	0	0
Profit (loss) in foreign exchange	-9,301	-22,369	-12,866	-20,431
Other	-4,331	1,521	-4,795	2,509
<b>OPERATING MARGIN</b>	<b>17,212</b>	<b>16,510</b>	<b>55,795</b>	<b>59,843</b>
<b>ADMINISTRATIVE EXPENSES</b>				
Personnel and Board of Directors' expenses	22	-5,073	-3,109	-10,561
Third-party service expenses	22	-4,519	-4,627	-6,501
Taxes and contributions	22	-132	-96	-225
<b>DEPRECIATION AND AMORTIZATION EXPENSES</b>	<b>-165</b>	<b>-187</b>	<b>-342</b>	<b>-325</b>
<b>NET OPERATING MARGIN</b>	<b>7,323</b>	<b>10,541</b>	<b>36,164</b>	<b>43,168</b>
<b>ASSETS VALUATION AND PROVISIONING</b>				
Provisions for indirect loans	0	0	0	0
Provisions for doubtful accounts receivable	-3,365	-5,966	-8,971	-10,015
Provision for realizable assets, assets received in payment, recovered assets, awarded assets, and other	0	0	0	0
Provision for available for sale non-current assets	-11	0	-11	0
Impairment of investments	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	-319	-396	-666	-447
Other provisions	-62	-62	-124	-124
<b>OPERATING INCOME (EXPENSE)</b>	<b>3,566</b>	<b>4,117</b>	<b>26,392</b>	<b>32,603</b>
Other income and expenses	131	154	593	507
<b>PROFIT (LOSS) BEFORE INCOME TAX</b>	<b>3,697</b>	<b>4,271</b>	<b>26,985</b>	<b>33,110</b>
<b>INCOME TAX</b>	<b>231</b>	<b>-2,363</b>	<b>-3,282</b>	<b>-9,983</b>
<b>NET INCOME FOR THE PERIOD</b>	<b>1,334</b>	<b>989</b>	<b>17,002</b>	<b>22,826</b>
Basic income (loss) per share	0.000	0.000	0.006	0.008

**Fondo MIVIVIENDA S.A.**  
**Comprehensive Income Statement**  
**For the periods ended June 30, 2014 and 2013**  
**(In thousands of nuevos soles)**

	For the Qtr from April 1 to June 30, 2014	For the Qtr from April 1 to June 30, 2013	For the semester from January 1 to June 30, 2014	For the semester from January 1 to June 30, 2013
<b>Fiscal year net profit (loss)</b>	1,334	989	17,002	22,826
<b>Other Comprehensive Income:</b>				
Exchange difference from translation of foreign transactions	0	0	0	0
Profit (loss) from investments in equity instruments at fair value	0	0	0	0
Cash flow hedges	-25,477	0	-27,116	0
Investment hedges net of foreign operations	0	0	0	0
Interest in other comprehensive income of subsidiaries, affiliated companies, and joint ventures	0	0	0	0
Revaluation surplus	0	0	0	0
Other	14,854	-26,435	-12,585	-27,964
<b>Other comprehensive income before taxes</b>	<b>-10,623</b>	<b>-26,435</b>	<b>-39,701</b>	<b>-27,964</b>
<b>Tax on profits related to other comprehensive income components</b>				
Exchange difference from translation of foreign operations	0	0	0	0
Profit (loss) from investments in equity instruments at fair value	0	0	0	0
Cash flow hedging	0	0	0	0
Hedging for net investments in foreign operations	0	0	0	0
Interest in other comprehensive income of subsidiaries, affiliated companies, and joint ventures	0	0	0	0
Valuation surplus	0	0	0	0
Other	0	0	0	0
<b>Total tax on profits related to other comprehensive income components</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other comprehensive income</b>	<b>-10,623</b>	<b>-26,435</b>	<b>-39,701</b>	<b>-27,964</b>
<b>Fiscal year total comprehensive income, net of tax on profits</b>	<b>-9,289</b>	<b>-25,446</b>	<b>-22,699</b>	<b>-5,138</b>

**Fondo MIVIVIENDA S.A.**  
**Statement of Cash Flows**  
**For the fiscal years ended in 2014 and 2013**  
**(in thousands of nuevos soles)**

	From January 1, 2014 to June 30, 2014	From January 1, 2014 to June 30, 2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>FISCAL YEAR NET PROFIT</b>	17,002	22,826
<b>ADJUSTMENTS</b>		
Depreciation and amortization	341	328
Provisions	24,281	23,279
Impairment	0	0
Other adjustments	3,949	-4,495
<b>NET CHANGES IN ASSETS AND LIABILITIES</b>		
<b>Net increase (decrease) in assets</b>		
Loans	0	0
Investments at fair value through profit or loss	0	0
Available for sale investments	12,464	-269,199
Accounts receivable and other	-432,423	-537,266
<b>Net increase (decrease) in liabilities</b>		
Unsubordinated debt	1,817,880	0
Accounts payable and other	16,330	-3,414
<b>Cash and cash equivalent flows after adjustments and net changes in assets and liabilities</b>	<b>1,459,824</b>	<b>-767,941</b>
Taxes (paid) collected on earnings	-20,891	-26,683
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>1,438,933</b>	<b>-794,624</b>
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		
Income from sale of interests	0	0
Balance from purchase of interests	0	0
Income from sale of intangibles and property, furniture and equipment	0	0
Expenses on the purchases of intangibles, property, furniture and equipment	-221	-362
Income from held to maturity debt instrument	6,447	0
Expense on held to maturity debt instrument	0	0
Other income related to investment activities	0	0
Other expenses related to investment activities	0	0
<b>NET CASH FLOWS FROM INVESTMENT ACTIVITIES</b>	<b>6,226</b>	<b>-362</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Income from the issuance of subordinated financial liabilities	0	0
Expenses on the redemption of subordinated financial liabilities	0	0
Income from the issuance of equity instruments	0	0
Dividends paid	0	0
Other income related to financing activities	0	1,061,255
Other expenses related to financing activities	0	-11,831
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>0</b>	<b>1,049,424</b>
<b>Net increase (decrease) in cash and cash equivalents before effect of changes in exchange rate</b>	<b>1,445,159</b>	<b>254,438</b>
Effects of exchange rate changes in cash and cash equivalents	0	61,081
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,445,159</b>	<b>315,519</b>
Cash and cash equivalents at the beginning of the period	408,506	340,476
<b>Cash and cash equivalents at the end of the period</b>	<b>1,853,665</b>	<b>655,995</b>

**Fondo MIVIENDA S.A.**  
**Statement of Changes in Net Equity**  
**For the 6-month periods ended June 2013 and June 2014**  
(in thousands of nuevos soles)

	Capital stock	Additional capital	Treasury shares	Reserves			Fiscal year net profit (loss)	Adjustment to equity							Total Net Equity		
				Reserve requirement	Voluntary Reserve	Retained Earnings		Exchange difference from translation of foreign transactions	Gains (Loss) from investments in equity instruments at fair value	Cash flow hedging	Hedging for net investments in foreign business	Interest in other comprehensive income in subsidiaries, affiliates and joint ventures	Revaluation surplus	Other adjustments		Total adjustments to equity	
<b>Balances as of January 1, 2013</b>	2,968,160	34	0	34,117	0	92,627	0	0	0	0	0	0	0	0	0	0	<b>3,094,938</b>
1. Adjustments for changes in accounting policies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2. Adjustments for correction of errors	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>3. Opening balance after adjustments</b>	<b>2,968,160</b>	<b>34</b>	<b>0</b>	<b>34,117</b>	<b>0</b>	<b>92,627</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,094,938</b>
4. Changes in Equity																	
5. Comprehensive income:																	
6. Fiscal year profit (loss)							22,826										22,826
7. Other comprehensive income								0	0	0	0	0	0	-27,964		-27,964	-27,964
<b>8. Total Comprehensive Income</b>							<b>22,826</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-27,964</b>		<b>-27,964</b>	<b>-5,138</b>
9. Changes in Net Equity (not included in Comprehensive Income)																	
10. Transfer of fiscal year profit (loss) to Retained Earnings				0	0	0	0										0
11. Cash dividends declared																	0
12. Capital stock issuance (other than a business combination)	82,494	0	0	0	0	-82,494											0
13. Capital reduction (other than a business combination)	0	0	0	0	0	0											0
14. Increase (decrease) of Business Combinations	0	0	0	0	0	0											0
15. Increase (decrease) for treasury stock transactions	0	0	0	0	0	0											0
16. Increase (Decrease) for transfers and other changes	0	0	0	9,166	0	-13,301											-4,135
<b>Total changes in equity</b>	<b>82,494</b>	<b>0</b>	<b>0</b>	<b>9,166</b>	<b>0</b>	<b>-95,795</b>	<b>22,826</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-27,964</b>	<b>-27,964</b>	<b>-9,273</b>	<b>-9,273</b>
<b>Balances as of June 30, 2013</b>	<b>3,050,654</b>	<b>34</b>	<b>0</b>	<b>43,283</b>	<b>0</b>	<b>-3,168</b>	<b>22,826</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-27,964</b>	<b>-27,964</b>	<b>-9,273</b>	<b>3,085,665</b>
<b>Balances as of January 1, 2014</b>	<b>3,050,654</b>	<b>34</b>	<b>0</b>	<b>43,283</b>	<b>0</b>	<b>62,113</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-29,797</b>	<b>-29,797</b>	<b>-29,797</b>	<b>3,126,287</b>
1. Adjustments for changes in accounting policies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2. Adjustments for correction of errors	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>3. Opening balance after adjustments</b>	<b>3,050,654</b>	<b>34</b>	<b>0</b>	<b>43,283</b>	<b>0</b>	<b>62,113</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-29,797</b>	<b>-29,797</b>	<b>-29,797</b>	<b>3,126,287</b>
4. Changes in Equity																	
5. Comprehensive income:																	
6. Fiscal year profit (loss)							17,002										17,002
7. Other comprehensive income								0	0	-27,116	0	0	0	17,212		-9,904	-9,904
<b>8. Total Comprehensive Income</b>							<b>17,002</b>	<b>0</b>	<b>0</b>	<b>-27,116</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>17,212</b>	<b>-9,904</b>	<b>-9,904</b>	<b>7,098</b>
9. Changes in Equity (not included in Comprehensive Income)																	
10. Transfer of fiscal year profit (loss) to Retained Earnings				0	0	0	0										0
11. Cash dividends declared																	0
12. Capital stock issuance (other than a business combination)	0	0	0	0	0	0											0
13. Capital reduction (other than a business combination)	0	0	0	0	0	0											0
14. Increase (decrease) of Business Combinations	0	0	0	0	0	0											0
15. Increase (decrease) for treasury stock transactions	0	0	0	0	0	0											0
16. Increase (Decrease) for transfers and other changes	0	0	0	6,580	0	-5,360											1,220
<b>Total changes in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,580</b>	<b>0</b>	<b>-5,360</b>	<b>17,002</b>	<b>0</b>	<b>0</b>	<b>-27,116</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>17,212</b>	<b>-9,904</b>	<b>-9,904</b>	<b>8,318</b>
<b>Balances as of June 30, 2014</b>	<b>3,050,654</b>	<b>34</b>	<b>0</b>	<b>49,863</b>	<b>0</b>	<b>56,753</b>	<b>17,002</b>	<b>0</b>	<b>0</b>	<b>-27,116</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-12,585</b>	<b>-39,701</b>	<b>-39,701</b>	<b>3,134,605</b>

**NOTES TO THE FINANCIAL STATEMENTS**

As of June 30, 2014

in thousands of Nuevos Soles

**1. Background and business activity****(a) Background**

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

**(b) Business activity**

The objectives of the Fund are to promote and finance the acquisition, improvement and construction of homes, especially those of social interest; conduct activities linked to the promotion of investments in the housing finance market; to participate in the secondary market for mortgage loans, and to contribute to the development of the capital market. The activities of the Fund are regulated by the Superintendency of Banking, Insurance and Private Pension Fund Administrators (*Superintendencia de Banca, Seguros y Administradoras Privadas de Fondos de Pensiones* or "SBS" for its Spanish acronym), pursuant to SBS Resolution No. 980-2006 "Regulations for Fondo MIVIVIENDA S.A."

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

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

- (i) MIVIVIENDA Program.
- (ii) Techo Propio Program – Management of the Household Housing Bonus (*Bono Familiar Habitacional*, or "BFH" for its Spanish acronym), on behalf of the Ministry of Housing, Construction and Sanitation – ("MVCS" for its Spanish acronym).
- (iii) Fund Resources, Law No. 27677, on behalf of the Ministry of Economy and Finance ("MEF" for its Spanish acronym).

The characteristics of each program are as follows:

**(i) MIVIVIENDA Program**

Under a Trust Agreement with *Corporación Financiera de Desarrollo S.A.* ("COFIDE" for its Spanish acronym), the Fund channels resources to financial institutions within the Peruvian financial system to grant mortgage loans; the main characteristics of these loans include the Good

Payer Award (*Premio al Buen Pagador* or "PBP" for its Spanish acronym) and the Credit Risk Coverage (*Cobertura de Riesgo Crediticio* or "CRC" for its Spanish acronym).

The MIVIVIENDA Program is comprised of the following products:

- New MIVIVIENDA Credit
- MICONSTRUCCIÓN Credit
- Standardized (\*) MIVIVIENDA Credit
- MIHOGAR (\*) Credit
- Traditional (\*) MIVIVIENDA Credit
- Techo Propio Complementary Credit (supplementary financing to the household housing bonus)
- Credit Risk Coverage and Good Payer Award service (Funding to Intermediary Financial Institutions, hereinafter IFI) (\*)
- MICASA MAS Credit

(\*) As of June 30, 2014, these products have been discontinued. The remaining balance of loans under these programs consists solely of uncollected amounts (note 7). Services under the CRC-PBP and standardized MIVIVIENDA Credit were discontinued in November 2009, the MIHOGAR Credit Project was discontinued in August 2009 and the traditional MIVIVIENDA Credit in May 2006.

(ii) Techo Propio Program – Management of the household housing bonus (BFH)

Loans under this program are granted in three modalities, (i) acquisition of a new home; (ii) construction on owned lot; and (iii) house renovations. In all modalities, the financing of a home under this program implies the participation of up to three components: (a) a subsidy channeled by the Fund with State resources, - the household housing bonus (BFH); (b) household savings, and (c) where necessary, the complementary financing to the household housing bonus (Techo Propio Program) which must be granted by an IFI.

According to the third transitional provision of Law No. 28579, at the end of fiscal year 2005, the Fund was commissioned by the Government to manage the household housing bonus and the Techo Propio program resources through an agreement entered into with the MVCS.

On April 28, 2006, the Fund, the MVCS and FONAFE entered into the "Agreement for the Management of the Household Housing Bonus and the Funds of the Techo Propio Program", whereby the Fund was entrusted the management of the BFH and Techo Propio Program funds and the conduction of activities aimed at the promotion, registration, recording and verification of information, qualification of applications, allocation of the BHP and transfer of the BFH to the developer, seller, builder or the respective technical unit. This agreement establishes that FONAFE must allocate resources to the Fund to manage the costs and expenses of the program.

(iii) Fund Law N° 27677

By virtue of Law N° 27677 dated March 1, 2002, the Fund was entrusted the administration, recovery and channeling of the proceeds resulting from the liquidation of Fondo Nacional de Vivienda (FONAVI, for its Spanish

acronym). Law No. 29625, which became effective on December 8, 2010, provides for the reimbursement to the workers who made contributions to FONAVI, of the amounts contributed by them. Article 4 of Law No. 29625 prescribed the creation of an Ad Hoc Committee responsible for conducting and supervising all procedures relating to the reimbursement of contributions to FONAVI. The composition of such Ad Hoc Committee was approved on September 24, 2012 by Ministerial Resolution No. 609-2012-EF/10.

Likewise, the Fund set up the CRC-PBP trusts, one in nuevos soles and the other one in US Dollars, to cover the Fund's obligations associated to the PBP and CRC service payments and, in turn, secure resources to pay an amount equivalent to one third (1/3) of the total loan portfolio balance reported by each IFI that contracted such service. It is worth noting that these trusts are governed by SBS Resolution No. 980-2006, which approved the Fund's Regulations.

The Fund provides the following services to the IFI under the service contracts with the CRC-PBP trusts:

- Credit Risk Coverage (CRC service), defined by Article 21 of the Regulations for the CRC and PBP as a guarantee furnished by the Fund to the IFI (intermediary financial institution) for up to the lower of one third (1/3) of the outstanding 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 and conditions set forth in the referenced Regulations.
- Good Payer Award (PBP service), defined in Article 24 of the Regulations for the CRC and PBP as the service rendered to the IFI whereby the Fund assumes payment of the installments for the concessional tranche (the amount of the Good Payer Award) applicable to those beneficiaries who made prompt payment of the installments for the non-concessional tranche of the loan. Such award is used to settle, every six months, the amount of the installment payable in such period for the concessional tranche of the MIVIVIENDA loan.

(c) Approval of the financial statements

The financial statements as of June 30, 2014, submitted to the SBS, were approved by the Board of Directors on July 14, 2014.

The financial statements as of December 31, 2013 were approved by the Board of Directors on January 13, 2014 and by the General Shareholders' Meeting on March 25, 2014.

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

On March 25, 1999, a Trust Agreement was signed between the Mortgage Fund for Housing Promotion (*Fondo Hipotecario de Promoción de la Vivienda - MIVIVIENDA*), (now Fondo MIVIVIENDA S.A.) and COFIDE. The aim of this agreement was the creation of a trust legal relationship whereby COFIDE receives resources from the Fund and acts as trustee on behalf of the Fund, in order to channel the funds for loans to final borrowers through the IFI which are willing to use the funds in the acquisition or improvement of houses pursuant to article 12 of Supreme Decree No. 001-99-MTC "Regulations for Fondo Hipotecario de Promoción de la Vivienda - Fondo MIVIVIENDA".



The main duties of COFIDE include the following:

- Comply with articles 241 to 274 of the General Law of the Financial System and Insurance System, and with the Organic Law of the SBS – Law No. 26702, as amended.
- Ensure compliance with the IFI's requirements and conditions according to Supreme Decree No. 001-99 –MTC.
- Enter into the agreement on resources intermediation with those IFI having complied with the relevant requirements and conditions.
- Monitor the use of resources, according to the provisions of the Fund's Regulations and the agreement on resources intermediation.
- Collect the loans granted to the IFI.
- Contract the necessary audits for account of the Fund.
- Submit, on a regular basis, reports on the development of trusts and make recommendations on the exposure limits of the IFI (\*).
- Establish operating procedures as are necessary for the proper administration of the Fund.
- Other duties as may be required to ensure the normal performance of objectives and functions of both the Trust and the Fund.

(\*) On May 18th 2012, the Fund executed the first amendment to the Trust Agreement with COFIDE, which discharged the latter from the obligation to issue recommendations on the exposure limits of the IFI to the Fund, since the Fund is a corporation under the supervision of the SBS. Pursuant to SBS Resolution No. 3586-2013, the Fund is not subject to the lending limits established by Article 204 of Law 26702, the Peruvian Banking Law, to the extent the Fund acts as a second-tier bank. However, the fund has established internal limits to prevent the concentration of its loan portfolio with IFI, taking into account factors related to effective equity size, risk classification, and risk-weighted effective equity ratio.

The main duties of the Fund include the following:

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

The powers of COFIDE include the following:

- Channel and monitor the Fund's resources, being empowered to enter into and execute all deeds and documents, public and private, necessary for that purpose.
- Require that the IFI demand the creation of guarantees on behalf of the beneficiaries.
- Exercise all the powers addressed in articles 74 and 75 of the Code of Civil Procedure, which are necessary to carry out the entrusted assignment. Consequently, COFIDE may sue, counterclaim, answer complaints and counterclaims, abandon the proceedings or claims, acquiesce to claims, reconcile, settle and submit to arbitration all controversial issues in the proceeding.
- It is placed on record that COFIDE is not responsible for the creditworthiness or solvency of the IFI.

The term of this Agreement is 5 years and is automatically renewable if neither party expresses its will to terminate it.

(2) Basis for the preparation of financial statements

(a) Statement of compliance

The accompanying financial statements have been prepared in nuevos soles from the Fund's accounting records and are presented in accordance with current legal provisions and the accounting principles authorized by the SBS (SBS GAAP). In accordance with the SBS regulations, the hierarchy of application of accounting standards considers specific rules and regulations enacted by the local regulator, the International Financial Reporting Standards (IFRS) as adopted in Peru by the Accounting Standards Committee (CNC for its Spanish acronym), same which include the Standards and Interpretations issued by the International Accounting Standards Board (IASB), International Accounting Standards (IAS), and the Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

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

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

(b) Basis of measurement

The financial statements have been prepared in accordance with the historical cost principle, except for the following items measured at their fair value:

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

(c) Functional and presentation currency

The financial statements are presented in nuevos soles (S/.), which is the Fund's functional and presentation currency, according to the SBS standards. Unless otherwise stated, financial information in nuevos soles (S/.) has been rounded to the nearest thousand (S/.000).

(d) Critical accounting estimates and criteria (estimates and critical accounting policies)

The preparation of the financial statements in conformity with accounting principles requires management to use certain critical accounting estimates and criteria. Estimates and criteria are assessed continuously based on experience and include assumptions with regard to the future which may be considered reasonable in the circumstances. Since these are estimates, final results could differ; however, based on the opinion of Management, these estimates and assumptions have no significant risk of causing a material adjustment to the balances of assets and liabilities of future financial statements.

The most significant estimates related to the financial statements correspond to the allowance for doubtful accounts, valuation of investments, estimates of useful life and the recoverable amount of property, furniture and equipment and intangible assets, estimate of the deferred income tax recovery, provision

for income tax, and valuation of derivative financial instruments, which accounting criteria are described in note 3.

(3) Accounting principles and practices (accounting practices and principles)

Unless otherwise stated, the following are the main accounting principles and practices used in the preparation of the Fund's financial statements, consistently applied with those of the prior fiscal year:

(a) Changes in accounting policies

(a.1) On September 19, 2012, the SBS issued Resolution N° 7036-2012 to amend certain aspects of the Accounting Manual for financial entities. Main changes introduced include the following:

- Incorporation of the IFRS Conceptual Framework in the preparation of financial statements.
- Incorporation of the "Statement of Comprehensive Income", which includes: i) "Statement of income, and ii) Statement of income and other comprehensive income.
- Each type of account receivable is presented net of the provision for doubtful accounts.
- Taxes payable included under liabilities are no longer presented as "other obligations". The VAT and third-category income tax payable are now presented under the heading of "Current taxes" and the remaining taxes payable are carried under accounts payable.
- Financial income and financial expenses are now presented separately in the statement of income. The financial income and financial expense line items have been replaced by *interest income* and *interest expense*, respectively, including in these categories only ledger accounts corresponding to interest-related income and expenses. Other financial income and expenses are presented under "Income (expense) from financial transactions" (ROF).
- The SBS did not require a comparative presentation for interim financial statements submitted semi-annually in 2013. Nonetheless, financial entities must disclose the accounting standards and any changes thereto in a note to the financial statements.

The Fund's Management considers that the application of the amendments to the Accounting Manual only affects the presentation of financial statements and has no impact whatsoever on the Fund's profit or loss. These changes have been applied retroactively.

(a.2) SBS Resolution N° 7033-2012 came into force as from January 1, 2013. This resolution repealed the regulations on classification and valuation of investments which had been approved by SBS Resolution N° 10639-2008.

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

As a result of the application of this methodology, there was no need for any additional recording to reflect the analysis of impaired investments.

(b) Transactions in US Dollars

In accordance with the SBS regulations, the functional and presentation currency of the Fund is the nuevo sol. Assets and liabilities denominated in United States Dollars and Swiss Francs are recorded at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in United States Dollars and Swiss Francs are converted to nuevos soles at the month-end exchange rate fixed by the SBS (note 4). Gains or losses resulting from the restatement of monetary assets and liabilities denominated in US Dollars at exchange rates prevailing on the date of the statement of financial position are recorded under profit or loss of the statement of income.

Foreign exchange differences corresponding to the CRC-PBP trusts in US Dollars are carried in the "Other financial income" subaccount of the "Interest income" caption of the statement of income.

Non-monetary assets and liabilities in US Dollars are recorded in Nuevos Soles at the exchange rate prevailing on the date of their acquisition.

(c) Financial instruments

Financial instruments are classified as assets, liabilities or equity according to the substance of the contractual arrangement that originated them. Interest, 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 legally enforceable right to offset them and Management has the intention to settle them on a net basis or to realize the asset and settle the liability simultaneously. Refer to note 9(b) for criteria concerning the recording of accounts receivable from CRC-PBP trusts.

Financial assets and liabilities in the statement of financial position comprise cash and due from banks, accounts receivable, other accounts receivable, investments, obligations with the public, other accounts payable and other liabilities in general. Furthermore, all derivatives are considered financial instruments.

As of June 30, 2014 and December 31, 2013, the Fund classified financial assets and liabilities as follows:

As of June 30, 2014	In thousands of S/.			
	Loans and items receivable	Available for sale at fair value	Held to maturity	Hedging derivatives
Financial assets:				
Cash and due from banks	1,850,054			
Investments available for sale:				
Debt Instruments		331,705		
Investments held to maturity			0	
Accounts receivable (Trust Agreement - COFIDE)	4,795,132			
Accounts receivable from financial derivatives				2,399
Other receivables	6,480			
Other receivables CRC-PBP Trust	5,847	58,124	6,450	
	6,657,513	389,829	6,450	2,399

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

The specific accounting policies on recognition and measurement of these items are described below in this note.

(d) Recognition of income and expenses

(d.1) Interest income and expenses

Interest income and expenses are recognized in profit or loss of the fiscal year in which they accrue, according to the lifetime of the operations that generate them and the established interest rates.

Interest income from accounts receivable (Trust Agreement-COFIDE) is recognized as income or expense of the fiscal year in which it accrues, in accordance with the SBS accounting standards applicable to the Fund; income carried as interest in suspense is not recognized.

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

Interest income and fees for services are recognized in profit or loss of the fiscal year in which they accrue, based on the lifetime of the operations that generated them.

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

Other income and expenses are recorded in the fiscal year in which they accrue.

(d.2) Good Payer Bonus and Good Payer Award

In accordance with the accounting treatment authorized by the SBS for the Fund, the good payer bonus and good payer award, including applicable interest, are recognized as follows:

- i. The good payer bonus (hereinafter "BBP" for its Spanish acronym) was created in compliance with Law No. 29033, issued on June 7, 2007, as a non-reimbursable direct assistance payable to eligible final borrowers for a maximum amount of S/.12,500 starting on April 22, 2010 (S/.10,000 for loans originated before April 22, 2010). The BBP is granted to borrowers who have timely honored six consecutive

monthly installments of the non-concessional tranche of a Crédito MIVIVIENDA loan.

For this purpose, the Fund divides the full amount disbursed on Crédito MIVIVIENDA plus its related interest into two schedules:

- One half-annual schedule called "concessional tranche", corresponding to the BBP (principal and interest) amount; and
- One monthly schedule called "non-concessional tranche" corresponding to the loan amount less the concessional tranche (principal and interest) amount.

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

Upon disbursing a MIVIVIENDA loan through the COFIDE Trust, the Fund records the full disbursed amount in the "Accounts receivable, net (Trust Agreement - COFIDE)" account and creates the two above referenced entries.

Subsequently, the Fund sends to the MVCS the list of BBP beneficiaries, reclassifying each bonus due to eligible borrowers from liability account "Good payer bonus - received" to liability account "Good payer bonus - allocated" (note 15).

- ii. In those cases where the Good payer bonus is directly paid by the Fund (when the requirements of Law 29033, as amended, are not met; for instance, when the value of the property to be acquired is greater than 25 Tax Units or when the BBP is granted with the Fund's own resources, among others), it is called "Good payer award" (PBP).
- iii. In both cases, the bonus or award is granted if timely payments are made of six installments due under the payment schedule called non-concessional tranche; such amount will vary depending on the type of loan granted.
- iv. When the good payer bonus (BBP) is disbursed, and provided the final beneficiary has complied with the timely payment of six consecutive monthly installments, the Fund credits the accounts receivable (principal) of the concessional tranche installments and charges liability account "Good payer bonus-allocated". Interest on such installments of the concessional tranche is recognized as a Fund expense and is presented net of the "Income from accounts receivable (Trust agreement - COFIDE)" item carried under "Interest income" in the statement of income.
- v. When the good payer award (PBP) is disbursed (see paragraph (ii) above), for example, when the PBP is assumed directly by the Fund) provided the final beneficiary has fulfilled all conditions, the Fund records such amount as expense; as a result, the account receivable (principal) of the concessional tranche installments is reduced charging "Interest expense" in the statement of income, whereas interest, as in

the previous case, is recognized as expense and presented net of the "Income from accounts receivable (Trust agreement – COFIDE)" item included under "Interest income" in the statement of income.

(d.3) Fees for administration services of the CRC-PBP trusts are recognized as income when earned.

(e) Accounts receivable and provision for doubtful accounts receivable

This category includes the receivables for services other than financing operations and the accounts receivable arising in favor of the trustor or originator.

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

Although accounts receivable held by the Fund are not direct loans, the accounting treatment given to all accounts receivable is that prescribed by the SBS for direct loans and provisions.

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

Accounts receivable are recorded upon the disbursement of funds through the COFIDE Trust to the IFI channeling the Fund's resources for the placement of the MIVIVIENDA product portfolio.

According to the Fund's Regulations enacted by means of SBS Resolution No. 980-2006 on August 14, 2006, the calculation of the allowance must be based on the criteria established by the SBS in the Regulations for the Evaluation and Classification of Debtor and Provisioning Requirements, as established in SBS Resolution No. 11356-2008, in accordance with the following methodology approved by the SBS:

- The capital balance of each disbursement is separated into two types:
  - Balance of capital with mortgage collateral
  - Balance of capital without mortgage collateral
- The balance of capital with mortgage collateral of each disbursement is separated into: balance of capital with mortgage collateral with credit risk coverage, and balance of capital with mortgage collateral without credit risk coverage.
- The allowance is determined based on the classification given by the Fund to the IFI and to the final borrower.
- The allowance portion related to the balance of capital with mortgage collateral with credit risk coverage is calculated as follows: balance of capital with mortgage collateral with credit risk coverage\* coverage factor\* the SBS rate in Table 2 according to the classification of the final borrower.
- The allowance portion related to the balance of capital with mortgage collateral without credit risk coverage is calculated as follows: (balance of capital with mortgage collateral without credit risk coverage \* (the SBS rate in Table 2 according to the classification of the IFI).

- The allowance portion related to the balance of capital without mortgage collateral is calculated as follows: (balance of capital without mortgage collateral\* (the SBS rate in Table 1 according to the classification of the IFI).

Pursuant to SBS Resolution N° 11356-2008, the Fund applies the following percentages for provisioning purposes:

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

To determine the IFI risk classification, the Fund has included in its internal regulations a provision chart equivalent to the risk category assigned by the SBS, as follows:

**Risk classification according to financial institution**

<u>Table 1</u>		<u>Table 2</u>	
<u>Risk</u>	<u>Equivalent</u>	<u>Risk</u>	<u>Equivalent</u>
A+	Normal	B-	CPP
A	Normal	C+	CPP
A-	Normal	C	CPP
B+	Normal	C-	CPP
B	Normal	N.C.	CPP

Provisions for accounts receivable are presented net of their balance carried under assets.

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

These include the assets of the CRC and PBP trusts, which correspond to the following assets (cash and due from banks, investments and accrued returns) and liabilities of the Fund; however, according to the SBS regulation (SBS Resolution No. 980-2006, the Fund’s Regulations), they must be carried as a net balance under “Other accounts receivable, net” in the statement of financial position since the Fund acts in a legal capacity both as trustee and trustor. The assets and liabilities included in these trusts are measured in accordance with the criteria used by the Fund for similar items, as described in this note.

Furthermore, the surplus (deficit) resulting from these trusts is carried as “Interest income (expense)” in the statement of income.

The CRC-PBP trusts were created in 2007 to ensure that sufficient resources were available to meet the Fund’s obligations stemming from the CRC and PBP service contracts signed with certain IFI, and that trust resources were managed in a most efficient manner.



(e.3) Other accounts receivable, net

These include accounts receivable from time deposits, certificates of deposit, among others that the Fund holds in banks in liquidation, and other accounts receivable from third parties involved in liquidation processes or judicial proceedings which do not accrue interest. Any recoveries are recorded on a cash basis.

To determine the allowance for other doubtful accounts receivable, the Fund assigns to these accounts a risk classification conforming to the SBS Resolution No. 11356-2008.

The allowance for other doubtful accounts receivable is determined based on the regular reviews made by the Fund Management to classify such accounts under either one of the following categories: "normal", "with potential problem", "substandard" "doubtful" or "loss", subject to the degree of risk posed by each borrower to default on payment. The collateral received is considered by the Fund only to the extent it has been registered with the Public Records Office without any observations or annotations.

Allowances for borrowers classified as doubtful or loss for more than 36 and 24 months, respectively, are determined without considering the value of the related collateral.

f. Derivative financial instruments

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

The fair value of derivative instruments is estimated based on the exchange and interest rates prevailing at the market. Gains and losses arising from changes in the fair value of derivatives are recorded as fiscal year profit or loss.

As of June 30, 2014 and December 31, 2013, Management considers that the Fund holds economic hedging derivatives for its administration purposes, by recognizing gains and losses in accordance with their fair value measurement, as a fiscal year profit or loss. As of June 2014, the Fund holds foreign currency swap agreements to hedge its foreign currency cash flows. At the time of their measurement, the cash portion is charged to equity while the contract is not settled and any unrealized gains or losses are transferred to the statement of income, whereas the non-cash portion is recorded as a hedging derivative gain or loss in the statement of income. Lastly, as of the above dates, the Fund does not hold any embedded derivatives.

g. Investments

As described in note (a.2), as of June 30, 2014 and December 31, 2013, investments are measured in accordance with SBS Resolution No. 7033-2012.

Classification

(g.1) Available-for-sale investments

Those designated as such because they are held for an indefinite time and can be sold due to needs for liquidity or changes in the interest rate, exchange rates or cost of capital; or they do not qualify to be recorded at fair value through profit or loss, or to be held up to their maturity.

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

(g.2) Held-to-maturity investments

The investment instruments classified within this category must meet the following criteria:

- Must have been acquired or reclassified with the intention to hold them up to their maturity; except in those cases where the sale, allocation or reclassification is allowed by the SBS.
- Companies must have the financial capacity and intention to hold the investment instruments up to their maturity.
- Investment instruments must have risk classifications as required by the SBS.
- To classify their investments within this category, the companies will assess whether they have the financial capacity to hold investment instruments up to their maturity any time they decide to classify the instrument and at the closing of each fiscal year.

Recording date of the transaction

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

Initial recognition

The initial recognition of available-for-sale and held-to-maturity investments is performed at fair value, plus the transaction costs that are directly attributable to the acquisition of said 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 under "Interest on available-for-sale and held-to-maturity investments" of the "Interest income" caption of the statement of income.

Measurement

(g.1) Available-for-sale investments

These investments are recorded at their fair value and the unrealized gains or losses resulting from them are recognized in net equity.

When the instrument is sold, or when gains or losses previously recognized as part of the net equity are realized, said gains or losses are transferred as fiscal year profit or loss. In turn, when the Fund's Management believes that the decline in market value is permanent or attributable to credit impairment, it makes the relevant provisioning and transfers the estimated loss from equity to fiscal year loss.

In any of the above referenced cases, if the SBS determines that any additional provision is necessary for any type of investment, such provision will be determined by the SBS based on each individual asset and notified to the Fund for its recognition in profit or loss for the period.

(g.2) Held-to-maturity investments

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

Impairments are recorded individually for adverse changes in the issuer's credit capacity, giving them a similar treatment as for direct placements and affecting the fiscal year profit or loss directly.

When these investments are sold without complying with the SBS requirements and similar financial instruments are purchased from the same issuer again, said instruments may not be recorded in his category without the SBS express authorization.

Impairment assessment

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

*First filter:*

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

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

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

*Second filter:*

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

- Impairment of the financial ratios or financial position of the issuer and its business group.
- Adverse conditions of the investment and the issuer.
- Downgrade in risk rating due to factors other than those mentioned.
- Interruption in the payment of interest or principal due to financial distress of the issuer.
- Disruption of transactions or of an active market due to financial distress of the issuer.
- Compulsory renegotiation of the contractual conditions applicable to the instrument due to legal or economic factors related to the issuer.
- Evidence that the issuer will be undergoing compulsory restructuring or

- bankruptcy proceedings.
- Decline in value due to legislation changes (tax, regulatory or other governmental regulations).
- The Fund does not have the intention and ability to hold the underperforming investment until the recovery of its value. To that end, an estimated timeline for the recovery of value will be provided, as well as an analysis of the evidence, in order to demonstrate, based on historical information and on the financial position of the company, whether there exists the intention and ability to hold the investment throughout such period.

According to what is provided for in said resolution, impairment will exist when at least two of the previously analyzed factors are present. Once an impairment loss is recognized, subsequent evaluations are made on the book value of the instruments, net of the previously recognized impairment losses.

**h. Property, furniture and equipment**

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

Depreciation is computed following the straight-line method using the following estimated useful lives:

	<u>Years</u>
Buildings	25
Premises (Facilities)	10
Furniture and fixtures	10
Computer equipment	4
Miscellaneous equipment	10
Vehicles	5

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

**i. Intangible assets**

Intangible assets carried under "Other assets, net" in the statement of financial position comprise the development and acquisition of computer software licenses 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 following the straight-line method over a maximum period of 4 years.

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

As of June 30, 2014 and December 31, 2013, the Fund does not hold any intangible assets with indefinite useful lives.

**j. Impairment of long-lived assets**

When events or economic changes indicate that the value of a long-lived asset may not be recoverable, Management reviews the value of the Fund's property,

furniture and equipment and intangible assets to verify there is no permanent impairment in value. When the carrying value of the asset exceeds its recoverable amount, an impairment loss is recognized in the statement of income for the related items of property, furniture and equipment and intangible assets held at cost. An asset's recoverable amount is the higher of the net selling price and its value in use. The net selling price is the amount that can be obtained from the sale of an asset in a free market, while the value in use is the present value of future estimated cash flows from the continued use of an asset and its residual value at the end of its useful life.

In Management's opinion, there is no evidence of impairment in the value of such assets as of June 30, 2014 and December 31, 2013.

k. Assets received as payment and repossessed assets

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

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

- Recovered assets, assets received as payment, and repossessed assets are initially recorded at book value recognizing, in turn, a provision equivalent to 20% of the cost. If, according to a valuation report, it is proven that the net realizable value on assets is impaired by more than 20%, then the initially required provision shall be made for an amount equivalent to the effectively impaired amount.
- A provision will be recorded for property (real estate) that has not been sold or leased within one year from its recovery or repossession. This will be a uniform, monthly provision over a 3.5 year term, until there is a 100% provision of the net carrying amount obtained in the eighteenth or twelfth month, depending on whether there exists or not an extension approved by the SBS.

An impairment loss is recognized when the fair value of these assets decreases (when the net realizable value is lower than the net carrying amount); accordingly, the carrying amount will be reduced and the loss will be recognized in the statement of income. In cases where the net realizable value is higher than the net carrying amount, the higher value will not be recognized in the books.

The remeasurement of these assets on an annual basis by an independent appraiser will imply making provisions for impairment, if necessary.

l. Income tax

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

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

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

m. Employee benefits

The employee benefits include all types of compensation/retributions paid by the Fund to the employees, as consideration for their services.

(m.1) Employees' profit sharing

Both active and inactive employees having rendered services to the Fund within an applicable period, receive profit sharing payouts. For this purpose, the Fund recognizes a liability and a personnel expense, determined in accordance with current tax legislation.

SBS Official Letter No. 4049-2011, dated January 21, 2011, established a change in treatment of the employees' profit sharing stating that this should be recorded according to IAS 19 "Employee Benefits". Consequently, profit sharing should be treated as a personnel expense and an employee-benefits related liability, and no longer create deferred assets or liabilities as a result of temporary differences existing between the financial and tax bases.

(m.2) Vacation and other employee benefits

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

(m.3) Severance payment

The provision for severance payment (CTS, for its Spanish acronym) is computed in accordance with current legislation, on the employees' overall compensable rights, and must be paid through deposits to the authorized financial entities chosen by them. The computation will be based on the amount corresponding to be paid on the date of the statement of financial position and is carried in the "Provision for severance indemnities' account.

n. Provisions

Provisions are recognized only when the Fund has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed every fiscal year and adjusted to reflect the best estimate available as of 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 the present value of the expenses expected to be incurred in settling the obligation.

o. Contingencies

Contingent liabilities are not recognized in the financial statements. These are disclosed in notes to the financial statements unless the probability of an out flow of resources is remote.

Contingent assets are not recognized in the financial statements but are disclosed when their degree of contingency is probable.

p. Deferred income

Deferred income arises primarily from the difference existing between the carrying value and market value of the financial instruments transferred for the creation of the CRC-PBP trusts in nuevos soles and US dollars at the time of their transfer (2007).

In accordance with SBS Resolution No. 0084-2000, and the standards for the Accounting Treatment of the Trust and Trust Fees, if the trustor's rights under the trust are greater than the assets transferred to the trust, a deferred gain will be recognized which shall accrue in accordance with the amortization, realization and/or expiration of such rights.

q. Other comprehensive income

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

As of June 30, 2014, unrealized profits (losses) have also resulted from the cash portion of the SWAPs and Forwards acquired for cash flow hedging, while only the non-cash portion is taken to profit and loss. The unrealized profit (loss) from the exchange rate difference of the covered item is also presented, net of the related deferred income tax amount.

r. Statement of changes in shareholder's equity

Adjustments to retained earnings correspond to the fluctuation of the value of available-for-sale investments and of the unrealized profit (loss) on derivative financial instruments acquired as cash flow hedging, which form part of other comprehensive income. They also correspond to the cash portion of the valuation of SWAPs and Forwards acquired as cash flow hedging, and to the corresponding gain (loss) from the exchange rate difference of the covered item; net of the related deferred income tax amount.

s. Cash and cash equivalents

The cash carried in the statement of cash flows includes cash and due from banks balances with original maturities of 91 days or less, excluding the cash and due from banks from the CRC-PBP trusts (note 5(b)).

t. Subsequent events

Events subsequent to June 30, 2014 and to the closing of fiscal year 2013, that provide additional information about the financial position of the Fund as of the date of the statement of financial position (adjusting events) are included in the financial statements. Important subsequent events that are not adjusting events are disclosed in notes to the financial statements.

(4) Balances in foreign currency

The statement of financial position includes balances of transactions in foreign currency, mainly in U.S. dollars (US\$), which are recorded in nuevos soles (S/.) at the accounting exchange rate established by the SBS. As of June 30, 2014 and December 31, 2013, these rates were US\$ 1= S/. 2.796 and S/. 2.795, respectively.

We also maintain positions in Swiss Francs (CHF), which are recorded in nuevos soles (S/.) at the accounting exchange rate established by the SBS. As of June 30, 2014 and December 31, 2013, these rates were CHF1= S/. 3.153977 and S/. 3.148942, respectively.

Foreign currency transactions in Peru and international trade transactions referred to the concepts authorized by the Banco Central de Reserva del Perú-BCRP (the Peruvian Central Bank), are channeled through an interbank foreign exchange market. The buy and sell exchange rates used were:

In US Dollars:

	<b>Buy</b>	<b>Sell</b>
As of 06/30/2014	2.799	2.801
As of 12/31/2013	2.794	2.796

In Swiss Francs:

	<b>Buy</b>	<b>Sell</b>
As of 06/30/2014	3.090	3.243
As of 12/31/2013	2.984	3.212

As of June 30, 2014 and December 31, 2013, US dollar balances stated in thousands of US Dollars are summarized as follows:

	<u>In thousands of US\$</u>	
	<u>06.30.2014</u>	<u>12.31.2013</u>
<b>Assets:</b>		
Cash and due from banks	631,007	120,707
Investments	80,457	65,805
Accounts receivable, net (Trust Agreement – COFIDE)	132,322	144,722
Other accounts receivable, net	4	40
Other assets, net	34	8
	-----	-----
	843,824	331,282
	-----	-----
<b>Liabilities:</b>		
Debts and financial obligations	( 801,471)	( 500,586)
Hedging Derivatives	( 1,618)	
Other accounts payable	( 410)	( 478)
Other liabilities	( 1,535)	( 1,975)
	-----	-----
	( 805,034)	( 503,039)
	-----	-----
Derivative financial instruments	( 38,789)	( 171,757)
	282,596	72,787
	-----	-----
(Liability) asset position, net	( 243,807)	( 98,970)
	=====	=====

As of June 30, 2014 and December 31, 2013, balances in Swiss Francs stated in thousands of Swiss Francs are summarized as follows:



	In thousands of CHF	
	06.30.2014	12.31.2013
Assets:		
Miscellaneous Accounts Receivable	0	0
	-----	-----
	0	0
	-----	-----
Liabilities:		
Debts and financial obligations	( 248,937)	( 0)
	-----	-----
	( 248,937)	( 0)
	-----	-----
Derivative financial instruments	( 248,937) 50,000	( 0) 0
	-----	-----
(Liability) asset position, net	( 198,937)	( 0)
	=====	=====

In the first half of 2014, the Fund recorded an exchange difference loss for S/.12,866, which is carried the "Gain (loss) on exchange difference" caption of the statement of income (loss of S/.20,431 during the same period of 2013).

Likewise, in the first half of 2014, the Fund recorded a loss on transactions with derivative financial instruments for S/. 9,510 thousand (loss on hedge transactions for S/. 7,251 and loss on trading transactions for S/. 2,259) whereas for the same period of 2013, the Fund recorded a loss on transactions with derivative financial instruments for S/. 1,520 (loss on hedge transactions for S/. 2,128 and profit on trading transactions of S/. 608).

5. Cash and due from banks

This comprises the following:

	In thousands of S/.	
	06.30.2014	12.31.2013
Banco Central de Reserva del Perú (a)	3,327	198
Checking and saving accounts (b)	1,702,974	352,902
Time deposits (c)	147,090	55,178
Other cash and due from banks	274	228
	-----	-----
	1,853,665	408,506
	=====	=====

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

(b) These correspond to freely disposable money deposits denominated in nuevos soles and U.S. dollars, with banks and other financial system entities in Peru, which accrue interest at market interest rates.

(c) These correspond to time deposits denominated in nuevos soles and US Dollars with banks and other financial system entities in Peru, with maturities less than 30 days and accruing interest at an annual effective rate of 4.71% in nuevos soles, and to deposits denominated in US Dollars with interest rates ranging from 0.30% to 0.64%. As of June 30, 2014, time deposits are held in thousands of S/.147,090; whereas as of December 31, 2013, they were held in

thousands of S/. 35,000 and thousands of US\$ 7,212 (equivalent to thousands of S/.20,159), respectively.

(6) Investments

This item includes the following:

	In thousands of S/.			Carrying amount (*)
	06.30.2014			
	Amortized cost	Unrealized		
	Gains	Losses		
Available-for-sale investments:				
Sovereign bonds (a)	119,322	-	(14,949)	104,373
Corporate bonds (b)	213,670	4,605	(1,224)	217,051
Commercial paper (c)	5,434	-	(2)	5,432
Short-term Instruments (d)	906	-	(2)	904
Plus:				
Accrued returns		-	-	3,945
		-----	-----	-----
		4,605	(16,177)	331,705
		=====	=====	-----
Held-to-maturity investments:				
Certificates of deposit		-	-	0
Plus:				
Accrued returns				0
				-----
				0
				-----
				<b>331,705</b>
				=====

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

- (a) This corresponds to sovereign bonds in nuevos soles issued by the Republic of Peru, by the Ministry of Economy and Finance (MEF). As of June 30, 2014, such bonds accrue interest at annual nominal rates ranging from 5.20% to 8.20%, maturing between August 2020 and February 2042.
- (b) This corresponds to securities and bonds purchased from corporations and Tier 1 financial system entities. As of June 30, 2014, it includes:
- i) Finance lease bonds denominated in US Dollars accruing interest at annual effective rates ranging between 4.85% and 6.06%, maturing between August 2016 and May 2018.
  - ii) Subordinated bonds denominated in US Dollars that accrue interest at an annual effective rate of 6.53%, maturing in October 2028.
  - iii) Ordinary bonds denominated in US Dollars that accrue interest at annual effective rates ranging between 4.50% and 4.625%, maturing between February and May 2023.
  - iv) Securitization bonds denominated in US Dollars that accrue interest at annual effective rates ranging between 4.19% and 6.16%, maturing between June 2018 and September 2028.
- (c) This corresponds to an instrument issued in US Dollars, purchased below par value, at a price of 97.19%, maturing in December 2014.

- (d) This corresponds to an instrument issued in US Dollars, accruing interest at an annual effective rate of 2.75%, and maturing in January 2015.

	In thousands of S/.			Carrying amount (*)
	12.31.2013			
	Amortized Cost	Unrealized		
	Gains	Losses		
Available-for-sale investments:				
Sovereign bonds (f)	168,665	-	( 25,226)	143,439
Corporate bonds (g)	181,713	41	( 4,613)	177,141
Commercial paper (h)	5,433	1	-	5,434
Plus:				
Accrued returns		-	-	4,717
		-----	-----	-----
		42	( 29,839)	330,731
		=====	=====	-----
Held-to-maturity investments:				
Certificates of deposit (i)	6,231	-	-	6,231
Plus:				
Accrued returns				216
				-----
				6,447
				-----
				<b>337,178</b>
				=====

- (e) This corresponds to sovereign bonds in nuevos soles issued by the Republic of Peru, by the Ministry of Economy and Finance (MEF). As of December 31, 2013, such bonds accrue interest at annual nominal rates ranging from 5.20% to 8.20%, maturing between August 2020 and February 2042.
- (f) This corresponds to securities and bonds purchased from corporations and Tier 1 financial system entities. As of December 31, 2013, it includes:
- i) Finance lease bonds denominated in US Dollars, accruing interest at annual effective rates ranging between 4.85% and 6.06%, maturing between August 2016 and May 2018.
  - ii) Subordinated bonds denominated in US Dollars, accruing interest at an annual effective rate of 6.53%, maturing in October 2028.
  - iii) Ordinary bonds denominated in US Dollars, accruing interest at annual effective rates ranging between 4.50% and 4.625%, maturing between February and May 2023; and
  - iv) Securitization bonds denominated in US Dollars accruing interest at annual effective rates ranging between 4.44% and 6.16%, maturing between June 2018 and September 2028.
- (g) This corresponds to commercial paper issued in US Dollars, purchased below par value at a price of 97.19%, maturing in December 2014.
- (h) This corresponds to certificates of deposit issued in nuevos soles by Caja Municipal de Ahorro y Crédito Huancayo, accruing interest at an annual effective rate of 5.09%, maturing in April, 2014.

As of June 30, 2014, the accrued returns on available-for-sale and held-to-maturity investments amounted to S/. 9,24 thousand and S/. 103,13 thousand nuevos soles, respectively. These are carried under "Interest income" in the statement of income (S/. 12,15 thousand and S/. 301,73 thousand nuevos soles, respectively, as of December 31, 2013). As of June 30, 2013, the accrued returns on available-for-sale and held-to-maturity investments amounted to S/. 4,8 thousand and 118 thousand, respectively (note 19).

Available-for-sale and held-to-maturity investments as of June 30, 2014 and December 31, 2013 have the following maturities:

	<u>In thousands of S/.</u>	
	<u>06.30.2014</u>	<u>12.31.2013</u>
Up to 1 year	6,434	11,889
1 - 5 years	93,121	59,488
5 - 10 years	99,681	132,060
Over 10 years	132,469	133,741
	-----	-----
	331,705	337,178
	=====	=====

As of June 30, 2014 and December 31, 2013, the fair value of available-for-sale investments has been estimated by Management based on market quotations available in the stock market.

7. Accounts receivable from the Sale of Goods and Services and from the Trust (net)

Herein below is a breakdown of the composition of this heading as of June 30, 2014 and December 31, 2013, in thousands of Nuevos Soles:

	<b>June 2014 S/. (000)</b>	<b>December 2013 S/. (000)</b>
COFIDE Trust (7a)	4,795'132	4,355'071
CRC-PBP Trust in Nuevos Soles (7b)	34'261	32'717
CRC-PBP Trust in US Dollars (7b)	36'159	34'375
	-----	-----
	<b>4,865'552</b>	<b>4,422'163</b>
	-----	-----

7.a Accounts receivable, net (Trust Agreement with COFIDE)

These comprise the following:

	<u>In thousands of S/.</u>	
	<u>06.30.2014</u>	<u>12.31.2013</u>
New MIVIVIENDA Credit	4,106,394	3,620,479
Traditional MIVIVIENDA Credit	406,995	444,459
MIHOGAR Credit	137,900	142,864
Techo Propio Complementary Credit	136,192	138,651
Standardized MIVIVIENDA Credit	14,738	15,804
MICONSTRUCCIÓN Credit	42,800	31,796
MICASA MAS Credit	228	0
	-----	-----
	4,845,247	4,394,053
	-----	-----

Plus (less):

Accrued interest on accounts receivable	14,049	13,863
Provision for doubtful accounts receivable (Trust Agreement with COFIDE)	( 64,164)	( 52,845)
	-----	-----
	4,795,132	4,355,071
	=====	=====

On a monthly basis, the Fund disburses cash to the COFIDE Trust, to enable the latter extend credit facilities to the IFI.

Also on a monthly basis, the COFIDE Trust transfers cash earned from debt recovery collections, prepayments or full payments on loans made by the IFI.

As of June 30, 2014 and December 31, 2013, the number of final beneficiaries of the Fund's resources (final debtors) is 79,884 and 76,206, respectively. There is no significant credit risk concentration due to the characteristics of the loan portfolio transactions held by the Fund. (The MIVIVIENDA credits with CRC-PBP service are not included here because they are funded with the IFI's own resources)

These resources are channeled through COFIDE pursuant to its legal trust relationship with the Fund. The COFIDE Trust receives resources from the Fund or channels them through IFI wishing to use them in extending credit for the acquisition of houses, as provided for in article 12 of Supreme Decree 001-99-MTC.

The composition of accounts receivable (Trust Agreement with COFIDE) according to the characteristics of loans promoted by the Fund is as follows:

- By the IFI

	06.30.2014			12.31.2013		
	With credit risk coverage	Without credit risk coverage	Total	With credit risk coverage	Without credit risk coverage	Total
New MIVIVIENDA credit	581,920	3,524,474	4,106,394	239,430	3,381,049	3,620,479
Traditional MIVIVIENDA credit	127,513	279,482	406,995	125,479	318,981	444,460
MIHOGAR credit	41,255	96,645	137,900	35,206	107,658	142,864
Techo Propio complementary credit				41,993	96,657	138,650
Standardized MIVIVIENDA credit	4,767	9,971	14,738	4,544	11,260	15,804
MICONSTRUCCIÓN credit	-	42,800	42,800	-	31,796	31,796
MICASA MAS		228	228			
	-----	-----	-----	-----	-----	-----
	830,817	4,014,430	4,845,247	446,652	3,947,401	4,394,053
	=====	=====	=====	=====	=====	=====

- By final beneficiaries

	06.30.2014			12.31.2013		
	With credit risk coverage	Without credit risk coverage	Total	With credit risk coverage	Without credit risk coverage	Total
New MIVIVIENDA credit	2,520	4,103,874	4,106,394	2,526	3,617,953	3,620,479
Traditional MIVIVIENDA credit	4,233	402,763	406,995	4,653	439,806	444,459
MIHOGAR credit	953	136,947	137,900	1,100	141,764	142,864
Techo Propio complementary credit					138,416	138,416
Standardized MIVIVIENDA credit	241	135,951	136,192	235	15,804	138,651
MIVIVIENDA		14,738	14,738	-		15,804

credit					
MICONSTRUCCIÓN	-	42,800	42,800	-	31,796
credit					
MICASA MAS		228	228		31,796
	7,947	4,837,300	4,845,247	8,514	4,385,539
					4,394,053

The annual interest rates for products offered by the Fund are fixed rates established to promote the granting of credit. These rates are presented below:

	In %	
	06.30.2014	12.31.2013
New MIVIVIENDA credit	6.6	6.6
Traditional MIVIVIENDA credit	7.75	7.75
MIHOGAR credit	7.6	7.6
Techo Propio complementary credit	6	6
Standardized MIVIVIENDA credit	6.90 and 7.30	6.90 and 7.30
MICONSTRUCCIÓN credit	7.50 and 8.00	7.50 and 8.00
MICASA MAS credit	6.5	6.5

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

The "MICASA MAS" product was created by FMV's Board of Directors Agreement N° 08-31D-2013 dated 12/27/13. The funding rate is 6.5%; the term is 10 to 20 years.

The provision for doubtful accounts receivable (Trust Agreement with COFIDE) is determined on the basis of the risk category of the final loan beneficiary and the risk category of the IFI.

Herein below is a breakdown of the classification by risk category of accounts according to final loan beneficiaries determined on basis of the consolidated credit report (RCC for its Spanish acronym).

Risk category	06.30.2014		12.31.2013	
	In thousands	%	In thousands	%
	of S/.		of S/.	
Normal	4,531,332	93.5	4,172,034	94.9
With potential problem	91,310	1.9	62,614	1.4
Deficient	77,502	1.6	46,438	1.1
Doubtful	69,853	1.4	55,921	1.3
Loss	75,251	1.6	57,046	1.3
	4,845,247	100.0	4,394,053	100.0

Herein below is the classification of accounts receivable by risk category, of the IFI granting MIVIVIENDA loans:

Risk category	06.30.2014		12.31.2013	
	In thousands of S/.	%	In thousands of S/.	%
Normal	4,435,798	91.6	4,034,161	91.8
With potential problem	409,449	8.4	359,892	8.2
	-----	-----	-----	-----
	4,845,247	100.0	4,394,053	100.0
	=====	=====	=====	=====

Accounts receivable under the Trust Agreement with COFIDE have the following maturities:

	In thousands of S/.	
	06.30.2014	12.31.2013
Up to 1 month	32,619	20,082
1 - 3 months	73,373	43,191
3 months to 1 year	119,463	195,735
1 - 3 years	1,287,321	449,404
Over 3 years	3,332,472	3,685,641
	-----	-----
	4,845,247	4,394,053
	=====	=====

The activity of the provision for doubtful accounts receivable under the Trust Agreement with COFIDE is shown below:

	In thousands of S/.	
	06.30.2014	12.31.2013
Balance at fiscal year beginning	52,845	48,590
Additions posted to profit (loss)	19,264	22,058
Recovery of provisions	( 9,705)	( 15,558)
Reclassification of provisions	1,765	( 3,116)
Foreign exchange difference	( 6)	871
	-----	-----
Balance at fiscal year end	64,164	52,845
	=====	=====

The Fund records the potential losses on accounts receivable (Trust Agreement with COFIDE) in line with the policy described in note 3(e).

In Management's opinion, the provision for doubtful accounts (Trust Agreement with COFIDE), recorded as of June 30, 2014 and December 31, 2013, complies with the SBS standards for the Fund, in force as of those dates.

#### 7.b CRC-PBP Trusts

This comprises the net assets balance (total assets less total liabilities) of trusts managed by the Fund to guarantee the payment of the credit risk coverage to the IFI and the Good Payer award to those who access this benefit as part of the credit programs offered by the Fund.

	In thousands of S/.	
	<u>06.30.2014</u>	<u>12.31.2013</u>
CRC-PBP Trust, Nuevos Soles	34,261	32,717
CRC-PBP Trust, US Dollars	36,159	34,375
	-----	-----
	70,420	67,092
	=====	=====

Through certificates of incorporation signed by the Fund in June 2007, both in its capacity as trustee and trustor, these administration trusts were created to ensure that resources were readily available for the Fund to comply with its obligations under the CRC and PBP service contracts (CRC: *credit risk coverage* and PBP: *Good Payer Award*) executed with certain financial entities; and also to guarantee an efficient management of such resources.

The accounting recording of the transactions conducted by these trusts is done in accordance with Resolution SBS N° 980-2006 "Regulations on Fondo MIVIVIENDA S.A."; that is, in a single account of the statement of financial position (note 3 (e.2)). The accounts of the trusts are kept separate for control purposes and show the following balances as of June 30, 2014 and December 31, 2013:

### **CRC-PBP Trust, Nuevos Soles**

	In thousands of S/.	
	<u>06.30.2014</u>	<u>12.31.2013</u>
<b>Statement of financial position</b>		
<b>Assets:</b>		
Cash and due from banks	1,382	611
Available-for-sale investments	31,361	30,587
Held-to-maturity investments	1,518	1,519
	-----	-----
<b>Total assets</b>	34,261	32,717
	=====	=====
<b>Liabilities</b>	-	-
	-----	-----
<b>Total liabilities</b>		
	=====	=====
<b>Shareholders' Equity and net surplus:</b>		
Surplus from collections, net	2,169	2,025
Adjustment to shareholders' equity	(595)	( 1,048)
Retained earnings	32,687	31,740
	-----	-----
<b>Total shareholder's equity and net surplus</b>	34,261	32,717
	=====	=====

	In thousands of S/.	
	<u>06.30.2014</u>	<u>06.30.2013</u>
<b>Statement of income</b>		
Interest income:		
Cash and due from banks	21	42
Available-for-sale investments	970	684
Held-to-maturity investments	52	183
	-----	-----
	1,043	909
	-----	-----
<b>Gross financial margin</b>	1,043	909
	-----	-----
<b>Net financial margin</b>	1,043	909



Trust Expenses and Trust Fees	(99)	(96)
Financial services expenses	(2)	(3)
	-----	-----
<b>Financial margin, net of income and expenses from services</b>	942	810
Income (expense) from financial transactions (ROF)		
Available-for-sale investments	-	60
Other	-	51
	-----	-----
	-	111
	-----	-----
<b>Operating margin</b>	942	921
Administrative expenses	-	(2)
	-----	-----
<b>Net operating margin</b>	942	919
	-----	-----
<b>Operating income</b>	942	919
	-----	-----
<b>Fiscal year profit before income tax</b>	942	919
	-----	-----
<b>Fiscal year net profit</b>	942	919
	=====	=====

**CRC-PBP trust, US Dollars**

	<u>In thousands of S/.</u>	
	<u>06.30.2014</u>	<u>12.31.2013</u>
<b>Statement of financial position</b>		
<b>Assets:</b>		
Cash and due from banks	4,465	1,037
Available-for-sale financial investments	26,763	27,230
Held-to-maturity financial investments	4,932	7,565
Derivative financial instruments	-	49
Accounts receivable	-	-
	-----	-----
<b>Total assets</b>	36,160	35,881
	=====	=====
<b>Liabilities:</b>		
Derivative financial instruments	-	1,506
	-----	-----
Total liabilities	-	1,506
	-----	-----
<b>Shareholders' Equity and net surplus:</b>		
Initial equity	21,013	21,013
Surplus from collections, net	6,767	6,510
Unrealized earnings from investments	( 1,680)	( 2,630)
Retained earnings	10,060	9,482
	-----	-----
<b>Total Shareholders' equity and net surplus</b>	36,160	34,375
	-----	-----
<b>Total liabilities, equity and net surplus</b>	36,160	35,881
	=====	=====
	<u>In thousands of S/.</u>	
	<u>06.30.2014</u>	<u>06.30.2013</u>
<b>Statement of income</b>		
Interest income:		
Cash and due from banks	16	194
Available-for-sale investments	688	296
Held-to-maturity investments	166	46
Other financial income	-	-
	-----	-----
	870	536
	-----	-----
<b>Gross financial margin</b>	870	536
	-----	-----
<b>Net financial margin</b>	870	536
Trust and trust fee expenses	( 104)	( 108)

Financial service expenses	( 2)	( 2)
	-----	-----
<b>Financial margin, net of income and expenses from services</b>	<b>764</b>	<b>426</b>
Income (expense) from financial transactions (ROF)		
Available-for-sale investments	-	50
Trading derivatives	6	-
Income (expense) from hedging transactions	( 33)	( 1,632)
Exchange difference gains	7	1,145
Other	( 165)	154
	-----	-----
	( 185)	( 283)
	-----	-----
<b>Operating margin</b>	<b>579</b>	<b>143</b>
Administrative expenses	( 1)	( 5)
	-----	-----
<b>Net operating margin</b>	<b>578</b>	<b>138</b>
	-----	-----
<b>Operating income</b>	<b>578</b>	<b>138</b>
	-----	-----
<b>Fiscal year profit before income tax</b>	<b>578</b>	<b>138</b>
	-----	-----
<b>Fiscal year net income</b>	<b>578</b>	<b>138</b>
	=====	=====

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

- (8) Accounts receivable and accounts payable in relation to derivative financial products  
The Fund holds potential purchase and sale commitments in US Dollars ("forwards"), as well as Swaps to hedge cash flows, which fair value has originated the following accounts receivable and accounts payable:

	In thousands of S/.					
	06.30.2014			12.31.2013		
	Accounts receivable	Accounts payable	Reference amount	Accounts receivable	Accounts payable	Reference amount
Forwards – purchase	1,184	-	157,699	737	( 268)	223,600
Forwards – sale	1,215	( 23)	359,019	-	( 114)	20,160
	-----	-----	-----	-----	-----	-----
	2,399	( 23)	516,718	737	( 382)	243,760
Swaps – purchase		( 53,561)	1,149,156	-	-	-
		-----	-----		-----	-----
		( 53,561)	1,149,156	-	-	-
		-----	-----		-----	-----
	2,399	( 53,584)	1,665,874	737	( 382)	243,760
	=====	=====	=====	=====	=====	=====

These derivative financial instruments are held for hedging purposes to mitigate the exchange risk; they correspond to purchase forwards expiring in June 2018 and to sale forwards expiring from July to August 2014, and to purchase swap contracts expiring in January 2023.

As of June 30, 2014, hedging derivatives generated a net loss of S/. 7,251 thousands (net loss of S/. 4,220 thousands as of December 31, 2013). Furthermore, in 2014, the Fund carried out forward transactions for trading purposes which were settled within the same year, generating a net loss of S/. 2,128 thousands.

(9) Other accounts receivable, net

This item comprises the following:

	In thousands of S/.	
	06.30.2014	12.31.2013
Accounts receivable from Banks in liquidation (a)	106,950	107,480
Accounts receivable from Ex – CONEMINSA portfolio (b)	14,361	14,734
Recoveries of COFIDE to be distributed (c)	0	99
Outstanding receivables on miscellaneous investments (d)	5,382	0
Other miscellaneous accounts receivable	651	596
	<u>127,344</u>	<u>122,910</u>
<b>Less: Provision for accounts receivable (f)</b>		
Banks in liquidation (a)	(106,950)	(107,480)
Ex – CONEMINSA portfolio (b)	(13,330)	(13,446)
Other accounts receivable	(584)	(524)
	<u>(120,864)</u>	<u>(121,450)</u>
<b>Total</b>	<b><u>6,480</u></b>	<b><u>1,460</u></b>

- (a) This corresponds to accounts receivable from time deposits and certificates of deposit, among others, that the Fund,- prior to becoming a financial company supervised by the SBS (before January 1, 2006),- held with certain financial institutions which went into liquidation.

As of June 30, 2014 and December 31, 2013, the balances in these accounts receivable comprised the following:

	In thousands of S/.	
	06.30.2014	12.31.2013
<b>Capital</b>		
Banco Nuevo Mundo, in liquidation (i)	56,427	56,952
Banco República, in liquidation (i)	39,993	39,993
Banco Banex, in liquidation – in-kind payment	8,380	8,386
Banco República, in liquidation – in-kind payment(i)	2,150	2,150
	<u>106,950</u>	<u>107,480</u>
<b>Less: Provision por doubtful accts. receivable</b>		
Banco Nuevo Mundo, in liquidation (i)	(56,427)	(56,952)
Banco República, in liquidation (i)	(39,993)	(39,993)
Banco Banex, in liquidation – in-kind payment	(8,380)	(8,386)
Banco República, in liquidation – in-kind payment(i)	(2,150)	(2,150)
	<u>(106,950)</u>	<u>(107,480)</u>
<b>Net</b>	<b><u>0</u></b>	<b><u>0</u></b>

- i) The Fund has received movable property, fixed property and loan collections as part of the payment for these debts.

100% of the accounts receivable from banks in liquidation are recorded in provisions. The Fund recognizes in books the recoveries of these accounts receivable as they occur. During the first half of 2014, the Fund received in cash from Banco Nuevo Mundo (in liquidation) S/. 524 thousand whereas during 2013 it received in cash from Banco Nuevo Mundo in liquidation S/. 2,212 thousand.

In Management's opinion, the provision for doubtful accounts receivable from banks in liquidation, recorded as of June 30, 2014 and December 31, 2013, is sufficient to cover the related collectibility risk.

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

	In thousands of S/.	
	06.30.2014	12.31.2013
	S/.	S/.
<b>Balance at beginning of year</b>	121,450	123,411
<b>Plus (less)</b>		
Fiscal year provision	116	284
Write-offs	0	0
Recoveries	(704)	(2,730)
Exchange difference	2	485
<b>Balance at year end</b>	<b>120,864</b>	<b>121,450</b>

In Management's opinion, the provision for other doubtful accounts receivable recorded as of June 30, 2014 and December 31, 2013 is aligned with the SBS standards in force as of each such date.

- (d) For investments related to the sale of sovereign bonds, pending settlement.

(10) Property, furniture and equipment, net

This item comprises the following:

06.30.2014	In thousands of S/.			
	Balances as of 12.31.2013	Additions	Disposals & other adjustments	Balances as of 06.30.2014
Cost:				
Land	103	-		103
Buildings	36	-		36
Premises / Facilities	62	-		62
Furniture and fixtures	661	-		661
Computer equipment	2,061	23	( 1)	2,083
Miscellaneous equipment	967	16		983
Vehicles	647	-		647
	4,537	39	( 1)	4,575
Acumulated depreciation:				
Buildings	7	1		8
Premises / Facilities	47	3		50
Furniture and fixtures	561	12		573
Computer equipment	1,735	102	( 1)	1,836

Miscellaneous equipment	600	43		643
Vehicles	465	65		530
	3,415	226	( 1)	3,640
Net cost	1,122			935

12.31.2013

	In thousands of S/.			
	Balances as of <u>12.31.2012</u>	Additions	Disposals & other adjustments	Balances as of <u>12.31.2013</u>
Cost:				
Land	103	-	-	103
Buildings	36	-	-	36
Premises / Facilities	68	-	( 6)	62
Furniture and fixtures	727	18	( 84)	661
Computer equipment	1,935	196	( 70)	2,061
Miscellaneous equipment	957	63	( 53)	967
Vehicles	647	-	-	647
	4,473	277	( 213)	4,537
Accumulated depreciation:				
Buildings	5	2	-	7
Premises / Facilities	43	7	( 3)	47
Furniture and fixtures	586	47	( 72)	561
Computer equipment	1,594	210	( 69)	1,735
Miscellaneous equipment	553	91	( 44)	600
Vehicles	336	129	-	465
	3,117	486	( 188)	3,415
Net cost	1,356			1,122

Financial entities in Peru cannot pledge in guarantee those assets that make up their property, furniture and equipment.

In Management's opinion there is no evidence of impairment of the property, furniture and equipment held by the Fund as of June 30, 2014 and December 31, 2013.

As of June 30, 2014, the Fund holds fully depreciated assets in the amount of S/. 2,126 thousand (S/. 1,619 thousand as of December 31, 2013).

The Fund has its main assets insured in accordance with the policies established by Management. In that regard, as of June 30, 2014 and December 31, 2013, the Fund has taken out an all-risk insurance policy that covers the value of the property, furniture and equipment owned by the Fund. In Management's opinion, the Fund's insurance policies are consistent with the practice of the industry.

(11) Intangible assets

This item includes the following:

06.30.2014	In thousands of S/.			
	Balances as of 12.31.2013	Additions	Disposals & other adjustments	Balances as of 06.30.2014
Cost:				
Software	1,801		( 437)	1,364
Licenses	1,112	11	( 234)	889
Software under development	-	529		529
	2,913	540	( 671)	2,782
Accumulated amortization:				
Software	1,136	62	( 79)	1,119
Licenses	951	53	( 233)	771
	2,087	115	( 312)	1,890
Net cost	825			892

06.30.2014	In thousands of S/.			
	Balances as of 12.31.2012	Additions	Disposals & other adjustments	Balances as of 12.31.2013
Cost:				
Software	2,053	640	( 892)	1,801
Licenses	1,481	54	( 424)	1,112
Software under development				
	3,534	694	( 1,316)	2,913
Accumulated amortization:				
Software	1,930	98	( 892)	1,136
Licenses	1,278	97	( 424)	951
	3,208	195	( 1,316)	2,087
Net cost	326			825

(12) Deferred income tax

The Fund has determined the deferred income tax as follows:

	December 2013 S/. (000)	Additions (Deductions) P&L	June 2014 S/. (000)
<b>Deferred Assets</b>			
Generic provision for accounts receivable	4,330	2,703	7,033
Available-for-sale investments	1,371	(1,371)	0
Deferred income for cash flow advances from BCP	1,369	(450)	919
Derivative financial products for hedging purposes	-	12,157	12,157
Other	2,143	(443)	1,700
	9,213		21,809
<b>Deferred Liabilities or Equity Adjustment</b>			
Available-for-sale investments		(1,014)	(1,014)
Other minor ones	-1,371	811	(560)
	-1,371		(1,574)
<b>NET DEFERRED ASSETS</b>	7,842	12,393	20,235

	In thousands of S/.		
	Balances as of <u>12.31.2012</u>	Additions (deductions) <u>Results</u>	Balances as of <u>al 12.31.2013</u>
<b>Assets:</b>			
Generic provision for accounts receivable	3,513	817	4,330
Deferred income for cash flow advances	2,380	( 1,011)	1,369
Other	1,621	1,893	3,514
<b>Liabilities:</b>			
Other	( 304)	( 1,067)	( 1,371)
	----- 7,210	----- 632	----- 7,842
	=====	=====	=====

(13) Other assets, net

This item includes the following:

	In thousands of S/.	
	<u>06.30.2014</u>	<u>12.31.2013</u>
Assets received in lieu of payment, net	302	426
Other	943	886
	----- 1,245	----- 1,312
	=====	=====

The "Corporate Management Plan on Information Technology and Communications" (TIC) for companies within the scope of FONAFE was approved through Executive Resolution No. 046-2009/DE-FONAFE. This resolution defines the implementation of the Shared Service Center for Information Technology and Communications of FONAFE. As of June 30, 2014, pre-payments for this service amount to S/. 560 thousand (S/. 715 thousand as of December 31, 2013) and it is included under the "Other" caption.

(14) Debts and financial obligations

This item comprises the following:

	In thousands of S/.	
	<u>06.30.2014</u>	<u>12.31.2013</u>
-Debts and obligations with domestic financial companies and institutions (a)	602,834	402,525
-Securities and Bonds (b)	3,026,057	1,399,138
<b>Total</b>	<b><u>3,628,891</u></b>	<b><u>1,801,663</u></b>

(a) As of June 30, 2014, the Fund holds the following liabilities:

Financial institution	Date	Annual Interest rate	In thousands of S/.			
			Principal	Interest	Amortized Cost adjustment	Total
-	-	-	-	-	-	-
Banco de la Nación	09.24.13	4.40%	76,000	905	0	76,905
Banco de la Nación	10.16.13	4.40%	50,000	463	0	50,463
Banco de la Nación	10.28.13	4.40%	65,000	507	0	65,507
Banco de la Nación	11.14.13	4.40%	50,000	288	0	50,288
Banco de la Nación	11.28.13	4.40%	59,000	240	0	59,240
Banco Continental	12.19.13	4.75%	300,000	426	5	300,431
			600,000	2,829	5	602,834

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

Financial institution	Date	Annual interest rate	In thousands of S/.			
			Principal	Interest	Amortized Cost adjustment	Total
Banco de la Nación	09.24.13	4.40%	76,000	897	-	76,897
Banco de la Nación	10.16.13	4.40%	50,000	457	-	50,457
Banco de la Nación	10.28.13	4.40%	65,000	499	-	65,499
Banco de la Nación	11.14.13	4.40%	50,000	282	-	50,282
Banco de la Nación	11.28.13	4.40%	59,000	233	-	59,233
Banco Continental	12.19.13	4.75%	100,000	155	2	100,157
			400,000	2,523	2	402,525

- (b) In May, 2014, the Fund issued bonds at the Swiss market. The issuance corresponded to a face value of CHF 250,000 thousand (Swiss Francs), maturing in 4 years. Bonds were placed below par at a price of 99.826% and at a coupon rate of 1.250%, with annual interest payments and amortization at maturity. Proceeds from the issuance of bonds were used exclusively to finance credit operations.

In March, 2014, the Fund traded bonds under Rule 144 or Regulation S of the Securities Act in the international market. The issuance corresponded to a face value of US\$ 300,000 thousand, maturing in 5 years. Bonds were placed below par at a price of 99.763% and at a coupon rate of 3.375% with semi-annual interest payments and amortization at maturity. Proceeds earned are used exclusively to finance credit operations.

In January 2013, the Fund issued bonds under Rule 144A or Regulation S of the Securities Act, in the international market. The issuance corresponded to a face value of US\$ 500,000 thousand, maturing in 10 years. Bonds were placed below par at a price of 99.15% and at a coupon rate of 3.50% with semi-annual interest payments and amortization at maturity. Proceeds earned are used exclusively to finance credit operations.

As of June 30, 2014, interest expense on outstanding securities issued by the Fund amounts to S/. 32,900 thousand (S/. 45,288 thousand as of December,



2013) (note 20).

(15) Other accounts payable, provisions and other liabilities

This item comprises the following:

	<u>In thousands of S/.</u>	
	<u>06.30.2014</u>	<u>12.31.2013</u>
<b>Other accounts payable:</b>		
FONAVI contributions (a)	157,161	151,414
Good payer bonus (capital) allocated to COFIDE (b)	77,452	79,872
Savings of the family group eligible for transfer to technical entities (c)	15,041	8,532
Family housing bonus to be transferred to technical entities (d)	22,933	6,776
Workers' profit sharing	2,069	4,386
Good payer bonus (capital) received from MVCS (e)	8	8
Supplier payables	1,736	1,258
Resources to be transferred for executed letters of guarantee	1,068	1,059
Vacation and fringe benefit liquidations	1,926	885
Other	421	390
	-----	-----
	<b>279,815</b>	<b>254,580</b>
	=====	=====
<b>Provisions:</b>		
Prov. for litigation, claims, and other contingencies (g)	1,862	1,399
Prov. for credit risk coverage on cash flow advances	3,608	5,362
	-----	-----
	<b>5,470</b>	<b>6,761</b>
	=====	=====
<b>Other liabilities:</b>		
Deferred income on cash flow advances (f)	3,065	4,479
Other deferred income	321	561
Transactions in progress	13	6
	-----	-----
	<b>3,399</b>	<b>5,046</b>
	=====	=====

a. As of December 31, it comprises the following:

	<u>In thousands of S/.</u>	
	<u>06.30.2014</u>	<u>12.31.2013</u>
FONAVI collections	93,682	112,942
FONAVI contributions pending transfer to the MEF	334	38,188
Refund of FONAVI pending collection	63,145	284
	-----	-----
	157,161	151,414
	=====	=====

FONAVI collections correspond to balances allocated to the Fund as a result of the collection made by the National Superintendence of Tax Administration (SUNAT), of taxpayers' contributions made to FONAVI pursuant to Law No. 26969.

The activity of this item is presented below:

	In thousands of S/.	
	<u>06.30.2014</u>	<u>12.31.2013</u>
Balance at the beginning of year	112,942	125,539
Fiscal year collection	5,774	23,048
Reclassification of contributions pending transfer to the MEF	(24,988)	( 31,199)
Reimbursement of FONAVI contributions	( 46)	( 4,446)
	-----	-----
Balance	<b>93,682</b>	<b>112,942</b>
	=====	=====

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

Uncollected FONAVI reimbursements correspond to checks drawn from 1999 to 2014 which have not yet been cashed by their beneficiaries. These checks were issued to refund FONAVI contributions in accordance with communications from SUNAT, the entity in charge of the collection of these resources.

- b. This corresponds to funds received from the MVCS that were allocated to credits authorized to the IFI (MIHOGAR Credit and New MIVIVIENDA Credit) after verifying compliance with the requirements set forth in the relevant regulations. The activity of this heading is presented below:

	In thousands of S/.	
	<u>06.30.2014</u>	<u>12.31.2013</u>
Balance at the beginning of year	79,872	77,728
BBP allocation to accounts receivable from trusts		5,710
Adjustment of BBP allocations from prior fiscal years		900
Adjustment to BBP applications from prior fiscal years		20
BBP application to MIHOGAR credit installments	( 698 )	( 1,351)
BBP application to New MIVIVIENDA credit installments	( 1,722)	( 3,135)
	-----	-----
⌘ Balance as of fiscal year end	77,452	79,872
	=====	=====

- c. This corresponds to the balance payable to technical entities on behalf of those households eligible for the Techo Propio Program. This balance comprises the amount of savings deposited by the household to the Fund's account and the savings of Fondo de Vivienda Policial (FOVIPOL).
- d. This corresponds to the balance payable to technical entities (builders) for the financing of the household housing bonus (BFH) of those households who accessed the Techo Propio Program.
- e. This corresponds to the funds received from the MVCS, which are pending allocation to those beneficiaries who request the credit products offered by the Fund. The allocation of these resources is made through the COFIDE Trust, when the disbursements to the IFI are authorized by the approved credits.

The activity of this heading is presented below:

	In thousands of S/.	
	06.30.2014	12.31.2013
Balance at the beginning of year	8	6,638
Regularization of prior fiscal years	-	( 20)
Resources received during the period	-	-
BBP disbursements to COFIDE for allocation to loans	-	( 6,610)
	-----	-----
Balance at fiscal year end	8	8
	=====	=====

- f. In accordance with the SBS requirements, the prepayment by an IFI of an amount equivalent to 36 installments was recorded under "Other liabilities" as deferred income for S/. 8,488 thousand in August 2012, to be amortized on a linear basis throughout 36 months. As of June 30, 2014, the deferred income from this transaction amounts to S/. 5,423 thousand and its balance as of December 31, 2013 was S/. 4,479 thousand.
- g. This corresponds to provisions for litigation and for claims of a labor or legal nature. In the opinion of Management and of the legal advisors, the provision recorded as of June 30, 2014 and December 31, 2013 is sufficient to cover the risk of loss derived from litigation and claims filed against the Fund.

(16) Net shareholders' equity

(a) Effective equity

As of June 30, 2014, the Fund's effective equity determined in accordance with applicable standards amounts to S/. 3,141,128 thousand (S/. 3,060,455 thousand as of December 31, 2013). This figure is used to calculate certain legal limits and restrictions prescribed by the General Law of the Financial and Insurance Systems and the Organic Law of the SBS, Law N° 26702 (hereinafter General Law), applicable to the Fund, and is determined as follows:

	In thousands of S/.	
	06.30.2014	12.31.2013
Level 1 effective equity:		
Paid-in capital stock	3,050,654	3,050,654
Plus:		
Legal reserve	49,863	43,283
Additional capital	34	34
Retained earnings with capitalization agreement	59,211	0
Less:		
Accumulated loss	2,457	3,677
Unrealized losses on available-for-sale investments	16,177	29,839
	-----	-----
Total Level 1 effective equity	3,141,128	3,060,455
	-----	-----
Total Level 2 effective equity	-	-
	-----	-----
Total effective equity	3,141,128	3,060,455
	=====	=====

As of June 30, 2014, the effective equity requirement for the credit risk determined by the Fund according to legislation applicable to financial institutions, is S/. 3,055,540 thousand (S/. 3,007,451 thousand as of December 31, 2013), while the effective equity requirements for the market and operational risk amount to S/. 68,145 thousand and S/. 17,443 thousand, respectively (S/.34,897 thousand and S/. 18,107 thousand, respectively, as of December 31, 2013).

According to the General Law, the effective equity must be equal to or greater than 10% of the overall risk-weighted assets and contingent credits, which includes: i) the effective equity requirement for market risk multiplied by 10, ii) the effective equity for operational risk multiplied by 10, and iii) the credit risk-weighted contingent assets. As of June 30, 2014, the Fund's effective equity represents 50.29% of the minimum capital requirements for market, operational and credit risk (60.34% as of December 31, 2013).

On April 2, 2009, the regulations on the effective equity requirement for the operational risk, effective as of July 1, 2009, were approved by the SBS by means of Resolution N° 2115-2009. In this regard, as of the date of these Notes, the Fund applies the base-indicator method to calculate the effective equity for operational risk.

On July 20, 2011, the SBS enacted Resolution No. 8425-2011 approving the regulations on the additional effective equity requirement and establishing that such equity shall be equal to the sum of effective equity requirements, calculated for each of the following components: i) economic cycle, ii) concentration risk, iii) market concentration risk, iv) interest rate risk in banking records, and v) other risks. As from the effective date of this standard, financial entities will be afforded a five-year term to conform their total effective equity to the level requested in such Resolution. This additional requirement has come into force progressively as from July 2012. As of June 30, 2014 and December 31, 2013, the overall effective equity surplus is as follows:

	In thousands of S/.	
	06.30.2014	12.31.2013
Minimum effective equity requirement:		
For the credit, market and operational risks	624,624	507,201
Additional effective equity	56,107	47,582
	-----	-----
Total minimum requirement	680,731	554,783
	=====	=====
Total estimated effective equity	3,141,128	3,060,455
	=====	=====
Overall effective equity surplus	2,460,397	2,505,672
	=====	=====

**(b) Capital**

As of June 30, 2014 and December 31, 2013, the Fund's capital is made up of 3,050'653,965 subscribed and paid-in common shares. All shares have voting rights and a par value of S/.1 each.

As of June 30, 2014 and December 31, 2013, the only shareholder of the Fund is FONAFE.

On March 25, 2014, the Fund's General Shareholders Meeting approved the

capitalization of the fiscal year 2013 profits amounting to S/. 59,211 thousand and the capitalization of the additional capital amounting to S/. 34 thousand; increasing capital from S/. 3,050,654 thousand to S/. 3,109,899 thousand. The new capital stock is pending registration with the Public Records Office.

(c) Reserve

Pursuant to the General Law, the Fund has a legal reserve of at least 35% of its capital stock. This reserve is created by transferring no less than 10% of after-tax profits on an annual basis, and supersedes the reserve addressed in the Business Corporations Act. In turn, according to the General Law, the legal reserve amount may also be increased through contributions made by the shareholder(s) for such purpose.

The General Shareholders' Meeting held on March 25, 2014 approved to increase the legal reserve to S/. 6,579 thousand, charging the fiscal year 2013 retained earnings.

(d) Shareholders' Equity adjustment

Adjustments to equity correspond to the unrealized gain (loss) resulting from the valuation of the Fund's available-for-sale investments and from the effect of forward and swap cash flows hedging agreements. Such valuation falls within the range of effectiveness. The net activity of taxes is presented below:

	In thousands of S/.	
	06.30.2014	12.31.2013
Opening balance	( 29,797 )	967
Unrealized loss on the Fund's available-for-sale investments		( 32,620)
Unrealized gains on the Fund's available-for-sale investments	12,449	
Transfer to P&L of the realized loss on available-for-sale investments, net of realized gains	5,776	1,886
Sub Total	( 11,572 )	( 29,797)
Unrealized loss on available-for-sale investments for deferred tax	( 1,013)	
Unrealized loss on Swap cash flows hedging transactions	( 27,116 )	
Total	( 39,701 )	( 29,797)

(17) Contingent and memoranda accounts

This item comprises the following:

	In thousands of S/.	
	06.30.2014	12.31.2013
<b>Contingencies</b>		
Forwards (a)	516,718	243,760
Swaps (b)	1,149,156	0
Other contingencies	782,750	807,734
<b>Total contingencies</b>	<b>2,448,623</b>	<b>1,051,493</b>
<b>Memoranda accounts</b>		
Endorsement letters and surety bonds received as guarantees (c)	467,339	466,849
CRC and PBP Trusts in local (MN) and foreign currency (ME)(d)	70,420	67,092
Employer's contribution debt (e)	18,222	18,222
Written-off uncollectible accounts (f)	28,066	28,169

Mortgage guarantees received (g)	2,412	2,411
Interest-in-suspense on the Ex-Coneminsa portfolio and other accounts receivable (h)	10,215	10,213
Securities and other assets held in custody	4,565	4,565
Effective agreements signed with suppliers	30,828	9,690
Funds received from the MVCS-BFH	22,701	6,576
On account advance in favor of FMV	0	200,000
Other minor ones, net	380	384
<b>Total memoranda accounts</b>	<b>655,146</b>	<b>814,171</b>
<hr/>		
<b>Trusts and autonomous equity under administration</b>		
Autonomous Equity of Fondo Ley 27677 (i)	0	857,896
CRC-PBP Trust (j)	143,014	148,707
Las Garzas Trust (k)	23,697	23,903
<b>Total trusts</b>	<b>166,711</b>	<b>1,030,506</b>
<b>Total memoranda accounts</b>	<b>3,270,481</b>	<b>2,896,170</b>
<hr/>		

- (a) This corresponds to the Fund's commitment related to US\$ and CHF transactions, in order to hedge its accounts receivable in such currencies, specifically the forward purchase transactions for CHF 50,000 thousand and forward sale transactions for US\$ 128,404 thousand as of June 30, 2014 and December 31, 2013, respectively.
- (b) This corresponds to the Fund's commitment under swap agreements related to US Dollar purchase transactions, to hedge its accounts payable for bonds issued in that currency, amounting to US\$ 411,000 thousand as of June 30, 2014.
- (c) This corresponds to stand-by letters of credit received from technical entities to guarantee compliance with contracts executed under the Techo Propio Program, for the BFH and Household Savings products, and to stand-by letters of credit received from suppliers in compliance with contracts for goods and services.
- (d) This corresponds to the recognition of the right acquired by the Fund in connection with the establishment of the CRC and PBP trusts in Nuevos Soles and US Dollars, for S/. 34,261 thousand and S/. 36,160 thousand, respectively (S/. 32,717 thousand and S/. 34,375 thousand as of December 31, 2013, respectively).
- (e) This corresponds to a claim filed by the Fund with the MEF, in the sense that the contributions to FONAVI- Employer Contributions, as provided for by Law N° 26969, FONAVI Liquidation Law, should have been granted to the Fund.
- (f) This corresponds primarily to the write-off of accounts receivable (principal and interest) due from Banco Banex in liquidation and from Banco Orión in liquidation for S/. 23,577 thousand worth of principal and S/. 4,441 thousand worth of interest.
- (g) This corresponds to mortgage guarantees received from two financial institutions in liquidation, for the loan portfolio that the Fund maintained with them.
- (h) This corresponds to the interest accrued on the overdue ex-CONEMINSA portfolio and other accounts receivable.

- (i) This corresponds to the value of net assets of the "Fondo Ley N° 27677 Equity" created by public instrument dated February 13, 2002 with the resources originating from the winding-up of FONAVI, and transferred to the Fund for their administration and recovery.

(18) Contingencies

As of June 30, 2014 and December 31, 2013, the Fund faces the following litigation proceedings:

- (a) Lawsuits on labor issues related to profit sharing payment and reimbursement of fringe benefits. As of June 30, 2014, the Fund recorded a provision for S/. 1,060 thousand for this item (S/.621 thousand as of December 31, 2013).
- (b) Miscellaneous constitutional processes (protective action) related to the restitution of labor rights to former employees of the Fund and the deregistration of technical entities for infringements incurred.
- (c) Administrative proceedings with the DHMONT & CG & M S.A.C. Consortium (the claimant) in the context of which an administrative resolution is being challenged. The claimant is seeking the annulment of a letter whereby the Fund refused to return the stand-by letter of credit granted as guarantee, a condition in order for this company to appeal the award under the Collique public bid. The amount in dispute is S/. 4,870 thousand. The judge ordered the Fund to reimburse US\$ 250 thousand equivalent to S/. 699 thousand, an amount still provisioned as of June 30, 2014 at its present value of US\$245 thousand, equivalent to S/. 684 thousand (present value as of December 31, 2013 US\$237 thousand, equivalent to S/. 663 thousand).
- (d) Arbitration proceedings with Veritas Edificaciones S.A.C. and with CG&M Proyectos y Construcciones S.A.C. The former for US\$ 7,327 thousand and the latter for an indeterminable amount.

In the opinion of Management, and that of its legal advisors, these legal claims will not result in significant liabilities in addition to those recorded in the accompanying financial statements.

(19) Interest income

This item comprises the following:

	In thousands of S/.	
	06.30.2014	06.30.2013
Cash and due from banks	2,016	8,986
Available-for-sale investments (Note 7)	9,242	4,801
Held-to-maturity investments (Note 7)	103	118
Accounts receivable	135,473	100,225
Other financial income	912	812
<b>Total</b>	<b>147,746</b>	<b>114,942</b>

Interest income from accounts receivable corresponds to interest earned on accounts receivable from IFI's placed through the COFIDE Trust; and also to the allocation of the CRC – PBP trusts to profit & loss.

(20) Interest expense

This item comprises the following:

	In thousands of S/.	
	06.30.2014	06.30.2014
<b>Debts and Obligations of the Peruvian Financial System</b>		
- Debts and Obligations of the Peruvian Financial System (a)	12,656	443
- Outstanding Securities, Bonds and Debentures (b)	32,900	19,962
	45,556	20,405
<b>Accounts payable</b>	-	147
<b>Accounts payable P/L</b>	-	-
<b>Other financial expenses (c)</b>	22,220	18,613
	67,776	39,165
<b>Total interest expense</b>	<b>67,776</b>	<b>39,165</b>

- a) This corresponds to the Fund's debts to Banco de la Nacion and BBVA Banco Continental.
- b) This corresponds to interest accrued on the issuance of international bonds, specifically the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> international issues.
- c) The other financial costs correspond primarily to the good payer award granted through the COFIDE Trust.

(21) Income from financial services

This item comprises the following:

	In thousands of S/.	
	06.30.2014	06.30.2013
Income from trusts and trust fees	253	251
Miscellaneous income	1,795	3,306
	3,048	3,557
	3,048	3,557

Income from financial services corresponds primarily to fees related to the management of CRC-PBP trusts in Nuevos Soles and US Dollars, for which the Fund receives a monthly fee equivalent to 0.05% of the trusts' net worth; and to fees related to credit risk coverage (CRC) and good payer award (PBP) services rendered to the IFI.

(22) Administrative expenses

This item comprises the following:



	In thousands of S/.	
	<u>06.30.2014</u>	<u>06.30.2013</u>
Personnel and Board of Directors expenses (a)	10,561	7,090
Third-party services (b)	8,501	9,116
Taxes and contributions	225	120
	-----	-----
	19,287	16,326
	=====	=====

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

	In thousands of S/.	
	<u>06.30.2014</u>	<u>06.30.2013</u>
Salaries	(5,030)	(3,201)
Bonuses	(211)	(104)
Professional Practices Grant	(310)	(226)
Employee profit sharing	(2,069)	(1,730)
Rewards	(892)	(578)
Time-in-service compensation	(521)	(340)
Social security	(488)	(322)
Vacation	(447)	(300)
Training	(59)	(34)
Other	(534)	(256)
	-----	-----
	(10,561)	(7,090)
	=====	=====

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

(b) Third-party services include the following items:

	In thousands of S/.	
	<u>06.30.14</u>	<u>06.30.13</u>
Advertising	2,208	1,765
Advisory services	1,100	3,340
Rental of goods and property	889	945
Repair and maintenance	506	358
TIC Project expenses - FONAFE	500	546
Communications	265	231
Travel expenses	557	131
Transportation	339	165
Surveillance and protection	228	248
Insurance	154	162
Courier services	138	145
Office supplies	52	90
Utilities	117	85
Cleaning services	83	83

Telemarketing services	75	28
Other expenses	1,290	794
	-----	-----
	8,501	9,116
	=====	=====

(c) Remuneration for Directors

The amount paid as of June 30, 2014 and 2013 as per diem allowance to the Fund's board of directors amounts to S/. 105, thousand and to S/. 82, thousand, respectively.

(23) Tax matters

- (a) The Fund has determined a provision for current income tax as of June 30, 2014 in the amount of 11,792 thousand (S/. 9,869 thousand as of June 30, 2013).

Income tax returns for 2011 through 2013 are still pending review by the tax authorities. Any expenses in excess of the provisions made to cover tax obligations will be charged to profit or loss in the fiscal years in which such expenses are finally settled. In Management's opinion, there will be no significant liabilities affecting the financial statements as of June 30, 2014 and December 31, 2013 as a result of such review.

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

- (b) In 2005, the Temporary Tax on Net Assets (ITAN, for its Spanish acronym) was established. The taxable base of the ITAN consists of the value of the adjusted net assets as of the close of the fiscal year prior to that to which payment applies, net of depreciation, amortization, legal cash reserve and specific provisions for credit risk. The tax rate, as from 2009, is 0.4% applicable to the amount of assets exceeding S/. 1,000 thousand. This tax may be paid in cash or in nine consecutive monthly installments. The amount paid may be used as a credit against partial income tax payments under the Income Tax General System for taxable periods from March to December of the fiscal period for which the tax was paid until the maturity date of each of the partial payments, and as a credit for the regularization of the income tax payment in the corresponding taxable period. The Fund has calculated the Temporary Tax on Net Assets as of December 31, 2013 at S/. 20,848 thousand.

A tax refund may be requested only in those cases where it is possible to demonstrate that tax losses were incurred or where a lower payment of income tax was determined based on the general system provisions.

- (c) The technical assistance provided by non-domiciled legal entities will be subject to a 15% withholding tax, regardless of the location where the service is rendered and so long as compliance is provided with the requirements set forth in the Income Tax Law.
- (d) As of June 30, 2014 and as of December 31, 2013 and 2012, the tax rate on financial transactions was 0.005%. This tax is applied on each deposit and withdrawal made to and from a bank account, or to movements of funds made through the financial system, unless the account is tax-exempt.

(e) The reconciliation of the income tax effective rate is as follows:

	06.30.2014		06.30.2013	
	S/.	%	S/.	%
Earnings before income tax	26,985	100.00	37,409	100.00
Income tax computed according to current rate	8,095	30.00	11,223	30.00
Tax effect on additions and deductions:				
Permanent differences	1,483	5.49	(967)	(2.58)
Other	405	1.50	28	0.07
Current and deferred income tax recorded as per effective rate	9,983	36.99	10,284	27.49

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

	In thousands of S/.	
	06.30.14	06.30.13
Income tax:		
Current	8,174	10,698
Deferred	1,809	(414)
	9,983	10,284

(g) The total or partial distribution of dividends, or other types of profit distribution, is subject to 4.1% income tax withholding, except for the distribution of profits made in favor of domiciled legal entities. The Fund does not distribute dividends.

(24) Financial risk management

The activities of the Fund, as a second-tier bank, expose it to a variety of financial risks which include the effects of fluctuations in the US Dollar exchange rate, market risk, liquidity risk, and credit risk. The Fund's program for the management of risks seeks to minimize the potential adverse effects of these risks on its financial performance.

The Risks Management Office is in charge of the administration of risks in accordance with the policies approved by the Board of Directors. This Office identifies, measures, monitors and controls the financial risks to which the Fund is exposed, in close coordination with its operating units. The Board of Directors provides in writing the principles for an overall management of risks, as well as those policies addressing specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of financial instruments and investment of the liquidity surplus.

Market risk

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

The objective of the Fund's risk management is to set down the policies, processes, and controls in order to balance profitability with the volatility in the

market, i.e., maintaining an appropriate risk level. The monitoring of such risks has had particular relevance during the international financial crisis and greater volatility in the market. In this sense, risk management policies play an important role at the Fund, applying practices consistent with those of the market as far risk management.

Thus, the management of resource allocations and financial management are constrained by limits which incorporate a risk level considered adequate by management. This risk level is reviewed periodically to ensure it incorporates the needs and strategies proposed by Management, as well as variations occurred in market conditions.

Resource allocation activities are managed in line with the internal limits applicable to each IFI. Such limits are a function of IFI's following variables: risk classification, global capital ratio, and effective equity size.

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

The interest rate risk to which the Fund is exposed is controlled through the following indicators of a regulatory nature: Gains on risk and equity value at risk which are determined according to internal assumptions and based on methodological notes established by the SBS. These indicators are periodically reported to the Risk Management Committee and the Assets and Liabilities Management Committee and based on this, action plans are determined to mitigate any exposure of the Fund to the interest rate risk. As of June 30, 2014 and December 31, 2013, the Fund's exposure to the interest rate risk considering instruments repricing dates is as follows:

06.30.2014	In thousands of S/. (*)							
	Up to <u>1 month</u>	More than 1 to <u>2 months</u>	More than 2 to <u>3 months</u>	More than 3 to <u>6 months</u>	More than 6 to <u>12 months</u>	More than <u>12 months</u>	Not accruing interest	<u>Total</u>
Interest rate risk								
Assets:								
Cash and fue from banks	1,769,779	-	83,886	-	-	-	-	1,853,665
Investments	-	2,629	867	13,162	8,492	306,555	-	331,705
Accounts receivable (COFIDE Trust Agreement)	31,648	29,432	30,326	88,998	177,891	4,436,837	-	4,795,132
Accounts receivable from hedging derivatives	-	-	-	-	-	-	2,399	2,399
Other sensitive assets	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>1,801,426</b>	<b>32,061</b>	<b>115,080</b>	<b>102,159</b>	<b>186,383</b>	<b>4,743,392</b>	<b>2,399</b>	<b>6,982,900</b>
Liabilities:								
Debts and financial obligations	70,344	50,042	126,696	387,800	40,226	2,953,783	-	3,628,891
Accounts payable on hedging derivatives	-	-	-	-	-	-	53,584	53,584
Other sensitive liabilities	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>70,344</b>	<b>50,042</b>	<b>126,696</b>	<b>387,800</b>	<b>40,226</b>	<b>2,953,783</b>	<b>53,584</b>	<b>3,682,475</b>
Off-balance sheet accounts:								
Derivative instruments, assets	-	-	-	-	-	-	1,306,855	1,306,855
Derivative instruments, liabilities	-	-	-	-	-	-	359,019	359,019
	-	-	-	-	-	-	-	947,836
<b>Marginal gap</b>	<b>1,731,082</b>	<b>(17,982)</b>	<b>(11,616)</b>	<b>(285,640)</b>	<b>146,157</b>	<b>1,789,610</b>	<b>896,651</b>	<b>4,248,261</b>
<b>Accumulated gap</b>	<b>1,731,082</b>	<b>1,713,101</b>	<b>1,701,484</b>	<b>1,415,844</b>	<b>1,562,001</b>	<b>3,351,611</b>	<b>4,248,261</b>	-

(\*) This table does not include the accounts receivable from the CRC – PBP Trusts.

Note: By SBS Resolution N° 1014-2014, dated 02.13.2014, Annex N° 7 "Interest Rate Risk Measurement" is amended and description "Accounts Receivable from Trust" is replaced with "Sensitive Accounts Receivable and Other Sensitive Assets" and description "Sensitive Accounts Payable and Other Sensitive Liabilities" is included under the heading "Debts and Other Financial Obligations".

12.31.2013	In thousands of S/. (*)							
Interest rate risk	Up to 1 month	More than 1 to 2 months	More than 2 to 3 months	More than 3 to 6 months	More than 6 to 12 months	More than 12 months	Not accruing interest	Total
<b>Assets:</b>								
Cash and due from banks	408,506	-	-	-	-	-	-	408,506
Investments	-	3,091	1,064	5,892	14,449	312,682	-	337,178
Accounts receivable (COFIDE Trust Agreement)	26,958	26,008	26,412	79,314	157,437	4,038,942	-	4,355,071
Accounts receivable from hedging derivatives	-	-	-	-	-	-	737	737
<b>Total assets</b>	<b>435,464</b>	<b>29,099</b>	<b>27,476</b>	<b>85,206</b>	<b>171,886</b>	<b>4,351,624</b>	<b>737</b>	<b>5,101,492</b>
<b>Liabilities:</b>								
Debts and financial obligations	18,762	387	1,972	5,806	412,348	1,362,388	-	1,801,663
Accounts payable for hedging derivatives	-	-	-	-	-	-	382	382
<b>Total liabilities</b>	<b>18,762</b>	<b>387</b>	<b>1,972</b>	<b>5,806</b>	<b>412,348</b>	<b>1,362,388</b>	<b>382</b>	<b>1,802,045</b>
<b>Off-balance sheet accounts:</b>								
Derivative instruments, assets	-	-	-	-	-	-	223,600	223,600
Derivative instruments, liabilities	-	-	-	-	-	-	20,160	20,160
	-	-	-	-	-	-	203,440	203,440
<b>Marginal gap</b>	<b>416,702</b>	<b>28,712</b>	<b>25,504</b>	<b>79,400</b>	<b>( 240,462)</b>	<b>2,989,236</b>	<b>203,795</b>	<b>3,502,887</b>
<b>Accumulated gap</b>	<b>416,702</b>	<b>445,414</b>	<b>470,918</b>	<b>550,318</b>	<b>309,856</b>	<b>3,299,092</b>	<b>3,502,887</b>	

(\*) This table does not include the accounts receivable from the CRC - PBP Trusts.

The estimated effects of interest rates as of June 30, 2014 and December 31 2013 are as follows:

	In thousands of S/. (*)			
	Effect on Profit (Loss) before tax			
	06.30.2014		12.31.2013	
	In local currency	In foreign currency	In local currency	In foreign currency
<b>Changes in interest rate</b>				
-2.0%	(3,144)	(28,120)	5,255	( 11,459)
-1.5%	(2,358)	(21,090)	3,941	( 8,594)
-1.0%	(1,572)	(14,060)	2,627	( 5,730)
-0.5%	(786)	(7,030)	1,314	( 2,865)
0%	-	-	-	-
0.5%	786	7,030	( 1,314)	2,865
1.0%	1,572	14,060	( 2,627)	5,730
1.5%	2,358	21,090	( 3,941)	8,594
2.0%	3,144	28,120	( 5,255)	11,459

(\*) Due to regulatory matters, this table does not include the accounts receivable from the CRC – PBP Trusts.

	In thousands of S/. (*)			
	Effect on equity before tax			
	06.30.2014		12.31.2013	
	In local currency	In foreign currency	In local currency	In foreign currency
<b>Changes in interest rate</b>				
-2.0%	(60,479)	(5,530)	( 71,387)	5,398
-1.5%	(45,359)	(4,147)	( 53,540)	4,048
-1.0%	(30,239)	(2,765)	( 35,693)	2,699
-0.5%	(15,120)	(1,382)	( 17,847)	1,349
0%	-	-	-	-
0.5%	15,120	1,382	17,847	( 1,349)
1.0%	30,239	2,765	35,693	( 2,699)
1.5%	45,359	4,147	53,540	( 4,048)
2.0%	60,479	5,530	71,387	( 5,398)

(\*) Due to regulatory matters, this table does not include the accounts receivable from the CRC – PBP trusts.

The interest rate risk of investments in government bonds, certificates of deposit of the Central Reserve Bank (BCRP) and corporate bonds are managed using the value at risk model.

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

As of June 30, 2014 and December 31, 2013, the Fund's exposure to the exchange rate risk is as follows:

Exchange rate risk	In thousands of S/.					
	06.30.2014			12.31.2013		
	Foreign currency	Nuevos soles	Total	Foreign currency	Nuevos soles	Total
Monetary assets:						
Cash and due from banks	1,764,295	89,370	1,853,665	337,375	71,131	408,506
Available-for-sale investments	224,958	106,747	331,705	183,925	146,806	330,731
Held-to-maturity investments	0	0	0	-	6,447	6,447
Accounts receivable	369,982	4,502	374,484	404,497	4,017,666	4,422,163
Hedging derivatives	0	2,399	2,399	-	737	737
Other accounts receivable	11	6,469	6,480.00	110.6786	1,349	1,460
Current taxes	0	22,822	22,822	-	13,723	13,723
Total monetary assets	2,359,246	232,309	2,591,555	925,908	4,257,859	5,183,767

Monetary liabilities:						
Bonds payable	-	167	167	-	162	162
Debts and financial obligations	3,026,056	602,834	3,628,890	1,399,138	402,525	1,801,663
Hedging derivatives	4,524	49,060	53,584	-	382	382
Accounts payable	1,146	278,669	279,815	1,336	253,244	254,580
	-----	-----	-----	-----	-----	-----
Total monetary liabilities	3,031,726	930,730	3,962,456	1,400,474	656,313	2,056,787
	-----	-----	-----	-----	-----	-----
Accounts off the statement of financial position:						
Derivative instruments, assets	56,402	157,699	214,101	223,600	(223,600)	0
Derivative instruments, liabilities	(128,405)	(359,019)	(487,424)	(20,160)	20,160	0
	-----	-----	-----	-----	-----	-----
	(72,003)	(201,320)	(273,323)	203,440	(203,440)	0
	-----	-----	-----	-----	-----	-----
Net monetary position	(600,477)	(899,741)	(1,644,224)	(271,126)	3,398,106	3,126,980
	=====	=====	=====	=====	=====	=====

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

Models	In thousands of S/.		% Net worth	
	06.30.2014	12.31.2013	06.30.2014	12.31.2013
Regulatory	8,560	5,423	0.27%	0.18%
Internal	10,177	6,721	0.32%	0.22%
Global position	( 48,083 )	( 276,627 )	1.53%	9.03%
	oversold	oversold		

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

### Liquidity risk

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

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

With regard to the latter, policies are in place to hold hedging derivative instruments denominated in U.S. dollars, which have increased as a result of the issuance by the Fund of U.S. dollar denominated bonds at the international market.

With this availability of resources the capacity of the Fund is sufficient to cover the IFI' financing needs.

The amounts disclosed are the undiscounted cash flows based on agreed upon contractual timelines and include their respective accrued interest. As of June 30, 2014 and December 31, 2013, the Fund's exposure to liquidity risk is as follows:



As of June 30, 2014	In thousands of S/.				
	Up to 1 month	More than 1 up to 3 months	More than 3 up to 12 months	More than 1 year	Total
Exposure to liquidity risk					
Statement of financial position risk					
Liabilities:					
Bonds payable	0	0	167	0	167
Debts and financial obligations	75,160	179,045	443,592	3,559,541	4,257,338
Accounts payable on hedging derivatives	23	0	0	53,561	53,584
Other accounts payable	25,983	161	2,795	250,875	279,815
Other liabilities	0	0	0	3,399	3,399
Total	101,166	179,206	446,554	3,867,376	4,594,303
	=====	=====	=====	=====	=====
As of December 31, 2013	In thousands of S/.				
	Up to 1 month	More than 1 up to 3 months	More than 3 up to 12 months	More than 1 year	Total
Exposure to liquidity risk					
Statement of financial position risk					
Liabilities:					
Bonds payable	-	-	162	-	162
Debts and financial obligations	24,857	2,442	438,409	1,813,256	2,278,964
Accounts payable on hedging derivatives	382	-	-	-	382
Other accounts payable	8,433	145	5,037	240,965	254,580
Other liabilities	-	-	-	5,046	5,046
Total	33,672	2,587	443,608	2,059,267	2,539,134
	=====	=====	=====	=====	=====

Note: By SBS Resolution N° 9075-2012, dated 12.05.2012, Annex N° 16 "Table of Maturity Term Liquidity" was amended and the methodological notes of regulation distribution were changed. By SBS Resolution N° 5760-2013, dated 09.19.2013, the entry into force of the new Annex N° 16 is amended for information corresponding to December, 2013.

Herein below are the main guidelines used by the Fund to manage the liquidity risk:

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

### Credit risk

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

Risk analysis is primarily based on: i) economic, financial and commercial evaluation, ii) evaluation of market development, iii) evaluation of the management of the company, iv) assessment of funding sources and of real estate projects to be developed, v) assessment of guarantees and collateral, vi) assessment of the economic sector.

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

Credits financed by the Fund, are placed in local currency. Worth noting is that the Fund still holds a balance of loans in US Dollars, corresponding to the first products disbursed by the Fund (7.68% of the total portfolio).

As at June 30, 2014, the Fund's maximum exposure to credit risk was S / . 4.845.246, thousand, corresponding to the balance of accounts receivable (under the COFIDE Trust Agreement); the exposure as of December 31, 2013 was S/. 4.394.053 thousand.

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

Because of its role as trustee, COFIDE has in place mechanisms, through intermediation contracts signed for the channeling of resources with IFIs, to ensure the mass of mortgages placed by the Fund, for which the IFI must respond.

The credit line evaluation and proposal is in charge of the Commercial Management. The Risk Management reviews the evaluation and analyzes the risks. The proposal is submitted to the Risk Committee for its approval or rejection.

Although the Risk Committee has some flexibility in determining when a line of credit from a financial institution is approved, in practice, such approval is ultimately subject to the discretion of the Risk Management Committee or the Board of Directors.

As of June 30, 2014 and December 31, 2013, the Fund's exposure to credit risk taking as basis the end beneficiary's credit risk classification and by IFI, is as follows:

**Risk by final client**

	In thousands of S/.			
	06.30.2014		12.31.2013	
	Portfolio balance	%	Portfolio balance	%
Portfolio not past due nor impaired:				
Normal	4,531,332	93.5	4,172,034	94.9
Potential problem(s)	91,310	1.9	62,614	1.4
	-----	-----	-----	-----
	4,622,641	95.4	4,234,648	96.3
	-----	-----	-----	-----
Impaired portfolio:				
Deficient	77,502	1.6	46,438	1.1
Doubtful	69,853	1.4	55,921	1.3
Loss	75,251	1.6	57,046	1.3
	-----	-----	-----	-----
	222,606	4.6	159,405	3.7
	-----	-----	-----	-----
Gross portfolio	4,845,247	100.0	4,394,053	100.0
	=====	=====	=====	=====

• **Risk by IFI**

	In thousands of S/.			
	06.30.2014		12.31.2013	
	Portfolio balance	%	Portfolio balance	%
Portfolio not past due nor impaired:				
Normal	4,435,798	91.6	4,034,161	91.8
With potential problem(s):	409,449	8.4	359,892	8.2
	-----	-----	-----	-----
	4,845,247	100.0	4,394,053	100.0
	-----	-----	-----	-----

Impaired portfolio:				
Deficient, Doubtful and Loss	-	-	-	-
	-----	-----	-----	-----
Gross portfolio	4,845,247	100.0	4,394,053	100.0
	=====	=====	=====	=====

(24) Fair value

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

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

As of June 30, 2014 and December 31, 2013, the fair value and carrying value of the financial instruments of Fondo Mivivienda are as stated below:

	In thousands of S/.			
	06.30.2014		12.31.2013	
	Carrying value	Fair value	Carrying value	Fair value
<b>Assets:</b>				
Cash and due from banks	1,853,665	1,853,665	408,506	408,506
Available-for-sale investments				
Debt instruments	343,277	343,277	330,731	330,731
Held-to-maturity investments	0	0	6,447	6,447
Accounts receivable (COFIDE Trust Agreement)	4,795,132	4,795,132	4,355,071	4,355,071
Accounts receivable on financial derivatives	2,399	2,399	737	737
Other accounts receivable			68,552	68,552
	-----	-----	-----	-----
	7,061,321	7,061,321	5,170,044	5,170,044
	=====	=====	=====	=====
<b>Liabilities:</b>				
Bonds payable	167	167	162	162
Debts and financial obligations	3,628,891	3,618,713	1,801,663	1,758,163
Accounts payable on financial derivatives	53,584	53,584	382	382
Other accounts payable	279,815	279,815	254,580	254,580
	-----	-----	-----	-----
	3,962,458	3,962,458	2,056,787	2,013,287
	=====	=====	=====	=====

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

The methodology and assumptions used depend on the terms and risk characteristics of the various financial instruments, as shown below:

- (a) The cash and due from banks represents cash or short-term deposits not presenting significant credit risks.
- (b) Available-for-sale investments have generally a stock market quotation or a stock market value determined through future discounted cash flows.

- (c) The fair value of the accounts receivable (COFIDE Trust Agreement) is similar to their carrying value, net of their corresponding provision for uncollectibility, according to the Oficio Multiple SBS N° 1575-2014-SBS.
- (d) Debts correspond to credit lines with banks and correspondents, accrue interest at fixed rates and have short-term maturities. In turn, Bonds Payable correspond to international issues. The fair value of these financial instruments is calculated using discounted cash flows at current rates applicable to liabilities with similar characteristics. As a result of the calculation, the estimated market value does not differ significantly from the carrying value.
- (e) Outstanding securities, bonds and debentures bear interest at fixed rates. The fair value of such financial instruments was calculated using flows discounted at current rates applicable to liabilities with similar characteristics. As a result of the calculation, the estimated market value does not differ significantly from the carrying value.
- (f) Foreign currency purchase and sale commitments are recorded in book entries at their estimated market values; accordingly, there are no differences with their corresponding fair values.

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

- Level 1: Instruments listed in active markets.
- Level 2: Instruments listed in non-active markets.
- Level 3: Unlisted instruments.

	In thousands of S/.					
	06.30.2014			12.31.2013		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Assets:</b>						
Available-for-sale investments						
Debt instruments	174,934	168,343	-	191,068	139,662	-
Accounts receivable from financial derivatives	-	2,399	-	-	737	-
Other receivables	25,896	40,953	-	-	63,202	-
	200,830	211,694	-	191,068	203,601	-
<b>Liabilities:</b>						
Accounts payable on financial derivatives	-	53,584	-	-	382	-
	-	53,584	-	-	382	-

(25) Subsequent events

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