



Fondo MIVIVIENDA S.A.

Financial Statements

As of December 31, 2021 and 2020

(including Independent Auditors' Report)



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INDEPENDENT AUDITORS' REPORT

To the Stockholders and Directors of Fondo MIVIVIENDA S.A.

We have audited the accompanying financial statements of Fondo MIVIVIENDA S.A. (hereinafter the "Fund"), which comprise the statement of financial position as of December 31, 2021 and 2020, and the income statement, the statements of other comprehensive income, changes in shareholders' equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting standards established for financial institutions in Peru by the Banking, Insurance and Pension Plan Agency (Superintendencia de Banca, Seguros y Administradoras Privadas de Fondos de Pensiones – SBS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing approved for their application in Peru by the Dean's Council of the Peruvian Professional Associations of Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.




Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fondo MIVIVIENDA S.A. as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended, in accordance with accounting standards established for financial institutions in Peru by the SBS.

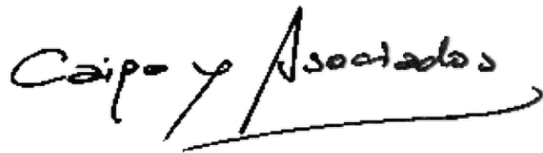
Lima, Peru

February 28, 2022

Countersigned by:



Eduardo Atejos (Partner)
Peruvian CPA Registration 29180



Caipo y Asociados

Fondo MIVIVIENDA S.A.

Financial Statements

As of December 31, 2021 and 2020

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Fondo MIVIVIENDA S.A.
Statement of Financial Position
As of December 31, 2021 and 2020

<i>In thousands of soles</i>	<i>Note</i>	2021	2020
Assets			
Cash and cash equivalents	5	1,181,754	1,273,223
Investments	6	258,068	285,002
Accounts receivable (Trust agreement - COFIDE), net	7	8,624,534	7,883,453
Loan portfolio, net	8	34,611	28,478
Other accounts receivable, net	9	33,744	110,566
Hedging derivatives	10	824,861	394,937
Property, furniture and equipment, net	11	620	775
Deferred income tax asset	24	11,186	71,636
Other assets, net	12	52,974	52,535
Total assets		11,022,352	10,100,605
Contingent risks and commitments		21,090	30,887

<i>In thousands of soles</i>	<i>Note</i>	2021	2020
Liabilities			
Obligations to the public		217	205
Borrowings and financial obligations	13	1,430,935	944,611
Securities and bonds outstanding	14	4,982,183	4,736,106
Hedging derivatives	10	30,213	34,347
Accounts payable	15	1,076,050	1,060,719
Provisions and other liabilities	15	31,241	22,388
Total liabilities		7,550,839	6,798,376
Shareholder's equity			
Share capital	16	3,385,762	3,382,587
Reserves		30,440	30,087
Unrealized results		13,374	(113,973)
Retained earnings		41,937	3,528
Total shareholder's equity		3,471,513	3,302,229
Total liabilities and shareholder's equity		11,022,352	10,100,605
Contingent risks and commitments		21,090	30,887

The accompanying notes on pages 6 to 75 are an integral part of these financial statements.

Fondo MIVIVIENDA S.A.

Income Statement

For the years ended December 31, 2021 and 2020

<i>In thousands of soles</i>	<i>Note</i>	2021	2020
Interest income	18	517,330	489,071
Interest expenses	18	(303,056)	(286,906)
Gross financial margin		214,274	202,165
Loss allowance for accounts receivable (Trust agreement - COFIDE), net of reversals	7	(13,889)	(38,405)
Allowance for direct loans, net of recoveries	8	1,388	(2,345)
Net financial margin		201,773	161,415
Income from financial services	19	4,466	5,314
Financial services expenses	19	(2,707)	(2,280)
Finance margin net of income and expenses for financial services		203,532	164,449
Result from financial transactions	20	(86,018)	(82,501)
Operating margin		117,514	81,948
Administrative expenses	21	(51,337)	(40,497)
Depreciation of property, furniture and equipment	11	(160)	(210)
Amortization of intangible assets	12(b)	(1,462)	(1,412)
Net operating margin		64,555	39,829
Valuation of assets and provisions			
Recoveries (allowance) for other accounts receivable	9 (g)	14,619	(28,930)
Reversal of provision for credit risk hedging - sold portfolio, net		464	474
Provision for litigations and demands		(362)	(643)
Other provisions		(75)	(140)
Operating profit		79,201	10,590
Other income and expenses, net	22	(2,432)	4,639
Profit before tax		76,769	15,229
Income tax	23	(34,832)	(11,701)
Net profit		41,937	3,528

The accompanying notes on pages 6 to 75 are an integral part of these financial statements.

Fondo MIVIVIENDA S.A.Statement of Other Comprehensive Income
For the years ended December 31, 2021 and 2020

<i>In thousands of soles</i>	<i>Note</i>	2021	2020
Net profit		41,937	3,528
Other comprehensive income (loss)			
Net gain on available-for-sale investments	16.C	694	1,016
Net gain (loss) in cash flows hedges	16.C	180,623	(16,164)
Net (loss) gain on available-for-sale investments of trusts CRC – PBP	16.C	(959)	288
Income tax related to components of other comprehensive income	16.C	(53,011)	4,573
Other comprehensive income (loss), net of taxes		127,347	(10,287)
Total other comprehensive income (loss)		169,284	(6,759)

The accompanying notes on pages 6 to 75 are an integral part of these financial statements.

Fondo MIVIVIENDA S.A.

Statement of Changes in Shareholders' Equity
For the years ended December 31, 2021 and 2020

<i>In thousands of soles</i>	Number of shares	Share capital (note 16.A)	Reserves (note 16.B)	Unrealized results (note 16.C)	Retained earnings	Total shareholder's equity
Balance as of January 1, 2020	3,355,584	3,355,584	27,087	(103,686)	30,003	3,308,988
Net profit	-	-	-	-	3,528	3,528
Other comprehensive loss						
Unrealized gain on available-for-sale investments	-	-	-	1,016	-	1,016
Unrealized loss in cash flows hedges	-	-	-	(16,164)	-	(16,164)
Unrealized gain on available-for-sale investments of trusts CRC – PBP	-	-	-	288	-	288
Income tax	-	-	-	4,573	-	4,573
Total other comprehensive loss	-	-	-	(10,287)	3,528	(6,759)
Changes in shareholder's equity (not included in comprehensive loss)						
Transfer to reserves	-	-	3,000	-	(3,000)	-
Capitalization of retained earnings	27,003	27,003	-	-	(27,003)	-
Balance as of December 31, 2020	3,382,587	3,382,587	30,087	(113,973)	3,528	3,302,229
Balance as of January 1, 2021	3,382,587	3,382,587	30,087	(113,973)	3,528	3,302,229
Net profit	-	-	-	-	41,937	41,937
Other comprehensive loss						
Unrealized gain on available-for-sale investments	-	-	-	694	-	694
Unrealized gain in cash flows hedges	-	-	-	180,623	-	180,623
Unrealized loss on available-for-sale investments of trusts CRC – PBP	-	-	-	(959)	-	(959)
Income tax	-	-	-	(53,011)	-	(53,011)
Total other comprehensive loss	-	-	-	127,347	41,937	169,284
Changes in shareholder's equity (not included in comprehensive gain)						
Transfer to reserves	-	-	353	-	(353)	-
Capitalization of retained earnings	3,175	3,175	-	-	(3,175)	-
Balance as of December 31, 2021	3,385,762	3,385,762	30,440	13,374	41,937	3,471,513

The accompanying notes on pages 6 to 75 are an integral part of these financial statements.

Fondo MIVIVIENDA S.A.
Statement of Cash Flows
For the years ended December 31, 2021 and 2020

<i>In thousands of soles</i>	<i>Note</i>	2021	2020
Reconciliation of the net profit to cash and cash equivalents from operating activities			
Net profit		41,937	3,528
Adjustments			
Foreign exchange adjustment and derivatives interest		(253,426)	(304,021)
Unpaid accrued interest of borrowings and financial obligations		107,348	125,952
Depreciation and amortization		1,622	1,622
Loss allowance for accounts receivable (trust agreement - COFIDE), net of reversals		13,889	38,405
Allowance for direct loans, net of reversal		(1,388)	2,345
Allowance for other accounts, net of reversal		(14,619)	28,930
Income tax		34,832	11,701
Provisions for litigations and demands, and others		40,140	41,746
Other adjustments		(28,117)	(5,293)
Changes in assets and liabilities			
Net (increase) decrease in assets			
Time deposits		65,000	(65,000)
Accounts receivable (Trust agreement - COFIDE)		(755,587)	(424,479)
Loan portfolio		(4,758)	3,946
Other accounts receivable		86,052	24,127
Other assets		(54,744)	(26,096)
Net increase (decrease) in liabilities			
Obligations to the public		(1,295)	(1,326)
Non-subordinated financial liabilities		625,053	749,363
Other accounts payable		4,878	(441,059)
Provisions and other liabilities		(17,302)	(17,209)
Net profit for the period after changes in assets, liabilities and adjustments		(110,485)	(252,818)
Income tax paid		-	-
Net cash flows used in operating activities		(110,485)	(252,818)
Cash flows from investing activities			
Purchase of property, furniture and equipment	11	(13)	(70)
Purchase of intangible assets		(2,647)	(1,784)
Proceeds from held-to-maturity investments		-	43,589
Net cash flows (used in) provided from investing activities		(2,660)	41,735
Net decrease in cash and cash equivalents before the effect of changes in exchange rate		(113,145)	(211,083)
Effect of exchange rate fluctuations on cash and cash equivalents held		21,676	5,293
Net decrease in cash and cash equivalents		(91,469)	(205,790)
Cash and cash equivalents at the beginning of the year	5	1,273,223	1,479,013
Cash and cash equivalents at the end of the year	5	1,181,754	1,273,223

The accompanying notes on pages 6 to 75 are an integral part of these financial statements.

Fondo MIVIVIENDA S.A.

Notes to the Financial Statements

December 31, 2021 and 2020

1. Identification and Business Activity

A. Identification

Fondo MIVIVIENDA S.A. (hereinafter “the Fund”) is a state-owned company under private law and is governed by Law 28579 Law for Conversion of the Housing Mortgage Fund - Fondo MIVIVIENDA to Fondo MIVIVIENDA S.A. and its by-laws. The Fund is included in the National Fund for Financing State Enterprise Activity – FONAFE under the Ministry of Housing, Construction and Sanitation (MVCS). Law 28579 disposed the conversion of Mortgage Fund for the Promotion of Housing – Fondo MIVIVIENDA into a corporation named Fondo MIVIVIENDA S.A., since January 1, 2006.

The Fund's legal domicile is located at Av. Paseo de la República N° 3121, San Isidro, Lima, Peru.

B. Business activity

The Fund is engaged in the promotion and financing of acquisition, improvement and construction of homes, especially social interest housing. Likewise, it is engaged in the promotion of capital flow to the housing finance market, participation in the secondary mortgage market, as well as contributing to the development of the Peruvian capital market.

All the Fund’s activities are regulated by the Banking, Insurance and Pension Plan Agency (Superintendencia de Banca, Seguros y AFP – SBS), by means of SBS Resolution 980-2006 “Regulation for Fondo MIVIVIENDA S.A.”.

The Fund manages the following programs and resources:

- i. MIVIVIENDA Program.
- ii. Techo Propio Program - Management of the Household Housing Bonus (BFH), commissioned by the MVCS.
- iii. Resources of the Fund-Law 27677, commissioned by the Ministry of Economy and Finance (MEF).

The characteristics of each program and resource are as follows:

i. Fondo MIVIVIENDA Program

The Trust Agreement with Corporación Financiera de Desarrollo S.A. (COFIDE) allows the Fund to channel resources through the financial institutions from the Peruvian Financial System (IFI) for the granting of mortgage loans. These mortgage loans have certain benefits to those who access them (the final borrowers) or place them (the IFIs), such as the following: the Good Payer Award (PBP, for its Spanish acronym), the Good Payer Bonus (BBP, for its Spanish acronym), the Sustainable Bonus MIVIVIENDA (BMS, for its Spanish acronym), and the Credit Risk Hedging (CRC, for its Spanish acronym). This is what is known as the Fondo MIVIVIENDA Program.

The following products form part of Fondo MIVIVIENDA program:

- New MIVIVIENDA loan
- Loan - MICONSTRUCCIÓN (*)
- Loan - MICASA MÁS (*)
- Loan - MITERRENO
- Loan - MIHOGAR (*)
- Standardized loan - MIVIVIENDA (*)
- Traditional loan - MIVIVIENDA (*)
- Techo Propio complementary financing
- CRC service and PBP (*)

() As of December 31, 2021, and 2020, these products have been discontinued; the balances correspond only to outstanding receivable balances (note 7). The loans MICONSTRUCCIÓN and MICASA MAS were repealed by Board of Directors' Meeting 01-20D-2017, dated August 24, 2017; likewise, an adaptation period was allowed until December 31, 2017 to cease its granting. The CRC - PBP service and the standardized loan MIVIVIENDA were discontinued in November 2009, loan MIHOGAR was discontinued in August 2009 and traditional loan MIVIVIENDA was discontinued since May 2006.*

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In order to ensure the obligations of the Fund for the payment service of the PBP and the CRC, as well as to ensure the resources to meet the amount equivalent to one third (1/3) of the total mortgage loans placed by each financial institution intermediary (IFI) that hires this service, the Fund established the CRC - PBP Trusts, both in Nuevos Soles and in US Dollars. These trusts are regulated by SBS Resolution No. 980-2006 through which the Fund Regulations were approved.

Under the service agreements with the CRC-PBP trusts, the Fund provides the IFIs with the following services:

- CRC service, defined by article 21 of the CRC and PBP Regulation as a guarantee that the Fund provides to the IFIs for either up to one third of the unpaid balance of the covered loan or one-third of the loss, whichever is lower. Said amount shall be notified by the IFI to the Fund, on terms and conditions provided for in the Regulation.
- Good-payer award service (PBP service), defined in article 24 of the CRC and PBP Regulations as the service provided to the IFI, for which the Fund assumes the payment of the installments corresponding to the concessional tranche (amount of the PBP) charged to the beneficiaries of the covered credits who have complied with the timely payment of the installments corresponding to the non-concessional tranche. This award is used to pay every six months the amount of the installment payable in said period that corresponds to the concessional tranche of the MIVIVIENDA loans.

ii. Techo Propio Program – Management of the BFH

The Techo Propio Program is aimed exclusively at families with low economic resources so that they can buy, build, or improve their home, which will have basic electricity, water and drainage services.

The main benefit of the Techo Propio Program is the Bono Familiar Habitacional (BFH), which is a direct subsidy granted by the government to a family as a one-time reward for their saving effort and is not returned (Note 15.(a)).

Eligibility requirements to access the BFH

- Form a Family Group (FG): It must be made up of a Head of Family, who will declare one or more dependents.
- Not having received housing support from the Government
- The Monthly Family Income – Net must not exceed S/ 3,715 (applicable to the Family Group).
- Do not have housing, own land or independent airs for housing at the national level.

Techo Propio Complementary Financing

The Techo Propio Complementary Financing is a mortgage loan channeled through the IFIs with resources from the Fund that complements the BFH and savings of the final borrower if it meets the requirements of the Techo Propio Program.

Terms and conditions of Techo Propio Complementary Financing are the following:

- The maximum amount of a loan from an IFI to a final borrower, financed with the Fund resources, will not exceed 80% of the 'home value' including closing costs.
- Loans granted to final borrowers who acquire future goods may be granted a grace period of up to 12 months.
- The loan must be evaluated according to the policies established by each IFI; however, for the evaluation of loans with informal income and without credit history under the programmed savings modality, the savings term will not be less than six (06) months.

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According to the Third Temporary Provision of Law 28579, the Fund was engaged by the Government to manage the BFH resources and the Techo Propio Program.

On April 28, 2006, the Fund, the MVCS and FONAFE signed the Management Agreement of the BFH funds and the Techo Propio Program, under which the Fund is responsible for managing both the BFH resources and the Techo Propio Program. It includes the promotion, registration, recording and verification of information, the qualification of applicants, allocation, and transfer of the BFH funds to the developer, seller-builder, or the respective technical unit.

iii. Fund Law 27677

The Fund was entrusted with the management, reimbursement and channeling of resources resulting from the liquidation of the National Housing Fund – FONAVI, according with Law 27677, dated March 1, 2002.

Law 29625, effective December 8, 2010, decreed the reimbursement of contributions to workers who contributed to FONAVI. Article 4 of Law 29625 contemplates the constitution of an Ad Hoc Committee, which shall be responsible for conducting and supervising all procedures related to the reimbursement of contributions to FONAVI. The constitution of the Ad Hoc Committee was approved on September 24, 2012, through Ministerial Resolution 609-2012-EF/10. Pursuant to these rules, the Fund would provide to the Ad Hoc Committee with all relevant documentation and reports so that it will be in charge of the management and recovery of debts, funds and assets of FONAVI, as well as the liabilities. Since 2014, the Fund has transferred the managed resources for S/ 454,668 thousand, in accordance with the requirements of the Ad Hoc Committee.

C. Approval of the financial statements

The financial statements as of December 31, 2021 were approved by management on February 28, 2022 and will be submitted for corresponding approval to the General Stockholders' Meeting within the terms established by Law.

The General Stockholders' Meeting held on March 31, 2021 approved the audited financial statements as of December 31, 2020.

2. Trust Agreement – COFIDE

On March 25, 1999, a Trust Agreement was signed between Fondo MIVIVIENDA S.A., former Mortgage Fund for the Promotion of Housing – Fondo MIVIVIENDA, and COFIDE. The Trust Agreement's purpose was the creation of a trust by means of which COFIDE receives the resources from the Fund and performs as the executing agency thereof. COFIDE channels through the IFIs the funds to the final borrowers that intend to use such funds for the acquisition, expansion or improvement of homes and residences, in accordance with Article 12 of Supreme Decree 001-99-MTC Regulation on the Fund.

The main liabilities of COFIDE are as follows:

- Compliance with Articles 241 to 274 of Law 26702 "General Law of the Financial and Insurance Systems and SBS Organic Law" and its amendments (hereinafter the Banking Law);
- Verifying compliance with IFIs requirements and conditions according to Supreme Decree 001-99-MTC;
- Signing the Resources Intermediary Agreement with the IFIs that have fulfilled the corresponding requirements and conditions;
- Monitoring the use of resources, according to the provisions of the Fund's Regulation and the Resources Intermediary Agreement;
- Collecting the loans granted to the IFI;
- Contracting the necessary audit services covered by the Fund;

Fondo MIVIVIENDA S.A.

Notes to the Financial Statements

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- Periodically submitting reports on the development of the Trust Agreement, as well as recommendations for exposure limits of the IFI;
- Establishing operating procedures necessary for the proper management of the funds; and
- Other duties necessary to ensure the normal development of the Trust Agreement activities.

On May 18, 2012, the Fund signed Addendum 1 to the Trust Agreement annulling the obligation of COFIDE to issue recommendations on exposure limits of the IFI with the Fund, since the Fund is a corporation supervised by the SBS.

SBS Resolution 3586-2013, states that the Fund is not subject to the limits established in the article 204 of the Banking Law, because it acts as a second-tier bank. However, the Fund has established internal limits to prevent the loans concentration to IFI, considering factors such as the regulatory capital size, risk rating and risk-weighted regulatory capital ratio.

The main liabilities of the Fund are as follows:

- Establishing the policies for the management and use of the Fund's resources;
- Approving eligibility criteria of the IFI that will receive resources from the Fund for financing the acquisition of homes and the borrowing limits for each of them; and
- Establishing terms and conditions under which the Fund shall make available to the IFI the resources and the mode of resource allocation.

The main faculties of COFIDE are as follows:

- Intermediating and monitoring the Fund's resources, being able to enter into all public and private deeds and documents necessary for that purpose;
- The IFI shall require collateralization of the final borrowers;
- Exercising all the powers contained in Articles 74 and 75 of the Code of Civil Procedure necessary for carrying out the assignment given. Consequently, COFIDE may sue, counterclaim, answer complaints and counterclaims, desist processes or claims, agree to claims, reconcile, settle and arbitrate the claims in the process; and
- It is stated that COFIDE is not responsible for the solvency of the IFI.

On December 30, 2016, the Fund signed Addendum 2 to the Trust Agreement in order to modify the commissions paid to COFIDE for the services provided to the Fund, as well as the term of the Trust Agreement, as follows:

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

- A monthly commission on the Trust Agreement payable by the Fund amounting to S/ 10 thousand plus value added tax. This commission will be charged on the last business day of each month covered by the Fund's resources; and
- An annual collection commission equivalent to 0.23% effective to rebate on outstanding balances for accounts receivable beginning January 2, 2017 and covered by the IFI. This commission shall be charged on collection dates of loan installments granted by the IFI.

The term of the Trust agreement will be 3 years from January 2, 2017, and will be automatically renewed if, within 30 days prior to its expiration, none of the parties expresses it will terminate the agreement. As of reporting date, the Trust Agreement is in force.

Fondo MIVIVIENDA S.A.

Notes to the Financial Statements
December 31, 2021 and 2020

3. Basis of Preparation of the Financial Statements

A. Statement of compliance

The accompanying financial statements have been prepared based on the Fund's accounting records and are presented in accordance with accounting standards established for financial institutions in Peru by the SBS. In the absence of such applicable SBS regulations, the International Financial Reporting Standards (IFRS) made official in Peru by the Peruvian Accounting Board (CNC, for its Spanish acronym) are applied.

B. Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following items, which are measured at fair value:

- Derivative instruments
- Financial instruments measured at fair value through profit or loss (FVTPL); and
- Available-for-sale financial assets.

C. Functional and presentation currency

The financial statements are presented in soles (S/ or PEN), which is the Fund's functional and presentation currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

D. Use of judgments and estimates

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Fund's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The accounting estimates and judgments used are reviewed on an ongoing basis. Adjustments arising from the review of the accounting estimates are prospectively recognized.

The most significant judgments and estimates in the preparation of the Fund's financial statements are as follows:

- Determination of fair value of investments (note 4.F);
- Loss allowance for accounts receivable (Trust agreement - COFIDE) (note 4.C);
- Loss allowance for loans (note 4.D);
- Provision for realizable, received as payment and repossessed assets (note 4.J);
- Useful life of property, furniture, and equipment, and intangible assets (note 4.G);
- Provision for income tax (note 4.K);
- Determination of the fair value of derivative instruments (note 4.E); and
- Impairment of non-monetary items (note 4.I).

E. New accounting pronouncements

i. New accounting pronouncements issued but not yet adopted

The following accounting pronouncements are applicable to annual periods beginning on or after January 1, 2022, and have not been applied in the preparation of the accompanying financial statements. Those that could be relevant to the Fund are listed below:

Effective date	Modifications
January 1, 2022	Annual improvements to IFRS 2018-2020. Amendments to IAS 16 - Property, Plant and Equipment - Revenue before intended use.

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Effective date	Modifications
January 1, 2023	Amendments to IAS 1 and Practice Statement 2 "Preparation of Judgments Related to Materiality" - Disclosures of accounting policies.
	Amendments to IAS 8 - Definition of accounting estimates.
	Amendments to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction.

ii. Resolutions and standards issued by the CNC and the Superintendence of Securities Market (SMV) concerning the approval and adoption of IFRSs in Peru

At the date of the financial statements, the CNC through Resolution No. 001-2021-EF/30, issued on November 15, 2021, made official the amendments to IFRS 16 - Leases, to IAS 8 - Accounting Policies : Changes in Accounting Estimates and Errors, to IAS 1 - Presentation of Financial Statements, to IAS 12 - Income Tax; and the complete set of International Financial Reporting Standards version 2021 that includes the Conceptual Framework for Financial Reporting.

As indicated in note 3.A, the standards and interpretations detailed in i. and ii. shall only be applicable to Fund in the absence of applicable SBS regulations for situations not covered in the Accounting Manual. Management has not determined the effects on the preparation of its financial statements since those standards have not been authorized by the SBS.

iii. Main pronouncements issued by the SBS in the year 2021

In 2021, the SBS issued complementary prudential measures related to the national state of emergency with an impact on the accounting record of the Fund's operations, as detailed below:

Multiple Official Letter No. 6302-2021-SBS of February 5, 2021, which establishes the following:

- Precisions related to contractual modifications or rescheduling in the framework of COVID-19, after individual evaluation of the customer's ability to pay.
- The income recognition criteria (earning or received).
- Conditions for unilateral rescheduling.
- The definition of the requirement to be up to date with their payments or not to show arrears on the rescheduling date.
- The treatment of interest accrued and not collected on the rescheduling date.
- Treatment of provisions in the event of an improvement in the classification of the debtor in application of the multiple official letters.

4. Accounting Principles and Practices

A. Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability, or equity instrument in another.

Financial instruments are recognized on the date on which they are originated, and are classified as asset, liability, or equity instruments according to the contract that gave rise to the financial instrument. Interest, dividends, gains and losses generated by a financial instrument classified as an asset or a liability are recorded as income or expense in the statement of income. The payment to holders of financial instruments classified as equity is recorded directly in equity.

The Fund classifies its financial instruments into one of the following categories established by IAS 39, which were determined in SBS Resolution 7033-2012: (i) financial assets and financial liabilities at fair value through profit or loss (FVTPL); (ii) loans and accounts receivable; (iii) available-for-sale investments; (iv) held-to-maturity investments; and (v) other financial liabilities. The Fund determines the classification of financial instruments on initial recognition and on instrument-by-instrument basis.

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The classification of financial instruments on initial recognition depends on the purpose for which the financial instruments were acquired and their characteristics. All financial instruments are initially recognized at their fair value plus incremental costs related to the transaction that are directly attributable to the acquisition or issuance of the instrument, except for financial assets or financial liabilities measured at FVTPL.

Financial instruments are subsequently measured at fair value or amortized cost, depending on their classification. See notes 4.E y 4.F for a description of the policy applicable of subsequent measurement of financial instruments of the Fund.

Acquisitions or sales of financial assets that require assets' delivery within a period established by regulations or conventions in the market concerned are recognized at trade date.

Financial instruments are offset when the Fund has a legally enforceable right to set them off, and management intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets and liabilities presented in the statement of financial position correspond to cash and cash equivalents, investments, accounts receivable (Trust Agreement - COFIDE), loan portfolio, other assets and liabilities, unless otherwise indicated in the note corresponding to the asset or liability. Likewise, all derivatives are considered as financial instruments.

As of December 31, the classification for the Fund's financial assets and liabilities is as follows:

	Financial assets and liabilities at fair value				Financial liabilities measured at amortized cost		Total
	Held for trading and hedging	Loans and accounts receivable	Available-for-sale investments	Held-to-maturity investments			
<i>In thousands of soles</i>							
As of December 31, 2021							
Financial assets							
Cash and cash equivalents	-	1,181,754	-	-	-	-	1,181,754
Investments	-	-	51,245	206,823	-	-	258,068
Accounts receivable (trust agreement - COFIDE), net	-	8,624,534	-	-	-	-	8,624,534
Loan portfolio, net	-	34,611	-	-	-	-	34,611
Other accounts receivable, net	-	33,744	-	-	-	-	33,744
Hedging derivatives	824,861	-	-	-	-	-	824,861
	824,861	9,874,653	51,245	206,823	-	-	10,957,572
Financial liabilities							
Obligations with the public	-	-	-	-	217	-	217
Borrowings and financial obligations	-	-	-	-	1,430,935	-	1,430,935
Securities and bonds outstanding	-	-	-	-	4,982,183	-	4,982,183
Hedging derivatives	30,213	-	-	-	-	-	30,213
Other accounts payable	-	-	-	-	1,076,050	-	1,076,050
	30,213	-	-	-	7,489,385	-	7,519,598

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	Financial assets and liabilities at fair value		Loans and accounts receivable	Available-for-sale investments	Held-to-maturity investments	Financial liabilities measured at amortized cost		Total
	Held for trading and hedging							
<i>In thousands of soles</i>								
As of December 31, 2020								
Financial assets								
Cash and cash equivalents	-	1,273,223	-	-	-	-	-	1,273,223
Investments	-	-	-	24,788	260,214	-	-	220,002
Accounts receivable (trust agreement - COFIDE), net	-	7,883,453	-	-	-	-	-	7,883,453
Loan portfolio, net	-	28,478	-	-	-	-	-	28,478
Other accounts receivable, net	-	110,566	-	-	-	-	-	110,566
Hedging derivatives	394,937	-	-	-	-	-	-	394,937
	394,937	9,295,720		24,788	260,214			9,910,659
Financial liabilities								
Obligations with the public	-	-	-	-	-	205	-	205
Borrowings and financial obligations	-	-	-	-	-	944,611	-	944,611
Securities and bonds outstanding	-	-	-	-	-	4,736,106	-	4,736,106
Hedging derivatives	34,347	-	-	-	-	-	-	34,347
Other accounts payable	-	-	-	-	-	1,060,719	-	1,060,719
	34,347					6,741,641		6,775,988

B. Recognition of revenue and expenses

i. Interest income and Expense

Interest income and interest expense are recognized in profit or loss in the period they accrue, depending on the term of the generating transactions and the interest rate agreed upon with the customers. Likewise, accounting treatment for interest income from accounts receivable (Trust agreement - COFIDE) and direct loan portfolio is as follows:

▪ **Interest income from accounts receivable (Trust agreement - COFIDE)**

Interest income from Accounts receivable (Trust agreement – COFIDE) is recognized in profit or loss in the period they accrue.

▪ **Revenue from loan portfolio interest**

Revenue from loan portfolio interest is recognized in profit or loss in the period it accrue, based on the term of transactions that generate them and on the interest rates freely agreed upon with customers.

Interest generated by past due, refinanced, restructured and under legal collection loans, as well as loans classified under "Doubtful" or "Loss" credit risk rating categories are recognized as revenue when they are collected. If management determines that the debtor's financial condition has improved and the loan is reclassified to the current situation and/or to the "Standard," "With potential problems" or "Substandard" credit risk rating categories, the recognition on an accrual basis is restated (See credit risk rating categories in Note 4.D.ii).

ii. Good payer bonus and Good payer award

The Good Payer Bonus (Bono del Buen Pagador or BBP for its acronym in Spanish), the Good Payer Award (Premio del Buen Pagador or PBP for its acronym in Spanish) and the Sustainable Mivivienda Bonus (Bono Mivivienda Sostenible or BMS by its acronym in Spanish) are direct non-reimbursable aids to eligible final borrowers that is granted if they acquire MIVIVIENDA loans through the IFI.

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In accordance with the accounting treatment accepted by SBS for the Fund, the BBP, the PBP and the BMS, including their interest are recognized as follows:

Good payer bonus (BBP)

- The BBP was created by Law 29033, dated June 7, 2007, as direct non-reimbursable aid to eligible final borrowers for a maximum amount of S/ 13 thousand, since April 22, 2010 (S/ 10 thousand before such date), which is granted to final borrowers who have timely paid six consecutive monthly installments of the non-concessional tranche of MIVIVIENDA loan. For these purposes, the Fund divides the total amount of MIVIVIENDA loan disbursement plus its interest into 2 schedules:
 - A semi-annual amortization schedule named "concessional tranche" corresponding to total of the BBP (capital and interest); and
 - A monthly amortization schedule named "non-concessional tranche" corresponding to total amount of MIVIVIENDA loan disbursement, less the amount of the concessional tranche (capital and interest).

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

When the MIVIVIENDA loan is disbursed, the Fund records the total amount disbursed in 'Accounts receivable (Trust Agreement - COFIDE)' and generates the two aforementioned amortization schedules.

The interest of both tranches is recognized on an accrual basis, based on the preferential rates agreed with the IFI with whom agreements have been signed, recognizing the accrued interest as finance income.

Subsequently, the Fund sends to the MVCS the list of BBP beneficiaries, reclassifying such bonus due to eligible beneficiaries from 'BBP (capital) received from MVCS' to 'BBP–assigned'.

When the BBP becomes effective, that is, when the final borrower has complied with the timely payment of six consecutive monthly installments of the MIVIVIENDA loan, the Fund credits for the amount of the installments of the concessional tranche to 'Accounts receivable (capital)' charged to 'Good payer bonus (capital) assigned to COFIDE' (note 7). The interest of the concessional tranche installment is recognized as an expense by the Fund and is presented net of 'Income from accounts receivable (Trust Agreement – COFIDE)' of the 'Interest income' caption of the income statement (note 18).

- In the cases where the BBP is directly assumed by the Fund, namely, when the requirements of Law 29033 and its amendments are not met–i.e., where the value of the house to acquire is greater than 25 tax units or when the bonus is granted with the Fund's own resources, among others, it is called PBP.
- In both cases, the bonus or award are granted for the timely compliance with six installments of the payment schedule of the non-concessional tranche; such amount varies depending on the type of loan granted.

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- Emergency Decree 002-2014, dated July 28, 2014, established that for the granting of BBP, the value of the houses to be acquired should be between 14 and 50 tax units. The BBP is provided as a non-reimbursable financial aid up to a maximum amount of S/ 13 thousand. For such purpose, Banco de la Nación was authorized to lend to the Fund an amount of S/ 500,000 thousand with the participation of MVCS for settlement purposes, as established in the loan agreement.

In these cases, the Fund previously received all BBP resources for its allocation during 2014.

For these purposes, the Fund established two modalities of BBP application:

- BBP applied to finance the PBP, for an amount of S/ 10 thousand for housing values between 14 and 25 tax units, for MIVIVIENDA loans granted from January 1 to July 28, 2014. From July 29, 2014, financing for an amount of S/ 13 thousand for housing values between 14 and 50 tax units.
 - BBP applied as a complement to the initial installment, BBP will be used as a complement to reach the minimum initial installment required to the final borrower and is applied when the MIVIVIENDA loan is disbursed; therefore, it is not part of the loan.
- Supreme Decree 003-2015-VIVIENDA, published on January 22, 2015, established a graded application of the BBP for housing values from 14 to 50 tax units, as follows:

<i>In thousands of soles</i>	BBP value
Housing value	
Up to 17 tax units	17
From 17 to 20 tax units	16
From 20 to 35 tax units	14
From 35 to 50 tax units	13

For these purposes, the Fund established two modalities of BBP application:

- BBP applied as a complement to the initial installment, will be used as a complement to reach the minimum initial installment required to the final borrower and is applied at the time the MIVIVIENDA loan is disbursed; therefore, it is not part of the loan.
 - BBP applied to finance the PBP for the timely payment of six consecutive monthly installments corresponding to the non-concessional tranche of the MIVIVIENDA loan. This BBP applies to those PBP that were granted to housing value between 35 and 50 tax units, corresponding to the previous PBP modality, which was set at S/ 13 thousand.
- Supreme Decree 001-2017, dated January 13, 2017, modified the Regulation of Law 29033, Law to create the BBP approved by Supreme Decree 003-2015, in which the following graded application of the BBP was established:

<i>In thousands of soles</i>	BBP value
Housing value	
From 20 to 30 tax units	14
From 30 to 38 tax units	13

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

Housing value	BBP value in tax units	Total of BBP in thousands of soles
From S/ 57 to S/ 81 thousand	4.19753	17
From S/ 81 to S/ 122 thousand	3.45679	14
From S/ 122 to S/ 203 thousand	3.08642	13
From S/ 203 to S/ 300 thousand	0.74074	3

- Supreme Decree 002-2018, dated June 24, 2019, modified the Regulation of Law 29033, approved by Supreme Decree 017-2017, establishing the following housing values and BBP values:

Housing value	BBP value in tax units	Total of BBP in thousands of soles
From S/ 58 to S/ 82 thousand	4.19753	18
From S/ 82 to S/ 123 thousand	3.45679	14
From S/ 123 to S/ 205 thousand	3.08642	13
From S/ 205 to S/ 304 thousand	0.74074	3

- Supreme Decree 004-2019, dated January 23, 2019, modified the Regulation of Law 29033, approved by Supreme Decree 002-2018, which established the following housing values and BBP values:

Housing value	BBP value in tax units	Total of BBP in thousands of soles
From S/ 59 to S/ 84 thousand	4.19753	18
From S/ 84 to S/ 123 thousand	3.45679	15
From S/ 123 to S/ 210 thousand	3.08642	13
From S/ 210 to S/ 311 thousand	0.74074	3

- Supreme Decree 003-2020, dated January 24, 2020, modified the Regulation of Law 29033, approved by Supreme Decree 017-2017, establishing the following housing values and BBP values:

Housing value	BBP value in tax units	Total of BBP in thousands of soles	Sustainable BBP in thousands of soles
From S/ 60 to S/ 86 thousand	4.19753	18	5
From S/ 86 to S/ 128 thousand	3.45679	15	5
From S/ 128 to S/ 214 thousand	3.08642	13	5
From S/ 214 to S/ 317 thousand	0.74074	3	5

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- Supreme Decree 007-2020, dated May 16, 2020, amended the Regulation of Law 29033, approved by Supreme Decree 003-2020, establishing the following housing values and BBP values:

Housing value	BBP value In tax units	Traditional BBP in thousands of soles	Sustainable BBP in thousands of soles
From S/ 60 to S/ 86 thousand	4.19753	24	5
From S/ 86 to S/ 128 thousand	3.45679	20	5
From S/ 128 to S/ 214 thousand	3.08642	18	5
From S/ 214 to S/ 317 thousand	0.74074	7	5

- Supreme Decree 003-2021, dated March 24, 2021, amended the Regulation of Law 29033, approved by Supreme Decree 007-2020, establishing the following housing values and BBP values:

Housing value	BBP value In tax units	Traditional BBP in thousands of soles	Sustainable BBP in thousands of soles
From S/ 61 to S/ 87 thousand	5.58139	25	5
From S/ 87 to S/ 131 thousand	4.65116	21	5
From S/ 131 to S/ 218 thousand	4.25581	19	5
From S/ 218 to S/ 323 thousand	1.58139	7	5

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

Good payer award (PBP)

- The PBP is a benefit granted directly by the Fund with its own resources.

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

Housing value	PBP value in thousands of soles
From 50 to 70 tax units	5

For these purposes, the Fund established two modalities of PBP application:

- PBP applied as a complement to the initial installment of MIVIVIENDA loans, PBP will be used as a complement to reach the minimum initial installment required to the final borrower, and is applied when the loan is disbursed; therefore, it is not part of the loan.
- PBP granted for the timely payment of six consecutive monthly installments of MIVIVIENDA loan, corresponding to the non-concessional tranche.

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In Board of Director's Meeting 04-16D-2017, dated July 3, 2017, were approved modifications to the housing value and PBP value as follow:

Housing value	PBP value in tax units	Total of PBP in thousands of soles
From S/ 203 to S/ 300 thousand	0.74074	3

The current PBP value was approved by means of Board of Directors' Meeting 04-03D-2018, dated February 8, 2018, as follow:

Housing value	PBP value in tax units	Total of PBP in thousands of soles
2020		
From S/ 214 to S/ 317 thousand	0.74074	3
2021		
From S/ 218 to S/ 333 thousand	0.74074	3

The PBP as a complement to the initial installment will continue being assumed by the Fund, which will be added to the BBP in the range of housing value that is in force. Likewise, it will be updated by the variation of the amount of the tax unit, rounded up to the nearest thousand. The amount as of December 31, 2021 and 2020 is S/ 3 thousand. The housing value ranges will be expressed in soles and will be updated by the variation of the Consumer Price Index of Metropolitan Lima, rounded up to the nearest thousand.

- When the PBP-assigned is granted using the Fund's resources to the final borrower, who complied with conditions settled, the Fund records such amounts as expenses. Consequently, the accounts receivable (capital) of the concessional tranche installments are reduced and recorded in 'interest expenses' of the statement of profit or loss; while interest, as in the previous case, is recognized as an expense and is recorded net of the 'Income from accounts receivable (Trust Agreement – COFIDE)', in 'Interest income' of the income statement (note 18).

Sustainable Mivivienda Bonus

- In Board of Directors' Meeting 02-12D-2015, dated June 16, 2015, it was approved the creation of the Sustainable Mivivienda Bonus (Bono Mivivienda Sostenible or BMS by its acronym in Spanish), which is applicable to MIVIVIENDA loans. The BMS is a direct non-reimbursable financial assistance granted to final borrowers to access sustainable housing with the MIVIVIENDA loan through the IFI. This attribute increases the amount of the minimum initial installment of MIVIVIENDA loan required to the final borrower, as an additional benefit to those provided by MIVIVIENDA products such as the BFH, BBP and PBP as a complement to the initial installment, as follow:

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

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

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It may be granted in addition to the BFH, BBP and/or PBP as a supplement to the initial installment requested to the final borrower of MIVIVIENDA loan, provided that it complies with the conditions established.

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

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

Board of Directors' Meeting 002-16D-2019, approved to maintain current BMS and the preferential rate of 5% for MIVIVIENDA Verde new loan until December 31, 2019.

Board of Directors' Meeting 03-03D-2020, approved the extension of the term for the granting of BMS (3% or 4% of the financing value) to MIVIVIENDA loans (which comply with the presentation of the complete credit file to COFIDE) until March 31, 2020, and the preferential interest rate of 5% for New MIVIVIENDA loans until March 31, 2020.

Board of Directors' Meeting 02-09D-2020, approved a new extension of the term for the granting of BMS to MIVIVIENDA loans (which comply with the presentation of the complete credit file to COFIDE) until June 9, 2020.

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

Accounts receivable are recorded when conducting the disbursement of funds through COFIDE to the IFIs that channel the Fund's resources for the loan allocation of the MIVIVIENDA products.

The allowance for doubtful accounts (Trust Agreement - COFIDE) was calculated considering the criteria established by the SBS Resolution 11356-2008 Regulation on Debtor Risk Assessment and Credit Rating, and Provision Requirements according to the following dispositions:

First component: Allowance for IFI Risk

- The capital balance of each disbursement is divided into two types: capital balance with mortgage guarantee and capital balance without mortgage guarantee.
- The allowance was calculated considering the IFI's rating, which is determined based on the criteria established by SBS Resolution 11356-2008.
- The portion of allowance related to the capital balance with mortgage guarantee is calculated as the result of the capital balance without mortgage guarantee by the table 2 SBS rate, according to the IFI classification.
- The portion of allowance related to the capital balance without mortgage guarantee is calculated as the result of the capital balance without mortgage guarantee by the table 1 SBS rate, according to the IFI classification.

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Second component: Allowance for credit risk coverage (CRC)

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

- If the balance without CRC is lower than the guarantee amount, the corresponding allowance is calculated according to the following: (total balance (TB) - guarantee amount (GA)) multiplied by the Table 1 SBS rate according to the beneficiary rating plus (guarantee amount - balance without credit risk coverage (BWCRC)) multiplied by the Table 2 SBS rate according to the beneficiary classification. The representation of the calculation is as follows:

$$\text{Provision} = (\text{TB} - \text{GA}) * (\text{Table 1 SBS rate}) + (\text{GA} - \text{BWCRC}) * (\text{Table 2 SBS rate})$$

- If the balance without CRC is greater than or equal to the guarantee amount, the corresponding allowance is calculated multiplying the Balance with CRC by the Table 1 SBS rate, in accordance with the beneficiary rating. The representation of the calculation is as follows:

$$\text{Provision} = \text{BWCRC} * (\text{Table 1 SBS rate})$$

The Fund applies the following percentages in determining its allowance for doubtful accounts (Trust Agreement - COFIDE):

Credit risk ratings	Table 1	Table 2
Standard	0.70%	0.70%
With potential problems	5.00%	2.50%
Substandard	25.00%	12.50%
Doubtful	60.00%	30.00%
Loss	100.00%	60.00%

To determine the risk classification per IFI, the Fund, within its internal regulations, has established a methodology for the regulatory classification of the IFI, which is equivalent to the credit risk ratings established by the SBS.

In addition, given the intervention of the SBS to Financiera TFC in Liquidation, as of December 31, 2020, the accounts receivable from this institution (guaranteed by MIVIVIENDA mortgage loans), have been provisioned by the Fund considering the sub-borrower risk rating. These accounts receivable net of provision is recorded as part of Accounts Receivable (Trust Agreement – COFIDE) as of December 31, 2021 and 2020, respectively.

D. Loan portfolio and loss allowance for direct loans

As of December 31, 2021 and 2020, loan portfolio comprises the mortgage loans from Ex Caja Rural de Ahorro y Crédito Señor de Luren and Cooperativa de Ahorro y Crédito del Perú (hereinafter "COOPAC Presta Perú"), due to the execution of Article 13 of the Agreement signed with such IFI.

i. Type of loans

In accordance with SBS Resolution 11356-2008, loans are classified as corporate loans, large business loans, medium business loans, small business loans, micro business loans, revolving consumer loans, non-revolving consumer loans, and mortgage loans. This classification considers the nature of the client, the purpose of the loan, and business size measured per revenues and indebtedness, among others. The Fund only has mortgage loans in its loan portfolio.

ii. Credit risk rating categories

The credit risk rating categories established by the SBS are the following: Standard, with potential problems, Substandard, Doubtful and Loss, based on the debtor's level of compliance with loan payments.

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iii. Loss allowance for direct loans

The Fund determines loss allowance for direct loans in accordance with SBS Resolution 11356-2008 'Regulation for the Assessment and Classification of Debtor and Requirements of Provisions'.

According to Resolution 11356-2008, there are two classes of loss allowance for loans, generic and specific. The generic allowance is recorded in a preventive manner for those direct loans rated as Standard, and additionally a procyclical component is recorded if the SBS orders its application. The specific allowance is recorded for direct loans of debtors rated in a risk rating higher than Standard credit risk category.

The provision is calculated considering the credit risk ratings assigned to the debtor and using specific percentages, which vary depending upon whether the loans are guarantee by self-liquidating loans collateral (cash deposits and letter-of-credit right) or by readily liquidating preferred collateral (public debt instruments issued by the Peruvian Government, marketable securities listed within the Selective Index of the Lima Stock Exchange, among others) or by preferred collaterals (first pledge on financial instruments or personal and real property, first pledge on agricultural or mining concessions, export credit insurance, among others). The guarantees received are considered at their net realizable value as determined by independent appraisers. Likewise, to calculate the provision must be consider the guarantor or guaranteeing party credit rating for credits subject to secondary liability of a financial institution or insurance company (credits subject to counterparty substitution). The percentages applied to determine the loss allowance for direct loan portfolio are as follow:

	Without collateral	Preferred collateral	Readily liquidating preferred collateral	Self-liquidating preferred collateral
Credit risk ratings				
Standard	0.70%	0.70%	0.70%	0.70%
With potential problems	5.00%	2.50%	1.25%	1.00%
Substandard	25.00%	12.50%	6.25%	1.00%
Doubtful	60.00%	30.00%	15.00%	1.00%
Loss	100.00%	60.00%	30.00%	1.00%

Los allowance for direct loans are presented by deducting the balance of the corresponding asset (note 8).

E. Derivative financial instruments

In accordance with SBS Resolution 1737-2006 "Regulation on Trading and Accounting of Derivative Products in Financial Institutions" and its amendments, the derivative financial instruments are recorded on the trading date.

Held-for-trading derivatives

Held-for-trading derivative instruments are initially recognized at cost in the statement of financial position, and subsequently measured at fair value, recognizing an asset or a liability in the statement of financial position, as applicable, and any gain or loss from the valuation is recorded in the statement of profit or loss. The face value of derivative instruments is recorded in the agreed-upon currency in 'Contingent risks and commitments' accounts (off-balance sheet accounts).

The fair value of trading derivative instruments is estimated based on exchange rates and market interest rates.

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Hedging derivatives

A hedging derivative instrument is recorded as such if, on the trading date, it is expected that changes on its fair value or cash flows generated will be highly effective in offsetting the changes generated in the hedged item, which must be documented on the trading date of the derivative instrument and during the hedging term. A hedge is considered as highly effective if it is expected that changes in the fair value or cash flows of the hedged item and the hedging instrument ranges between 80% and 125 %.

Cash flow hedge

A derivative financial instrument for cash flow hedging is valued and recognized at its fair value, and may affect both equity accounts and income statements. The effective part of the adjustment at fair value is recognized in equity accounts (from the statement of other comprehensive income), while the ineffective part is recognized in the income statement.

For both types of hedges, if the derivative expires, is sold, terminates or is executed, or ceases to meet the criteria for hedge accounting, the hedging relationship terminates prospectively and the balances recorded in the statement of financial position and in the statement of other comprehensive income, as appropriate, are transferred to the income statement within the effective term of the hedged item.

F. Investments

i. Held-to-maturity investments

This category includes debt instruments whose collections are of a fixed or determinable amount and whose maturities are fixed, and which also meet the following requirements: i) they have been acquired or reclassified with the intention to hold them to maturity; ii) the Fund shall have the financial capacity to hold them to maturity; and iii) they are instruments other than those designated by the Fund at initial recognition as at fair value through profit or loss or as available-for-sale assets.

Likewise, they should be rated by at least two local or foreign risk rating agencies, and the ratings should be within the parameters established by the SBS. These requirements do not apply to instruments of Central Banks from countries whose sovereign debt obtains as a minimum the rating corresponding to the Peruvian sovereign debt.

These financial assets are initially recorded at fair value, including the transaction costs that are directly attributable to the acquisition.

These investments are subsequently measured at amortized cost using the effective interest rate method. Any impairment loss is recognized in the income statement.

ii. Available-for-sale investments

It includes all investments in instruments not classified as investments at fair value to profit or loss or held-to-maturity investments or investments in subsidiaries and associates and interests in joint ventures. Likewise, all instruments shall be included in this category as required by the SBS.

These investments are initially recorded at fair value, including the transaction costs that are directly attributable to the acquisition. The subsequent measurement of these investments is made at fair value; in the case of capital instruments that do not have quoted prices in active markets and whose fair value cannot be estimated reliably, they shall be measured at cost. In addition, in the case of debt instruments, prior to the measurement at fair value, their amortized cost must be updated, and from this point, any gain or loss from changes in the fair value shall be recognized.

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Any gain or loss arising from changes in fair value of available-for-sale investments is directly recognized in equity until the instrument is sold or realized, when any gain or loss that could have been previously recognized will be transferred and recorded in the income statement, except for impairment losses which are recorded in profit or loss when they occur.

If an available-for-sale investment is credit-impaired, the cumulative loss (difference between the acquisition cost, net of any repayment and amortization, and the current fair value, less any impairment loss previously recognized in the income statement) is reclassified from equity to the income statement. Impairment of unquoted shares is the difference between the carrying amount and the present value of future net cash flows discounted using the prevailing market rates for a similar instrument.

Exchange gains or losses from equity instruments are recognized in 'unrealized gains and losses,' and those related to debt instruments are recognized in profit or loss.

Interest income from available-for-sale investments is recognized using the effective interest method, calculated over the useful life of the instrument. Premiums and discounts originated on the acquisition date are included in the calculation of effective interest rates.

Dividends are recognized in the income statement when the right to receive the payment has been established.

iii. Impairment test

SBS Resolution 7033-2012 and its respective amendments, as well as SBS Resolution 2610-2018, establish a standard methodology to identify impairment of available-for-sale and held-to-maturity investment. Such methodology contemplates the following analysis:

Debt instruments

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

1. Weakening in financial position or financial ratios of the issuer and its economic group;
2. Credit rating downgrade for the instrument or issuer of two notches—notching is when a credit rating agency bumps up or down the credit rating;
3. Disappearance of an active market for that financial asset because of financial difficulties of the issuer;
4. Observable data about a measurable decrease in the future cash flows from a group of similar financial assets since their initial recognition even though it cannot yet be identified with individual financial assets of the group;
5. Decline in the fair value due to changes in laws;
6. Significant decline in the fair value below its amortized cost; it is considered a significant decrease if the fair value at the closing date has decreased at least 40% below its amortized cost as of that date.
7. Prolonged decrease in fair value. It is considered as a prolonged decrease if the fair value at the closing date has decreased by at least 20% compared to the amortized cost of previous 12 months and the fair value at the closing date of each month during the previous 12-month period. Has always remained below the amortized cost corresponding to the closing date of each month.

The fair value to be used for the purpose of evaluating criteria 6 and 7 is that considered for the purpose of the valuation of available-for-sale debt instruments, according to the criteria established by the aforementioned Resolution, regardless of the accounting classification that has the debt instrument. If the decline in the fair value of the debt instrument results from the increase in the risk-free interest rate, such decline shall not be considered as an indication of impairment.

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If at least 2 of the situations described above are met, it will be considered that there is impairment. Otherwise, evidence that a debt instrument is credit-impaired includes any of the following:

- A breach of contract, such as a default in the payment of interest or capital;
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization; and
- Credit rating downgrade for the instrument classified as investment.

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

G. Property, furniture and equipment

Assets in the property, furniture and equipment item are recorded at acquisition cost, less accumulated depreciation. Depreciation is calculated on a straight-line basis using the following estimated useful lives:

	Years
Buildings	20
Premises	10
Furniture and fixtures	10
Various equipment	10
Vehicles	5
IT equipment	4

Maintenance and repair costs are charged to the results of the period; all renewals and improvements are capitalized only when disbursements improve the condition of the asset and increase its useful life beyond the time originally estimated.

The useful life and residual value of an asset is reviewed and adjusted, if necessary, at the date of each statement of financial position.

Cost and accumulated depreciation of disposed or sold assets are eliminated from their respective accounts, and any resulting gain or loss is recorded in profit or loss of the year.

H. Intangible assets

Intangible assets include developments and software licenses used in the operations of the Fund. Software licenses acquired by the Fund are capitalized based on costs incurred to acquire and use the specific software. These intangible assets are amortized on a straight-line basis over the estimated useful life of 5 years.

The estimated useful life and amortization method are periodically reviewed to ensure they are consistent with the expected economic pattern of benefits of such intangible assets.

I. Impairment of long-lived assets

When events or economic changes indicate that the value of property, furniture and equipment and intangible assets may not be recoverable, management reviews the value of that assets in order to verify that there is no impairment in value. When the carrying amount exceeds its recoverable amount, the Fund recognizes an impairment loss in the income statement. The recoverable amount is the higher of an asset's net selling price and its value in use.

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Net selling price corresponds to the amount that would be received to sell an asset in a free market. Value in use is the present value of future cash flows expected to be derived from the continued use of an asset and from its subsequent disposal at the end of its useful life. In management's opinion, there are no evidence of impairment in the value of such assets as of December 31, 2021 and 2020.

J. Realizable, received as payment and repossessed assets

Realizable assets and assets seized and recovered through legal actions are recorded at the value determined by a court or arbitrator or at the value agreed in the payment in kind contract.

Recovered goods due to termination of contract are initially recorded at the lower of the debt unpaid balance and the net realizable value. Should the debt unpaid balance be higher than the balance of the recovered good, the difference is recognized as a loss, provided that its recovery is unlikely.

Furthermore, the following provisions shall be made in accordance with Resolution SBS 1535-2005 "Regulation for the Treatment of Recovered and Awarded Assets and Provisions":

- 20% of the value on the date of award or recovery for all assets received.
- For properties, a monthly impairment provision shall be made in a term not exceeding 42 months on the net value obtained during the 12th or the 18th month of its award or recovery, depending on whether an extension by the SBS is granted, and until 100% of the asset carrying amount is completed. Every year the net carrying amounts of properties is compared with the realizable value determined by a qualified independent appraiser, and in if this value is lower, an impairment provision is recorded.
- For assets other than properties, a provision for the remaining balance is made in a term not exceeding 18 or 12 months, depending on whether an extension by the SBS is granted.

An impairment loss is recognized when the fair value of such assets is reduced (when their net realizable value is lower than their net carrying amount); accordingly, the carrying amount will be reduced and the loss shall be recognized in the statement of income. If the net realizable value is higher than the net carrying amount, the higher value shall not be recognized in the books.

The annual update of the valuation of these assets determined by an independent appraiser implies, if necessary, the constitution of provisions for impairment.

K. Income tax

Current tax is calculated based on the taxable profit according to the tax law applicable to the Fund.

Deferred tax is calculated using the liability method. Deferred tax liabilities and assets are the amounts of income taxes payable and recoverable, respectively, in future periods in respect of temporary differences—i.e., differences between the carrying amount of an asset or liability in the statement of financial position and its tax base. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized, or the liability is settled.

A deferred tax asset and liability is recognized without considering the period in which the temporary differences are expected to reverse. A deferred tax asset is recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be used.

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IFRIC 23 clarifies how to apply the recognition and measurement requirements in IAS 12 *Income Taxes* when there is uncertainty over income tax treatments. Previously, IFRIC 23 clarified that an entity shall apply the requirements in IAS 12 and not in IAS 37 when there is uncertainty over income tax treatments.

Likewise, IFRIC 23 explains how to recognize and measure current or deferred tax assets and liabilities when there is uncertainty over income tax treatments. An uncertain tax treatment is a tax treatment for which there is uncertainty over whether the Tax Authorities will accept the tax treatment under tax law. When there is uncertainty over income tax treatments, IFRIC 23 addresses how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

L. Provision and contingencies

i. Provisions

A provision is recognized when the Fund has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the best estimate as of the date of the statement of financial position.

ii. Contingencies

A contingent liability is not recognized in the financial statements. They are disclosed in notes to the financial statements unless the possibility of an outflow of economic resources is remote.

A contingent asset is not recognized in the financial statements, but it is disclosed where an inflow of resources embodying economic benefits is probable.

M. Other comprehensive income

The other comprehensive income presents the unrealized loss on investments available for sale, unrealized results from the effective portion of the valuation of cash flow hedging derivative instruments and the portion of the valuation that corresponds to the exchange difference as it affects the hedged item. These balances are presented net of the related deferred income tax.

N. Cash and cash equivalents

Cash and cash equivalents considered in the statements of cash flows correspond to balances of available funds of the statement of financial position; which include deposits with original maturities less than or equal to 90 days, excluding the available funds included in the trusts.

O. Foreign currency transactions

The statements of financial position include balances of foreign currency transactions, mainly in U.S. dollars (US\$), which are recorded in soles (S/) at the exchange rate established by the SBS, that as of December 31, 2021 and 2020 was US\$ 1 = S/ 3.987 and US\$ 1 = S/ 3,621, respectively. Positions are also held in Euros (EUR), which are recorded in soles (S/) at the exchange rate established by the SBS, that as of December 31, 2021 and 2020 was EUR 1 = S/ 4.538936 and EUR 1 = S/ 4.423946, respectively.

Foreign currency transactions in the Peru or international trading transactions referred to the concepts authorized by the BCRP are channeled through a free banking system. As of December 31, 2021, buy and sell exchange rates used were US\$ 1 = S/ 3.979 and US\$ 1 = S/ 3.991, respectively (2020: US\$ 1 = S/ 3.618 and US\$ 1 = S/ 3.624).

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As of December 31, the balances in foreign currency are summarized as follows:

<i>In thousands of U.S. dollars</i>	2021	2020
Assets		
Cash and cash equivalents	2,460	11,032
Investments	56,635	51,850
Accounts receivable (trust agreement - COFIDE), net	13,920	21,240
Loan portfolio, net	20	27
Hedging derivatives	567	58
Other accounts receivable, net	27	34
Net asset position	76	133
Total assets	73,705	84,374
Liabilities		
Securities and bonds outstanding	(658,177)	(657,008)
Hedging derivatives	(1,672)	(1,750)
Other accounts payable	(443)	(332)
Provisions and other liabilities	(390)	(520)
Total liabilities	(660,682)	(659,610)
Net liability position	(586,977)	(575,236)
Derivative instruments, net	585,132	575,956
Net position in U.S. dollars	(1,845)	720

<i>In thousands of EUR</i>	2021	2020
Assets		
Cash and cash equivalents	56	14
Other accounts receivable, net	-	5
Total Assets	56	19
Liabilities		
Borrowings and financial obligations	(188,380)	(213,522)
Net liability position	(188,324)	(213,503)
Derivative instruments, net	188,333	213,889
Net position in EUR	9	386

P. Participation to workers

The Fund recognizes a liability and an expense for employee profit sharing based on 5% of taxable material, determined in accordance with current tax legislation.

5. Cash and Cash Equivalents

As of December 31, this caption comprises the following:

<i>In thousands of soles</i>	2021	2020
Bank and other financial institutions		
Savings and checking accounts (a)	1,165,942	1,196,979
Time deposits (b)	-	73,968
Accrued interest on cash and cash equivalents	-	132
	1,165,942	1,271,079
Banco Central de Reserva del Perú (c)	15,771	1,840
Other available funds	41	304
	1,181,754	1,273,223

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- (a) As of December 31, they mainly correspond to balances in soles and U.S. dollars, with free withdrawal option and accruing interest at market rates, as detailed below:

<i>In thousands of soles</i>	2021	2020
Checking accounts		
Banco Internacional del Perú S.A.A. – Interbank	793,793	1,003,168
Banco de la Nación	213,640	183,070
Banco Interamericano de Finanzas S.A. – BanBif	157,770	10,362
Banco BBVA Perú	201	150
Banco de Crédito del Perú S.A.	144	133
Scotiabank Perú S.A.A.	144	36
	1,165,692	1,196,919
Savings accounts		
Banco BBVA Perú	250	60
	1,165,942	1,196,979

- (b) As of December 31, 2020, it corresponds to time deposits in local banks in soles and U.S. dollars, with free withdrawal and accrue interest at effective annual rates in soles between 0.30% and 0.54% and in U.S. dollars 0.30% with original maturities less than or equal to 90 days.
- (c) As of December 31, it corresponds to balances in soles and U.S. dollars, with free withdrawal, do not accrue interest and are mainly used for transactions with COFIDE, under the Trust Agreement the Fund signed with this entity.

6. Investments

As of December 31, this caption comprises the following:

<i>In thousands of soles</i>	2021			2020		
	Amortized cost	Unrealized gain (loss)	Carrying amount	Amortized cost	Unrealized gain (loss)	Carrying amount
Available-for-sale investments						
Corporate bonds (a)	50,577	(89)	50,488	24,348	95	24,443
Plus						
Accrued interest	757	-	757	345	-	345
	51,334	(89)	51,245	24,693	95	24,788
Held-to-maturity investments						
Corporate bonds (b)	172,766	-	172,766	161,351	-	161,351
Sovereign bonds from the Republic of Peru	31,341	-	31,341	31,331	-	31,331
Time deposits (c)	-	-	-	65,000	-	65,000
Plus						
Accrued interest	-	-	2,716	-	-	2,532
	204,107	-	206,823	257,682	-	260,214
	255,441	(89)	258,068	282,375	95	285,002

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- (a) In 2021, the Fund acquired bonds from local financial institutions for a nominal value of S/ 24,137 thousand, whose book value as of December 31, 2021 amounted to S/ 24,893 thousand. In 2020, the Fund acquired bonds from local financial institutions for a nominal value of S/ 23,073 thousand, whose book value as of December 31, 2020 amounted to S/ 24,788 thousand.

<i>In thousands of soles</i>	2021	2020
Issues by Peruvian entities		
Banco Internacional del Perú S.A.A. – Interbank	29,513	8,680
BBVA Perú	14,502	9,662
Banco de Crédito del Perú S.A.	6,473	6,101
	50,488	24,443

- (b) As of December 31, it corresponds to securities and bonds acquired from first level corporate companies and financial institutions in the country and abroad, as detailed below:

	2021	2020
Issues by peruvian entities		
Banco BBVA Perú	52,796	48,108
Abengoa Transmisión Norte S.A.	45,059	45,801
Consortio Transmantaro S.A.	43,429	39,169
Cementos Pacasmayo S.A.A.	31,482	28,273
	172,766	161,351

In 2016, the Fund reclassified Corporate and Financial, and Peruvian Sovereign Bonds classified as available-for-sale investments into held-to-maturity investments. The carrying values at the dates of reclassification amounted to approximately S/ 620,965 thousand and the unrealized loss accumulated in net equity amounted to S/ 11,846 thousand; this latter amount shall be transferred to net income during the remaining term of the instruments, which expire in full until 2042. In 2021 and 2020, the Fund transferred to profit or loss the amount of S/ 772 and thousand S/ 860 thousand, respectively. As of December 31, 2021, and 2020, the carrying amount of such investments which includes accrued interest amounts to S/ 206,823 thousand and S/ 195,214 thousand, respectively.

- (c) As of December 31, 2020, it corresponds to time deposits in banks of the country denominated in soles, with original maturities greater than 90 days that are freely available and generate interest at effective annual rates between 0.25% and 0.65%.

In Board of Directors' Meeting 005-18D-2018 of July 25, 2018, the new Investment Policies and Procedures Manual of the Fund was approved, which establishes that, as of that date, the investments acquired by the Fund would be classified as available-for-sale.

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As of December 31, the maturities and the annual market yield rates of the available-for-sale and held to maturity investments are as follows:

	Maturity date	Annual effective interest rate							
		2021				2020			
		PEN		USD		PEN		USD	
		Min. %	Max. %	Min. %	Max. %	Min. %	Max. %	Min. %	Max. %
Available-for-sale investments									
Corporate bonds	Aug-22 / Apr-23	-	-	0.99	1.32	-	-	3.38	5.00
Held-to-maturity investments									
Corporate bonds	Aug-22 / Oct-28	-	-	4.39	6.54	-	-	4.50	6.53
Sovereign bonds from the Republic of Peru	Aug-26 / Feb-42	4.10	6.95	-	-	6.85	8.20	-	-
Time deposits	-	-	-	-	-	0.25	0.65	-	-

As of December 31, available-for-sale and held-to-maturity investments have the following maturities:

	2021		2020	
	Available-for-sale investments	Held-to-maturity investments	Available-for-sale investments	Held-to-maturity investments
<i>In thousands of soles</i>				
3-12 months	-	12,235	-	65,000
1-5 years	51,245	86,365	24,788	79,370
More than 5 years	-	108,223	-	115,844
	51,245	206,823	24,788	260,214

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7. Accounts Receivable (Trust Agreement - COFIDE), Net

As of December 31, this caption comprises the following:

<i>In thousands of soles</i>	2021	2020
New loan - MIVIVIENDA	8,511,220	7,754,135
Supplementary loan - Techo Propio	205,635	79,366
Traditional loan - MIVIVIENDA	56,950	170,232
Loan – MIHOGAR	34,226	43,717
Loan - MICONSTRUCCIÓN	6,447	9,516
Loan - MICASA MÁS	5,094	5,875
Standardized loan – MIVIVIENDA	2,722	3,824
Loan – MITERRENO	183	225
	8,822,477	8,066,890
Plus (less):		
Accrued interest on accounts receivable	13,390	13,787
Loss allowance for accounts receivable	(211,333)	(197,224)
	8,624,534	7,883,453

As described in note 2, the Fund disburses financial resources to the Trust COFIDE monthly to be channeled to the sub borrowers through the IFI. Likewise, the Trust COFIDE transfers to the Fund monthly the collections, prepayments or cancellations of accounts receivable made by IFI.

As of December 31, 2021, and 2020, the Fund has 103,578 and 99,326 final borrowers, respectively. There is no significant concentration of credit risk in the accounts receivable (Trust Agreement – COFIDE), due to the type of credit operations that the Fund maintains.

The financial resources that the Fund channels through COFIDE under the Trust Agreement, are used by IFI in the granting of mortgage credits in accordance with Article 12 of Supreme Decree 001-99-MTC.

As of December 31, the composition of the balance of accounts receivable (Trust Agreement – COFIDE) according to the characteristics of the loans offered by the Fund, is as follows:

<i>In thousands of soles</i>	2021			2020		
	With credit risk coverage	Without credit risk coverage	Total	With credit risk coverage	Without credit risk coverage	Total
New loan – MIVIVIENDA	1,929,606	6,581,614	8,511,220	1,692,208	6,061,927	7,754,135
Supplementary loan - Techo Propio	28,719	176,917	205,636	29,879	140,353	170,232
Traditional loan MIVIVIENDA	25,198	31,752	56,950	35,366	44,001	79,366
Loan - MIHOGAR	12,024	22,202	34,226	14,669	29,048	43,717
Loan - MICONSTRUCCIÓN	1,558	4,888	6,446	2,270	7,245	9,516
Loan - MICASA MÁS	1,588	3,535	5,093	1,750	4,124	5,875
Standardized loan - MIVIVIENDA	907	1,815	2,722	1,275	2,549	3,824
Loan - MITERRENO	92	92	184	113	113	225
	1,999,662	6,822,815	8,822,477	1,777,530	6,289,360	8,066,890

Accounts receivable (Trust Agreement - COFIDE) are classified by debtor credit risk rating in accordance with SBS rules in force as of December 31, 2021 and 2020. As described in Note 4.C, the loss allowance for accounts receivable (Trust Agreement - COFIDE) is determined based on the classification of both the sub borrower and the IFI.

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Table below presents the accounts receivable (Trust Agreement – COFIDE) corresponding to the balance without credit risk coverage (CRC) based on the IFI credit risk rating as of December 31:

<i>In thousands of soles</i>	2021		2020	
	S/000	%	S/000	%
Credit risk rating IFI				
Standard	6,571,687	74.49	5,980,314	74.13
With potential problems	613	0.01	4,825	0.06
Financiera TFC (*)	203,353	2.30	203,054	2.52
CMAC Sullana (**)	39,409	0.45	100,267	1.25
CMAC Tacna (**)	3,309	0.04	-	-
COOPAC San Francisco (**)	2,117	0.02	-	-
COOPAC AELU en Liquidación (*)	1,199	0.01	-	-
COOPAC Quillacoop (**)	749	0.01	900	0.01
COOPAC Santa María Magdalena (**)	325	-	-	-
CRAC Prymera (**)	54	-	-	-
	6,822,815	77.33	6,289,360	77.97
	8,822,477	100.00	8,066,890	100.00

(*) As of December 31, 2021 and 2020, these accounts receivable have been provisioned considering the credit risk rating of the sub-borrower, since both IFI have been intervened by the SBS, Financiera TFC on December 12, 2019, and COOPAC AELU on August 23, 2021. As of December 31, 2021 and 2020, the provision related to these accounts receivable amounts to S/ 34,288 thousand and S/ 15,135 thousand, respectively.

(**) In the years 2021 and 2020, the Fund decided to execute the thirteenth clause of the Resource Channeling Agreements signed with these entities, due to deterioration in their financial indicators. The balance without credit risk coverage of these portfolios has been provisioned considering the credit risk of the sub-borrower. As of December 31, 2021 and 2020, this provision amounts to S/ 16,091 thousand and S/ 13,617 thousand.

As of December 31, the table below presents the accounts receivable (Trust Agreement – COFIDE) corresponding to the balance with credit risk coverage (CRC) based on final beneficiary classification:

<i>In thousands of soles</i>	2021		2020	
	S/000	%	S/000	%
Risk category of the final debtor				
Standard	1,748,956	19.82%	1,473,160	18.26%
With potential problems	25,366	0.29%	35,352	0.45%
Substandard	26,755	0.30%	41,598	0.52%
Doubtful	78,262	0.89%	88,926	1.09%
Loss	102,089	1.16%	120,307	1.49%
Financiera TFC	17,635	0.20%	18,187	0.23%
COOPAC AELU	599	0.01%	-	-
	1,999,662	22.67%	1,777,530	22.03%
	8,822,477	100.00%	8,066,890	100.00%

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The annual interest rates for the products offered by the Fund, are fixed interest rates established with the purpose of promoting the granting of credits. As of December 31, 2021 and 2020, they are as follows:

	%
New loan - MIVIVIENDA (*)	7.10
Traditional loan MIVIVIENDA	6.00
Supplementary loan - Techo Propio	7.25
Loan - MIHOGAR	7.60
Loan - MICONSTRUCCIÓN	8.00
Standardized loan - MIVIVIENDA	6.90 & 7.30
Loan - MICASA MÁS	7.70
Loan - MITERRENO	9.00

(*) *The interest rate of the New loan - MIVIVIENDA product was reduced to 5%, only for the credits with the BMS attribute disbursed until December 31, 2019, by means of Board of Directors Meeting 02-16D-2019, dated July 25, 2019.*

As of December 31, accounts receivable (Trust Agreement - COFIDE) have the following maturity dates:

<i>In thousands of soles</i>	2021	2020
Up to 1 months	100,294	69,891
1 – 3 months	209,106	172,995
3–12 months	626,683	578,283
1 – 3 years	1,244,572	1,748,320
More than 3 years	6,641,822	5,497,401
	8,822,477	8,066,890

The movement in the loss allowance for accounts receivable (Trust Agreement - COFIDE) determined according to the criteria described in note 4.C is as follows:

<i>In thousands of soles</i>	2021	2020
Opening balance	197,224	158,594
Additions debited to profit or loss	88,006	68,393
Reversal of provisions	(74,117)	(29,988)
Exchange difference	220	225
Closing balance	211,333	197,224

Management considers that the level of allowance for doubtful accounts (Trust Agreement - COFIDE) covers possible losses that may be generated as of the date of the statement of financial position and has been made in compliance with SBS regulatory requirements in effect as of December 31, 2021 and 2020.

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8. Loan Portfolio, Net

As of December 31, this caption comprises the following:

<i>In thousands of soles</i>	2021	2020
Outstanding	30,387	26,817
Refinanced	306	1,092
Past due	92,338	37,870
Under legal collection	137	153
	123,168	65,932
Plus (less):		
Accrued interest on current loans	372	275
Loss allowance for loans	(88,929)	(37,729)
	34,611	28,478

As of December 31, 2020, the loan portfolio is mainly composed of the mortgage loan portfolio transferred to the Fund by Caja Rural de Ahorro y Crédito Señor de Luren, which through SBS Resolution No. 3503-2015 of June 19, 2015, entered the liquidation process.

In October 2021, the capital balance owed by Cooperativa de Ahorro y Crédito Presta Perú (COOPAC Presta Perú) to the Fund, recorded in 'Other accounts receivable' was reclassified to 'Loan portfolio' for S/ 69,928 thousand, net of the loss allowance for other accounts receivable for S/ 52,582 thousand, after became effective the transfer of the Presta Perú (in liquidation) mortgage loan portfolio to the Fund, which guaranteed the debt that this IFI (now in liquidation) had with the Fund before the start of its dissolution and liquidation process in 2019 (SBS Resolution No. 3881-2019 of August 22, 2019).

As of December 31, the balance of the loan portfolio classified by type of MIVIVIENDA product is as follows:

<i>In thousands of soles</i>	Number of borrowers		Balances	
	2021	2020	2021	2020
New loan - MIVIVIENDA	1,908	1,168	110,124	65,071
Supplementary loan - Techo Propio	1,085	760	14,310	8,984
Traditional loan – MIVIVIENDA	13	14	323	381
Loan - MIHOGAR	1	1	45	47
Loan - MI CONSTRUCCIÓN	559	-	14,206	-
Deferred income	-	-	(15,840)	(8,551)
	3,566	1,943	123,168	65,932

As of December 31, 2021, the direct loan portfolio is backed by preferential guarantees for S/ 59,054 thousand (S/ 61,358 thousand as of December 31, 2020) and non-preferred guarantees for S/ 98,403 thousand (S / 80,373 as of December 31, 2020). In the years 2021 and 2020, the collections of the direct loan portfolio amount to S/ 10,536 thousand and S/ 9,033 thousand, respectively.

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As of December 31, according to the SBS regulations, the credit risk rating of the loan portfolio borrowers is as follows:

<i>In thousands of soles</i>	Number of borrowers		Balances	
	2021	2020	2021	2020
Normal	924	771	26,107	22,385
With potential problems	68	52	1,847	1,672
Substandard	70	62	1,870	1,780
Doubtful	276	126	9,483	5,596
Loss	2,228	932	83,861	34,499
	3,566	1,943	123,168	65,932

Annual effective interest rate of this loan portfolio was determined based on market conditions. As of December 31, 2021, and 2020, the minimal and maximum annual interest rate in local currency was 13.50% and 9.00%, respectively.

As of December 31, 2021 and 2020, the interest in suspense on loans that are past due, under legal collection, or rated as "Doubtful" or "Loss" amounts to S/ 41,510 thousand and S/ 23,450 thousand, respectively. Such interests are recognized in the income statement when they are collected.

The table below presents the loan portfolio balance classified by maturity dates as of December 31:

<i>In thousands of soles</i>	2021		2020	
Due within 1 month	179	0.15%	163	0.25%
From 1 to 3 months	364	0.30%	331	0.50%
From 3 months to 1 year	1,677	1.36%	1,528	2.32%
From 1 to 5 years	11,292	9.17%	10,289	15.60%
Over 5 years	19,313	15.67%	17,595	26.69%
	32,825	26.65%	29,906	45.36%
Plus (less)				
Loans past due and loans under legal collection	106,183	86.21%	44,577	67.61%
Deferred revenue of loans past due and loans under legal collection	(13,096)	(10.63%)	(6,554)	(9.94%)
Deferred revenue of outstanding and refinanced loans	(2,744)	(2.23%)	(1,997)	(3.03%)
	123,168	100.00%	65,932	100.00%

The changes in the loss allowance for loans were as follows:

<i>In thousands of soles</i>	Note	2021	2020
Balance at the beginning of the year		37,729	35,379
Additions		4,282	3,306
Recovery of provisions		(5,670)	(961)
Reclassification of Loss allowance for accounts receivable to COOPAC Presta Perú	9 (g)	52,582	-
Exchange difference		6	5
Balance at the end of the year		88,929	37,729

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

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9. Other Accounts Receivable, Net

As of December 31, this caption comprises the following:

<i>In thousands of soles</i>	2021	2020
Accounts receivable from banks in liquidation (a)	100,255	99,596
Accounts receivable from trust agreements CRC and PBP (b)	32,877	104,325
Accounts receivable from Ex - CONEMINSA (c)	12,777	12,850
Accounts receivable from COOPAC Presta Perú (d)	8,764	4,230
Accounts receivable from customers of COOPAC Presta Perú (d)	-	74,462
Accounts receivable from ICCGSA (e)	3,794	3,794
BFH overpaid, to be recovered (f)	2,676	5,540
Invoices receivable	708	649
Other accounts receivable	777	481
	162,628	305,927
Loss allowance for accounts receivable (g)		
Banks in liquidation	(100,255)	(99,596)
Portfolio Ex – CONEMINSA	(12,678)	(12,630)
Accounts receivable from COOPAC Presta Perú	(8,764)	(4,230)
Accounts receivable from customers of COOPAC Presta Perú	-	(74,462)
Accounts receivable from ICCGSA	(3,794)	(3,794)
BFH overpaid, to be recovered	(2,676)	-
Invoices receivable	(696)	(628)
Other accounts receivable	(21)	(21)
	(128,884)	(195,361)
	33,744	110,566

- (a) Corresponds to accounts receivable generated by time deposits, certificates of deposit, among other, held by the Fund, before being a financial entity supervised by the SBS (prior to January 2006), with certain financial institutions that later went into liquidation process. The detail of the balances and their respective allowance, as of December 31, is as follows:

<i>In thousands of soles</i>	2021	2020
Capital		
Banco Nuevo Mundo in liquidation	52,205	52,205
Banco República in liquidation	39,922	39,922
Banco Banex in liquidation - nonrecourse debt	5,525	5,018
Banco República in liquidation - nonrecourse debt	2,603	2,451
	100,255	99,596
Less: Loss allowance		
Banco Nuevo Mundo in liquidation	(52,205)	(52,205)
Banco República in liquidation	(39,922)	(39,922)
Banco Banex in liquidation - nonrecourse debt	(5,525)	(5,018)
Banco República in liquidation - nonrecourse debt	(2,603)	(2,451)
	(100,255)	(99,596)
	-	-

During the liquidation process of these financial institutions, conducted under the supervision and intervention of SBS, the Fund received property assets, real estate, and collection of loans as part payment of these debts.

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Management recorded an allowance for 100% of the accounts receivable from Banco Nuevo Mundo, Banco República and Banco Banex, all of them under liquidation process, and recognizes the recoveries received based on their realization. In 2021, the Fund has not received any recoveries from banks in liquidation. In 2020, the Fund received in cash from Banco Nuevo Mundo in Liquidation payment for S/ 839 thousand.

The Fund Management considers that the provision for uncollectibility of accounts receivable from banks in liquidation constituted as of December 31, 2021 and 2020 is sufficient to cover the related uncollectibility risk.

- (b) Corresponds to the balance of the net assets (total assets minus total liabilities) of the trusts managed by the Fund, which ensure the payment of CRC to the IFI and the PBP to those who access this benefit as part of the credit programs offered by the Fund. As of December 31, the balances mentioned are as follows:

<i>In thousands of soles</i>	2021	2020
Trust agreement CRC and PBP – PEN	12,030	48,457
Trust agreement CRC and PBP – USD	20,847	55,868
	32,877	104,325

Through constitutional acts signed in June 2007 by the Fund as trustee and trustor simultaneously, these trusts were constituted with the purpose of ensuring the availability of resources so that the Fund fulfills the obligations of the Fund arising from the CRC and PBP service contracts signed with some IFI, as well as allowing those resources to be managed efficiently.

The operations of these trusts are recorded in accordance with SBS Resolution 980-2006 'Regulations of the Fund,' namely, in a single account in the statement of financial position. The trusts accounting is kept separate for control purposes and shows the following balances as of December 31:

CRC-PBP Trust – Nuevos soles

<i>In thousands of soles</i>	2021	2020
Statement of Financial Position		
Assets		
Cash and cash equivalents	6,539	31,359
Available-for-sale investments (*)	1,556	12,351
Held-to-maturity investments (*)	3,935	4,742
Other accounts receivable (*)	-	5
Total assets	12,030	48,457
Equity and net surplus		
Retained earnings	8,737	45,223
Collection surplus, net	3,386	2,939
Unrealized gains and (losses)	(93)	295
Total equity and net surplus	12,030	48,457

(*) In 2016, the CRC Trust and PBP Nuevos Soles reclassified available-for-sale investments to the held-to-maturity category. The book value at the reclassification date amounted to S/ 33,683 thousand, and the accumulated unrealized loss in equity amounted to S/ 1,344 thousand; this last amount is being transferred to results in the remaining term of the instruments. In 2021 and 2020, S/ 51 thousand and S/ 120 thousand, respectively, have been transferred to results.

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<i>In thousands of soles</i>	2021	2020
Income Statement		
Revenue		
Interest income	762	1,766
Reversal of investment impairment	35	-
Total revenue	797	1,766
Expenses		
Administration fee	(199)	(284)
Financial transaction tax	(2)	(2)
Various financial services expenses	(6)	(6)
Provision for impairment of investments, net	(76)	6
Total expenses	(283)	(286)
Net profit	514	1,480

CRC-PBP Trust U.S. dollars

<i>In thousands of soles</i>	2021	2020
Statement of financial position		
Assets		
Cash and cash equivalents	4,771	29,206
Available-for-sale investments (*)	7,111	17,359
Held-to-maturity investments (*)	8,965	9,303
Total assets	20,847	55,868
Equity and net surplus		
Initial equity	9,013	21,013
Retained earnings	1,685	24,684
Collection surplus, net	10,681	10,133
Unrealized gains and losses	(532)	38
Total equity and net surplus	20,847	55,868

(*) In 2016, the equity in Trust Fund CRC and PBP American Dollars reclassified available-for-sale investments to the category of held-to-maturity investments. The book value at the reclassification date amounted to S/ 35,327 thousand, and the accumulated unrealized loss in equity amounted to S/ 1,784 thousand; this last amount is being transferred to results during the remaining term of the instruments. In 2021 and 2020, S/ 59 thousand and S/ 66 thousand, respectively, have been transferred to results.

<i>In thousands of soles</i>	2021	2020
Income statement		
Revenue		
Interest income	1,315	2,177
Exchange difference, net	349	728
Gain on sale of investments	113	167
Reversal of investment impairment	-	42
Total revenue	1,777	3,114
Expenses		
Administration fee	(262)	(326)
Various financial services expenses	(8)	(8)
Financial transaction tax	(6)	(3)
Total expenses	(276)	(337)
Net profit	1,501	2,777

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- (c) It corresponds to the portfolio of accounts receivable of mortgage loans granted by Compañía de Negociaciones Mobiliarias e Inmobiliarias S.A. – CONEMINSA, which was received by the Fund under a payment in kind agreement signed on December 30, 2003 for its management and recovery.
- (d) In August 2019, after activating the thirteenth clause of the Resource Channeling Agreement signed with COOPAC Presta Perú, the Fund authorized the withdrawal of the balance owed by this IFI from the administration of the COFIDE Trust for S/ 74,462 thousand. Directly demanding the payment of the outstanding installments of the debtor that he had with the Fund for the period from February to August 2019 for thousands of S/ 4,230.

In 2021, after completing the transfer of the mortgage loan portfolio from COOPAC Presta Perú to the Fund, thousands of S/ 4,534 were reclassified from Other accounts receivable from customers of COOPAC Presta Perú to Accounts receivable from COOPAC Presta Perú and S/ 69,928 thousand to Loan portfolio (note 8).

As of December 31, 2021, the other accounts receivable from COOPAC Presta Perú have a provision for bad debts of 100%.

- (e) It corresponds to the account receivable from Ingenieros Civiles Contratistas Generales S.A.C. (ICCGSA), for the commercial papers that the Fund maintained, which expired on October 22, 2018, and for which an account receivable was recognized with its respective allowance for doubtful accounts for an amount of S/ 3,794 thousand, of which S/ 3,500 thousand corresponded to capital and S/ 294 thousand to interest as of December 31, 2018.
- (f) It corresponds to a claim to third parties (technical entities that build social housing for the population) for the excess payment of a bonus granted by the MVCS, called Family Housing Bonus (BFH), whose administration is in charge of the Fund.
- (g) The changes in the allowance for other doubtful accounts are detailed below:

<i>In thousands of soles</i>	Note	2021	2020
Opening balance		195,361	166,308
Additions		2,751	30,004
Reclassification to loss allowance for loans COOPAC Presta Perú portfolio	8	(52,582)	-
Reversal of allowance for doubtful accounts COOPAC Presta Perú		(17,345)	-
Reversal of provisions		(25)	(1,074)
Exchange difference, net		724	623
Others		-	(500)
Closing balance		128,884	195,361

In management's opinion, the loss allowance for accounts receivable as of December 31, 2021 and 2020 adequately hedges the credit risk of these items as of those dates.

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10. Hedging Derivatives

As of December 31, 2021, and 2020, the Fund holds agreements related to foreign currency forwards, cross currency swaps (CCS), and interest only swaps ("IOS"). As of December 31, the changes in the fair value of these derivative financial instruments are presented as accounts receivable (asset) or accounts payable (liability), as appropriate:

<i>In thousands of soles</i>	2021				2020				
	Assets	Liabilities	Face value	Maturity date	Assets	Liabilities	Face value	Maturity date	Underlying asset
Cash flows									
Currency swap - POS	557,917	19,389	2,013,925	Between January and March 2023	310,975	18,859	1,843,680	Between January and March 2023	Borrowings and financial obligations and instruments
Currency swap - CCS	260,347	10,824	1,432,458	Between January 2023 and March 2031	83,689	12,845	1,456,203	Between January 2023 and October 2031	Investments, Borrowings and financial obligations and instruments
Currency swap - IOS	34	-	-	March 2023	64	-	-	March 2023	Borrowings and financial obligations
Fair value									
Currency forward	6,563	-	258,629	Between January and June 2021	209	2,643	268,113	Between January and May 2021	Investments, instruments and deposits
	824,861	30,213	3,705,012		394,937	34,347	3,567,996		

IOS: Interest only swaps, POS: Principal only swaps. As of December 31, 2021 and 2020, the reference values of operations with derivative instruments are recorded in off-balance sheet accounts in the committed currency.

In the years 2021 and 2020, the Fund contracted currency forwards, negotiated and settled during the period, which generated losses of S/ 447 thousand and gains of S/ 1,844 thousand, respectively, reflected in the income statement. in 'results from financial transactions' (note 20).

In addition, during the years 2021 and 2020, the hedging financial instruments contracted by the Fund generated a net loss of S/ 86,740 thousand and S/ 85,764 thousand, respectively, reflected in the statement of income in the caption 'results from financial transactions' (note 20).

As of December 31, 2021, the asset for hedging derivatives increased mainly due to the acquisition of new cross currency swaps to hedge the Fund's new investment position, as well as to the gain in valuation of principal only swaps due to exchange rate fluctuation.

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11. Property, Furniture and Equipment, Net

The movement in property, furniture, and equipment and accumulated depreciation in 2021 and 2020 is as follows:

<i>In thousands of soles</i>	Land	Buildings	Facilities	Furniture and fixtures	Computer equipment	Various equipment	Vehicles	Total
Costs								
Balance as of January 1, 2020	103	36	189	719	1,402	839	759	4,047
Additions	-	-	-	-	11	59	-	70
Disposals	-	-	(46)	(24)	(39)	(19)	-	(128)
Balance as December 31, 2020	103	36	143	695	1,374	879	759	3,989
Additions	-	-	-	-	-	13	-	13
Disposals	-	-	-	(39)	(284)	(88)	-	(411)
Balance as December 31, 2021	103	36	143	656	1,090	804	759	3,591
Accumulated depreciation								
Balance as of January 1, 2020	-	12	92	515	1,235	584	694	3,132
Additions	-	-	14	30	67	48	51	210
Disposals	-	-	(46)	(24)	(39)	(19)	-	(128)
Balance as December 31, 2020	-	12	60	521	1,263	613	745	3,214
Additions	-	-	14	29	56	47	14	160
Disposals	-	-	-	(39)	(284)	(80)	-	(403)
Balance as December 31, 2021	-	12	74	511	1,035	580	759	2,971
Net book value								
As of December 31, 2020	103	24	83	174	111	266	14	775
As of December 31, 2021	103	24	69	145	55	224	-	620

According to the current legislation, banks in Peru may not grant as guarantee assets that are part of their property, furniture, and equipment, except for those acquired through the issuance of finance lease bonds and to carry out finance lease operations.

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In management's opinion, there is no evidence of impairment of the items in property, furniture and equipment held by the Fund as of December 31, 2021 and 2020. As of December 31, 2021, the Fund has fully depreciated property, furniture, and equipment amounting to S/ 2,384 thousand (2020: S/ 2,522 thousand).

The Fund has insured its main assets in accordance with management's policies. For this purpose, as of December 31, 2021 and 2020, the Fund has contracted an insurance policy against all risks that covers the value of the Fund's net assets, including property, furniture and equipment. In management's opinion, its insurance policies are reasonable for its activity.

12. Other Assets, Net

As of December 31, this caption comprises the following:

<i>In thousands of soles</i>	2021	2020
Current income tax asset, net (a)	43,535	42,414
Intangible assets, net (b)	7,545	6,360
Prepaid expenses	416	2,156
Others	1,478	1,605
	52,974	52,535

- (a) The balance of the current income tax, net is made up as follows:

<i>In thousands of soles</i>	2021	2020
Temporary tax on net assets	39,632	38,825
Pre - payments for income tax	3,903	3,589
Provision for income tax	43,535	42,414

- (b) The item of intangible assets is composed of software and licenses used by the Fund's computers, the cost of which as of December 31, 2021 is S/ 17,184 thousand and accumulated amortization of S/ 9,639 thousand (2020: total cost of S/ 14,537 thousand and accumulated amortization of S/ 8,177 thousand).

In 2021 and 2020, 'intangible assets' increase mainly due to the capitalization of new software for the implementation of new systems and modules for S/ 2,647 thousand and S/ 2,659 thousand, respectively. Amortization of intangible assets is calculated following the straight-line method over a maximum of a 5-year period.

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13. Debts and Financial Obligations

As of December 31, this caption comprises the following:

In thousands of soles	Currency	Maturity date	Annual interest rate (%)	2021				2020			
				Principal	Adjustment at amortized cost	Interest and fees	Total	Principal	Adjustment at amortized cost	Interest and fees	Total
Entity											
Asociación Francesa de Desarrollo (AFD)	Euro	2023 & 2031	0.61 – 1.30	650,581	(1,814)	1,005	649,772	747,155	(2,287)	1,299	746,167
Kreditanstalt für Wiederaufbau (KfW)	Euro	2031	(*)	204,252	(726)	1,749	205,274	199,078	(836)	202	198,444
Banco de la Nación	Soles	2025 & 2026	2.50 – 5.55	570,000	-	5,889	575,889	-	-	-	-
				1,424,833	(2,540)	8,642	1,430,935	946,233	(3,123)	1,501	944,611

(*) The rate of this loan is the latest available rate. The line of credit with KfW was agreed at a variable interest rate (Euribor 6 months + 110 basis points), which changes in May and November of each year during the life of the loan.

Certain loan contracts include standard clauses regarding compliance with financial ratios. In management's opinion, as of December 31, 2021 and 2020, these clauses have been complied with and do not represent any restriction on the operations of the Fund.

As of December 31, 2021, a loan denominated in euros from AFD amounting to EUR 143,155 thousand (equivalent to S/ 649,772 thousand) and a loan in euros from KfW amounting to EUR 45,225 thousand (equivalent to S/ 205,274 thousand), both exposed to exchange rate risk, being hedged by cross currency swaps, principle only swaps (POS) and interest only swaps (IOS) for a nominal amount of EUR 183,833 thousand (equivalent to S/ 834,408 thousand), EUR 4,500 thousand (equivalent to S/ 20,425 thousand), respectively (note 10). As of December 31, 2020, a loan denominated in euros from AFD amounting to EUR 168,665 thousand (equivalent to S/ 746,167 thousand) and a loan in euros from KfW amounting to EUR 44,857 thousand (equivalent to S/ 198,444 thousand), both exposed to exchange rate risk, being hedged by cross currency swaps, principle only swaps (POS) and interest only swaps (IOS) for a nominal amount of EUR 206,389 thousand (equivalent to S/ 913,053 thousand), EUR 7,500 thousand (equivalent to S/ 33,180 thousand), respectively (note 10).

In the months of March to November 2021, the Fund received loans from Banco de la Nación amounting to S/ 570,000 thousand in order to finance placements of the products it maintains.

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The table below presents the balance of debts and financial obligations classified by contractual maturity:

<i>In thousands of soles</i>	2021	2020
Less than 3 months	58,123	56,625
3–12 months	96,844	56,625
1–5 years	931,064	423,057
More than 5 years	344,904	408,304
	1,430,935	944,611

14. Securities and Bonds Outstanding

As of December 31, this caption comprises the following:

<i>In thousands</i>	Annual interest rate (%)	Maturity date	Issued amount	Carrying amount in S/	
				2021	2020
Corporate bond local issuance (a)					
Fourth issuance of series A bonds	6.72	July 2026	S/ 310,000	309,896	309,877
Third issuance of series A bonds	7.00	February 2024	S/ 1,500,000	1,497,732	1,496,887
Fifth issuance of series A bonds	5.02	July 2026	S/ 250,000	249,747	249,699
Sixth issuance of series A bonds	4.7813	January 2027	S/ 240,210	239,929	239,888
Corporate bond foreign issuance					
First issuance (b)	3.50	January 2023	US\$ 500,000	1,989,806	1,804,233
Reopening of the first issuance (c)	3.50	January 2023	US\$ 150,000	596,367	540,302
				4,883,477	4,640,886
Interest payable				98,706	95,220
				4,982,183	4,736,106

The funds raised through the issuance of securities and bonds are used to finance the Fund's operations.

- (a) The Board of Directors' Meeting, held on November 16, 2012, approved the First Corporate Bond Program. The Fund may issue securities up to US\$ 800,000 thousand or its equivalent in soles. In April and July 2016, February 2017, July 2019 and January 2020, the Fund issued the first, third, fifth and sixth issuance of the Corporate Bonds, respectively.

On January 15, 2020, the sixth issuance of local Corporate Bonds was made for the amount of 48,042 bonds at a value of S/ 5 thousand for a total value of S/ 240,210 thousand, with a term of 7 years with maturity on January 15, 2027, at a nominal annual rate of 4.7813%.

- (b) In January 2013, the Fund issued bonds under Rule 144 and Regulations S of the U.S. 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 at a price of 99.15%, at a coupon rate of 3.50% with semi-annual payments of interest and amortization at maturity.

As of December 31, 2021, and 2020, said bonds have exposure to exchange rate risk; they are hedged by principal only swaps (POS) for a nominal amount of approximately US\$ 500,000 thousand (equivalent to S/ 1,993,500 thousand and S/ 1,810,500 thousand, respectively.)

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- (c) In February 2017, the Fund issued bonds under Rule 144 or Regulation S of the U. S. Securities Act in the international market through the reopening of the First Issuance called "3,5% Notes due 2023" made in January 2013. The new issuance corresponded to a face value of US\$ 150,000 thousand maturing of 6 years. The bonds were placed below par at a price of 99.802%, at a coupon rate of 3.50%, with semi-annual interest payments and amortization at maturity.

As of December 31, 2021, and 2020, said bonds have exposure to exchange rate risk; they are hedged by cross-currency *swaps* for a face value of approximately US\$ 150,000 thousand (equivalent to S/ 598,050 thousand and S/ 543,150 thousand, respectively).

As of December 31, the balance of securities and bonds outstanding classified by their maturity are as follows:

<i>In thousands of soles</i>	2021	2020
1 – 2 years	2,624,150	-
2 – 5 years	2,112,798	3,915,860
More than 5 years	245,235	820,246
	4,982,183	4,736,106

15. Accounts Payable, Provisions and Other Liabilities

As of December 31, this caption comprises the following:

<i>In thousands of soles</i>	<i>Note</i>	2021	2020
Accounts payable			
BFH and bonus for improving quality of houses (a)		809,852	752,429
BBP (capital) allocated to COFIDE (b)		87,317	94,429
Balance payable for reconciliation with MEF (c)		81,822	81,822
Housing rental bonus (BAV), payable (d)		49,524	48,449
LAIF Agreement (e)		9,082	-
Contributions to FONAVI (f)		8,644	8,644
Accounts payable to suppliers		6,048	3,086
Eligible household savings to be transferred to technical entities (g)		5,647	7,274
Employees' profit sharing	21	4,888	-
Resources to transfer for executed bank guarantees		4,134	7,376
BBP (capital) received from MVCS (h)		4,078	49,223
Bonuses for management agreement – FONAFE	21	2,167	-
Holidays and settlement of fringe benefits		1,088	1,045
Eligible household savings to be transferred for BAV (i)		-	2,711
Bond 500 for Emergency Decree N° 014-2017		-	19
Others		1,759	4,212
		1,076,050	1,060,719
Provisions and other liabilities			
Deferred income (j)		28,070	18,981
Provisions for CRC - overdue portfolio (k)		1,521	1,803
Provision for contingencies (l)		1,404	1,394
Others		246	210
		31,241	22,388

- (a) It corresponds to BFH and Bonus for Improving Quality of Houses (BVPP, for its acronym in Spanish) to be returned to the MVCS or disbursed to technical entities (builders) for the financing of the BFH and the family groups that accessed the Techo Propio Program.

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In 2021, the Fund received resources from the MVCS, through Agreements N° 003-2021, N° 069-2021, and N° 095-2021 in the amounts of S/ 1,444,421 thousand, S/ 1,787 thousand and S/ 25,552, thousand, respectively.

In 2020, the Fund received resources from the MVCS, through Agreements N° 013-2019, N° 120-2020, and N° 587-2020 in the amounts of S/ 2,970 thousand, S/ 568,012 thousand and S/ 535,350, thousand, respectively.

- (b) It corresponds to the funds received from the MVCS for the granting of the BBP, which were assigned to the authorized credits to the IFI (Loans - MIHOGAR and New Loan - MIVIVIENDA) after reviewing compliance with the requirements established in the Regulations.

The changes in the balance of this caption are shown below:

<i>In thousands of soles</i>	2021	2020
Balance at the beginning of the year	94,429	102,010
Allocations received	199,152	116,042
Disbursement of BBP for initial installment	(199,152)	(116,042)
Application of BBP for installments of Loan - MIHOGAR	(682)	(700)
Application of BBP to installments of New Loan - MIVIVIENDA	(6,255)	(6,714)
Application of BBP to installments of Caja Luren in liquidation	(140)	(111)
Reported adjustments	(33)	(56)
Balance at the end of the year	87,317	94,429

- (c) It corresponds mainly to FONAVI contributions pending from being transferred to the MEF for collections made by the Tax Authorities of FONAVI contributions made by taxpayers who have a stabilized tax regime applicable as per Law N° 27071.
- (d) It corresponds to a benefit (subsidy) granted to families for the housing rental, encouraging savings to access a home and improve living conditions. This money will be distributed by the beneficiaries as follows; 70% of the money for the payment of the monthly rent and the other 30% for savings for the acquisition of a house.
- (e) The purpose of this Agreement is to finance the Fund up to EUR 10,000,000, for the continuity of the Sustainable Mivivienda Program or Mivivienda Verde, which promotes the improvement of the social and environmental certification criteria of the homes under the Program. As of December 31, 2021, the balance corresponds to the bonds disbursed to the beneficiaries.
- (f) This caption comprises the following:

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

- (i) It corresponds to the collection made by Tax Authorities of contributions to FONAVI from taxpayers who have a tax stability agreement under Law No. 27071, pending transfer to the Ministry of Economy and Finance (MEF).

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- (ii) It corresponds to checks issued from 1999 to 2016 pending collection by the beneficiaries. These checks were issued as reimbursement of FONAVI contributions according to Tax Authorities communications, which is the entity responsible for the collection of these resources.
- (g) It corresponds to the balance payable to technical institutions on behalf of eligible households who have accessed to the Techo Propio Program. This balance comprises the saving deposited by the household in the Fund's accounts.
- (h) It corresponds to the balance of funds received from MVCS, pending allocation to beneficiaries that request loan products offered by the Fund. The Fund performs the allocation of these resources through COFIDE when disbursements are authorized to IFI for loans approved. This caption comprises the following:

<i>In thousands of soles</i>	2021	2020
Opening balance	49,223	92,272
Resources received from MVCS (i)	151,149	75,000
BBP Assigned (ii)	(197,450)	(117,947)
Transfer of BBP assigned	3,865	562
Transfers of BBP Assigned from finished agreements	-	1,964
Refund of resources to MVCS	(2,709)	(2,628)
Closing balance	4,078	49,223

- (i) In 2021, the Fund received resources from the MVCS corresponding to the Agreement for the execution of the BBP 605-2020-VIVIENDA for an amount of S/ 151,149 thousand. In 2020, the Fund received resources from the MVCS corresponding to the Agreement for the execution of the BBP 605-2020-VIVIENDA for an amount of S/ 75,000 thousand.
- (ii) As of December 31, 2021, the allocation of the resources of the BBP correspond to Agreements N° 004605, N° 124-2020, and N° 004-2019 amounting to S/ 149,285 thousand, S/ 48,994 thousand and S/ 872 thousand, respectively. As of December 31, 2020, the allocation of the resources of the BBP correspond to Agreements N° 004605, N° 124-2020, and N° 004-2019 amounting to S/ 26,387 thousand and S/ 91,560 thousand, respectively.
- (i) It corresponds to the balances payable to the eligible households that accessed the Housing Lease Bonus (BAV for its acronym in Spanish). This balance comprises the saving deposited by the household in the Fund's accounts.
- (j) As of December 31, 2021, it corresponds mainly to deferred income from accounts receivable (COFIDE Trust) rescheduled for S/ 27,712 thousand; and to the deferred income of the refinanced portfolio EX – Coneminsa for S/ 235 thousand (note 7).
- (k) The changes in the provision for CRC – portfolio sold, is as follows:

<i>In thousands of soles</i>	2021	2020
Balance at the beginning of the year	1,803	2,084
Additions debited to profit or loss	380	392
Reversal of provisions	(844)	(866)
Exchange difference, net	182	193
Balance at the end of the year	1,521	1,803

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- (l) Corresponds to provisions recorded for judicial proceedings associated with claims and probable labor contingencies. In the opinion of the Fund's management and legal advisors, the recorded provision is sufficient to cover the risk of loss for such contingencies as of December 31, 2021 and 2020.

16. Shareholder's Equity**A. Share capital**

As of December 31, 2021 and 2020, the Fund's capital stock is represented by 3,385,762 and 3,382,587 ordinary shares with a face value of S/ 1.00 each. Its sole stockholder is FONAFE.

On March 31, 2021, the General Stockholders' Meeting agreed to capitalize the earnings generated in 2020, net of legal reserve, for S/ 3,175 thousand. On June 30, 2020, the General Stockholders' Meeting agreed to capitalize the earnings generated in 2019, net of legal reserve, for S/ 27,003 thousand.

B. Reserves

In accordance with current regulations, the Fund shall reach a legal reserve of at list 35% of its paid-in capital. This reserve is constituted through an annual appropriation of at least 10% of net income and can only be used to absorb losses or be capitalized, in both cases there is an obligation to replenish it.

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

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C. Unrealized results

The changes in unrealized profit or loss during 2021 and 2020 is presented net of its tax effect, and is as follows:

<i>In thousands of soles</i>	<i>Note</i>	Balance as of January 1, 2020	Debit (credit) to the statement of other comprehensive income	Balance as of December 31, 2020	Debit (credit) to the statement of other comprehensive income	Balance as of December 31, 2021
Fund's available-for-sale investments						
Unrealized results on available-for-sale investments		-	95	95	(184)	(89)
Unrealized gain or loss from debt instruments reclassified from 'available-for-sale investments' to 'held-to-maturity investments'		(6,884)	921	(5,963)	878	(5,085)
		(6,884)	1,016	(5,868)	694	(5,174)
Income tax	24	(194)	(142)	(336)	(44)	(380)
Subtotal		(7,078)	874	(6,204)	650	(5,554)
Cash flow hedges						
Unrealized gains from cash flow hedges		98,157	296,559	394,716	423,573	818,289
Transfer to profit or loss of realized gain and losses in derivative from cash flow hedges		(234,853)	(312,723)	(547,576)	(242,950)	(790,526)
		(136,696)	(16,164)	(152,860)	180,623	27,763
Income tax	24	40,325	4,769	45,094	(53,284)	(8,190)
Subtotal		(96,371)	(11,395)	(107,766)	127,339	19,573
Available-for-sale investments CRC – PBP						
Unrealized results on available-for-sale investments		46	288	334	(959)	(625)
Income tax	24	(283)	(54)	(337)	317	(20)
Subtotal		(237)	234	(3)	(642)	(645)
Total		(103,686)	(10,287)	(113,973)	127,347	13,374

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D. Regulatory capital

In June 2008, Legislative Decree N° 1028 amended the Banking Law establishing that the regulatory capital must be equal to or greater than 10% of assets and contingent credits by total risk corresponding to the sum of: (i) the regulatory capital requirement for market risk multiplied by 10, (ii) the regulatory capital requirement for operational risk multiplied by 10, and (iii) the weighted assets and contingent credits by credit risk.

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

<i>In thousands of soles</i>	2021	2020
Total risk-weighted assets and credits	413,613	377,637
Total regulatory capital	3,367,051	3,369,752
Basic regulatory capital – Tier 1	3,367,051	3,369,752
Global regulatory capital ratio	81,41%	89.23%

As of December 31, 2021 and 2020 the Fund has been complying with the SBS Resolutions N° 2115-2009 Regulations for the Regulatory Capital Requirement for Operational Risk, SBS Resolution N° 6328-2009 - Regulations for the Regulatory Capital Requirement for Market Risk, and SBS Resolution N° 14354-2009 - Regulations for the Regulatory Capital Requirement for Credit Risk and amendments. Such Resolutions mainly establish the methods that financial institutions shall use to calculate risk-weighted assets and loans (per risk).

SBS Resolution N° 8425-2011, dated July 2011, states that, in order to determine the level of additional regulatory capital, financial institutions shall develop a process to assess the adequacy of their regulatory capital based on their risk profile, in accordance with the method described in such Resolution. The Resolution also states that the additional regulatory capital requirements shall be equal to the sum of regulatory capital requirements calculated for each of the following components: economic cycle, concentration risk, market risk concentration, interest rate risk in the banking book, and other risks.

As of December 31, 2021 and 2020, the adequacy percentage established by the SBS is 100%, for which the additional requirement of regulatory capital estimated by the Fund amounts to S/ 151,223 thousand and S/ 71,209 thousand, respectively.

In management's opinion, as of December 31, 2021, the Fund complies with the requirements established in the aforementioned resolution and will continue complying with them, given that the Fund's equity comfortably covers said requirements.

17. Contingencies

As of December 31, 2021, and 2020, the Fund maintains the following contingency processes:

- (a) Various labor processes from its operations related to legal claims for payment of profit sharing and reimbursement of social benefits, recording a provision of S/ 1,404 thousand as of December 31, 2021 (2020: S/ 1,394 thousand). In opinion of the management and the legal advisors, the provision for legal contingencies recorded as of December 31, 2021 and 2020, is adequate to cover these contingencies.
- (b) Various constitutional processes (appeal for legal protection) related to the restitution of labor rights to former workers of the Fund. Also, processes originated by discrimination in the right for participating in awarding and contracting processes, cancellation of registration of Technical Entities for infractions committed. In opinion of the management and the legal advisors, those contingencies will not cause possible losses at the end of those processes.

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18. Interest Income and Expense

This caption comprises the following:

<i>In thousands of soles</i>	2021	2020
Interest income		
Accounts receivable (Trust Agreement – COFIDE), net of interest related to the PBP granted by the Fund (a)	489,720	447,627
Cash and cash equivalents	5,977	20,172
Investments	11,724	12,479
Direct loan portfolio	7,779	4,452
Attribution to profit or loss from CRC-PBP Trusts	2,014	4,257
Other income	116	84
	517,330	489,071
Interest expenses		
Securities and bonds outstanding	243,675	234,384
PBP (capital) granted by the Fund (b)	38,674	41,890
Borrowings and financial obligations	18,889	8,724
PBP (capital and interest) – CRC-PBP Trust	1,818	1,908
	303,056	286,906

- (a) In 2021 and 2020, it corresponds to the interest for yields accrued from the Trust Agreement - COFIDE for S/ 503,880 thousand and S/ 466,794 thousand, respectively, plus accrued interest on the rescheduled portfolio for S/ 2,681 thousand and S/ 336 thousand, respectively, net of interest from the PBP for S/ 16,841 thousand and S/ 19,503 thousand, respectively.
- (b) In 2021, it corresponds mainly to the PBP for the MiVivienda traditional loan and new Mivivienda loan for S/ 10,189 thousand and S/ 20,281 thousand, respectively (2020: S/ 10,221 thousand and S/ 21,271 thousand, respectively.)

19. Financial Service Revenue and Expense

This caption comprises the following:

<i>In thousands of soles</i>	2021	2020
Income from financial services		
Commission for CRC and PBP services	3,417	3,665
Execution of bank guarantees constituted by ET – BFH and the Household Savings	475	862
Others	574	787
	4,466	5,314
Financial services expenses		
Loan portfolio management service	(2,417)	(2,016)
Securities custody service and banking fees	(250)	(229)
Others	(40)	(35)
	(2,707)	(2,280)

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20. Result from Financial Transactions

This caption comprises the following:

<i>In thousands of soles</i>	<i>Note</i>	2021	2020
Loss on hedging derivative financial products	10	(86,740)	(85,764)
Gain on trading derivative instruments	10	(447)	1,844
Exchange loss		862	(1,618)
Others		307	3,037
		(86,018)	(82,501)

21. Administrative Expenses

This caption comprises the following:

<i>In thousands of soles</i>	2021	2020
Personnel and Board of Directors expenses (a)	(30,608)	(23,136)
Services received from third parties (b)	(20,267)	(17,003)
Taxes and contributions	(462)	(358)
	(51,337)	(40,497)

(a) Personnel and Board of Directors expenses are allocated as follows:

<i>In thousands of soles</i>	2021	2020
Remunerations	(12,124)	(12,273)
Employees' profit sharing	(4,887)	-
Legal bonuses	(2,248)	(2,221)
Bonuses for management agreement – FONAFE	(2,167)	-
Social security contributions	(1,950)	(2,074)
Severance payment	(1,307)	(1,307)
Holidays	(1,140)	(1,149)
Food services	(924)	(914)
Other bonuses	(811)	(753)
Internship subsidy	(890)	(713)
Remuneration to the Board of Directors' members	(312)	(398)
July or December bonus	(240)	(298)
Staff attire	(306)	(291)
Termination pay	(111)	(217)
Training	(96)	(84)
Oncology insurance	(150)	(24)
Others	(945)	(420)
	(30,608)	(23,136)

The average number of employees in the years 2021 and 2020 was 206 and 204, respectively.

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- (b) Third-party services expenses are allocated as follows:

<i>In thousands of soles</i>	2021	2020
IT and communication share services – FONAFE	(4,157)	(1,260)
Property and good rentals	(2,792)	(2,702)
Fees and advisory	(2,159)	(2,718)
Expenses from bonds issued	(2,141)	(2,148)
Repairs and maintenance	(1,922)	(1,791)
Miscellaneous management charges	(1,449)	(1,555)
Telemarketing services	(1,403)	(853)
Communications	(1,035)	(1,154)
Insurance	(964)	(1,057)
Other expenses	(878)	(861)
Advertising	(974)	(363)
Document storage	(193)	(255)
Various supplies	(97)	(170)
Transportation expenses	(73)	(78)
Travel expenses	(30)	(38)
	(20,267)	(17,003)

22. Other Income and Expenses, Net

This caption comprises the following:

<i>In thousands of soles</i>	2021	2020
Other income		
Revenue portfolio Ex – CONEMINSA	76	87
Margin Call interest	1	68
Presta Perú portfolio income	-	4,211
Other income	897	694
	974	5,060
Other expenses	(3,406)	(421)
Total other income and expenses, net	(2,432)	4,639

23. Tax Matters

- A. The Fund is subject to the Peruvian tax regime. As of December 31, 2021 and 2020, the income tax is calculated on the basis of the net taxable income determined by the Fund at a rate of 29.5%, in accordance to Legislative Decree 1261.

The income tax rate applicable to dividend distribution and any other form of profit distribution to 5% for profits generated and distributed from January 1, 2017.

It shall be presumed, without otherwise evidence, that the dividend distribution or any other form of profit distribution corresponds to retained earnings or other items that may generate older taxable dividends.

- B. In accordance with current tax law in Peru, non-domiciled subjects pay taxes only on their Peruvian source income. In general terms, the income obtained by individuals not domiciled for services provided in our country is subject to Income Tax at a rate of 30% on a gross basis, this as long as the application of an Agreement to avoid Double Taxation does not apply (IDC). In this regard, Peru has currently signed CDI with the Andean Community, Chile, Canada, Brazil, Portugal, Switzerland, Mexico and South Korea. The CDI with Japan is added (Legislative Resolution No. 31098, ratified by Supreme Decree No. 060-2020-RE that entered into force on January 29, 2021).

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For the purposes of technical assistance services or digital services provided by non-domiciled individuals in favor of domiciled individuals, the place of provision of these will be indistinct and in all cases will be taxed with Income Tax at a rate of 15% and 30%. on a gross basis, respectively, this as long as the application of the CDI does not apply, so withholding tax would not apply. The rate applicable to technical assistance services will be 15%, provided that the requirements indicated in the Income Tax Law are met. As indicated in the previous paragraph, the withholding tax rate in these cases may vary or even the withholding tax may be inapplicable in case the provisions of a current CDI are resorted to.

Income tax determination

- C. The Fund computed its tax base for the years ended December 31, 2021 and 2020 and determined current tax for S/ 27,936 and S/ 0 thousand, respectively.

Tax expense comprises the following:

<i>In thousands of soles</i>	2021	2020
Current income tax	(27,396)	-
Deferred income tax	(7,436)	(11,701)
	(34,832)	(11,701)

Reconciliation of the effective tax rate to the tax rate is as follows:

<i>In thousands of soles</i>	2021		2020	
Profit before tax	76,769	100.00%	15,229	100.00%
Implicit cost	(22,647)	29.50%	(4,493)	(29.50%)
Plus (less)				
Net effect of permanent items	(12,185)	14.72%	(7,208)	(47.33%)
Income tax	(34,832)	44.22%	(11,701)	(76.83%)

Income tax exemptions and exceptions

- D. From the year 2010, the capital gains from the disposal or redemption of transferable instruments made in a centralized market are subject to income tax. For this purpose, the cost basis of instruments is the higher of quoted price at the end of the taxable year 2009 or acquisition cost, or increase in equity value, according to the procedure established in Supreme Decree 011-2010-EF.

Emergency Decree 005-2019 extended the period of the exemption until December 31, 2022 and included as new exempted cases: i) Debt securities, ii) Certificates of participation in mutual funds of investment in securities, iii) Certificates of participation in real estate investment (FIRBI, for its Spanish acronym) and certificates of participation in real estate trusts (FIBRA, for its Spanish acronym), and iv) negotiable invoices. The aforementioned exemption shall be applicable provided that certain requirements are met.

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Temporary tax on net assets

- E. The Fund is subject to the temporary tax on net assets, whose tax base is composed of the prior period adjusted net asset value less depreciations, amortizations, legal reserve requirements and specific provisions for credit risk. The tax rate is 0.4% for the years 2021 and 2020 and is applied to the amount of net assets exceeding S/ 1,000s thousand. It may be paid in cash or nine consecutive monthly installments. The paid amount may be used as a credit against income tax paid for tax periods from March to December of the taxable year in which the tax was paid until maturity date of each down payment, and against the payment for regularization of income tax of the relevant taxable year. In the event a remaining balance is not applied, its refund could be requested.

Financial transaction tax

- F. Financial transaction tax for the years 2021 and 2020 was fixed at the rate of 0.005 %. This tax is applicable to debits and credits in bank accounts or movements in funds made through the financial system unless the account is tax-exempt.

Tax Unit

- G. For the years 2021 and 2020, the value of the tax unit amounts to S/ 4,400 and S/ 4,300, respectively.

Tax assessment

- H. The Tax Authorities are entitled to audit and, if applicable, to correct the income tax calculated by the Fund within the 4 years following the year of the tax return filing. The Fund 's income and sales tax returns for the years from 2017 to 2021 are open for review by the Tax Authorities.

Therefore, in the opinion of management and its legal advisers, these tax processes and the years pending tax review should not result in significant liabilities that would impact the Fund's financial results, in accordance with IFRIC 23.

Due to the possible interpretations of the current laws by the Tax Authorities, it is not possible to determine, to date, whether a future tax assessment will result in liabilities for the Fund. Therefore, any major tax or surcharge that might arise from eventual tax assessments would be applied to profit or loss when they are determined. However, it is the opinion of management and its legal advisers that any possible additional settlement of taxes would not be significant for the financial statements as of December 31, 2021 and 2020.

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24. Deferred Income Tax Asset, Net

The deferred income tax has been calculated applying the liability method and is attributed to the following items:

<i>In thousands of soles</i>	Balance as of January 1, 2020	(Debit) credit to profit or loss	(Debit) credit to equity	Balance as of December 31, 2020	(Debit) credit to profit or loss	(Debit) credit to equity	Balance as of December 31, 2021
Deferred income asset							
General loss allowance for accounts receivable (trust agreement - COFIDE).	14,280	639	-	14,919	10,115	-	25,034
General loss allowance for accounts receivable (trust agreement - COFIDE) - adjustment 2017 (*)	11,223	(1,514)	-	9,709	(9,709)	-	-
Unrealized losses from the valuation of derivatives for hedging purposes	40,326	-	4,768	45,094	-	(45,094)	-
Unrealized losses on investments from CRC-PBP Trust Agreement	-	-	-	-	-	-	-
Deferred revenue from loan portfolio	2,607	(84)	-	2,523	4,763	-	7,286
Loss allowance for accounts receivable – Presta Perú	14,183	7,783	-	21,966	(20,628)	-	1,338
Loss allowance for accounts receivable - ICCGSA	1,119	-	-	1,119	-	-	1,119
Unrealized losses on investments available for sale	-	-	-	-	-	26	26
Others	3,612	5,493	-	9,105	235	-	9,340
Total deferred income asset	87,350	12,317	4,768	104,435	(15,224)	(45,068)	44,143
Deferred income liability							
Unrealized gains on investments from CRC-PBP Trusts Agreement	(282)	-	(53)	(335)	-	316	(19)
Unrealized gains from debt instruments reclassified from available – for sale investments to held-to maturity investments	(194)	-	(114)	(308)	-	(99)	(407)
Unrealized gains on available-for-sale investments	-	-	(28)	(28)	-	28	-
General loss allowance for accounts receivable (Trust Agreement-COFIDE) adjustment 2017 (*)	-	-	-	-	(3,962)	-	(3,962)
Unrealized gains on valuation of derivatives for hedging purposes	-	-	-	-	-	(8,191)	(8,191)
Foreign exchange adjustment in monetary assets and liabilities	(7,181)	(23,842)	-	(31,023)	11,551	-	(19,472)
Borrowings and financial obligations	(929)	929	-	-	-	-	-
Costs incurred for Borrowings and financial obligations	-	(1,105)	-	(1,105)	199	-	(906)
Total deferred income liability	(8,586)	(24,018)	(195)	(32,799)	7,788	(7,946)	(32,957)
Total deferred income asset, net	78,764	(11,701)	4,573	71,636	(7,436)	(53,014)	11,186

(*) As a result of the observation made by the SBS in its Inspection Visit report 06-VIG/2017 "C", the Management of the Fund modified the methodology for calculating the allowance for doubtful accounts (Trust Agreement - COFIDE) beginning August 1, 2017, thus determining a deficit of allowances for S/ 71,027 thousand, dated of July 31, 2017, which, as authorized by the SBS by means of Resolution 4907-2017-SBS, dated December 20, 2017, was recorded by the Fund in December 2017 reducing the balance maintained in 'legal reserve' of the equity, see note 16.

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

25. Financial Risk Management

The activities of the Fund are mainly related to the credit placement of its resources through IFI of the country for the acquisition of housing by natural persons. Financial institutions are evaluated and assigned long-term credit lines; the Fund also participates in work to encourage the construction and promotion of housing, and manage the resources received from the State (such as BFH) and its own resources, investing these funds mainly, in interest-bearing demand deposits and time deposits, in fixed income and grade investments, with the purpose of making them profitable and preserving their value over time, ensuring the liquidity required to fulfill their obligations and its lending activities.

Financial risk management comprises managing the main risks that Funds faces due to the nature of its activities, such as credit, market, liquidity and operational risk.

- Credit risk: the possibility of losses due to the inability or unwillingness of debtors, issuers, counterparties or obligated third parties to fulfill their contractual obligations.
- Market risks: the possibility of losses in the value of held positions, derived from variations in market conditions. It generally includes the exchange rate risk, interest rate risk, price risk, among others.
- Liquidity risk: the possibility that the Fund cannot meet with the payment at maturity of its obligations incurring losses that significantly affect its equity position.
- Operation risk: the possibility of losses due to inadequate processes, staff failures, information technology or external events.

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

i. Structure and organization of risk management

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

Board of Directors

The Board of Directors of the Fund is responsible for establishing proper management of risks and providing an internal environment that allows its proper development. The Board of Directors is continuously informed about the degree of exposure of various risks managed by the Fund.

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

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Risk Committee

The Risk Committee (hereinafter "RC") is a division created by the Board of Directors. It is responsible for approving the policies and the organization for the integral management of risks, as well as the modifications made. The RC defines the level of tolerance and the degree of exposure to risk that the Fund is willing to assume in the development of its business and decides the needed actions for the implementation of corrective measures required, in case there are deviations from the levels of tolerance to the risk and the degrees of exposure assumed. The RC meets monthly and is comprised by the Chairman of the Board and two Directors, the General Manager and the Risk Manager. The RC reports monthly to the Board of Directors the agreements reached, and issues discussed in the RC meetings.

Special Audit Committee

The Special Audit Committee (hereinafter "the Special Committee") is a division created in a Board of Directors' Meeting. It is responsible for assisting the Board of Directors in its purpose of ensuring that the accounting and financial reporting processes are appropriate, evaluating the activities carried out by internal and external auditors and monitoring the proper functioning of the implemented internal control system. The Special Committee is comprised of three members who do not hold executive positions in the Fund.

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

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

Assets and Liabilities Management Committee

The Asset-Liability Committee ("ALCO") is a division created by the Board of Directors. Its main function is to manage the financial structure of the statement of financial position of the Fund, based on profitability and risk goals. The committee is also responsible for proposing new products or operations or strategies that contain market and liquidity risk components. It is also the communication channel with the areas that generate market and liquidity risk. The committee meets monthly and is comprised by the General Manager, Commercial Manager, Finance Manager and Risk Manager.

General Management

The General Management is responsible for implementing an adequate integral management of risks in the Fund. It manages and coordinates the efforts of the different managements and offices, ensuring an adequate balance between risk and profitability. Risk Management is a line body and reports directly to the General Management and is in charge of proposing policies, procedures and methodologies for competent risk management, encouraging the alignment of all measures for treating the risks of the Fund with appetite levels, risk limits and the development of proper controls. The Risk Management is comprised by the Market Risk, Liquidity and Operational Department and the Credit Risk and Portfolio Tracking Department.

Internal Audit

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

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Its organization and operation are in accordance with the Banking Law and the Regulation of Internal Audit.

ii. Risk measurement and reporting system

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

Management indicators are reviewed and analyzed in order to identify possible deviations in the risk profile regarding the risk appetite established by Fund, so as to take corrective measurements in a timely manner. This information is presented monthly to the Risk Committee and periodically to the Board of Directors.

iii. Risk concentration

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

A. Market risk

Market risk is the possibility of losses due to variations in the conditions of the financial market. The main variations to which the Fund is exposed to are exchange rates and interest rates; said variations can affect the value of the Fund's financial assets and liabilities. The Fund separates its exposures to market risk in the following manner:

Value at risk

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

Interest rate risk

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

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

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

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

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As of December 31, 2021, the interest rate risk of the fixed income portfolio is monitored through the calculation of the market value of each investment instrument recorded as available-for-sale divided by its acquisition cost. In accordance with what is indicated in the Investment Policies and Procedures Manual, if the indicator falls 5% or more, the Finance Management, after the opinion of the Risk Management, informs the Asset and Liability Management Committee, which will determine whether the causes of impairment are due to market factors or changes in the issuer's conditions, in order to decide whether to maintain, reduce or eliminate the position in the instrument.

The management of structural interest rate risk is made through the monitoring and reporting of regulatory indicators: gains at risk and equity at risk. These indicators are derived from the regulatory annexes required by the SBS: Annex 7-A "Measuring of the Interest Rate Risk - Gain at Risk" and the Annex 7-B "Measuring of Interest Rate Risk – Equity value". The results of the indicators are reported to the Risk Committee and the Assets and Liabilities Management Committee, which decide on actions to mitigate exposure to rate risk.

Repricing gap

An analysis of repricing gaps is made in order to determine the impact of changes in interest rates. The analysis consists in assigning the balances of transactions that will change interest rates in different time intervals. Based on this analysis, the impact for each gap of variation in the valuation of assets and liabilities is calculated.

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The table below presents the Fund's exposure to interest rate risk. The table provides the carrying amounts of the Fund's financial and non-financial instruments, which are classified into the repricing date of the contractual interest rate or maturity date, whichever occurs first.

	2021						Total
	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 years	More than 5 years	Do not accrue interest	
<i>In thousands of soles</i>							
Assets							
Cash and cash equivalents	1,181,713	-	-	-	41	-	1,181,754
Investments	-	1,360	31,190	156,423	69,095	-	258,068
Accounts receivable (Trust agreement - COFIDE), net	46,814	98,393	445,874	2,918,808	5,114,645	-	8,624,534
Loan portfolio, net	308	633	2,809	15,520	15,341	-	34,611
Other accounts receivable, net	-	-	-	-	33,744	-	33,744
Hedging derivatives	-	-	-	-	-	824,861	824,861
Other assets	-	-	-	-	-	64,780	64,780
Total assets	1,228,835	100,386	479,873	3,090,751	5,232,866	889,641	11,022,352
Shareholder's equity and liabilities							
Obligations with the public	-	-	217	-	-	-	217
Borrowings and financial obligations	-	58,123	95,339	931,733	345,740	-	1,430,935
Securities and bonds outstanding	-	-	-	4,736,948	245,235	-	4,982,183
Hedging derivatives	-	-	-	-	-	30,213	30,213
Other accounts payable, provisions and other liabilities	860,281	-	-	-	-	247,010	1,107,291
Shareholder's equity	-	-	-	-	-	3,471,513	3,471,513
Total shareholder's equity and liabilities	860,281	58,123	95,556	5,668,681	590,975	3,748,736	11,022,352
Off-balance sheet accounts							
Hedging derivative instruments, assets	-	-	-	-	-	3,446,383	3,446,383
Hedging derivative instruments, liabilities	-	-	-	-	-	258,629	258,629
Marginal gap	368,554	42,263	384,317	(2,577,930)	4,641,891	328,659	3,187,754
Accumulated gap	368,554	410,817	795,134	(1,782,796)	2,859,095	3,187,754	-

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<i>In thousands of soles</i>	2020						Total
	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 years	More than 5 years	Do not accrue interest	
Assets							
Cash and cash equivalents	1,317,917	20,002	-	-	304	-	1,338,223
Investments	-	1,165	3,604	143,551	71,682	-	220,002
Accounts receivable (Trust agreement - COFIDE), net	44,648	85,968	402,683	2,675,693	4,674,461	-	7,883,453
Loan portfolio, net	235	456	2,083	12,095	13,609	-	28,478
Other accounts receivable, net	-	-	-	-	110,566	-	110,566
Hedging derivatives	-	-	-	-	-	394,937	394,937
Other assets	-	-	-	-	-	124,946	124,946
Total assets	1,362,800	107,591	408,370	2,831,339	4,870,622	519,883	10,100,605
Shareholder's equity and liabilities							
Obligations with the public	-	-	205	-	-	-	205
Borrowings and financial obligations	-	56,625	56,625	423,057	408,304	-	944,611
Securities and bonds outstanding	-	-	-	3,915,860	820,246	-	4,736,106
Hedging derivatives	-	-	-	-	-	34,347	34,347
Other accounts payable, provisions and other liabilities	804,432	-	-	-	-	278,675	1,083,107
Shareholder's equity	-	-	-	-	-	3,302,229	3,302,229
Total shareholder's equity and liabilities	804,432	56,625	56,830	4,338,917	1,228,550	3,615,251	10,100,605
Off-balance sheet accounts							
Hedging derivative instruments, assets	-	-	-	-	-	3,299,883	3,299,883
Hedging derivative instruments, liabilities	-	-	-	-	-	268,113	268,113
Marginal gap	558,368	50,966	351,540	(1,507,578)	3,642,072	472,628	3,567,996
Accumulated gap	558,368	609,334	960,874	(546,704)	3,095,368	3,567,996	-

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Sensitivity to changes in interest rates

Following is the sensitivity of the income statement to various interest rate fluctuations. Fluctuations affect both the expected flows and the value of the balances of assets and liabilities.

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

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

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

Exposure to interest rate risk is supervised by the Asset-Liability Committee, as well as by the Risk Committee. The latter approves maximum allowed limits.

The effects due to estimated changes in interest rates as of December 31 are the following:

<i>In thousands of soles</i>	2021				
	Changes in basis points	Profit or loss sensitivity		Equity sensitivity	
USD	+/-25	+/-	(148)	+/-	(4)
USD	+/-50	+/-	(297)	+/-	(8)
USD	75	+	(445)	+	(11)
USD	100	+	(593)	+	(15)
PEN	+/- 50	+/-	4,644	+/-	18,067
PEN	+/-75	+/-	6,967	+/-	27,101
PEN	+/-100	+/-	9,289	+/-	36,135
PEN	+/-150	+/-	13,933	+/-	54,202

<i>In thousands of soles</i>	2020				
	Changes in basis points	Profit or loss sensitivity		Equity sensitivity	
USD	+/-25	+/-	(165)	+/-	5
USD	+/-50	+/-	(330)	+/-	9
USD	75	+	(496)	+	14
USD	100	+	(661)	+	19
PEN	+/- 50	+/-	5,606	+/-	16,804
PEN	+/-75	+/-	8,408	+/-	25,206
PEN	+/-100	+/-	11,211	+/-	33,608
PEN	+/-150	+/-	16,817	+/-	50,413

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i. Foreign exchange risk

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

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

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

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

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

<i>In thousands of soles</i>	2021		2020	
Internal model	2,849	0.08%	1,181	0.03%
Global position	7,308	0.22%	4,314	0.13%

(*) On June 1, 2018, the Regulation for Market Risk Management, approved by SBS Resolution 4906-2017, which amended the Accounting Manual with respect to Annex 9 "Affected Positions at Risk", came into force. Exchange, replacing it with new Annex 9 "Results of Market Risk Measurement Models".

Foreign currency transactions are entered into a free-market exchange rate.

As of December 31, the weighted average free market exchange rate published by SBS for the accounting of foreign currency assets and liabilities accounts is as follows:

<i>In soles</i>	Symbol	2021	2020
USD	US\$	3.987	3.621
Euro	EUR	4.538936	4.423946

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The table below presents the detail of the Fund's currency position as of December 31:

<i>In thousands of soles</i>	2021				2020			
	USD	PEN	Euro	Total	USD	PEN	Euro	Total
Assets								
Cash and cash equivalents	9,809	1,171,692	253	1,181,754	39,946	1,233,214	63	1,273,223
Investments	225,805	32,263	-	258,068	187,748	97,254	-	285,002
Accounts receivable (Trust Agreement - COFIDE), net	55,500	8,569,034	-	8,624,534	76,911	7,806,542	-	7,883,453
Loan portfolio, net	79	34,532	-	34,611	99	28,379	-	28,478
Other accounts receivable, net	109	33,635	-	33,744	124	110,421	21	110,566
Hedging derivatives	2,261	822,600	-	824,861	210	394,727	-	394,937
Other assets	305	64,475	-	64,780	480	124,466	-	124,946
	293,868	10,728,231	253	11,022,352	305,518	9,795,003	84	10,100,605
Liabilities								
Obligations with the public	-	217	-	217	-	205	-	205
Borrowings and financial obligations	-	575,889	855,046	1,430,935	-	-	944,611	944,611
Securities and bonds outstanding	2,624,150	2,358,033	-	4,982,183	2,379,026	2,357,080	-	4,736,106
Hedging derivatives	6,666	23,547	-	30,213	6,336	28,011	-	34,347
Other accounts payable	1,766	1,074,284	-	1,076,050	1,203	1,059,516	-	1,060,719
Other liabilities	1,555	29,686	-	31,241	1,882	20,506	-	22,388
	2,634,137	4,061,656	855,046	7,550,839	2,388,447	3,465,318	944,611	6,798,376
Currency forward position, net	(258,629)	-	-	(258,629)	(268,113)	-	-	(268,113)
Currency swaps position, net	2,591,550	-	854,833	3,446,383	2,353,650	-	946,233	3,299,883
Net monetary position	(7,348)	6,666,575	40	6,659,267	2,608	6,329,685	1,706	6,333,999

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The Fund manages foreign exchange risk through the matching of its asset and liability operations, overseeing the global exchange position on a daily basis. The Fund's global exchange position is equivalent to the result of long positions minus short positions in currencies different to the sol. The global exchange position includes the spot positions and also the derivative positions.

Following are the sensitivities for U.S. dollar and euro variations. Negative variations represent potential losses, while positive variations represent potential earnings.

<i>In thousands of soles</i>	Changes in exchanges rates	2021	2020
Sensitivity analysis			
Revaluation			
USD	5%	(367)	130
USD	10%	(735)	261
Devaluation			
USD	5%	367	(130)
USD	10%	735	(261)

<i>In thousands of soles</i>	Changes in exchanges rates	2021	2020
Sensitivity analysis			
Revaluation			
Euro	5%	2	85
Euro	10%	4	171
Devaluation			
Euro	5%	(2)	(85)
Euro	10%	(4)	(171)

B. Liquidity risk

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

Liquidity risk management focuses on the development of a portfolio of assets and liabilities seeking the diversification of sources of financing in order to achieve the fit between the terms of assets and liabilities.

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

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

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Following are the Fund's cash flows payable as of December 31, by agreed contractual maturity, the amounts disclosed are the undiscounted cash flows and include accrued interest.

<i>In thousands of soles</i>	2021					
	Up to 1 months	1 – 3 days	3–12 months	1–5 years	More than 5 years	Total
Financial liabilities by type						
Obligations with the public	-	-	217	-	-	217
Borrowings and financial obligations	-	58,123	95,339	931,733	345,740	1,430,935
Securities and bonds outstanding	-	-	-	4,736,948	245,235	4,982,183
Other accounts payable	869,221	5,047	716	-	201,066	1,076,050
Total non-derivative financial liabilities	869,221	63,170	96,272	5,668,681	792,041	7,489,385
Derivative instruments (*)						
Contractual amounts receivable (inflow)	10,466	263,256	172,063	2,970,843	-	3,416,628
Paid contractual amounts (outflows)	(40,774)	(252,235)	(208,385)	(2,346,059)	-	(2,847,453)
	(30,308)	11,021	(36,322)	624,784	-	569,175

<i>In thousands of soles</i>	2020					
	Up to 1 months	1 – 3 days	3–12 months	1–5 years	More than 5 years	Total
Financial liabilities by type						
Obligations with the public	-	-	205	-	-	205
Borrowings and financial obligations	-	56,625	56,625	423,057	408,303	944,610
Securities and bonds outstanding	-	-	-	3,915,860	820,246	4,736,106
Other accounts payable	788,119	20,154	684	-	251,762	1,060,719
Total non-derivative financial liabilities	788,119	76,779	57,514	4,338,917	1,480,311	6,741,718
Derivative instruments (*)						
Contractual amounts receivable (inflow)	137,335	143,720	122,495	2,821,085	-	3,224,635
Paid contractual amounts (outflows)	(168,901)	(142,680)	(171,300)	(2,505,939)	-	(2,988,820)
	(31,566)	1,040	(48,805)	315,146	-	235,815

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C. Credit risk

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

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

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

i. Maximum exposure to credit risk

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

In that sense, as of December 31, 2021 and 2020:

- 100% of the accounts receivable (Trust Agreement - COFIDE) are classified, according to IFI risk, into the two upper levels defined by the SBS (note 7).
- 81.34% and 78.93%, respectively, of the available-for-sale and held-to-maturity investments of the instruments classified abroad have at least a BBB- rating, for long-term instruments, or at least a CP-2 rating, for short-term instruments.
- 100% and 99.34%, respectively, of other available funds represent the amounts deposited at domestic prime financial institutions.

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

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

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

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

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

The accounts receivable (Trust Agreement – COFIDE) granted by the Fund are placed in national currency. It is important to note that the Fund still maintains accounts receivable (Trust Agreement – COFIDE) balances in US dollars, corresponding to products, which are no longer granted (as of December 31, 2021 and 2020, U.S. dollar portfolio represents 0.64% and 0.97% of the total portfolio, respectively).

As of December 31, 2021, and 2020, the maximum level of exposure to Fund's credit risk of the accounts receivable (Trust Agreement – COFIDE) is S/ 8,822,477 thousand and S/ 8,066,891 thousand, respectively, corresponding to their balances at those dates.

In accordance with the Agreement for Channeling of Resources signed between the Fund and the IFI, the IFI has responsibility about the constitution of mortgage guarantee for each sub borrowing.

Due to its fiduciary role, COFIDE has mechanisms through the Contracts of Channeling Resources signed with the IFI, which ensure the mass of mortgage loans placed by the Fund, for which the IFI must respond.

The evaluation and proposal of the credit line is made by the Commercial Management. Risk Management reviews the proposal, analyses the risks, issues a conclusive opinion and submits the proposal to the Risk Committee for approval or rejection.

As of December 31, the Accounts Receivable (Trust Agreement - COFIDE) without CRC, classified by IFI risk are as follows:

<i>In thousands of soles</i>	2021		2020	
Standard	6,571,687	100.70%	5,980,314	100.63%
With potential problems	613	0.01%	4,825	0.08%
	6,572,300	100.71%	5,985,139	100.71%
Allowance for doubtful accounts (Trust Agreement - COFIDE)	(46,023)	(0.71%)	(41,995)	(0.71%)
	6,526,277	100.00%	5,943,144	100.00%

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iii. Credit risk management in investments

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

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

	2021				2020			
	Available-for-sale investments		Held-to-maturity investments		Available-for-sale investments		Held-to-maturity investments	
<i>In thousands of soles</i>								
Instruments issued and rated in Peru								
AAA	-	-	-	-	-	-	-	-
AA- to AA+	-	-	85,856	41.51%	-	-	147,953	56.85%
CP-1(+/-)	-	-	-	-	-	-	-	-
CP-2(+/-)	-	-	-	-	-	-	-	-
	-	-	85,856	41.51%	-	-	147,953	56.85%
Instruments issued in Peru and rated abroad								
A- to A+	-	-	-	-	-	-	-	-
BBB- to BBB+	50,488	98.52%	86,769	41.95%	24,443	98.61%	81,456	31.30%
BB- to BB+	-	-	31,482	15.22%	-	-	28,273	10.87%
	50,488	98.52%	118,251	57.17%	24,443	98.61%	109,729	42.17%
Instruments issued and rated abroad								
BBB- to BBB+	-	-	-	-	-	-	-	-
CP-1(+/-)	-	-	-	-	-	-	-	-
CP-2(+/-)	-	-	-	-	-	-	-	-
	50,488	98.52%	204,107	98.69%	24,443	98.61%	257,682	99.02%
Accrued interest	757	1.48%	2,716	1.31%	345	1.39%	2,532	0.08%
	51,245	100.00%	206,823	100.00%	24,788	100.00%	260,214	100.00%

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iv. Financial instruments exposed to credit risk - Concentration

As of December 31, financial instruments with credit risk exposure are distributed according to the following economic sectors:

	2021					2020				
	Investments at FVTPL					Investments at FVTPL				
	Held-for-trading and hedging	Accounts receivable	Available-for-sale investments	Held-to-maturity investments	Total	Held-for-trading and hedging	Accounts receivable	Available-for-sale investments	Held-to-maturity investments	Total
<i>In thousands of soles</i>										
Financial services	824,861	9,736,525	50,488	52,796	10,664,670	394,937	9,236,094	24,443	113,108	9,768,582
Central Government	-	-	-	31,341	31,341	-	-	-	31,331	31,331
Power, gas and water	-	-	-	88,489	88,482	-	-	-	84,969	84,969
Construction	-	-	-	31,482	31,482	-	-	-	28,273	28,273
Others	-	33,744	-	-	33,744	-	110,566	-	-	110,566
	824,861	9,770,268	50,488	204,108	10,849,725	394,937	9,346,660	24,443	257,681	10,023,721
Interest	-	13,762	757	2,716	17,235	-	14,061	345	2,533	16,939
	824,861	9,784,030	51,245	206,824	10,866,960	394,937	9,360,721	24,788	260,214	10,040,660

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As of December 31, the financial instruments exposed to credit risk according to geographic area are the following:

	2021					2020				
	Investments at FVTPL					Investments at FVTPL				
	Held-for-trading and hedging	Accounts receivable	Available-for-sale investments	Held-to-maturity investments	Total	Held-for-trading and hedging	Accounts receivable	Available-for-sale investments	Held-to-maturity investments	Total
<i>In thousands of soles</i>										
Peru	118,303	9,770,268	50,488	204,108	10,143,167	40,119	9,346,660	24,443	192,681	9,603,903
United States of America	337,719	-	-	-	337,719	168,118	-	-	-	168,118
Germany	24,073	-	-	-	24,073	14,511	-	-	-	14,511
Canada	7,216	-	-	-	7,216	5,831	-	-	-	5,831
United Kingdom	337,550	-	-	-	337,550	166,358	-	-	-	166,358
	824,861	9,770,268	50,488	204,108	10,849,725	394,937	9,346,660	24,443	192,681	9,958,721
Interest	-	13,672	757	2,716	17,235	-	14,061	345	2,533	16,939
	824,861	9,784,030	51,245	206,824	10,866,960	394,937	9,360,721	24,788	195,214	9,975,660

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D. Capital management

As of December 31, 2021 and 2020, the Fund has complied with the mandates of Legislative Decree N° 1028 and SBS Resolutions N° 2115-2009, N° 6328-2009, N° 14354-2009, N° 8425-2011, N° 4128-2014 and their amendments, which contain the Regulations for the Regulatory Capital Requirement for Operational, Market and Credit Risk, respectively. These regulations mainly establish the methodologies to be used by the financial entities to calculate the requirements of regulatory equity.

26. Fair Value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The fair value is a market-based measurement, so a financial instrument traded in a real transaction in an active and liquid market has a price that supports its fair value. When the price for a financial instrument is not observable, the fair value must be measured applying other valuation technique, trying to maximize the use of relevant measurable variables and minimize the use of unobservable variables.

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

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

- Financial instruments recorded at fair value - The fair value is based on market prices or some other methods of financial valuation. The positions valued at market prices are mainly investments traded on centralized mechanisms. The positions valued by some method of financial valuation include derivative financial instruments and instruments that may not have market prices in which case their fair value is mainly determined by using the market interest rate curves and the price vector provided by the SBS.
- Assets whose fair value is similar to their carrying amount: For financial assets and financial liabilities that are liquid or have short-term maturities (under 3 months), management considers that the carrying amount is similar to the fair value. This assumption is also applicable to term deposits, savings accounts without a specific maturity and variable interest rate financial instruments.
- Fixed rate financial instruments – Fair value of financial assets and liabilities maintained at fixed and variable interest rate at amortized cost are determined comparing market interest rates at initial recognition to current market rates related to similar financial instruments. In the case of quoted issued debt, the fair value is determined on the basis of the quoted market prices. The fair value of the loan portfolio and Obligations with the public, according to SBS Official Letter N° 1575-2014, corresponds to the carrying amount.

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

The following table presents an analysis of the financial instruments that are measured at fair value as of December 31, including the level of the fair value hierarchy. The amounts are based on the values recognized in the statement of financial position:

<i>In thousands of soles</i>	2021				2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Available-for-sale investments	-	51,245	-	51,245	-	24,788	-	24,788
Hedging derivatives	-	824,861	-	824,861	-	394,937	-	394,937
		876,106		876,106		419,725		419,725
Financial liabilities								
Hedging derivatives	-	30,213	-	30,213	-	34,347	-	34,347

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

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

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

In 2021 and 2020, the Fund has not transferred financial instruments from Level 2 to Level 1 or to Level 3.

ii. Financial instruments not measured at fair value

The table below shows a comparison of carrying amounts and fair values of the financial instruments not measured at fair value in the statement of financial position as of December 31:

<i>In thousands of soles</i>	2021		2020	
	Fair value	Carrying amount	Fair value	Carrying amount
Assets				
Cash and cash equivalents	1,181,754	1,181,754	1,273,223	1,273,223
Held-to-maturity investments	212,579	206,823	283,611	260,214
Accounts receivable (Trust agreement - COFIDE), net	8,624,535	8,624,535	7,883,453	7,883,453
Loan portfolio, net	34,611	34,611	28,478	28,478
Other accounts receivable, net	33,744	33,744	110,566	110,566
	10,087,223	10,081,467	9,579,331	9,555,934
Liabilities				
Obligations with the public	217	217	205	205
Borrowings and financial obligations	1,430,935	1,430,935	944,610	944,610
Securities and bonds outstanding	5,298,130	4,982,183	5,763,547	4,736,106
Other accounts payable	1,076,050	1,076,050	1,060,719	1,060,719
	7,805,332	7,489,385	7,769,081	6,741,640

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27. Subsequent Events

After December 31, 2021 and up to the date of this report, no events or facts have occurred that represent or require adjustments or disclosures in the financial statements as of December 31, 2021.