

STATEMENT OF FINANCIAL POSITION

As of March 31, 2016

(in thousands of nuevos soles)

<u>ASSETS</u>	<u>Currency Peruvian</u>	<u>Equivalent in F. C.</u>	<u>TOTAL</u>	<u>LIABILITIES</u>	<u>Currency Peruvian</u>	<u>Equivalent in F. C.</u>	<u>TOTAL</u>
<u>CASH</u>	115,784	2,422,072	2,537,856	<u>OBLIGATIONS TO THE PUBLIC</u>	10,064	32	10,096
Banco Central de Reserva del Peru	10,004	30,178	40,182	Other obligations	10,064	32	10,096
Banks and other financial institutions in Peru	105,716	626,805	732,521	<u>DEPOSITS BY BANKS AND FINANCIAL ORGANIZATIONS</u>	383,994	0	383,994
Bank and other financial institutions abroad	0	1,666,054	1,666,054	Deposits	383,994	0	383,994
Others available	64	99,035	99,099	<u>DEBT SECURITIES</u>	1,794,985	8,027,026	9,822,011
<u>AVAILABLE FOR SALE INVESTMENTS</u>	2,724,232	1,622,177	4,346,409	Borrowings and obligations to Peruvian companies and financial institutions	1,173,653	0	1,173,653
Capital instruments	2,339,156	409,195	2,748,351	Borrowings and obligations to foreign companies & internat. entities.	0	1,397,709	1,397,709
Debt instruments	385,076	1,212,982	1,598,058	Other borrowings & obligations in Peru and abroad	62	293,488	293,550
<u>LOAN PORTFOLIO, NET</u>	2,531,633	3,955,556	6,487,189	Securities	621,270	6,335,829	6,957,099
Current loans	2,921,321	4,141,847	7,063,168	<u>HEDGING DERIVATIVES</u>	119,555	5,959	125,514
Restructured loans	0	12,290	12,290	<u>ACCOUNTS PAYABLE</u>	164,486	4,273	168,759
Refinanced loans	798	732	1,530	<u>PROVISIONS</u>	10,874	37,737	48,611
Past-due loans	232	55,289	55,521	Provisions for contingent loans	5,966	28,261	34,227
Accounts under legal collection	0	251	251	Provision for litigation and claims	1,859	0	1,859
- Provisions for loans	(390,718)	(254,853)	(645,571)	Others	3,049	9,476	12,525
<u>HEDGING DERIVATIVES</u>	8,573	4,727	13,300	<u>DEFERRED INCOME TAXES</u>	222,059	0	222,059
<u>ACCOUNTS RECEIVABLE, NET</u>	545	49,534	50,079	<u>OTHER LIABILITIES</u>	5,340	531	5,871
Accounts receivable from sale of goods and services and trusts	0	11	11	<u>TOTAL LIABILITIES</u>	2,711,357	8,075,558	10,786,915
Other accounts receivable	545	49,523	50,068	<u>EQUITY</u>			
<u>ASSETS SEIZED, RECEIVED IN PAYMENT, AWARDED</u>	13,032	0	13,032	Capital	1,532,779	0	1,532,779
Goods received in payment and awarded	13,032	0	13,032	Additional paid in capital	477,875	0	477,875
<u>PROPERTY, FURNITURE AND EQUIPMENT, NET</u>	11,945	0	11,945	Reserves	303,291	0	303,291
<u>INTANGIBLE ASSETS</u>	5,848	0	5,848	Other comprehensive income	326,540	29,489	356,029
Other intangible assets	5,848	0	5,848	Accumulated results	21,742	0	21,742
<u>TAXES RECEIVABLE</u>	33,027	0	33,027	Net results of the fiscal year	26,433	0	26,433
<u>OTHER ASSETS</u>	1,713	4,666	6,379	<u>TOTAL EQUITY</u>	2,688,660	29,489	2,718,149
<u>TOTAL ASSETS</u>	5,446,332	8,058,732	13,505,064	<u>TOTAL LIABILITIES AND EQUITY</u>	5,400,017	8,105,047	13,505,064
				<u>RISKS AND CONTINGENT COMMITMENTS</u>	57,452	640,645	698,097

STATEMENTS OF INCOME

 For the three months ended as of March 31, 2016
 (in thousands of nuevos soles)

	<u>Currency Peruvian</u>	<u>Equivalent in F. E.</u>	<u>TOTAL</u>
<u>INTEREST INCOME</u>	64,292	93,356	157,648
Cash	227	6,046	6,273
Available for sale investments	7,188	21,044	28,232
Direct loan portfolio	56,877	66,266	123,143
<u>INTEREST EXPENSES</u>	28,668	89,044	117,712
<u>OBLIGATIONS TO THE PUBLIC</u>	68	93	161
Deposits by Banks and financial organizations	4,184	0	4,184
Debts and financial obligations	24,191	87,281	111,472
Debts and obligations to local financial entities	0	0	0
Debts and obligations to foreign financial entities and international financial organizations	0	11,201	11,201
Other debts and obligations in the country and abroad	0	820	820
Commissions and other charges from debts and financial obligations	62	2,291	2,353
Securities, bond and outstanding obligations	9,226	72,969	82,195
Payable interests	225	0	225
Interest on accounts payable	225	0	225
Net loss from hedging transactions	0	1,670	1,670
GROSS FINANCIAL MARGIN	35,624	4,312	39,936
<u>PROVISIONS FOR LOAN LOSSES</u>	(15,319)	27,764	12,445
NET FINANCIAL MARGIN	50,943	(23,452)	27,491
<u>INCOME FROM FINANCIAL SERVICES</u>	5,521	3,663	9,184
Income from indirect loans	219	1,740	1,959
Income from trusts and trust commissions	5,302	1,160	6,462
Sundry income	0	763	763
<u>EXPENSES FOR FINANCIAL SERVICES</u>	354	1,353	1,707
Expenses on trusts and confidential commissions	68	0	68
Sundry expenses	286	1,353	1,639
NET FINANCIAL MARGIN OF INCOME AND EXPENSES FOR FINANCIAL SERVICES	56,110	(21,142)	34,968
Profit/(loss) from financial operations	380	9,043	9,423
Available for sale investments	379	125	504
Net loss from hedging operations	0	31,781	31,781
Earnings from exchange difference	0	0	0
Others	1	180	181
OPERATING MARGIN	56,490	(12,099)	44,391
<u>ADMINISTRATIVE EXPENSES, DEPRECIATION AND AMORTIZATION</u>	15,669	2,310	17,979
Personnel and Board of Directors' expenses	9,044	113	9,157
Expenses for services received from third parties	5,195	2,193	7,388
Taxes and contributions	1,430	4	1,434
<u>DEPRECIATION AND AMORTIZATION</u>	1,129	0	1,129
NET OPERATING MARGIN	39,692	(14,409)	25,283
<u>NET VALUATION OF ASSETS AND PROVISIONS</u>	(5,432)	16,504	11,072
Provisions for indirect loans	(8,819)	4,106	(4,713)
Provisions for impairment of accounts receivable	2,111	2,177	4,288
Provision for seized goods, received in payment, recovered and awarded, and others	0	0	0
Deterioration of investments	0	0	0
Provision for lawsuits and claims	250	0	250
Other provisions	1,026	10,221	11,247
OPERATING PROFIT	45,124	(30,913)	14,211
Other income and expenses	307	23,110	23,417
PROFIT BEFORE INCOME TAX	45,431	(7,803)	37,628
Income tax	(11,195)	0	(11,195)
NET INCOME FOR THE YEAR	34,236	(7,803)	26,433

**NOTES TO THE FINANCIAL STATEMENTS
AS OF MARCH 31, 2016 AND AS OF DECEMBER 31, 2015**

1. INCORPORATION, ECONOMIC ACTIVITY AND APPROVAL OF THE FINANCIAL STATEMENTS

(a) Incorporation and economic activity

Corporación Financiera de Desarrollo S.A. - COFIDE (COFIDE or Bank) is a company where the Peruvian Government has an equity interest of 99.00% (represented by Fondo Nacional de Financiamiento de la Actividad Empresarial del Estado – FONAFE, attached to the Ministry of Economy and Finance – MEF) and the Corporación Andina de Fomento – CAF, holds 1.00%.

COFIDE was incorporated on March 18, 1971 through Law Decree N° 18807 and it has administrative, economic and financial autonomy. The stated purpose of COFIDE is to contribute to Peru's integral development, through funds capture and financing granted through Financial Intermediation Institutions (hereinafter IFI for its acronym in Spanish), for the promotion and financing of productive investments and public and private infrastructure.

Additionally, COFIDE is dedicated to managing funds and securities mainly received from the Peruvian Government and financial institutions acting as fiduciary, for which it charges a commission.

The activities of COFIDE are regulated by different legal provisions included in its bylaws, specifically issued to define its action framework. Additionally, such activities are regulated by the Ley General del Sistema Financiero y del Sistema de Seguros y Orgánica de la Superintendencia de Banca, Seguros y Administradora de Fondos de Pensiones (General Law of the Financial and Insurance Systems and Organic Law of the Superintendency of Banking, Insurance and Private Administrators of Pension Funds (hereinafter SBS for its acronym in Spanish)) – Law N° 26702 (hereinafter General Law), and the amendments to Legislative Decree N° 1028 dated June 21, 2008.

COFIDE's legal address is Augusto Tamayo N° 160, San Isidro and the number of personnel (Managers, officers and employees) as of March 31, 2016, and December 31, 2015, was 193, and 194, respectively.

(b) Approval of the Financial statements

The financial statements for the three months ended March 31, 2016, prepared in accordance with generally accepted accounting principles in Peru (GAAP in Peru) applicable to financial entities, were authorized for issuance by COFIDE's Management on April 15, 2016. These financial statements shall be submitted for approval to the Board of Directors and then to the Shareholders' Meeting. COFIDE's Management believes that the financial statements, included herein, will

be approved by the Board of Directors and at the Shareholders' Meeting without further amendments. The financial statements for the year ended December 31, 2015, prepared in accordance with GAAP in Peru for financial entities, were approved at the Shareholders' Meeting held on March 31, 2016.

(c) Explanation added for translation into the English language of the original financial statements issued in Spanish

These financial statements were translated into English by COFIDE for convenience of the English-speaking readers and have been derived from the financial statements originally issued in Spanish. In the event of a discrepancy, the Spanish language version prevails.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

(a) Statement of Compliance

Financial statements are prepared in accordance with legal regulations and GAAP in Peru applicable to financial entities, which comprise accounting standards and practices authorized by the SBS by virtue of the authority conferred to it by the General Law. The standards mentioned above are included in the Accounting Manual for Financial Entities (hereinafter the Accounting Manual), amended by Resolution SBS N° 7036-2012 dated September 19, 2012, effective as of January 1, 2013.

The SBS has established that if there is any situation not covered by these rules, the provisions applicable in the International Financial Reporting Standards by the IASB will emit and formalized by the Accounting Standards Board application in Peru (GAAP).

Peru GAAP are composed of: the standards and interpretations issued or adopted by the International Accounting Standards Board (hereinafter, IASB) which includes International Financial Reporting Standards (hereinafter, IFRS), International Accounting Standards (hereinafter, IAS), and the Interpretations issued by the International Financial Reporting Interpretations Committee (hereinafter, IFRIC) or by the former Standing Interpretation Committee (hereinafter, SIC) adopted by IASB, after endorsement by the Consejo Normativo de Contabilidad, the Peruvian Accounting Board, (hereinafter, CNC, for its Spanish acronym) for their application in Peru.

The following standards and interpretations have been published with application for periods beginning after the date of these financial statements:

- IFRS 9 "Financial Instruments". Effective for annual periods beginning on or after January 1, 2017.

- IFRS 14 “Regulatory Deferral Accounts”. Effective for annual periods beginning on or after January 1, 2016.
- IFRS 15 “Revenue from Contracts with Customers”. Effective for annual periods beginning on or after January 1, 2018.
- IFRS 16 “Leases”. Effective for annual periods beginning on or after January 1, 2019.
- Amendments to IFRS 11 “Joint Arrangements”. Effective for annual periods beginning on or after January 1, 2016.
- Amendments to IFRS 1 “First-time Adoption of International Financial Reporting Standards”. Effective for annual periods beginning on or after January 1, 2016.
- Amendments to IFRS 16 and IFRS 38 “Clarification of the acceptable methods of depreciation and amortization”. Effective for annual periods beginning on or after January 1, 2016.
- Amendments to IFRS 27 “Consolidated and Separate Financial Statements”. Effective for annual periods beginning on or after January 1, 2016.
- Amendments to IFRS 10, IFRS 12 and IFR 28. Effective for annual periods beginning on or after January 1, 2016.

COFIDE’s Management believes that the application of these new pronouncements will not have a material impact on the financial statements.

Accounting Standards Board Pronouncement

By Resolution of the Consejo Normativo de Contabilidad, the Peruvian Accounting Board, (hereinafter, CNC, for its Spanish acronym) N° 059-2015-EF/30 published by the official newspaper El Peruano on August 11, 2015, the 2015 version of the International Financial Reporting Standards was made official.

By Resolution N° 055-2014-EF/30 issued on July 24, 2014, the CNC approved formalize the 2014 version of the International Financial Reporting Standards.

(c) Responsibility for information and significant estimates

The information contained in these financial statements is the responsibility of the board of directors and the management of the Corporation. These statements were drawn up using certain estimates used to quantify some of the assets, liabilities, expenditure and commitments recorded in them, based on their experience and other relevant factors. The actual results may differ from these estimates.

These estimates are under continual review. The modifications to the accounting estimates are recognised prospectively, and the effects of the change are recorded

in the corresponding earnings or loss account for the year in which the corresponding revisions took place.

The estimates and their sources of uncertainty considered most important in drawing up the financial statements of the Corporation are:

- Provision for uncollectibles, direct and indirect
- Fair value of financial derivatives
- Provision for non-performing accounts receivable
- Useful life of real estate, fixtures and fittings
- Useful life of intangible assets
- Impairment calculations for real estate, machinery and equipment
- Estimated impairment of investments
- Other contingent assets and loans
- Recording of contingent liabilities
- Current and deferred income tax
- Fair values, classification and investment risks
- Acknowledgements of earnings

The management has used its judgement in applying accounting policies when preparing the attached financial statements, as explained in the corresponding accounting policies.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Changes in accounting estimates

According to management, as of December 31, 2015, and throughout 2014, COFIDE has made no adjustments deriving from changes in accounting policies and/or accounting errors. During 2014 and as of December 31, 2015, the Corporation made the following changes in accounting estimates resulting from regulatory changes:

- Deactivation of the procyclic factor applicable to the provision for non-performing loans

On November 27th, 2014, the SBS issued Circular B-2224–2014, which deactivating the procyclic calculation of provision for non-performing loans from the 1st of November 2014 (see note 3(d)).

- Changes in income tax rates

As of December 31, 2014, the Income Tax Act modified the tax rate for third category income earners domiciled in Peru, the net effect of which on the financial statements as of December 31, 2015, and December 31, 2014, was to increase deferred income tax assets and reduce deferred income tax liabilities by (in thousands) S/ 28,886 and S/ 17,836, respectively (see note 18 (g)).

(b) Functional and presentation currency

COFIDE prepares and presents its financial statements in thousands of Peruvian soles (S/ 000); it is the functional currency as determined in the Accounting Manual for financial entities.

(c) Financial instruments

Financial instruments are classified as either financial assets, financial liabilities or as equity in accordance with the substance of the contractual arrangements from which they originate. Interests, dividends, gains and losses generated by a financial instrument classified either as financial asset or liability are recorded as income or expense in the statement of income.

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

Financial assets and liabilities presented in the statement of financial position correspond to: cash funds, available for sale investments, loan portfolios, receivables, obligations to the public, deposits by banks and international financial organizations, debt and financial obligations, securities, bonds and outstanding obligations, payables, provisions for contingent loans. Additionally, all derivative products included in other assets and liabilities are considered financial instruments.

Accounting policies on the recognition and valuation of these items are described in the corresponding accounting policies described in this note.

(d) Derivatives financial instruments

Derivatives refer to financial instruments characterized by: (a) changes in fair value as a result of modifications occurring in the level or price of an underlying asset; (b) not requiring net initial investment or requiring a lower investment than the one that would be required in contracts that respond in a similar way to changes in market variables and (c) having a future maturity date.

COFIDE classifies and records derivative financial instruments in accordance with the provisions set forth in the Accounting Manual and the Resolution SBS N° 1737-2006 and its amendments. The accounting treatment provided by the SBS includes essential aspects established by IAS 39 "Financial Instruments: Recognition and Measurement".

Upon their initial recording at trading date, derivatives shall be classified under one of the following two categories for their accounting record: (a) derivative financial

instruments for trade or (b) derivative financial instruments for hedging. Derivative financial instruments for trade are initially recorded at their fair value; subsequently, any change in the fair value of such derivative shall affect the results for the period. Regarding derivative financial instruments for hedging, certain requirements established by the SBS shall be met relating to procedures, techniques of application and proper and timely documentation supporting the hedging strategy.

Interest rate and currency transactions (swaps) and mandatory forward exchange contracts at an exchange rate previously agreed between the parties (forwards) are initially and subsequently accounted at fair value.

Future cash flow hedging is recorded as asset or liability in the statements of financial position and presented at fair value. To the extent such hedges are effective to offset the interest rate risks, changes in the fair value are directly recorded in an equity account. These amounts are transferred to the statement of income for the period on the date the financial liability is liquidated and presented in the statement of income under derivative financial instruments.

Regardless of the type of hedging financial instrument, these must be periodically evaluated and considered as highly effective in a range between 80% and 125% to reduce the risk associated to the exposure being covered. In case that the hedging does not continue to be effective, changes in the fair value shall be reflected in the statement of income for the period.

Derivatives classified in the trading category are initially recognized at fair value as of the trading date.

Fair values are obtained based on exchange rates and market interest rate. Gains and losses for changes in fair value are recorded in the statement of income.

The face value of derivative financial instruments is recorded in their corresponding engaged or agreed currency in contingent and memorandum accounts (Note 14 (d)).

(e) *Loan portfolio and provision for loan losses*

Loan portfolio is recorded when the disbursement in favor of the customers take place.

Loans are considered as refinanced or restructured when the debtor has difficulties in the payment and these change his payment schedules and/or the balance of debt capital.

Financial lease operations, from portfolio transfer contracts, are recorded in accordance with SBS standards and IAS 17 "Leases", as loans.

Types of loans

In accordance with Resolution SBS N° 11356-2008 loans are classified as: i) Corporate loans, ii) loans to large companies, (iii) loans to medium-sized companies, iv) loans to small companies, v) loans to micro-enterprises (MES), vi) revolving consumer loans, vii) non-revolving consumer loans and viii) housing mortgage loans. This classification takes into consideration the nature of the client (corporate, government or individual), the purpose of the loans and the size of the business measured by earnings, indebtedness and other criteria.

Categories of classification

Categories of classification established by the SBS are as follows: normal, with potential problems, substandard, doubtful and loss. These are the same for non-retail loan portfolio (corporate, large and medium business), which are mainly determined for the debtor's payment capacity, his cash flow, the level of compliance with its obligations, the classification assigned by other financial entities, the debtor's financial position and the quality of the customer's direction, while in order for the retail loan portfolio (small business, micro-business, consumer (revolving and non-revolving) and mortgage), the classification is determined based on the compliance with the payment of loans reflected in delay days, and in its classification in other financial entities.

Requirements of provisions

The provision for loans and allowance for loan losses is established in accordance with the criteria and percentages set forth in Resolution SBS N° 11356-2008 "Regulations for the Evaluation and Classification of Debtors and Required Provisions".

In accordance with accounting standards and practices authorized by the SBS, COFIDE makes two classes of provisions for loan portfolio: general and specific provisions.

General provisions include: (i) those established for debtors classified as normal in accordance with the requirements of the SBS and also the procyclical component (as defined below) when the SBS confirms its application (this component is deactivated since November 2014 by virtue of Circular Letter N° B-2224-2014); as well as (ii) general voluntary provisions.

Pursuant to internal policies, and as permitted by the SBS, COFIDE establishes voluntary general provisions for the loan portfolio, whose level depends on the assessment conducted by Management on the conditions of the macroeconomic variables of the country and their impact on IFIs and debtors in general (Note 6). Also, general voluntary provisions are established as a precautionary measure on certain debtors with higher risk exposure. In this regard, through Board of Directors agreements N° 066-2005 and N° 003-2007, dated September 15, 2005 and

January 11, 2007, respectively, the reallocation and constitution of general voluntary provisions was approved based on the following order of priority:

- a) For credit risk arising from currency risk (RCC): calculated as a function of the semiannually classification by RCDRC of each final debtor and IFI.
- b) For final borrowers of a Financing Business Specialized or Structured (hereinafter FEEE for its acronym in Spanish): calculated on the basis of the classification of the final debtor and provision rates of the following table:

Clasificación	Minimum voluntary provision
Normal	0.70%
With potential problems	5.00%
Deficient	25.00%
Doubtful	60.00%
Lost	100.00%

- c) The following table shows the Financial Institutions Subsystem provision rate:

Sub-system	% provision up to
Municipal savings & loan institutions	30%
Rural savings & loan institutions	50%
Small & microenterprise development entities	30%
Cooperatives	40%
Banks	35%
Finance institutions	30%
Lessors	30%

Specific provisions are constituted on direct credits and exposure equivalent to credit risk of indirect credits of debtors classified in a category with higher risk than normal category.

Requirements of provisions are determined considering the debtor's risk classification, whether there is guarantee or not, and based on the type of guarantee.

Additionally, in compliance with Resolution SBS N° 041-2005, COFIDE assesses the exposure to credit exchange risks for loans in foreign currency and records provisions as required by the SBS.

COFIDE uses the aforementioned criteria to constitute the specific provision of accounts receivable for transferred loan portfolio, included in "accounts receivable" (Note 8(b)).

As of March 31, 2016, and December 31, 2015, general and specific provisions are determined according to SBS. Minimum required percentages for provisions constitution are as follows:

Risk category	Un-	With preferred	With very fast	Self-liquidating
	secured	guarantees	preferred	
	%	%	guarantees	guarantees
			%	
- Normal				
Corporate loans	0.70	0.70	0.70	0.70
Loans to large companies	0.70	0.70	0.70	0.70
Loans to medium companies	1.00	1.00	1.00	1.00
Loans to small companies	1.00	1.00	1.00	1.00
Loans to microenterprises	1.00	1.00	1.00	1.00
Revolving consumer credit	1.00	1.00	1.00	1.00
Non-revolving consumer credit	1.00	1.00	1.00	1.00
Housing mortgages	0.70	0.70	0.70	0.70
- Potential problems	5.00	2.50	1.25	1.00
- Deficient	25.00	12.50	6.25	1.00
- Doubtful	60.00	30.00	15.00	1.00
- Lost	100.00	60.00	30.00	1.00

Procyclical component

Pro-cyclical provisions are required for loan portfolio in normal risk category. This represents an additional component to the aforementioned general provision rate and its recording is done as long as the “pro-cyclical standard” is activated.

The provision for “procyclical standard” is deactivated since November 2014, in accordance with Circular Letter N° B-2224-2014 dated November 27, 2014. Circular Letter N° B-2224-2014 also states that procyclical provisions may be reassigned to cover new debtors’ provisions.

When the debt is considered uncollectible, it is written-off on the corresponding provision for loan portfolio impairment. The subsequent recovery of respectively written-off amounts is recognized as income in the statement of income.

The provision for uncollectible risk of loan contracts is held at a level which, in opinion of COFIDE’s Management, is sufficient to cover potential losses in loan portfolio as of the date of the statement of financial position.

(f) Investments

Investments can be classified as: investments at fair value through profit and loss, available for sale investments and held to maturity investments.

COFIDE holds investments within the following categories:

(f.1) Available for sale investments

This category comprises those securities which management has the intention of trading or obtaining profits from their commercialization before their due date. This

category includes all investment instruments not classified as investments at fair value through profit or loss, held-to-maturity investments and investments in subsidiaries and associates. The valuation is made at fair value and the gain or loss generated by the changes in the fair value is recognized in the stockholders' equity until the instrument is sold or realized, when it is transferred to the statement of income for the period, except for impairment losses that are recorded in the statement of income.

Gains or losses for exchange rate differences in representative equity instruments shall be recognized in equity accounts and debt instruments shall be recognized in the statement of income.

Yields from these investments are recognized as earned and dividends as declared.

Provisions for impairment in investments' value are based on internal evaluations made by COFIDE, depending on the credit risk and exchange rate risk that the investment issuer has. Accumulated loss for value impairment that has been directly recognized in equity shall be withdrawn from this and recognized in the profit for the year, provide such investment instruments have not been sold or withdrawn.

(f.2) Investment in Corporación Andina de Fomento - CAF

According to the Regulation of Classification and Valuation of Investments of Financial Entities, Resolution SBS N° 7033-2012, investments in equity instruments that do not have a market price quoted in an active market and whose fair value cannot be reliably measured are measured at cost.

Within the frame of IFRS harmonization process, considering that CAF shares do not pay dividends in cash, do not have public active market, are not likely to have a determined estimated fair value of the investment and considering Official Letter N° 45853-2012 issued by the SBS on December 5, 2012 stating the treatment for investments based on IFRS and authorizing the use of the value determined at cost as of December 31, 2012, COFIDE has reclassified this investment as "Available for sale investments", considering the last value in records by COFIDE as cost value, reported to the SBS as of December 31, 2012.

(g) Property, furniture and equipment

Property, furniture and equipment are presented at cost, less depreciation and any recognized loss for impairment charges. Initial disbursements, as well as those incurred subsequently, regarding goods which cost could be reliably valued, being likely that they generate future economic benefits, are recognized as fixed assets. Subsequent disbursements for maintenance and repairs are expensed during the

period as incurred. Gains or losses arising from the sale of withdrawal of a property, property and equipment item is determined as the difference between the sale product and the carrying amount of the asset, which are recognized in profit or loss for the year when the sale takes place.

Depreciation is calculated based on the straight-line method on estimated useful life of different assets as follows:

Item	Useful life
Buildings	33 years
Facilities, furniture and fixtures	10 years
Transportation units	5 years
Sundry equipment	4 & 10 years

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period in order to evaluate possible relevant changes in previous expectations or in the expected pattern of consumption of future economic benefits incorporated to assets, progressively incorporating the effects of any change in these estimates on net income or loss for the period in which they occur.

Pursuant to the General Law, COFIDE is not allowed to pledge or mortgage its fixed assets as guarantee.

(h) Foreclosed, received and awarded goods

Awarded and received goods are recorded at the lower of award cost, value agreed in payment in kind agreement or net realization value. Recovered goods due to contract resolution, if any, are initially recorded at the lowest amount resulting from the comparison between the debt unpaid balance and the net realization value. Should the unpaid balance of the debt be higher than the balance of the recovered good, the difference is recognized as a loss, provided that their recovery is unlikely.

In accordance with Resolution SBS N° 1535-2005, COFIDE shall establish the following provisions:

- 20% of the value of goods received at acquisition or recovery date for all goods received to the extent that the provision determined by the appraisal value is not higher.
- For goods other than real estate, the remaining balance is accrued for over a period not exceeding 18 months or 12 months, depending if COFIDE has obtained an extension from the SBS.
- Additionally, for real estate, a monthly impairment provision is recorded effective from the 18th month following the acquisition or recovery, which shall

be constituted over a term of 42 months or less, based on the net value obtained during the 18th month.

(i) Intangible assets

Intangible assets with finite useful lives acquired separately are recognized at their acquisition cost less accumulated amortization and accumulated impairment losses. Amortization is determined under the straight-line method based on the useful life estimated by COFIDE. Estimates on useful lives and depreciation methods are reviewed at the end of each reporting period in order to evaluate possible relevant changes in previous expectations in the expected pattern of future economic benefits of such assets, progressively incorporating the effects of any change in these estimates on net income or loss for the period in which they occur.

Acquired licenses of computer programs are capitalized based on incurred costs to acquire or start using the specific program. These costs are amortized following the straight-line method during its estimate useful life. Useful life has been estimated between 3 and 5 years.

Costs related with the development or maintenance of computer programs are recognized as expenses when they are incurred. Costs incurred in the development of computer programs, recognized as assets, are amortized during their estimate useful lives.

Intangible assets are measured after recognition based on the cost model.

(j) Impairment loss

When there are events or economic changes indicative that the value of an asset might not be recoverable, management reviews the book value of these assets. If after analysis the book value of the asset exceeds its recoverable amount, an impairment loss is recognized in the statement of income based on the recoverable amount estimated for the asset.

(k) Deposits by Banks and financial organizations, and debt securities

Liabilities for debts and financial obligations and for securities issuance (corporate, senior and subordinated bonds) are recorded at fair value, recognizing interests accrued in the statement of income.

Premiums or discounts granted in bond placements are deferred and amortized during their lives.

(l) *Income tax*

Expenses for income tax are comprised of estimated income tax payable plus deferred income tax.

Current income tax is determined by applying the tax rate established in the effective tax legislation for net taxable income for the year.

Deferred income tax corresponds to the amount of tax expected to be recovered or paid upon the temporary differences between reported carrying amounts of assets and liabilities, and their corresponding tax bases. Deferred income tax liabilities are generally recognized for all deductible temporary differences and tax loans, rebates and tax losses not carried forward, to the extent in which it is likely that COFIDE will have enough future taxable profit in order to use them.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period, and reduced to the extent to which it is not likely that COFIDE has enough future taxable profit in order to recover all, or a portion, of such assets.

Deferred income tax assets and liabilities are determined using the tax rates expected to be applied when the asset is recovered or the liability settled, based on approved tax rates and laws, or for which the process of approval is practically done, by the end of the reporting period. The measurement of such deferred taxes reflects the taxable consequences arising as COFIDE expects, by the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax, are recognized in profit or loss, and included in the determination of net income or loss for the year, except when they relate to items that are recognized directly in equity accounts, in which case, the current income and deferred tax is also recognized directly in equity.

(m) *Employees' benefits*

Employees' benefits include, among others, short term benefits such as salaries and contributions to social security, paid annual absences, absences paid for illness and share in profit and encouragements, if paid within the twelve months following the end of the period. These benefits are recognized on profit or loss for the period in which the employee has developed the services that entitle them to receive them. Corresponding obligations payable are presented as part of other liabilities.

(m.1) Employees' profit-sharing

COFIDE recognizes a liability and an expense for employees' profit sharing on earnings upon the basis of 5% of the tax base determined in accordance with current tax legislation.

(m.2) Vacations

Annual vacations of personnel are estimated on accrued base. The provision for estimated annual vacation obligation, for services rendered by employees is recognized in the statement of financial position date.

(m.3) Severance or seniority indemnities

The accrual for employees' severance indemnities comprises all the liabilities related to the workers' vested rights according to legislation in effect. Payments made, that are considered definitive, are deposited in financial institutions selected by the employee.

(n) Provisions

Provisions are recognized when COFIDE has a present obligation (legal or constructive) as a result of past events and it is probable that COFIDE will be required to settle the obligation and a reliable estimate of the amount can be made.

The amount recognized as provision corresponds to the best estimate, as of the balance sheet date, of the disbursement necessary to settle the present obligation, considering risks and uncertainties surrounding most of the events and circumstances concurrent to its valuation. When the amount of the provision is measured using estimated cash flows to settle the obligation, the carrying amount is the present value of the corresponding disbursements.

In the event that a part or all the disbursement necessary to settle the provision is expected to be refunded by a third party, the portion receivable is recognized as an asset when its recovery is practically certain, and the amount of such portion can be reliably determined.

(o) Contingent assets and liabilities

Contingent liabilities are not recognized in the financial statements, they are only disclosed in the note to the financial statements unless the possibility of resource outflow is remote.

Contingent assets are not recognized in the financial statements, they are only disclosed in the financial statements if it is probable that a resource inflow will occur.

Items previously treated as contingent assets or liabilities will be recognized in the financial statements of the period in which the change in probabilities occurs; that is, when in the case of liabilities it is determined as probable, or virtually certain in the case of assets, that an outflow or inflow of resources will take place, respectively.

(p) Dividend distribution

Dividends distribution in cash is recognized as a liability in the financial statements when dividends are approved by COFIDE's shareholders.

(q) Income and expense recognition

Interest income and expenses are recognized in the income for the period in which they are earned, based on the validity time of operations which generate them and interest rates freely agreed with customers; except for interests generated by overdue, refinanced, restructured and in legal collection loans; as well as loans classified in doubtful and loss categories, which interests are recognized as earned to the extent they are collected. When Management determines that the financial condition of the debtor has improved and the placement is reclassified to the present situation and/or normal, with potential problems or substandard category, interests are recognized again upon an accrual basis.

Commissions for trust services are recognized as income as accrued. Other income and expenses are recorded for the year when accrued.

(r) Trust activity

Assets held by COFIDE in its capacity as trustee upon request of government entities are not included in the balance sheet. Such assets are controlled in separate financial statements and presented in the memorandum accounts of COFIDE.

(s) Foreign currency

COFIDE's functional currency is the Peruvian Sol (S/). Transactions in currencies other than the functional currency are deemed to be in foreign currency, and are recognized at the rates of exchange prevailing at the date of transactions. At the end of each reporting period, the balances of monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items which are recognized at historical cost in foreign currencies are translated using rates of exchange prevailing at the date of transactions.

Exchange differences arising on monetary items are recognized in profit or loss in the period in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognized initially in other

comprehensive income and reclassified to profit or loss in the period of repayment of the monetary items.

(s) Earnings per share

Earnings per share are calculated by dividing net earnings from shareholders by weighted averages of outstanding shares during the period. For shares generated by capitalization of earnings, it is considered, for the calculation of the weighted average that said shares were always outstanding during the year. As of March 31, 2016, and December 31, 2015, COFIDE does not have financial instruments with dilutive effects; therefore basic and diluted earnings per share are the same (Note 16).

(u) Cash and cash equivalents

To determine cash and cash equivalents, COFIDE applies the indirect method in accordance with the requirements of IAS 7 – “Statement of cash flows”. Cash and cash equivalents include the balance of items Cash, Demand deposits and Checking accounts in banks.

(v) Other comprehensive income

As of March 31, 2016, and December 31, 2015, the components of the other comprehensive income correspond to profit or loss for available for sale investments and cash flow hedges, net of their pertinent deferred income tax.

4. CASH

This item includes:

	<u>31 03 2016</u>	<u>31 12 2015</u>
	<u>S/. 000</u>	<u>S/. 000</u>
Banco Central de Reserva del Perú-BCRP (a)	40,182	76,923
Checking accounts	2,412,991	1,912,123
Accrued interest from cash	7,581	5,936
Other deposits (b)	99,099	64
Provision for country risks (c)	<u>(21,997)</u>	<u>(38,335)</u>
Total	<u>2,537,856</u>	<u>1,956,711</u>

(a) As of March 31, 2016, BCRP included (in thousands) US\$ 573 and S/ 5,004 (in thousands), US\$ 1,640 and S/11,636, as of December 31, 2015, corresponding to the statutory reserve that financial institutions in Peru must maintain to cover deposits and obligations to third parties. These funds are kept in the companies' own vaults or are deposited with the BCRP. Funds representing the minimum statutory reserve do not generate interest. The additional statutory reserves accrue

interest at a rate established by the BCRP. In accordance with current legislation, statutory reserve funds cannot be seized.

As of March 31, 2016, the BCRP includes (in thousands) US\$ 8,500, and S/ 5,000 (US\$17,500 as of December 31, 2015) for overnight deposits with the BCRP that accrue interest at an effective annual rate of 0.3849% in foreign currency and 3.00% in local currency. Overnights accrued interest during first three months ended as of March 31, 2016 amounting to (in thousands) US\$ 14 and (in thousands) S/ 29, ((in thousands) S/ US\$ 29 and S/ 73, as of December 31, 2015) included under "interest earnings on available funds" in the results.

- (b) Mainly it corresponds to restricted deposits in foreign currency at the Central Bank of Peru by (in thousands) US\$ 29,776 ensuring reporting operations in national currency picked up by the Central Bank (note 11 c)
- (c) Provisions were recorded for country risk - available funds, arising from the Corporation's deposits in foreign banks (subject to the regulatory provision for country risk). These deposits are short term and therefore as expected, the provision requirement has gradually been reduced. It should be pointed out that these provisions were made in accordance with instructions from the SBS and the Corporation's internal policies on this matter.

5. AVAILABLE FOR SALE INVESTMENTS

This item includes:

	31 03 2016	31 12 2015
	S/. 000	S/. 000
CAF shares (note 3 (e.2.))	2,339,156	2,339,156
Mutual funds	352,350	203,811
Investment funds	60,385	48,372
Shares	2,297	2,520
Impairment of Investments - Investment funds	(5,837)	(6,924)
Capital instruments	2,748,351	2,586,935
Structured bonds	1,206,134	1,159,113
Corporate bonds	272,385	257,307
Securitized bonds	54,405	58,798
Commercial paper	40,080	33,305
Structured bonds / repurchase agreements	0	23,764
Subordinated bonds	2,598	2,584
	1,575,602	1,534,871
Accrued yield	22,456	21,061
Debt instruments	1,598,058	1,555,932
Total	4,346,409	4,142,867

The investment in CAF was a contribution by the Peruvian Government between 1989 and 2000, in the form of class "B" shares in the CAF. The class "B" shares have a nominal value of US\$ 5,000 each, and enable their holder to appoint a representative to the board of directors. As of March 31, 2016, and December 31, 2015, the Corporation held 97,951 class "B" shares representing 10.90% and 11.50% of capital of CAF, respectively.

As part of the harmonisation process with IFRS and taking into account that shares in CAF do not pay cash dividends, have no active public market, a reasonable estimate of

the value of the investment cannot be made and with reference to SBS official communication N° 45853-2012-SBS, which requires them to be treated in line with IFRS, as at the 1st of March 2013 the Corporation maintains these investments as “Investments available for sale” at cost value, which is equivalent to the last book value recorded by the Corporation and reported by COFIDE to the SBS on December 31th, 2012 (note 3 (f.2)).

Interest income from the investments is recorded under “income from investments available for sale” in the profit and loss account.

As of December 31, 2015, structured bonds / repurchase agreements consisted of bonds issued by Terminales Portuarios Paita issued to guarantee short-term financing and held in trust administered by COFIDE (note 11(c)).

The Management reviewed the carrying amount of its investments, recognizing an impairment loss on investments of the Investment Fund Latam Peru for (in thousands) US\$ 1.755 as of March 31, 2016 ((in thousands) US\$ 2.030 as of December 31,2015). Except for the above , subsequent to its determination of impairment of investments, The Management under Resolution SBS 7033-2012 did not identify events or economic changes indicate that the value of investments exceed their recoverable value as of March 31, 2016 and as of December 31, 2015.

Furthermore, as of March 31, 2016, and as of December 31, 2015, the Corporation made provisions of (in thousands) S/ 9,476 and S/ 6,856, respectively for exposure to credit risk deriving from exchange rate risk – RCDR by its investments in foreign currency, as a result of internal reviews. (Note 11 (b)).

According to the Corporation's policy as of March 31, 2016, and December 31, 2015, they were invested in instruments having a credit rating of “BB-“ and “AAA” (see note 20.1. (e)).

The market value and unrealised results of these investments are as follows:

Type of instrument	Maturities	Interest rate (coupon)		Market value		Impairment Provision		Unrealised results	
		As of March 31	As of December 31	As of March 31	As of December 31	As of March 31	As of December 31	As of March 31	As of December 31
		<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
		%	%	S/. 000	S/. 000	S/. 000	S/. 000	S/. 000	S/. 000
Peruvian currency									
Structured bonds	Between January 2033 & June 2037	Between 5.97% & 8.58%	Between 5.97 & 8.58	333,215	308,721	0	0	8,774	(10,400)
Corporate bonds	September 2025	6.63%	Between 6.625 & 6.8437	32,586	30,840	0	0	14,629	12,924
Securitized bonds	December 2016	8.50%	8.50	16,592	16,257	0	0	(167)	(159)
Subordinated bonds	October 2022	7.17%	7.17	2,682	2,622	0	0	36	22
				385,075	358,440	0	0	23,272	2,387
CAF shares (Note 3 (e.2))				2,339,156	2,339,156	0	0	404,261	404,261
				2,724,231	2,697,596	0	0	427,533	406,648
Foreign currency									
Structured bonds	Between December 2033 & April 2037	Between 6.0% & 8.125%	Between 6.0 & 8.125	888,100	858,470	0	0	36,564	7,534
Corporate bonds	Between May 2016 and January 2021	Between 6.50% & 9.875%	Between 6.50 & 9.875	243,362	235,347	0	0	(8,098)	(27,640)
Structured bonds / repurchase agreements	March 2015	5.830%	8.125%	0	24,246	0	0	0	(35)
Securitized bonds	February 2021	Between 7.34% - 8.09%	7.3475%	41,392	46,124	0	0	153	753
Commercial papers	March 2017	4.75%	-	40,128	33,305	0	0	168	(519)
Mutual funds	No contractual maturity	-	-	352,350	203,811	0	0	725	190
Investment funds	No contractual maturity	-	-	60,386	48,372	0	0	(1,429)	(2,801)
Bladex shares	No contractual maturity	-	-	2,297	2,520	0	0	1,408	1,609
				1,628,015	1,452,195	0	0	29,491	(20,909)
Impairment of Investments - Investments Fund				(5,837)	(6,924)				
Total				4,346,409	4,142,867	0	0	457,024	385,739

6. LOAN PORTFOLIO, NET

(a) The loan portfolio is made up as follows:

	31 03 2016	31 12 2015
	S/. 000	S/. 000
Direct loans		
Loans to intermediate financial institutions	6,161,573	7,405,143
Loans	568,334	164,582
Restructured loans	13,914	14,270
Refinanced loans	1,672	2,267
Overdue loans	56,350	57,742
Loans to be settled and subject to legal action	251	257
Sub Total	6,802,094	7,644,261
Plus:		
Accrued yield from loans	334,109	310,390
Minus:		
Provision for non-performing loans	(645,571)	(640,946)
Deferred interest	(3,443)	(3,709)
	(649,014)	(644,655)
Total	6,487,189	7,309,996
Contingent loans - guarantees & letters of guarantee (Note 14)	693,279	773,390

The balance of the loan portfolio, consisting of direct and contingent loans, mainly in foreign currency, to intermediate financial institutions (IFIs) for their first tier portfolio.

Loans to banks are guaranteed through clauses in the global contracts for channeling resources entered into with each debtor, which enable the Corporation to: i) automatically collect debt instalments by charging the debtor's current account at the BCRP and/or the nominated operating bank and ii) through an assignment of rights to the portfolio of loans financed by the Corporation's funds up to the value of the debt including interest, commissions, penal interest and other costs; this assignment to take effect if the bank fails to pay an instalment or when, in the

judgement of the Corporation, special circumstances exist that make collection of the funds granted difficult. For other IFIs the cover is similar, except that an operating bank is designated in place of the BCRP.

Classification of the loan and contingency portfolios (net of deferred interest) by risk category, carried out by the management of the Corporation and following the current rules issued by the SBS, is summarised as follows:

	Number of debtors		Total portfolio	
	31 03 2016	31 12 2015	31 03 2016 S/. 000	31 12 2015 S/. 000
Normal	132	130	6,404,285	7,842,883
With potential problems	19	16	976,634	449,325
Deficient	9	10	54,971	64,295
Doubtful	4	4	340	4,825
Lost	5	5	55,700	52,614
Total	169	165	7,491,930	8,413,942

The loan portfolio broken down by type of IFI is classified as follows:

	31 03 2016		31 12 2015	
	S/.000	%	S/.000	%
Second tier portfolio:				
Banks (i)	4,942,630	72.6	6,284,262	82.2
Financial institutions	683,671	10.1	627,082	8.2
Municipal savings & loans	390,546	5.7	348,838	4.6
Edpymes	66,198	1.0	65,261	0.9
Financial leasing	39,715	0.6	41,083	0.5
Cooperatives	24,813	0.4	26,617	0.3
Rural savings & loans	14,000	0.2	12,000	0.2
Factoring	1,996	0.0	5,458	0.1
	6,163,569	90.5	7,410,601	97.0
First tier portfolio:				
Financial leasing & promissory notes	622,058	9.1	216,994	2.8
Other loans (ii)	16,467	0.2	16,666	0.2
	638,525	9.4	233,660	3.0
Total portfolio	6,802,094	100.0	7,644,261	100.0
Loan accrued interests	334,109		310,390	
Total general	7,136,203		7,954,651	

- (i) Within this category there are contracts of "Participation loans or participation agreements" with the aim of channeling resources available to a non-domiciled bank, which is included so that this can lend funds to its customers. Generally this type of contract and the credit between the bank and its customer are made with international banks and under foreign law. Regarding the operation of these operations is the same as the one included in the channeling contracts.

	<u>31 03 2016</u>	<u>31 12 2015</u>
	<u>US\$ 000</u>	<u>US\$ 000</u>
Granted loans:		
Deutsche Bank	155,000	155,000
Credit Suisse	137,537	60,804
Goldman Sachs Bank	125,000	125,000
Deutsche Bank AG London Branch	100,000	100,000
FMO	18,218	18,218
HSBC	15,000	15,000
Itaú BBA S.A.	15,000	15,000
BTG Pactual	0	250,000
Total	<u>565,755</u>	<u>739,022</u>

(ii) Consumer loans and mortgages to employees and former employees

(b) Rates of interest and guarantees:

The Corporation is free to establish the interest rates applicable to its lending operations as a function of the cost of funds, type of client, market and currency in which the loan is denominated.

The effective annual average rates for the main products were as follows:

	<u>31 03 2016</u>		<u>31 12 2015</u>	
	<u>Loans in</u>		<u>Loans in</u>	
	<u>S/.</u>	<u>US\$</u>	<u>S/.</u>	<u>US\$</u>
	%	%	%	%
Short-term working capital	6.16	1.9	6.02	1.88
COFIDE own resources	9.39	4.55	9.78	4.77
Medium-term working capital	9.32	7.03	9.27	6.83
Probid II	-	Libor 6M + 4.36	-	Libor 6M + 4.32
Structured financial products	-	11.41	0.00	10.66

(c) Changes in the provision for non-performing direct and contingent loans were as follows:

	<u>Direct</u>	<u>Contingent</u>	<u>Total</u>
	<u>S/.000</u>	<u>S/.000</u>	<u>S/.000</u>
Balances as of December 31, 2014	594,442	41,564	636,006
Provision for fiscal year	124,124	11,878	136,002
Recoveries	(102,752)	(16,766)	(119,518)
Write-downs	(1,136)	-	(1,136)
Exchange rate differences	26,268	3,116	29,384
Balances as of December 31, 2015	640,946	39,792	680,738
Provision for fiscal year	107,888	4,537	112,425
Recoveries	(95,443)	(9,250)	(104,693)
Exchange rate differences	(7,820)	(852)	(8,672)
Balances as of March 31, 2016	<u>645,571</u>	<u>34,227</u>	<u>679,798</u>

The balance of provisions for non-performing direct and contingent loans is made up as follows:

	31 03 2016			31 12 2015		
	Direct	Contingent	Total	Direct	Contingent	Total
	S/.000	S/.000	S/.000	S/.000	S/.000	S/.000
Specific	215,592	-	215,592	153,848	-	153,848
Generic for normal clients	70,955	5,235	76,190	77,110	5,806	82,916
Voluntary generic	359,024	28,992	388,016	409,988	33,986	443,974
Total	645,571	34,227	679,798	640,946	39,792	680,738

As of March 31, 2016, and December 31, 2015, the Corporation had recorded the total obligatory value required by the SBS for generic provisions.

As of March 31, 2016, and December 31, 2015, the procyclic rule was deactivated, however during 2014 this concept accumulated the sum of (in thousands) S/ 22,542.

The management considers that the level of provision for non-performing loans is sufficient to cover future losses in this portfolio as at the date of the statement of financial position.

(d) As of March 31, 2016, approximately 91% of the loan portfolio was concentrated in IFIs (97% as of December 31, 2015).

(e) The loan portfolio is distributed among the following sectors:

Economic sector	31 03 2016		31 12 2015	
	S/. 000	%	S/. 000	%
Commercial & microenterprise loans				
Financial intermediation	6,161,573	90.58	7,405,143	96.87
Transport, storage & communications	555,587	8.17	-	-
Manufacturing industry	51,872	0.76	53,198	0.70
Hotels & restaurants	14,776	0.22	15,629	0.20
Housing mortgages	10,161	0.15	10,347	0.14
Trade	4,390	0.06	4502	0.06
Other community services	1,997	0.04	5,458	0.07
Consumer loans	1,663	0.02	1,558	0.02
Farming, livestock, hunting & forestry	64	0.00	148,413	1.94
Real estate, business & rentals	11	0.00	13	0.00
Total	6,802,094	100.00	7,644,261	100.00

(f) The loan portfolio has the following maturities:

	31 03 2016		31 12 2015	
	S/.000	%	S/.000	%
Up to one year	1,923,491	28.3	3,081,505	40.3
More than 1 but less than 2 years	978,458	14.4	777,420	10.2
More than 2 but less than 3 years	542,711	8.0	564,920	7.4
More than 3 but less than 4 years	665,829	9.8	673,495	8.8
More than 4 but less than 5 years	403,375	5.9	297,981	3.9
More than 5 years	2,231,569	32.8	2,190,941	28.7
Sub Total	6,745,433	99.2	7,586,262	99.2
Overdue and subject to legal action	56,601	0.8	57,999	0.8
Total loan portfolio	6,802,034	100.0	7,644,261	100.0

(g) First tier portfolio (assigned)

In accordance with its global contracts for channelling funds with IFIs, the Corporation entered into complementary agreements with certain IFIs, by which the IFIs in question assigned their rights and contractual positions in a number of loan contracts to the Corporation. Furthermore, some IFS liquidated and taken over by the SBS assigned to the Corporation various lending and financial leasing contracts as payment of their obligations to the Corporation.

Annual changes in this portfolio over the last two years are as follows:

	Latino	Banco	NBK Bank	Consolidated	
	Leasing	Nuevo Mundo		operations	Total
	US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000
Balances as of December 31, 2014	1,277	2,714	44	49,678	53,713
Loans received (*)	-	-	-	43,491	43,491
Recoveries & others	(879)	(7)	(20)	(32,682)	(33,588)
Balances as of December 31, 2015	398	2,707	24	60,487	63,616
Equivalent in soles as of December 31, 2014	1,188	8,083	72	180,614	189,957
Loans received (*)	-	-	-	167,044	167,044
Recoveries & others	(139)	-	(1)	(43,491)	(43,631)
Balances as of March 31, 2016	259	2,707	23	60,487	187,029
Equivalent in soles as of March 31, 2016	861	9,003	76	612,117	622,057

(*)In 2016 and through contracts for the assignment of rights and contractual position, the financial intermediary who had debts with 4 operators from COSAC ceded their claims to the Corporation by (in thousands) S/ 555,588. The Corporation has signed a term sheet with a foreign bank with whom will sign a Contract of Assignment of Rights and Contractual Position.

(**)In 2015 and through contracts for the assignment of rights and contractual position, the financial intermediaries who are owed money by Fiducia Cayalti assigned their debts to Cofide for an amount of S/ 148,348. Temporarily, and as part of the intervention by our investor in EAI Cayalti SAA, Cofide assigned these debts to Consorcio Peruano Japonés Intipuerto SAC.

7. PROPERTY, FURNITURE AND EQUIPMENT, NET

Changes in the cost and accumulated depreciation of property, furniture and equipment as of March 31, 2016, and December 31, 2015, were as follows:

	Initial balance S/. 000	Additions S/. 000	Withdrawals S/. 000	Final balance S/. 000	Depreciation rates %
Cost:					
Land	469	-	-	469	
Buildings and facilities	21,873	-	-	21,873	
Furniture and fixtures	2,607	13	(16)	2,604	
Transportation units	184	-	-	184	
Sundry Equipment	17,874	21	(93)	17,802	
Total	43,007	34	(109)	42,932	
Accumulated depreciation:					
Buildings and facilities	16,334	150	(1)	16,483	3 and 10
Furniture and fixtures	2,144	21	(17)	2,148	10
Transportation units	184	-	-	184	20
Sundry Equipment	11,766	497	(91)	12,172	10 and 25
Total	30,428	668	(109)	30,987	
Net	12,579			11,945	

In the opinion of the management, the recoverable values of real estate, fixtures and fittings as of March 31, 2016, and December 31, 2015, are higher than their book values, therefore it was not considered necessary to make any provision for losses due to deterioration of these assets.

The Corporation holds insurance policies to cover possible risks to which its real estate and furniture and fittings are exposed, as well as possible claims that it may receive in the pursuance of its business.

8. HEDGING DERIVATIVES, ACCOUNTS RECEIVABLE, NET, INTANGIBLE ASSETS, NET AND OTHER ASSETS

This item includes:

	31 03 2016 S/. 000	31 12 2015 S/. 000
Fair value - hedging derivatives - rate swaps	13,465	3,816
Fair value - hedging derivatives - currency swaps	0	0
Provision for country risk - derivatives	(165)	(159)
Hedging derivatives (Note 12 (a))	13,300	3,657
Restricted funds / Funds under guarantee - Margin Call (a)	40,311	58,260
Accounts receivable - various	12,392	12,374
Accounts receivable from assigned loan portfolio	2,079	2,091
Commissions receivable	2,725	4,881
Provisions for accounts receivable and others (b)	(7,428)	(4,171)
Accounts receivable, net	50,079	73,435
Software	15,049	14,993
Software accumulated amortization	(9,201)	(8,740)
Intangible assets, net (c)	5,848	6,253
Realisable goods, net of provisions	13,032	13,032
Commissions and others paid in advance	4,447	3,545
Works of art and library	779	779
Various	1,153	1,264
Other assets	6,379	5,588
Total	88,638	101,965

- (a) As of March 31, 2016, the Corporation held funds in guarantee amounting to (in thousands) US\$ 12,120 (US\$17,080 as of December 31, 2015) in favour of J. Aron & Company (J. Aron & Company as of December 31, 2015) in the form of a margin call in order to guarantee the Corporation's interest rate and currency hedging operations.
- (b) The balance of provisions for accounts receivable - various, assigned loan portfolio and commissions receivable consists of:

	31 03 2016	31 12 2015
	S/. 000	S/. 000
Specific provision	4,460	2,222
Voluntary generic provision	2,968	1,949
Total	7,428	4,171

The following changes took place in the provision for uncollectable accounts receivable:

	31 03 2016	31 12 2015
	S/. 000	S/. 000
Opening balances	4,171	6,462
Provision for the year	4,288	719
Reversals	-	(1,646)
Write-offs	(832)	(1,561)
Exchange rate differences	(199)	197
Closing balances	7,428	4,171

- (c) This software consists principally of SAP system licences. As of March 31, 2016, the Corporation had acquired (in thousands) S/ 57 (S/ 595 as of December 31, 2015) and recorded amortisation of (in thousands) S/ 461 (S/ 414 as of December 31, 2015), included under "Depreciation and amortisation" in the income statement.
- (d) The balance is mainly composed of real estate, net of provisions awarded in 2015 for a net amount of (in thousands) S/ 12,954, from the collection by honor customer warranties from Petroleum Gas Company S.A.

9. OBLIGATIONS TO THE PUBLIC AND DEPOSITS BY BANKS AND FINANCIAL ORGANIZATIONS

This item includes:

	31 03 2016	31 12 2015
	S/. 000	S/. 000
Time deposits	380,035	224,100
Deposits in guarantee	9,357	10,867
	389,392	234,967
Interest accrued	3,959	844
	393,351	235,811
Severance indemnities	739	296
Total	394,090	236,107

- (a) As of March 31, 2016, time deposits consisted principally of Peruvian currency funds from Banco de Crédito y CMAC Santa, which accrue interest at annual

market rates of between 5.35% and 6.00% and mature in March 2017. As of December 31, 2015, term deposits consisted principally of Peruvian currency funds from Banco de Crédito and CMAC Arequipa, which accrue interest at annual market rates of between 4.70% and 5.66% and matured in December 2016.

- (b) As of March 31, 2016, deposits in guarantee including amounts withheld from pledged disbursements in favour of the Corporation to support lending operations valued at (in thousands) S/ 9,325 and US\$ 10, accrue interest at annual market rates of 3.00% in Peruvian currency and 0.3849% in foreign currency and mature between October and December 2016. As of December 31, 2015, deposits in guarantee included withholdings on pledged disbursements to the Corporation to support lending operations valued at (in thousands) S/ 10,681 and US\$54, they accrued interest at annual market rates of 2.25% in Peruvian currency and 0.1022% in foreign currency and became due between April and June 2016.

Obligations and deposits made by companies belonging to the financial system have the following maturities:

	<u>S/. 000</u>	<u>S/. 000</u>
Up to one month	13,000	37,100
More than 1 month and up to 3 months	108,035	35,704
More than 3 months and up to 6 months	72,357	26,163
More than 6 months and up to 12 months	196,000	136,000
Total	389,392	234,967

10. DEBT SECURITIES

This item includes:

	31 03 2016	31 12 2015
	S/. 000	S/. 000
Debts with financial entities (a)	2,864,912	2,888,054
Financial obligations (b)	6,957,099	7,291,067
	9,822,011	10,179,121

- (a) As of March 31, 2016 debts with financial entities are detailed below:

Name of creditor	Rate	31 03 2016	31 12 2015	Maturity
	%	S/.000	S/.000	
Bank of Tokyo - Mitsubishi / Sindicaded	Libor (3M) + 1.725%	665,200	662,200	September 2016
Bank of Tokyo - Mitsubishi / Bilateral	Libor (3M) + 0.70%	332,600	341,100	February 2017
Scotiabank Perú	from 4.30% to 6.65%	348,000	381,000	December 2015
Banco de la Nación del Perú	from 4.40% to 5.35%	300,000	351,000	December 2015
BBVA Banco Continental	from 4.13% to 5.65%	440,500	392,500	April 2017
Caja Municipal de Ahorro y Crédito de Arequipa	5.80%	10,000	-	July 2017
American Family Life Assurance of Columbus Japan Branch - AFLAC	3.75%	265,932	255,510	September 2031
Banco Internacional del Perú - INTERBANK	from 5.83% to 6.90%	52,623	35,615	September 2022
Corporación Andina de Fomento - CAF	Libor (6M) + 2.8%	99,780	102,330	October 2016
Nordic Investment Bank	Libor (6M) + 0.85%	4,157	8,527	September 2016
CAF share issue - financial liability (Note 13 (a))		27,483	28,185	December 2023
Sub Total		2,546,275	2,577,967	
Japan International Cooperation Agency- JICA	from 0.01% to 0.60%	183,145	175,968	October 2027
Kreditanstalt Fur Wiederaufbau - EREE	1.95%	109,218	112,009	June 2025
Sub Total (a.1)		292,363	287,977	
Commissions for structuring obligations to Bank of Tokyo-Mitsubishi / Syndicated and bilateral		(1,421)	(2,136)	
Sub total		2,837,217	2,863,808	
Interest		27,695	24,246	
Total		2,864,912	2,888,054	

a) These loans were first granted by the multilateral entities detailed in the table above to the Republic of Peru, represented by the MEF. These funds were transferred to the Corporation by means of “pass-through agreements. In addition, an irrevocable payment authorisation on the original foreign currency account established by the Corporation at the Central Reserve Bank of Peru was included in order to guarantee debt servicing of these agreements.

As of March 31, 2016, and December 31, 2015, loans in yen, euros and certain loans denominated in United States dollars are associated with swap contracts aimed at reducing exchange rate and interest rate risk (Note 11 (a)).

These debts (not including interest) have the following due dates:

	31 03 2016	31 12 2015
	S/. 000	S/. 000
Up to one month	136,164	117,500
More than 1 and up to 3 months	213,908	195,000
More than 3 and up to 6 months	932,318	277,000
More than 6 and up to 12 months	937,787	1,285,915
More than 12 months	617,040	988,393
Total	2,837,217	2,863,808

As of March 31, 2016, and December 31, 2015, the Corporation has not submitted reports in non-compliance with either capital or interest. Furthermore, it is complying with certain clauses, financial ratios and other conditions specified in Loans agreements entered into with foreign financial institutions and international financial bodies.

Swap operations have been undertaken involving yen-denominated liabilities with the AFLAC and JICA in order to offset the risk of a revaluation of this currency compared with the United States dollar; they mature in September 2031 and October 2027, respectively. As of March 31, 2016, the Corporation recorded net profits on hedging

operations amounting to (in thousands) S/ 31,781 (loss of (in thousands) S/ 8,028 as of March 31, 2015), shown under “Results of hedging operations” in the results of financial operations - ROF in the income statement.

(b) As of March 31, 2016, and December 31, 2015, the financial obligations are made up of:

Series	Issue		Maturity date	Interest rate	31 03 2016	31 12 2015
	Date	Value				
		S/.000			S/.000	S/.000
a) In Peruvian currency						
Second programme						
Eighth - Series A	01/06/2007	20,000	15/07/2017	5.90%	6,000	7,000
Eighth - Series B	02/04/2008	10,000	02/04/2018	6.65%	4,500	5,000
					<u>10,500</u>	<u>12,000</u>
Third programme						
First - Series A	24/01/2011	50,000	24/01/2016	6.25%	0	50,000
Ninth - Series A	27/04/2012	150,000	27/04/2027	6.65%	150,000	150,000
Tenth - Series A	28/06/2012	50,000	28/06/2027	6.20%	50,000	50,000
Tenth - Series A	28/06/2012	50,000	28/06/2027	6.20%	50,000	50,000
Eleventh - Series A	30/10/2012	90,000	30/10/2042	5.630%	90,000	90,000
					<u>340,000</u>	<u>390,000</u>
Fourth programme						
Second - Series A	30/04/2013	100,000	30/04/2043	5.35%	100,000	100,000
Fifth - Series A	30/01/2015	78,445	30/01/2020	5.65%	78,445	78,445
					<u>178,445</u>	<u>178,445</u>
Certificates of deposit 2nd programme						
Third issue - Series A	15/01/2015	40,115	11/01/2016	4.50%	0	40,115
Fourth issue - Series A	30/04/2015	50,000	24/04/2016	4.85%	50,000	50,000
Fourth issue - Series B	23/07/2015	32,375	17/07/2016	4.80%	32,375	32,375
					<u>82,375</u>	<u>122,490</u>
Total nominal value					611,320	702,935
Accrued yield					9,950	19,900
Total Peruvian currency					621,270	722,835
b) In foreign currency						
First international issue	08/02/2012	400,000	08/02/2022	4.75%	1,330,400	1,364,400
Reopening, first international issue	03/12/2012	100,000	08/02/2022	4.75%	332,600	341,100
Second international issue - senior	08/07/2014	300,000	15/07/2019	3.25%	997,800	1,023,300
Second international issue - subordinated	08/07/2014	300,000	15/07/2029	5.25%	997,800	1,023,300
Third international issue - Notes due 2019	15/07/2015	200,000	15/07/2019	3.25%	665,200	682,200
Third international issue - Notes due 2025	15/07/2015	600,000	15/07/2025	4.75%	1,995,600	2,046,600
Total nominal value					6,319,400	6,480,900
Net price difference (under / over par) and related costs					(36,902)	(39,207)
Accrued yield					53,331	126,539
Total foreign currency					6,335,829	6,568,232
Total					6,957,099	7,291,067

Second Program - Bonds

The funds obtained were used principally to finance new intermediation operations as part of the business through the domestic financial system as well as to optimise financial results by financing negotiable investments in the capital market. These bonds are guaranteed in generic terms by the equity of the Corporation and they have been registered with CAVALI ICLV S.A., and are therefore represented by account entries and are freely negotiable.

Third Program - Bonds

This programme has been approved for up to US\$ 200'000,000 or the equivalent in soles or any foreign currency. Corporate bonds enjoy the maximum local risk

classification from Apoyo & Asociados Internacionales S.A.C. Clasificadora de Riesgo and by Equilibrium Clasificadora de Riesgo S.A., AAA (pe) and AAA pe, respectively.

Fourth Program - Bonds

This programme has been approved for up to US\$ 400,000 or the equivalent in nuevos soles or any foreign currency. Corporate bonds enjoy the maximum local risk classification from Apoyo & Asociados Internacionales S.A.C. Clasificadora de Riesgo and by Equilibrium Clasificadora de Riesgo S.A., AAA (pe) and AAA pe, respectively.

First bond issuance in the international market (Senior unsecured notes – Due 2022)

COFIDE's general shareholders meeting held on March 14th, 2011, approved an international bond issue valued at up to (in thousands) US\$500,000 consisting of the placement of "senior unsecured notes" valued at (in thousands) US\$ 400,000 having a payment date on February 8th, 2012; they accrue interest at an annual coupon rate of 4.75% amortised every six months and with the capital maturing in 10 years. This issue has an international classification from Standard & Poor's and Fitch Ratings of "BBB+".

On the settlement date, the 3rd of December 2012, this international issue was reopened for (in thousands) US\$ 100,000 also maturing in 10 years and with an international "BBB+" rating granted by Standard & Poor's and Fitch Ratings.

Second bond issuance in the international market

COFIDE's general shareholders meeting held on May 19th, 2014, approved the issue of senior and/or subordinated bonds. On July 8th, 2014, the Corporation placed bonds valued at (in thousands) US\$ 600,000 in the international market in two tranches: (in thousands) US\$ 300,000 of senior bonds maturing in 5 years with a coupon of 3.250% annually and a yield of 3.297%, which were given investment grade BBB+ by Standard & Poor's and Fitch Ratings; and, (in thousands) US\$ 300,000 of tier II subordinate bonds at 15 years with a coupon of 5.250% annually and a yield of 5.263% up to year 10, after which they become variable rate instruments. The subordinate bonds were investment-rated at BBB by Standard & Poor's Fitch Ratings.

Third bond issuance in the international market

A general meeting of shareholders held on May 19th, 2014, approved the issue of senior and/or subordinated bonds. On July 15th, 2015, the Corporation placed bonds valued at (in thousands) US\$ 800,000 in the international market in two tranches: (in thousands) US\$ 200,000 of senior bonds maturing in 4 years with a coupon of 3.250% annually and a yield of 3.367%, and, (in thousands) US\$ 600,000 of senior bonds maturing in 10 years with a coupon of 4.750% annually and a yield of 4.874%. Both bonds were given investment grade BBB+ by Standard & Poor's and Fitch Ratings.

The funds obtained will be used mainly to finance an increase in loans to infrastructure projects and productive investments, which represent one of the Corporation's four strategic pillars.

11. DERIVATIVES FOR HEDGING, ACCOUNTS PAYABLE, PROVISIONS AND OTHER LIABILITIES

This item includes:

	31 03 2016	31 12 2015
	S/. 000	S/. 000
Fair value - hedging derivatives - currency swaps	125,514	149,748
Hedging derivatives (a)	125,514	149,748
Dividends payable	63,211	0
Accounts payable BCRP - Repurchase agreements	100,015	21,401
Taxes payable	1,837	848
Accounts payable - various	3,696	11,508
Accounts payable	168,759	33,757
Provision for contingent loans (Note 7(b))	34,227	39,792
Provision for lawsuits and claims (b)	1,859	1,810
Other provisions (b)		
- RCDRC provision - available for sale investments	9,476	6,856
- Provision for accrued vacations	3,049	2,949
Provisions	48,611	51,407
Operations in progress	5,798	3,112
Deferred sales	73	73
Other liabilities	5,871	3,185
Total	348,755	238,097

(a) Derivatives for hedging

Accounts receivable and/or payable for currency and interest rate swaps, financial derivatives held by the Corporation and consisting principally of the amounts deriving from fluctuations in the values of these financial instruments.

As of March 31, 2016, and December 31, 2015 derivative operations for cash flow hedging consisted of:

FINANCIAL DERIVATIVES AS OF 31 03 2016
(in thousands of nuevos soles)

DESCRIPTION	N° Oper.	Nominal value	Exchange rate diff.		Interest accrued		Earning / (Loss)			Fair value	
			Asset	Liability	Asset	Liability	Asset	Liability	Realised	Asset	Deposit
CURRENCY SWAPS - HEDGING YEN/US\$	4	449,078	15,744	152,960	388	2,526	(14,243)	(29,972)	-	1,889	125,514
CURRENCY SWAPS - HEDGING	4	449,078	15,744	152,960	388	2,526	(14,243)	(29,972)	-	1,889	125,514
TOTAL - CURRENCY DERIVATIVES	4	449,078	15,744	152,960	388	2,526	(14,243)	(29,972)	-	1,889	125,514
INTEREST RATE SWAPS - HEDGING	1	635,400	-	-	4,504	3,433	7,072	(3,433)	-	11,576	-
			15,744	152,960	4,892	5,959	(7,171)	(33,405)	-	13,465	125,514

FINANCIAL DERIVATIVES AS AT 31 12 2015

(in thousands of nuevos soles)

DESCRIPTION	N° Oper.	Nominal value	Exchange rate diff.		Interest accrued		Earning / (Loss)			Fair value	
			Asset	Liability	Asset	Liability	Asset	Liability	Realised	Asset	Deposit
CURRENCY SWAPS - HEDGING YEN/US\$	4	384,895	8,188	177,185	111	3,015	(8,299)	(30,452)	-	-	149,748
CURRENCY SWAPS - HEDGING	4	384,895	8,188	177,185	111	3,015	(8,299)	(30,452)	-	0	149,748
TOTAL - CURRENCY DERIVATIVES	4	384,895	8,188	177,185	111	3,015	(8,299)	(30,452)	-	-	149,748
INTEREST RATE SWAPS - HEDGING	1	635,400	-	-	10,162	6,560	(6,346)	(6,560)	-	3,816	-
			8,188	177,185	10,273	9,575	(14,645)	(37,012)	-	3,816	149,748

- (i) As of March 31, 2016, the net position payable for foreign currency swaps amounted to (in thousands) S/ 123,625 (S/149,748 as of December 31, 2015), which offsets the reduction in liability arising from the depreciation of the yen against the United States dollar.
- (ii) As of March 31, 2016, the net position receivable of interest rate swaps amounted to (in thousands) S/ 11,576 (S/3,816 as of December 31, 2015), which offset variations in the borrowing rates applicable to these borrowings.
- (iii) As of March 31, 2016, an unrealised net gain was obtained from these financial derivatives amounting to (in thousands) S/ 26,234 (net gain (in thousands) of S/ 22,367 as of December 31, 2015). See note 13(d)
- (iv) As of March 31, 2016, the Corporation held mainly currency swap contracts to offset the risk of a strengthening of the yen affecting borrowings from AFLAC and JICA, which mature in September 2031 and October 2027, respectively. The Corporation uses currency swaps to obtain a fixed exchange rate in dollars, and pays a variable exchange rate in the same currency; for the remaining amount the Corporation receives at a variable rate and pays at a set rate (note 11).

(b) Provision for litigation, claims and other provisions

As of March 31, 2016, and December 31, 2015, the balance included provisions for lawsuits against the Corporation relating to its activities.

Other provisions include mainly those arising from internal reviews of exposure to credit risk deriving from exchange rate risk – RCDR applicable to the Corporation's investments.

- (c) As of March 31, 2016, Reporting Operations include local currency which captured from the Central Reserve Bank of Peru, bearing interest at an annual rate of 6.10% and are secured by restricted foreign currency at the Central Bank by (in thousands) US\$ 29,776 deposits and have a maturity in March 2018. As of December 31, 2015 reporting operations included in national currency resources raised from various trusts managed by the Corporation, which bore market interest at annual rates of 5.83% and they were guaranteed by Terminales Portuarios Paita Structured Bonds maturity February 2016.

12. EQUITY

(a) Capital Stock

As of March 31, 2016, and December 31, 2015, the Corporation's capital was represented by 1,548,418,292 ordinary shares and 15,639,765 preference shares, having a nominal value of S/ 11.00 each, fully subscribed and paid up.

Shareholdings in the Corporation were as follows:

Share class	Holder	31 03 2016		31 12 2015	
		Nº of shares	% shareholding	Nº of shares	% shareholding
Class "A"	MEF-FONAFE	1,063,561,110	68.00	1,063,561,110	68.00
Class "C"	MEF-FONAFE	469,217,417	30.00	469,217,417	30.00
		1,532,778,527	98.00	1,532,778,527	98.00
Class "B"	COFIDE (Treasury)	15,639,765	1.00	15,639,765	1.00
		1,548,418,292	99.00	1,548,418,292	99.00
Class "B Preferred"	CAF	15,639,765	1.00	15,639,765	1.00
		1,564,058,057	100.00	1,564,058,057	100.00

As of March 31, 2016, and December 31, 2015, COFIDE holds 15,639,765 class "B" shares as part of its treasury, which were acquired from CAF on June 26, 2013.

The class "B" shares belong to the Corporation and are part of its treasury.

The class "B" preferred shares belong to different Peruvian State companies and entities (unless they have been bought back). They are preference shares and are redeemable or may be bought back; they are non-voting shares and accrue an annual preferred and cumulative dividend (Libor 360 days plus 4.5% of the initial value paid in dollars by CAF).

Class "C" shares belong to the Peruvian State. They are freely negotiable and may be listed on the stock exchange and/or any registry necessary for them to be traded on the exchange, with the prior approval of the board of directors.

(b) Additional paid in capital

As of March 31, 2016, this item consisted of capital in the process of registration at the Public Records Office, deriving from: (i) a general meeting of the shareholders in COFIDE held on March 31st, 2016, which approved the reinvestment of 15% of profits from fiscal year 2015 payable to FONAFE and amounting to (in thousands) S/ 10'896, which is equivalent to 10,896,251 new shares (7,627,376 Class "A" shares and 3,268,875 Class "C" shares), (ii) a general meeting of the shareholders in COFIDE held on March 31st, 2015, which approved the reinvestment of 15% of profits from fiscal year 2014 payable to FONAFE and amounting to (in thousands) S/ 10'409, which is equivalent to 10,409,162 new shares, and, (iii) a general meeting of shareholders of the Corporation, held on the 22nd of June 2015 approved a cash increase in capital by an amount of (in thousands) S/ 31,228 in the

following way: (in thousands) S/ 15,640 for the subscription of 15,639,765 current shares and (in thousands) S/ 15,588 for the subscription of 15,587,721 new shares.

A General Meeting of Shareholders held on December 23, 2015, ratified creation and issue of 25,996,883 new shares indicated in (b.2) and (b.3) distributed as follows: 18,197,818 shares of Class "A" and 7,799,065 Shares of Class "C", all subscribed and fully paid.

Additionally, at the General Meeting of Shareholders held on December 23, 2015 and in accordance with the fourth complementary and final provision of Law N° 30283 the "Public Sector Borrowing for Fiscal Year 2015 Act", it was approved the capitalization of credits amounting to (in thousands) S/ 425,258 to be distributed (in thousands) S/ 297,681 for subscription of 297,680,925 shares Class "A" and (in thousands) S/ 127,577 for subscription of 127,577,540 shares Class "C".

The composition of the share capital of the Corporation, considering all of above, would be as follows:

Share class	Holder	31 03 2016		31 12 2015	
		Nº of shares	% shareholding	Nº of shares	% shareholding
Class "A"	MEF-FONAFE	1,063,561,110	52.49	1,063,561,110	68.00
Clase "A"	MEF-FONAFE	323,506,119	15.97	0	0.00
Class "A"	MEF-FONAFE	15,639,765	0.77	0	0.00
		<u>1,402,706,994</u>	<u>69.23</u>	<u>1,063,561,110</u>	<u>68.00</u>
Clase "C"	MEF-FONAFE	469,217,417	23.16	469,217,417	30.00
Class "C"	MEF-FONAFE	138,645,480	6.84	0	0.00
		<u>2,010,569,891</u>	<u>99.23</u>	<u>1,532,778,527</u>	<u>98.00</u>
Class "B"	COFIDE (treasury)	0	0.00	15,639,765	1.00
		<u>2,010,569,891</u>	<u>99.23</u>	<u>1,548,418,292</u>	<u>99.00</u>
Class "Preferred B"	CAF	15,639,765	0.77	15,639,765	1.00
		<u>2,026,209,656</u>	<u>100.00</u>	<u>1,564,058,057</u>	<u>100.00</u>

Also, as of March 31, 2016 and December 31, 2015, there has-been a donation received in furniture for (in thousands) S/ 84.

(c) Legal reserves

In accordance with current legislation, the Corporation must set aside a statutory reserve of not less than 35% of its paid up capital. This reserve is created by annual transfers of not less than 10 percent of net profits.

COFIDE's general shareholders meeting held as of March 31, 2016, approved a legal reserve equivalent to 10% of profits for fiscal year 2015 (in thousands) S/ 8,234.

COFIDE's general shareholders meeting held as of March 31, 2015, approved a legal reserve equivalent to 10% of profits for fiscal year 2014 (in thousands) S/7,711.

(d) Retained earnings and other comprehensive income

Law N° 23337 created the Public Sector Infrastructure and Counterparty Fund (later known as - FONAFE) whose funds consisted of the profits available for distribution earned by state-owned companies (100% of these profits in the case of banks and finance companies), which were to be transferred to the fund within 60 days of the balance sheets being approved. Profits available for distribution means the percentage set by the State after allowing for statutory reserves and capital reserves aimed at maintaining the solvency and liquidity of these companies.

COFIDE's general shareholders meeting held on March 31st, 2016, approved as a dividend policy to reinvest 15% the net income corresponding to FONAFE. As of December 31, 2015, the distributable income amounted to (in thousands) S/ 74,107 whereby the Corporation capitalized (in thousands) S/ 10,896 and paid in cash (in thousands) S/ 63,211. COFIDE's general shareholders meeting held on March 31st, 2015, approved as a dividend policy to reinvest 15% the net income corresponding to FONAFE. As of December 31, 2014, the distributable income amounted to (in thousands) S/ 69,394 whereby the Corporation capitalized (in thousands) S/ 10,409 and paid in cash (in thousands) S/ 58,985.

Dividends payable to shareholders other than companies domiciled in Peru are subject to income tax at a rate of 4.1%; this tax is withheld and paid by the Corporation.

Total accumulated results and adjustments to equity consists of:

	<u>31 03 2016</u>	<u>31 12 2015</u>
	<u>S/. 000</u>	<u>S/. 000</u>
<u>Retained earnings:</u>		
Adjustment to deferred equity share of employees - IAS 12	12,647	12,647
Difference of value of "B" shares of COFIDE when redeeming to CAF (Note 13 (a))	7,599	7,599
Accumulated earning without capital agreement	1,496	1,496
Total	21,742	21,742
<u>Other comprehensive income</u>		
Unrealized profit for the adjustment in value of CAF investment	404,261	404,261
Less: deferred income tax	(105,109)	(105,109)
	<u>299,152</u>	<u>299,152</u>
Profit for fluctuation of value of available for sale investments	52,763	(18,522)
Less: deferred income tax	(14,774)	5,186
	<u>37,989</u>	<u>(13,336)</u>
Profit (loss) cash flow hedging derivatives	26,234	22,367
Less: deferred income tax	(7,346)	(6,263)
	<u>18,888</u>	<u>16,104</u>
Total	356,029	301,920

13. CONTINGENT AND MEMORANDUM ACCOUNTS

This item includes:

	31 03 2016	31 12 2015
	S/000	S/000
<u>Contingent risks and commitments (a)</u>		
Joint signatures granted (Note 7)	693,279	773,390
Other contingent accounts	4,818	15,407
	698,097	788,797
<u>Trusts & confidential commissions (b):</u>		
Guarantees for operations of credit of trusts	9,449,419	9,336,229
Counter-accounts of trusts and trust commissions	9,458,448	9,308,867
Trust funds	9,444,112	9,212,791
Funds in trust commissions	609,562	604,665
	28,961,541	28,462,552
<u>Off-balance sheet accounts</u>		
<u>Guarantees for loan transactions (c)</u>		
Promissory notes	4,602,721	5,320,225
Mortgages	41,584	42,574
Guarantee deposits	9,357	10,867
Documentary guarantees	19,134	19,070
Warrants	120	123
Other guarantees	143,523	143,523
Other off-balance sheet accounts	11,526,974	12,049,170
	16,343,413	17,585,552
<u>Swaps and forwards (d):</u>		
Swap and forward operations	449,078	384,896
Nominal value - interest rate swap	665,200	682,200
	1,114,278	1,067,096
Total contingent and off-balance sheet accounts	47,117,329	47,903,997

(a) Contingent loans

In the normal course of its business, the Corporation takes part in off-balance-sheet transactions that involve risk. These transactions expose the Corporation to credit risk in addition to the amounts shown on the statement of financial position.

The credit risk involved in contingent operations is related to the likelihood of one of the participants in the respective contract failing to honour the terms of the contract. The corresponding contracts include the amounts to be assumed by the Corporation for losses in contingent operations.

The Corporation uses similar policies to evaluate and grant loans, both direct and contingent. In the opinion of the management, contingent transactions do not represent an exceptional credit risk, given that it is expected that a portion of these contingent loans will expire without having been used; the total value of contingent loans does not necessarily represent future cash disbursements by the Corporation.

When, in the judgement of the management, there is a reasonable likelihood of a contingent operation causing a loss for the Corporation, that operation is included in the calculation of the loan provision as if it were a direct loan.

The Corporation's management believes that there will be no significant losses in addition to the amounts for which provision has been made under the heading

provision for contingent loans, covering contingent operations current as of March 31, 2016 and December 31, 2015.

(b) Trusts and trust commissions

As of March 31, 2016, the Corporation managed 4 funds, 186 items of equity in trust and 2 programmes (4 funds, 185 items of equity in trust and 2 programmes as of December 31, 2015), for which it received commissions varying from 0.25% to 2% as of March 31, 2016, and December 31, 2015, received monthly, quarterly or every six months. The Corporation has no liability for the funds, equity or programmes.

(c) Credit operations' guarantees

The balance of this item, guarantees received, is based on the agreed value of the guarantees as at the date of the loan contract. This balance does not necessarily represent the market value of the assets used as guarantees for the Corporation's loans.

(d) Currency swaps and forward operations

The Corporation's commitments consist mainly of swaps in different currencies and at different interest rates aimed at hedging risks relating to foreign-currency-denominated borrowings (note 12).

14. PERSONNEL AND BOARD OF DIRECTOR'S EXPENSES

This item includes:

	<u>31 03 2016</u>	<u>31 03 2015</u>
	S/. 000	S/. 000
Wages	4,163	4,015
Profit sharing	238	1,621
Benefits	761	751
Bonuses	1,333	1,229
Social charges and others	768	781
Severance indemnities	452	410
Directors' attendance fees	111	47
Vacations	13	36
Assignations	23	20
Other personnel expenses	1,295	1,815
Total	9,157	10,725

15. EXPENSES FOR SERVICES RECEIVED FROM THIRD PARTIES

This item includes:

	<u>31 03 2016</u>	<u>31 03 2015</u>
	S/. 000	S/. 000
Other services	2,738	1,968
Consulting services	1,688	1,397
Electronic processing	1,003	386
Professional fees	218	416
Repairs and maintenance	499	357
Advertisement	234	81
Communications	198	229
Surveillance and protection	236	237
Rentals	131	128
Supplies - various	120	145
Electricity and water	119	96
Insurance	31	65
Transport	53	70
Travel expenses	13	25
Subscriptions and quotations	40	37
Electronic transfers	48	53
Notary and registry office fees	11	10
Entertainment expenses	4	5
Court costs	4	5
Total	7,388	5,710

16. BASIC AND DILUTED EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is given below:

	Number of shares, in thousands	
	<u>31 03 2016</u>	<u>31 03 2015</u>
Outstanding at the beginning of the year	1,548,419	1,548,559
Outstanding at the end of the year	1,548,419	1,548,559
Net profit for period (in S/. X 1,000)	26,433	23,480
Shares (denominator)	1,548,419	1,548,559
Basic and diluted earnings per share (S/.)	0.0171	0.0152

17. INCOME TAX

(a) Income tax regime

Tax rates

As of March 31, 2016, and December 31, 2015, the income tax rates for corporations domiciled in Peru were 28% and 28%, respectively.

Companies domiciled in Peru are subject to an additional rate of 4.1% on any sum that can be classified as a dividend or other form of profit distribution.

(b) Significant modifications to income tax

The Peruvian Congress has promulgated laws promoting economic growth and the reactivation of the country's economy. It has thus introduced a number of measures modifying and adding to the Income Tax Act and Tax Code, and created a special

regime for early claw back of value added tax in order to encourage capital goods acquisitions. The principal measures are:

- From the 1st of January 2015 net employment income tax (fourth and fifth category income) and net income from foreign sources obtained by individuals domiciled in Peru is taxed at the following cumulative rates, depending on the sum of the said net incomes:

Sum of net earned income and earnings from foreign sources	Tasas
Up to 5 UIT	8%
More than 5 UIT up to 20 UIT	14%
More than 20 UIT up to 35 UIT	17%
More than 35 UIT up to 45 UIT	20%
More than 45 UIT	30%

- The articles regulating the rate applicable to dividends and any other form of profit distribution have been modified to include a gradual increase in the rate of income tax, as shown in the following table:

Fiscal years	Rates
2015 - 2016	6.80%
2017 - 2018	8.00%
2019 onwards	9.30%

Furthermore, accumulated profits or other concepts that may generate taxable dividends obtained as of December 31, 2014, which are included in the distribution of dividends or any other form of profit distribution, are taxed at a rate of 4.1%.

- Similarly, third category income tax has been reduced, as shown in the following table:

Fiscal years	Rates
2015 - 2016	28.00%
2017 - 2018	27.00%
2019 onwards	26.00%

- (c) Income tax expenses include:

	31 03 2016	31 03 2015
	S/. 000	S/. 000
Current income tax	1,265	8,622
Deferred income tax (paragraph (g))	9,930	(9,218)
Total	11,195	(596)

Estimated current income tax consists of the tax payable calculated using the rate of 28% of estimated taxable income after deduction of employee profit sharing, Leg. Decree N° 892 at 5%.

- (d) Reconciliation of the effective tax rate with the actual tax rate:

As of March 31, 2016, and December 31, 2015, the effective income tax rate differs from the rate applicable to earnings before tax. This difference is due to certain items relating to the calculation of taxable income, whose effects on the applicable tax rate are summarised below (in percentages of earnings before tax):

	31 03 2016		31 03 2015	
	S/. 000	%	S/. 000	%
Income tax calculated according to current tax rate	10,602	28.00	6,407	28.00
Tax effects on additions:				
Non-deductible expenses	4,149	10.96	1,070	4.68
Exempts earnings	(22)	(0.06)	(12)	(0.05)
Other permanent differences	(3,534)	(9.33)	(8,061)	(35.23)
Current and deferred income tax recorded according to effective rate	11,195	29.57	(596)	(2.60)

(e) Tax reimbursable:

Income tax debit and credit balances are as follows:

	31 03 2016	31 12 2015
	S/. 000	S/. 000
Reimbursable:		
Income tax payments on account	68,408	55,253
Payable:		
Income tax payable	35,129	33,863
Tax recoverable	33,279	21,390

(f) The Corporation's tax position

Income tax returns for fiscal years 2011 to 2015 are awaiting review by the tax authority, which can carry out such a review for four years after the corresponding income tax return has been submitted. The management believes that no significant liabilities will arise from pending reviews.

The Peruvian Tax Authority issued letter N°140011424760-01 SUNAT dated on January 3th, 2014, initiating a tax audit of fiscal year 2011, which at the date of this report is still ongoing, with the respective report not yet issued.

Because legislation applicable to the company can be interpreted in different ways by the tax authority, it is not possible at this date to say whether additional tax liabilities will arise as a result of future audits or the audit currently in progress. Any additional tax, fines or interest, if any, will be recognised in the results of the year in which the difference in interpretation with the tax authority is resolved. The management believes that no significant liabilities will arise as a result of these possible audits.

(g) Deferred income tax - balances

Deferred assets tax and liabilities are made up as follows:

	Balance as at	Changes in results		Balance as at	Changes in results		Balance as at
	01 01 2015	Accumulated	Fiscal year	31 12 2015	Accumulated	Fiscal year	31 03 2016
	S/. 000	S/. 000	S/. 000	S/. 000	S/. 000	S/. 000	S/. 000
Temporary differences in assets:							
Generic provision for loans and contingencies	572,461	-	13,147	585,608	-	(22,986)	562,622
Other generic provisions	18,525	-	31,583	50,108	-	(13,563)	36,545
Provision for changes in securities	-	-	6,923	6,923	-	(1,086)	5,837
Generic provision - accounts receivable	4,285	-	(2,063)	2,222	-	2,238	4,460
Provision for adjudicated assets	2,246	-	3,239	5,485	-	-	5,485
	597,517	-	52,829	650,346	-	(35,397)	614,949
Temporary differences in liabilities:							
Depreciation of buildings	(257)	-	(257)	(514)	-	(64)	(578)
Changes in value of CAF shares	(1,444,318)	-	-	(1,444,318)	-	-	(1,444,318)
Unrealised earnings (loss) on investment in securities	(46,935)	28,412	-	(18,523)	(71,286)	-	(52,763)
Unrealised earnings (loss) on derivatives	(14,606)	(7,760)	-	(22,366)	(3,867)	-	(26,233)
Comments on 2003 tax return - provisions, write-downs and othe	16,823	-	(4,113)	12,710	-	(4,113)	12,710
	(1,489,293)	20,652	(4,370)	(1,473,011)	(75,153)	(4,177)	(1,511,182)
Temporary differences in liabilities, net	(891,776)	20,652	48,459	(822,665)	(75,153)	(39,574)	(896,233)
Movements in deferred income tax	-	16,155	13,569	-	(21,042)	(9,930)	-
Changes in deferred income tax (rate change)	-	8,085	20,801	-	-	-	-
Deferred income tax	(249,697)	24,240	34,370	(191,088)	(21,042)	(9,930)	(222,059)

18. TRANSACTIONS WITH NON-ARM'S LENGTH PARTIES

As of March 31, 2016, and December 31, 2015, the principal transactions with the CAF were financing operations.

The Corporation's transactions with this non-arm's length company took place in the normal course of its business and under similar conditions to those that would have applied to third parties.

Operations carried out with CAF in the periods ending as of March 31, 2016, and December 31, 2015, include interest payments on borrowings and obligations to international bodies valued (in thousands) S/ 1,288 and S/ 1,052, respectively.

Payments to the Board of Directors

The amount paid as of March 31, 2016, and March 31 2015 for directors' emoluments was (in thousands) S/ 111 and S/ 47, respectively.

Payments to managers

Salaries, other benefits and professional fees paid as of March 31, 2016, to employees of the Corporation with executive responsibility (managers) amounted to (in thousands) S/ 1,265 (S/ 1,254 in March 2015).

Personnel loans

As of March 31, 2016, and December 31, 2015, the directors, officials and employees of the Corporation had taken out loans permitted by the Act, which regulates and establishes certain limits for transactions with directors, officials and employees of banks in Peru. As of March 31, 2016, and December 31, 2015, loans to employees, directors, officers and key personnel amounted (in thousands) to S/ 8,979 and S/ 8,976; respectively.

19. CLASSIFICATION OF FINANCIAL INSTRUMENTS

The values of financial assets and liabilities in each item of the income statement are given below, broken down by category as established in the Accounting Manual:

	As of March 31, 2016					As of December 31, 2015			
	Financial assets					Financial assets			
	Loans and items receivable	Available for sale at fair value	Derivatives for hedging	Total		Loans and items receivable	Available for sale at fair value	Derivatives for hedging	Total
	S/. 000	S/. 000	S/. 000	S/. 000		S/. 000	S/. 000	S/. 000	S/. 000
Asset					Asset				
Available funds	2,537,856	-	-	2,537,856	Available funds	1,956,711	-	-	1,956,711
Available for sale Investments	-	-	-	-	Available for sale Investments	-	-	-	-
- Capital instruments	-	2,748,351	-	2,748,351	- Capital instruments	-	2,586,935	-	2,586,935
- Debt instruments	-	1,598,058	-	1,598,058	- Debt instruments	-	1,555,932	-	1,555,932
Loan portfolio	6,487,189	-	-	6,487,189	Loan portfolio	7,309,996	-	-	7,309,996
Derivatives for hedging		-	13,300	13,300	Derivatives for hedging		-	3,657	3,657
Accounts receivable	50,079	-	-	50,079	Accounts receivable	73,435	-	-	73,435
Other assets	1,153	-	-	1,153	Other assets	1,264	-	-	1,264
Total	9,076,277	4,346,409	13,300	13,435,986	Total	9,341,406	4,142,867	3,657	13,487,930

	As of March 31, 2016					As of December 31, 2015			
	Financial liabilities					Financial liabilities			
	At amortised cost	Other liabilities	Derivatives for hedging	Total		At amortised cost	Other liabilities	Derivatives for hedging	Total
	S/. 000	S/. 000	S/. 000	S/. 000		S/. 000	S/. 000	S/. 000	S/. 000
Liabilities									
Obligations to the public	-	10,096	-	10,096	-	-	32,564	-	32,564
Deposits by financial institutions and international financial entities	-	383,994	-	383,994	-	-	224,944	-	224,944
Borrowings & financial obligations	2,864,912	-	-	2,864,912	2,835,231	2,888,054	-	-	2,888,054
Securities & obligations in circulation	6,957,099	-	-	6,957,099	3,910,495	7,291,067	-	-	7,291,067
Derivatives for hedging	-	-	125,514	125,514	-	-	-	149,748	149,748
Accounts payable	-	168,759	-	168,759	-	-	12,356	-	12,356
Other liabilities	-	40,025	-	40,025	-	-	42,904	-	42,904
Total	9,822,011	602,874	125,514	10,550,399	6,745,726	10,179,121	312,768	149,748	10,641,637

20. FINANCIAL RISK MANAGEMENT

Financial risk management comprises managing main risks that, by nature of its operations, COFIDE faces, such as credit, market and liquidity risk.

20.1. Credit risk

Credit risk is defined as the possibility of incurring in financial losses due to non-fulfillment of contractual obligations by the counterparty or third parties obliged by insolvency, incapacity or lack of will of payment or by any other motive generating the fulfillment of contracted obligations.

Below are presented control measures used by COFIDE to reduce credit risk:

(a) COFIDE selects a risk policy that safeguards sustainable and profitable growth. In order to do so, it incorporates procedures of analysis for the proper decision-making, as well as tools and methodologies that allow identifying, measuring, reducing and controlling different risks more efficiently and according to SBS establishments. As well, it develops management models that allow a proper measurement, quantification and monitoring of credits, encouraging the continuous improvement of policies, tools, methodologies and processes.

(b) Maximum credit risk exposure

As of March 31, 2016, Management has estimated that the maximum credit risk amount it is exposed to is represented by the carrying amount of financial assets presenting a potential credit risk and that mainly consist of: cash, available for sale investments, placements (direct and indirect, without considering market value of guarantees or collaterals), operations with derivative financial instruments, accounts receivable and other monetary assets.

Exposure for each borrower, including banks, investments or other debtors, is established by assigning limits that cover risks for operations in the statement of financial position and off of it (contingent accounts), punctual assessment of operations, as well as risk limits for elements subjected to negotiation, such as swaps in foreign currency and interest rates, and forwards in foreign currency. Real exposures and their comparison to limits established are monthly reviewed.

On that regard as of March 31, 2016 and December 31, 2015:

- 98.3 percent and 98.4 percent , respectively of loans are considered as neither due nor impaired.
- 91.3 percent and 91.3 percent, respectively of investments are at least investment grade (BBB- or better) or are debt instruments issued by the central government.

The following table shows COFIDE's maximum exposure to credit risk broken down by type of financial asset:

	Notes	31 03 2016	31 12 2015
		S/. 000	S/. 000
Asset (*)			
Available funds	5	2,537,856	1,956,711
Available for sale Investments	6	4,346,409	4,142,867
Loan portfolio	7	6,487,189	7,309,996
Derivatives for hedging	9	13,300	3,657
Accounts receivable	9	50,079	73,435
Other assets	9	1,153	1,264
Total		13,435,986	13,487,930
Contingent (**)			
	7 and 14	659,607	749,005
(*) Net of provisions			
(**) Includes contingent net of provisions			

(c) Guarantee management

The Corporation has policies for the negotiation and management of in rem and personal guarantees that must be provided for any type of lending operation, maintaining minimum clearance in the margin of coverage between the existing value of the guarantees and the magnitude of the risk covered, including degree of realisation of the assets involved and the final recovery of the debt; which means an important mitigation of the credit risk assumed. The criteria for valuing guarantees and procedures for updating them are described in the Debtor Credit Risk Policy Manual (Policy on Guarantees), which also incorporates SBS provisions.

It should be mentioned that the Corporation has no guarantees for other financial instruments such as its investment portfolio, business portfolio and derivatives used for hedging.

The Corporation has departments specialising in the creation, management and release of guarantees.

(d) Loan portfolio credit risk management

Risk management of loans to debtors in which the Corporation assumes the risk of the final debtors as well as of IFIS, the Corporation has a process that consists of three basic stages: i) admission of the risks, ii) follow-up and monitoring of these risks, and iii) recovery of the non-performing and impaired portfolio. The purpose of these stages in the process is to maintain portfolio quality in accordance with the appetite for risk defined by the directors of the Corporation.

Stage i) admission of loans is based on good knowledge of the client and its business, with an evaluation of its payment capacity, credit history and solvency being determining factors. This process rests on the use of risk management methodologies and management tools that enable us to measure and value the quality of the risk and these in turn are based on models and qualification systems for accepting credit.

Stage ii), monitoring and follow-up of the portfolio, consists of a system of early warnings for detecting credit risk from financial intermediaries based on sub-systems that enable us to identify financial entities with potential risks that might affect their ability to pay, as well as a monitoring classification methodology by which points are assigned for the performance and risk profile of the intermediary, leading to action being taken. There is also a methodology for monitoring the risk profile of debtors (not intermediaries) and a methodology for monitoring the risk of over-indebtedness (retail portfolio) by which we monitor variations in and management of debtor risks and decision-taking, leading to regularisation or collection. For every business segment we continually monitor the main portfolio trends in terms of changing quality indicators, sector concentration and products in the placement portfolio, as well as counterparty risk exposure indicators, among others.

Finally, in stage iii) loans in the non-performing and impaired portfolio are collected through a series of coordinated actions applied to ensure prompt recovery of the loans, to minimise losses through elevated exposure to credit risk.

(e) Management of investments credit risk

COFIDE controls the credit risk of its investments based on an evaluation of the risk inherent in the issuers and instruments in question. The evaluation of foreign investments takes into account the ratings issued by international ratings agencies, as well as the issuer's country risk, which is evaluated taking into account its principle macroeconomic variables. For local investments, local ratings organisations' ratings are used and if applicable, internal analyses of their financial situation are produced.

The following table shows the risk classification of investments available for sale:

	31 03 2016	31 12 2015
	S/. 000	S/. 000
<u>Instruments issued in Peru</u>		
AAA	48,908	47,843
AA- a AA+	297,752	198,083
A- a A+	19,820	13,174
4 (pe)	49,819	37,535
Unclassified	133,993	88,569
Total Peru	550,292	385,204
<u>Instruments issued abroad</u>		
AAA	207,202	197,660
AA- a AA+	2,339,156	2,339,156
BBB- a BBB+	884,786	874,445
BB- a BB+	342,517	325,341
Total foreign	3,773,661	3,736,602
Interest accrued	22,456	21,061
TOTAL	4,346,409	4,142,867

(f) Risk concentration

The Corporation possesses policies and procedures to ensure adequate diversification of its financial assets and liabilities, whether or not they are included in the statement of financial position; It seeks, when appropriate, and adequate ratio of concentration risk and the degree of equity capitalisation of the Corporation. The

diversification and concentration policies in the policies manual for assets and liabilities establish warnings that reflect the Corporation's appetite for risk, such as:

(i) Warnings of a concentration of assets with a single risk:

In order to avoid an excessive concentration in direct and indirect lending operations (available Interbank funds, investments, loans, accounts receivable and contingencies, including equivalent exposure to credit risk from derivatives) with counterpart constituting a minimum and unique risk.

(ii) Warnings of diversification by economic sector

Its purpose is to maintain adequate diversification throughout the investment portfolio, as a function of the economic sector in which each counterparty operates, or in the case of specialist financing operations, the economic sector upon which the underlying risk depends.

(iii) Warnings of diversification of investments and available cash by market

Related to different market behaviours, for which the Corporation considers it prudent to diversify in relation to systemic risk.

(iv) Warnings of a Concentration of liabilities with a single risk

With this warning the Corporation seeks to avoid a concentration of sources of financing by type of debtor institution.

Furthermore, the Corporation has established limits policies to ensure that its credit risk is sufficiently spread and diversified within the organisation's corporate objectives, for which it has established:

- Limits to exposure to IFIS sub-systems with higher relative risk.
- Limits on exposure to IFIS with higher relative risk.
- Monitoring of single risk concentration.
- Monitoring of implicit credit exposure quality.
- Monitoring of explicit credit exposure quality.
- Limits to shares in business, specialist and structured financing operations.

The Corporation also has levels of autonomy, which have to be approved by the board of directors, which are related to:

- Lending operations.
- Position limits.
- Investment operations.
- Borrowing operations.
- Operations with derivatives.
- Special interest rates.

As far as investments are concerned COFIDE's policies on warnings of portfolio concentration contain limits to relative risk and issue risk affecting the investment portfolio

21.2. Liquidity risk

Liquidity risk consists of the inability of the Corporation to pay its obligations as they fall due, or the need to do so using funds set aside for lending, thus incurring losses that may have a significant effect on its equity position. This risk derives from possible losses on early (or forced) sales of assets and unusual and/or significant discounts offered in order to obtain the necessary funds quickly; or from the impossibility of renewing or obtaining new financing under normal conditions for the institution.

The Corporation manages its liquidity by centralising the flow of funds generated by all of its intermediation and treasury operations and all operations relating to its own investments, in accordance with liquidity risk tolerances and regulatory requirements.

The Corporation's liquidity is managed by the Assets and Liabilities Committee (ALCO) through a department of the treasury, which continually examines economic and market conditions in order to minimise the cost of liquidity in accordance with approved parameters. Thus the Committee can periodically review levels of liquidity and mismatches between total maturity and currencies in the portfolio. Liquidity risk is in turn monitored by the Risks Committee and Risks Department, which defines the level of risk that the Corporation is willing to assume and which also reviews the corresponding indicators, limits and controls.

Furthermore, the Corporation evaluates liquidity in the medium and long terms by means of a structural analysis of its income and outgoings at different maturities, using as tools static and dynamic cash flow modelling and estimates of liquidity gaps between lending and borrowing positions on and off the statement of financial position over a given horizon. This process reveals the different sources of funds, how the need for liquidity grows and any maturity mismatches. Internal assumptions are considered for both assets and liabilities, in operations that have no fixed maturity dates. Also included are estimated obligations derived from contingent liabilities such as letters of guarantee or unused lines of credit. This information is used in taking decisions necessary to maintain the target levels of liquidity.

The following table shows cash flows payable by the Corporation in accordance with agreed contractual periods. For liabilities with undefined maturities, terms are assumed by internal assumptions, in accordance with the methodological notes in Annex 16 - Liquidity Table by Maturity. The amounts shown are undiscounted cash flows in accordance with contractual terms, and include the respective interest accrued.

Exposure to liquidity risk	31 03 2016				
	Up to 1 month	More than 1 month	More than 3	More than 1 year	Total
	S/. 000	up to 3 months	up to 12	S/. 000	S/. 000
Risk to financial liability position					
Obligations to the public	-	740	9,356	-	10,096
Deposits by financial institutions and international financial entities	12,053	109,944	261,997	-	383,994
Borrowings and financial obligations	193,107	234,224	1,970,614	7,424,066	9,822,011
Derivatives for hedging	1,494	2,988	13,448	107,584	125,514
Accounts payable	67,898	6	-1,234	100,000	166,670
Other liabilities	1,616	-	473	-	2,089
Total	276,168	347,902	2,254,654	7,631,650	10,510,374
Risk to financial position					
Contingent liabilities	-	-	-	586,293	586,293
Total	276,168	347,902	2,254,654	8,217,943	11,096,667

Exposure to liquidity risk	31 12 2015				
	Up to 1 month	More than 1 month	More than 3	More than 1 year	Total
	S/. 000	up to 3 months	up to 12	S/. 000	S/. 000
Risk to financial liability position					
Obligations to the public	-	21,051	11,513	-	32,564
Deposits by financial institutions and international financial entities	37,246	36,169	151,529	-	224,944
Borrowings and financial obligations	322,776	271,567	1,641,128	7,943,650	10,179,121
Derivatives for hedging	1,783	3,566	16,044	128,355	149,748
Accounts payable	4,800	6,096	335	-	11,231
Other liabilities	633	-	492	-	1,125
Total	367,238	338,449	1,821,041	8,072,005	10,598,733
Risk to financial position					
Contingent liabilities	-	-	-	553,892	553,892
Total	367,238	338,449	1,821,041	8,625,897	11,152,625

21.3. Market risk

Market risk is the likelihood of losses deriving from changes in the conditions of the financial market. The main variations should occur in: i) interest rates, ii) exchange rates and iii) prices.

(a) Trading portfolio

The Corporation is exposed to interest rate, exchange rate and price risks, which affect the value of its assets and business portfolio positions. As of March 31, 2016, and December 31, 2015, the business portfolio was not exposed to such risk.

The Corporation applies VaR (value at risk) as a basic statistical measure used to measure, manage and control market risks, given that maximum losses are calculated for positions in the business portfolio for a time horizon of 10 days and

a 99% confidence level under normal market conditions. The VaR calculation is analysed by risk factor: principally interest rate and exchange rate.

The concept of duration was used to estimate the value of interest rate risk, as a measure of sensitivity of the Corporation's investment and derivatives portfolio. As far as exchange rate risk is concerned, the level of exposure for each currency is calculated by adding the present value of investments and estimated derivatives. As far as price risk is concerned, the market value of each investment is calculated at the time of the evaluation. Once the risk factors for interest rate and exchange rate have been determined, the sensitivity of these specific risk factors and variables is estimated. The VaR for foreign exchange interest rates is then determined, together with the VaR for exchange rate risk, VaR for price risk and VaR for aggregate market risk. Stress tests and backtesting of the model are also carried out every month.

(b) Non-trading assets and liabilities

The Corporation is exposed to the following risks applicable to non-traded assets and liabilities: i) interest rate, and ii) exchange rate.

(i) Interest rate risk

Interest rate risk arises from the possibility that market interest rate changes will have an adverse effect on the financial position of a company, affecting its profits and equity value.

The Corporation's internal methodologies include differentiation between the effect of interest rate risk on profits (interest receivable) and on interest payable (repricing, reinvestment or refinancing); and the effect on economic value (equity value), relating to the actual value of the company's assets and liabilities and the updated interest rates applicable to the future cash flows generated by them.

In other words, the impact of changes in interest rates is shown in two forms: the first is the impact on expected profits, which is directly related to the reinvestment risk, refinancing risk and repricing risk. The second is related to the valuation of the Corporation's assets and liabilities and, therefore, the economic or real value of its equity.

The impact on expected profits is determined by profit at risk (PAR), which is the expected variation in the Corporation's financial resulting from expected changes in interest rates. In other words, the impact on the company's earnings. The impact on equity is determined by value at risk (VAR), which is the change in the value of the Corporation's equity resulting from changes in the interest rates used to value it. In other words, the impact of market interest rate changes on the statement of financial position.

The results of these 2 indicators of internal interest rate risk in a normal scenario are as follows:

	31 03 2016	31 12 2015
GER=	S/. 20,624,747 (0.595% p.e)	S/. 23,558,205 (0.677% p.e)
VPR=	S/. 158,359,193 (4.568% p.e)	S/. 140,661,988 (4.0440% p.e)

Monitoring of interest rate risk is reported to the Risks Committee and also to the ALCO Committee. The Risks Committee approves the various limits used to manage risk and monitoring is the responsibility of the Risks Department.

The following shows the sensitivity of the interest rate indicators to a 200 basis point (pbs) shock:

	31 03 2016	31 12 2015
GER=	S/. 21,030,728 (0.607% p.e)	S/. 24,045,627 (0.691% p.e)
VPR=	S/. 161,437,939 (4.657% p.e)	S/. 143,377,616 (4.122% p.e)

It should be pointed out that this information derives from COFIDE's internal interest rate model updated in December 2015.

(ii) Foreign currency exchange rate risk -

Foreign currency exchange risk is related to variations in the value of the company's positions shown on the statement of financial position and off it, which could be negatively affected by changes in the exchange rate. This risk depends on the position in each currency and the volatility of exchange rates. A significant part of the Corporation's assets and liabilities are denominated in United States dollars. The management sets limits for the levels of exposure to each currency and these are monitored monthly. The majority of the foreign currency denominated assets and liabilities are in United States dollars.

Foreign currency denominated operations are carried out using free market exchange rates.

As of March 31, 2016, the weighted average free market exchange rate published by the SBS for transactions in United States dollars was S/ 3.323 (buying) and S/ 3.328 (selling) per US dollar (S/ 3.408 and S/ 3.413 as of December 31, 2015, respectively). As of March 31, 2016, the exchange rate for asset and liability accounts in foreign currency set by the SBS was the mean of the buying and selling rates, equivalent to S/ 3.326 per US\$1 (S/ 3.411 as of December 31, 2015).

Details of the Corporation's position broken down by currency are shown below:

	As of March 31, 2016				As of December 31, 2015			
	US dollar	Other currencies	Nuevos Soles	Total	US dollar	Other currencies	Nuevos Soles	Total
	S/. 000	S/. 000	S/. 000	S/. 000	S/. 000	S/. 000	S/. 000	S/. 000
Assets								
Available funds	2,421,957	115	115,784	2,537,856	1,812,664	46,204	97,843	1,956,711
Available for sale Investments	1,622,177	-	2,724,232	4,346,409	1,445,271	-	2,697,596	4,142,867
Loan portfolio - net	3,955,556	-	2,531,633	6,487,189	4,913,372	-	2,396,624	7,309,996
Derivatives for hedging	4,504	223	8,573	13,300	10,162	(48)	(6,457)	3,657
Accounts receivable	49,534	-	545	50,079	69,222	-	4,213	73,435
Other assets	976	-	177	1,153	936	-	328	1,264
	8,054,704	338	5,380,944	13,435,986	8,251,627	46,156	5,190,147	13,487,930
Liabilities								
Obligations to the public	32	-	10,064	10,096	185	-	32,379	32,564
Deposits by financial institutions	-	-	383,994	383,994	-	-	224,944	224,944
Borrowings and financial obligations	1,241,558	449,639	1,173,715	2,864,912	1,280,178	431,802	1,176,074	2,888,054
Securities and obligations in circulation	6,336,019	(190)	621,270	6,957,099	6,568,424	(193)	722,836	7,291,067
Derivatives for hedging	5,959	-	119,555	125,514	9,575	-	140,173	149,748
Accounts payable	4,273	-	164,486	168,759	4,374	-	7,982	12,356
Other liabilities	28,792	-	11,233	40,025	26,704	-	16,200	42,904
	7,616,633	449,449	2,484,317	10,550,399	7,889,440	431,609	2,320,588	10,641,637
Forwards position, net	-	-	-	-	-	-	-	-
Currencyswaps position, net	(586,293)	449,078	137,215	-	(553,892)	384,895	168,997	-
Currency position, net	(148,222)	(33)	3,033,842	2,885,587	(191,705)	(558)	3,038,556	2,846,293

As of March 31, 2016,, the Corporation recorded net exchange rate loss of (in thousands) S/ 23,043 (gains of (in thousands) S/ 2,683 as of December 31, 2015), which is shown net under “earnings from exchange rate differences”, in the earnings statement.

The Corporation manages exchange rate risk by matching its assets and liabilities and monitors its global exchange rate position on a monthly basis. The Corporation's global exchange rate position is equal to long positions minus short positions in currencies other than the sol. The global position includes spot positions and derivatives.

Variations in exchange rates affect the financial statements by modifying income and expenditure in local currency, as well as the values of all of the Corporation's assets and liabilities. Exchange rate risk is held within the calculated limits of VaR and the analysis of sensitivity to exchange rates. Furthermore, the regulatory and internal limits on foreign currency positions are monitored monthly.

Sensitivity to variations in the United States dollar are shown below: Because of its volume, the position in United States dollars is the only exposure that could cause a material loss for the Corporation. Negative changes represent potential losses while positive changes represent potential gains.

Sensitivity analysis	exchange rates %	31 03 2016 S/. 000	31 12 2015 S/. 000
Depreciation			
US dollar	5	30,289	24,888
US dollar	10	60,578	49,776
Appreciation			
US dollar	5	(30,289)	(24,888)
US dollar	10	(60,578)	(49,776)

21.4. Fair value

The fair value is the amount for which an asset may be exchanged between duly informed vendor and purchaser, or for which an obligation may be paid between debtor and creditor with sufficient information under the terms of a free contract.

Fair value is a market-based measurement; therefore a financial instrument traded in an active and liquid market has a price on which its fair value is based. When the price of a financial instrument is not observable, its fair value must be measured using another valuation technique, attempting to maximise the use of relevant observable variables and minimise the use of variables that cannot be observed.

In order to calculate the fair value of an instrument that is not quoted in liquid markets, the market value of an instrument with similar characteristics that is quoted in the market can be used, or the price can be obtained from analytical techniques such as discounted cash flow analysis or the multiples method.

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

(i) Financial instruments booked at fair value. – Fair value is based on the following hierarchy:

Level 1 Prices of instrument quoted in active markets.

Level 2. Prices quoted in active markets for identical instruments.

Valuation using data from observable markets (using market rate curves and the price vector provided by the SBS).

Positions valued at market prices consist mainly of investments traded on centralised trading mechanisms.

Positions valued using other valuation techniques include financial derivatives and others (financial liabilities).

The fair value of the Corporation's investment in the CAF is classified, according to Official Communication SBS N° 45853-2012, under “investments available for sale”, with the cost value being the last value recorded in COFIDE's books, which is also used as the fair value.

(ii) Instruments whose fair value is similar to their book value. - Short-term financial assets and liabilities, including available cash, interbank funds and similar items.

(iii) Fixed yield financial instruments

Fixed yield financial assets (loan portfolio, obligations to the public and deposits by banks and finance companies) - according to Official Communication SBS N° 1575-2014 the fair value of these items is their book value.

Fixed yield financial liabilities - these liabilities may or may not be quoted in active markets. The fair value of the Corporation's own bonds quoted in active markets is the quoted market value.

The fair value of liabilities not quoted in an active market (borrowings and bonds issued by the Corporation) is calculated as a function of discounted future cash flows using the original effective interest rate.

The following table gives a comparison between the book values and fair values of the Corporation's financial instruments, using the methodology explained above, shown in the statements of financial position:

	31 03 2016		31 12 2015	
	Book Value	Fair Value	Book Value	Fair Value
Fair value and book value	S/. 000	S/. 000	S/. 000	S/. 000
ASSETS				
Available funds	2,537,856	2,537,856	1,956,711	1,956,711
Investment available for sale				
Equity Instruments	2,748,351	2,586,935	2,586,935	2,586,935
Debt Instruments	1,598,058	1,555,932	1,555,932	1,555,932
Loan portfolio	6,487,189	7,309,996	7,309,996	7,309,996
Derivatives for hedging	13,300	3,657	3,657	3,657
Account receivable	50,079	73,435	73,435	73,435
Other assets	1,153	1,264	1,264	1,264
Total	13,435,986	14,069,075	13,487,930	13,487,930
LIABILITIES				
Obligations to the public	10,096	10,096	32,564	32,564
Deposits from financial institutions	383,994	383,994	224,944	224,944
Borrowings & financial obligations	2,864,912	2,863,735	2,888,054	2,886,867
Securities and obligations in circulation	6,957,099	6,981,532	7,291,067	7,316,673
Derivatives for hedging	125,514	125,514	149,748	149,748
Account payable	168,759	168,759	12,356	12,356
Other liabilities	40,025	40,025	42,904	42,904
Total	10,550,399	10,573,655	10,641,637	10,666,056

Assets assigned in guarantee

As of March 31, 2016, the Corporation carried out operations with repurchase agreements involving funds denominated in peruvian currency totalling (in thousands) S/ 100,000, obtained from Peru Central, which accrue interest at a given annual rate of 6.10% and are guaranteed by restricted deposits (in thousands) by US\$ 29,776. As of December 31, 2015 the Corporation carried out operations with repurchase agreements involving funds denominated in

peruvian currency totalling (in thousands) S/ 21,051, obtained from different trusts which were guaranteed by structured bonds having a book value of (in thousands) S/ 24,246 and a nominal value of (in thousands) US\$ 6,978.

Hedging operations

The Corporation is exposed to fluctuations in future cash flows from financial assets and liabilities denominated in foreign currency and/or that generate interest at variable rates. The Corporation uses financial derivatives as cash flow hedges to cover these risks.

The following table shows the fair value in financial derivatives as of March 31, 2016, and December 31, 2015, recorded as assets or liabilities, together with their nominal values and maturities. The reference value, given gross, is the value of the asset underlying the derivative and is the basis upon which changes in the fair values of derivatives are measured.

	Note	As of March 31, 2016				As of December 31, 2015				Instruments hedged
		Assets	Liabilities	Reference value	Maturity	Assets	Liabilities	Reference value	Maturity	
		S/. 000	S/. 000	S/. 000		S/. 000	S/. 000	S/. 000		
Derivatives for hedging										
Cash flow:										
Currency sw aps - USD / JPY		-	108,212	265,932	08/09/2031	-	125,438	255,510	15/02/2019	Borrowings AFLAC
Currency sw aps - USD / JPY		-	9,276	76,825	20/10/2027	-	13,263	73,814	08/09/2031	Borrowings JICA
Currency sw aps - USD / JPY		-	502	4,314	20/10/2027	-	717	4,145	20/10/2027	Borrowings JICA
Currency sw aps - USD / JPY		-	7,524	53,524	20/10/2027	-	10,330	51,426	20/10/2027	Borrowings JICA
Currency sw aps - USD / JPY		1,889	-	48,483	20/10/2027	-	-	-	20/10/2027	Borrowings JICA
		1,889	125,514	449,078		-	149,748	384,895		
Interest rate sw aps - fixed rate / Liber rate 6M - USD		11,576	-	665,200	15/07/2019	3,816	-	682,200	15/02/2019	COFIDE corporate bonds 2019 US\$ 300MM
		11,576	-	665,200		3,816	-	682,200		

As of March 31, 2016, COFIDE had four currency swaps (four as of December 31, 2015), which according to SBS regulations qualify as cash flow hedges from borrowings. In economic terms, this operation covers the Corporation's debts.

In addition, as of March 31, 2016, the Corporation had one (one as of December 31, 2015) interest rate swaps aimed at covering the variable rate component of certain borrowings; it matures in 2019.

COFIDE has a method for measuring the degree of ineffectiveness of its financial derivative hedges that are used for that purpose. As of March 31, 2016, and December 31, 2015, the Corporation showed no reduction in the ineffectiveness of these hedges in its earnings statement.

21. MANAGEMENT OF OTHER RISKS

a) *Operational risk*

Operating risk originates from human, process, or system error, or external factors, including legal risk.

The Corporation has identified its operating risks, concentrating on the complementary processes that make up its operations. Furthermore, successive improvements have been made in the policies and methodologies for identifying, evaluating and monitoring operating risk, as well as in the definition of the roles and responsibilities of those involved in managing it.

Indicators have been created to analyse the causes and effectiveness of the control and mitigation measures for operating risk. Furthermore, a number of reports are generated to permit continual monitoring of these risks and to determine the measures necessary to mitigate them, in accordance with limits set by the board of directors. At the same time, the Corporation's divisions and departments are responsible for the qualitative valuation of their risks and controls through the operating risk coordinators.

A database of losses to operating risk has been designed to complement the qualitative analysis described above with a quantitative analysis.

Thus, although the eCorporation currently bases its operating risk management on the qualitative actions described, it is moving towards a management of this risk that complements qualitative valuations with quantitative ones.

(b) *Capital management – statutory reserve*

The Corporation actively manages a capital base to cover the risks inherent in its activities. The Corporation's capital adequacy is monitored using, among other measures, the rules and ratios established by the SBS; it has policies for capital adequacy that define levels of appetite for and tolerance of capital adequacy risk through indicators that seek to optimise the risk / return ratio, as well as guidelines for the management and assignation of capital.

The Corporation's capital management objectives are broader in concept than “net equity” shown in the financial statements, and are: (i) To comply with the capital requirements established by the SBS; (ii) To safeguard the ability of the Corporation to continue operating and provide returns to its shareholders and benefits to other participants; and (iii) maintaining a strong capital base to support future activities.

In accordance with SBS rules, the Corporation is obliged to maintain regulatory capital equal to or greater than 10% of risk-weighted assets and contingencies, including regulatory capital requirements for market risk, operating risk and credit risk. As of March 31, 2016, and December 31, 2015, the Corporation used the standard method for calculating its regulatory capital requirement for credit risk and market risk, and the basic method for operating risk. Furthermore, the 20th of July 2011 saw the publication of SBS ruling N° 8425-2011 (rules for additional statutory

reserve) by which companies must comply with requirements throughout the economic cycle to cover the risk of market concentration, interest rate risk and other risks. This additional regulatory capital requirement must be achieved in five years, the first stage being 40% of the total requirement by July 2012. The reserve will gradually increase each year at a rate of 15% to achieve 100% by the 31st of July 2016. It should be mentioned that the economic cycle requirement is activated and deactivates as a function of the procyclic provisions for loans.

As of March 31, 2016, and December 31, 2015, the regulatory capital of the Corporation, calculated in accordance with current legislation was (in thousands) S/ 3,466,587 and S/ 3,478,121 respectively; This figure is used to calculate certain limits and restrictions applicable to banks in Peru, which the management believes it has met in full.

As of March 31, 2016, assets and contingent loans weighted by credit risk amounted to (in thousands) S/ 10,858,692 (in thousands S/ 11,066,813 as of December 31, 2015) and the equity requirement for credit risk, market risk and operating risk determined by the Corporation according to current legislation totaled (in thousands) S/ 1,119,274 (S/ 1,139,910 as of December 31, 2015); these figures generate a global capital ratio of 30.97% (30.51% as of December 31, 2015).

22. SUBSEQUENT EVENTS

On April 2016, the inscription of the capital contributions FONAFE made in the year 2015 was reached in the public records, which on March 31, 2016 appears in Additional Capital in the Statement of changes in equity.