Limitless opportunities

Annual
report 2013

BCP

Overview

Main results

During 2013, BCP remained as the leading bank in Peru. Despite effects generated by high volatility in the exchange markets, BCP's operating performance was solid.

Total income
US$ 2,525 million
Total income was up 7.6% from 2012 figure.

Operating income
US$ 809 million
Operating income situated at a similar level to that recorded in 2012 as a result of various exceptional factors.

Market share of loans
30.7%
Market leader.

Loan portfolio
US$ 22,315 million
Loan portfolio was up 7.5% in line with the dynamism of the economy.

Clients
>6 million
The bank went on to serve more than 6 million customers.

Market share of deposits
31.6%
Market leader.

Other indices

	Indices	2013	2012	2011
Loan growth[1]	In local currency (%)	32.7	20.1	26.6
	In foreign currency (%)	3.1	16.4	17.1
Profitability	Net interest margin (NIM, %)	5.14	5.21	4.92
	Return over average assets (ROAA, %)	1.3	2.1	2.2
	Return over average equity (ROAE, %)	16.0	25.7	27.6
	Number of outstanding shares (million)	3,102.9	3,102.9	2,557.7
Efficiency	Operating expenses / total income (%)[2]	47.8	49.5	49.4
	Operating expenses / average assets (%)	3.4	3.6	3.5
Quality of loan portfolio	PDL ratio (%)[3]	2.30	1.79	1.53
	NPL ratio (%)[4]	2.90	2.47	2.09
Capital	Ratio BIS (%)	14.5	14.7	14.5
	Ratio Tier 1 (%)	9.7	10.1	10.4
	Ratio Tier 1 Common Equity (%)	7.5	7.4	8.0

[1] BCP and subsidiaries average daily balances
[2] Total income includes net interest income, fee income, net gain on foreign exchange transactions. Operating expenses exclude other expenses.
[3] PDL: Past due loans. PDL ratio = PDLs/total loans.
[4] NPL: Non performing loans (Past due loans, refinanced and restructured loans). NPL ratio = NPLs/total loans.

Letter from the Chairman

Dear Shareholders:

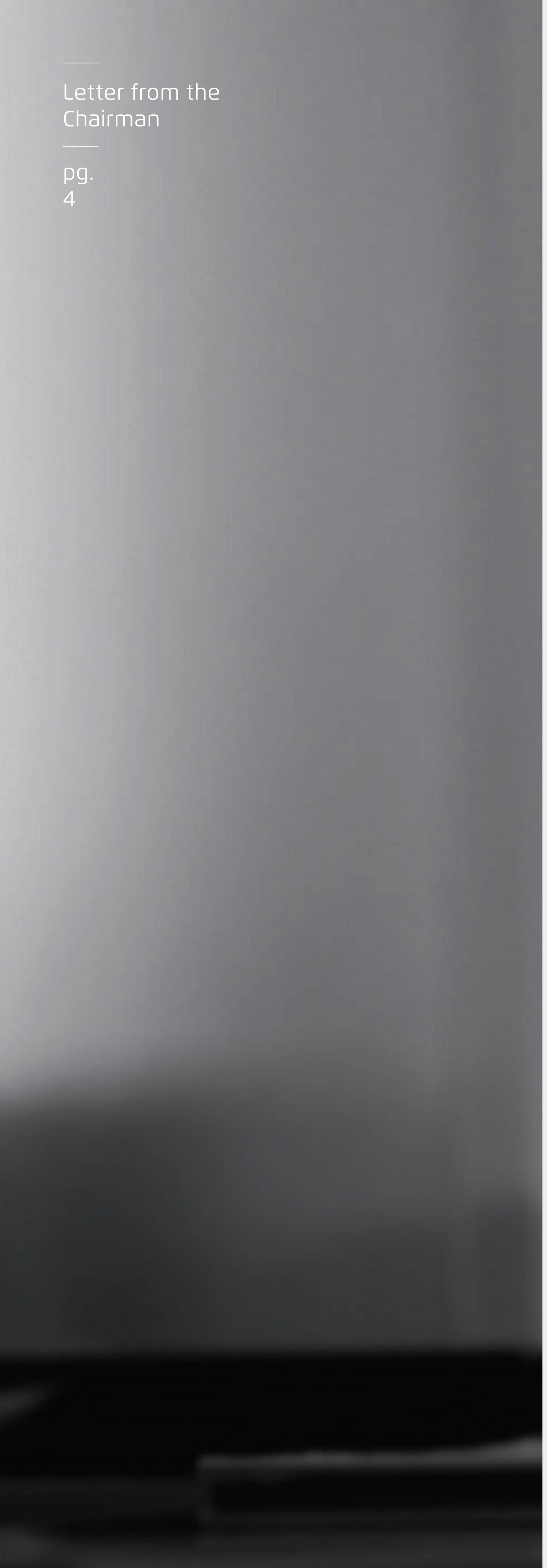
On behalf of the Board of Banco de Crédito del Peru (BCP), it is my honor to present the Annual Report of our bank´s activities in 2013.

Once again this year, the strength of our economy and the business community's capacity to maintain optimism, which is necessary to sustain investment levels and fuel current dynamism, were put to the test.

In a complicated international context, which nonetheless posted signs of recovery in the last quarter of 2013, Peru continued to show that it is capable of maintaining an acceptable pace of growth to outperform many of its Latin American counterparts. This was possible thanks to the country's dynamic economy, which is based on the solid expansion of the internal demand, and a business sector that pushed forward despite the political and economic events that led to the slight drop in business confidence posted last year.

In this environment, BCP consolidated its leadership in the financial sector, which has extended beyond the corporate sector to focus on the retail segment and the SME and Consumer sectors in particular.

We are enormously satisfied that, despite volatility in the exchange rate and financial markets, BCP's operating performance in 2013 was solid.



Our results

BCP's operating income performed adequately. In line with the country's economy, loans expressed in US Dollars increased 7.5% in 2013; net interest income grew 13.7%; and commissions for banking services rose 4.6%. These figures include the distortion generated by the devaluation of our local currency. If we isolate this effect, growth is closer to 17% in loans; 20% in net interest income; and 8.6% in non-financial income.

In 2013, we reinitiated the process to expand our network of branches and achieved growth of 9.9% to reach a total of 401 offices. Our branches now focus more on selling products and have reduced their transactional role, which is reflected in the decline in the volume of transactions performed through tellers, which fell 13.4% YoY.

We continue to shift transactions to more efficient channels such as Internet Banking, ATMs, and Agentes BCP, where transactions grew 21.9%, 8.2% and 4.8% respectively. The increase in the use of these channels is the result of our derivation efforts and the fact that we offer more points of access to our clients. At year-end, we had 2,091 ATMs and 5,820 Agentes BCP, which represent increases of 13.4% and 1.9% respectively.

The aforementioned results are proof that our efforts to build technological tools to improve commercial effectiveness are bearing fruit.

The good evolution of our businesses is not reflected in the earnings we have posted, which total US$ 464.3 million (down 30.1% YoY). This is due to the devaluation mentioned above, which generated a loss close to US$ 139.3 million on the equity position in Nuevos Soles and an increase in net provisions for loan losses, which was attributable to higher delinquency (going from 1.79% in 2012 to 2.30% in 2013). The trading securities portfolio also generated losses due to higher interest rates, which affected the mark to market of our fixed income portfolio.

Operating expenses grew 8.5% due to transactions that require high levels of expenditure and investment. If we isolate the devaluation effect, this figure represents 12.3% growth. Despite this growth, we were able to adequately control the efficiency ratio, which fell from 49.5% in 2012 to 47.8% at the end of 2013.

Subsidiaries

Financiera Edyficar

This subsidiary continues to be an important vehicle for earnings generation and is a key tool in our strategy to increase banking penetration to achieve more financial inclusion. As such, I am proud to report that Edyficar's loan portfolio grew 23.4% this year in US Dollars and 37.2% when it is expressed in nuevos soles. Along similar but even more significant lines, net income fell 2.9% when expressed in US Dollars but grew 34.7% when expressed in local accounting in Nuevos Soles. This illustrates the business's real performance. We have achieved these results by maintaining excellent levels of management, efficiency and portfolio quality, which allowed us to post earnings of US$ 35.4 million that is equivalent to 21.6% return on equity (both figures expressed in US Dollars). This evolution is proof that we continue to lead the country's microlending segment.

Banco de Crédito BCP Bolivia

In 2013, our subsidiary in Bolivia posted significant loan portfolio growth of 18.3% for a total of US$ 1,073 million in a context of considerable market growth. Nevertheless, the rules imposed on the Bolivian financial market, including the tax on foreign exchange transactions, led to a 17.7% decline in net income, which were situated at US$ 16.9 million. In this context, ROE fell to 12.2%.

Dividends and capitalization

The Board, in a meeting held on February 26, 2014, agreed to propose to the General Shareholders' Meeting that 20.5% of the earnings generated in 2013, according to local in Nuevos Soles, be used to pay dividends for S/. 337'735,510.74, which was equivalent to S/. 0.09 per share. The Board also agreed to transfer the remainder of the period's earnings, along with the balance of the Accumulated Results account for previous periods, to increase the Bank's capital stock by S/. 970´135,223.00 and destined an additional S/. 339,547,328.35 to Legal Reserves. The Board's proposal will cover investments made in 2013 and those foreseen for 2014, which include the acquisition of Mibanco by the group's subsidiary, Edyficar S.A. and will strengthen the Bank's capitalization level and the quality of the same.

Outlook

This year marks a milestone in our history: 125 years of leading the Peruvian financial market. As such we have ample reason to continue working day-in and day-out to cultivate an environment in which integrity, honesty, transparency and respect for others prevail as we efficiently manage the risks inherent to our businesses.

A key element in our efforts to achieve sustainable growth is our commitment to improving efficiency at our operations. There is much to do in this regard, which drives us to continue developing and promoting a culture of austerity that will contribute significantly to sustaining the levels of profitability that we have committed to achieving.

In the banking business, we will continue to implement our strategy to incur in different segments of Retail Banking and the SME segment in particular. We will use risk and collections models that are calibrated and aligned with pricing models that allow us to achieve the profitability we seek. It is public knowledge that we have reached an agreement with the majority shareholders of Mibanco to acquire 60.6% of this company, which specialized in loans for micro and small businesses.

Based on this outlook and the knowledge that our people are what differentiate us the market and ensure our success, BCP is dedicated to strengthening this organization to take full advantage of this period of expansion. Thanks to our fantastic team, the loyalty and trust of our clients, and the invaluable backing or our shareholders, we are certain that we will continue to play a major role in growth.

Many thanks.

Dionisio Romero Paoletti
Chairman of the Board

Content

Chapter 1

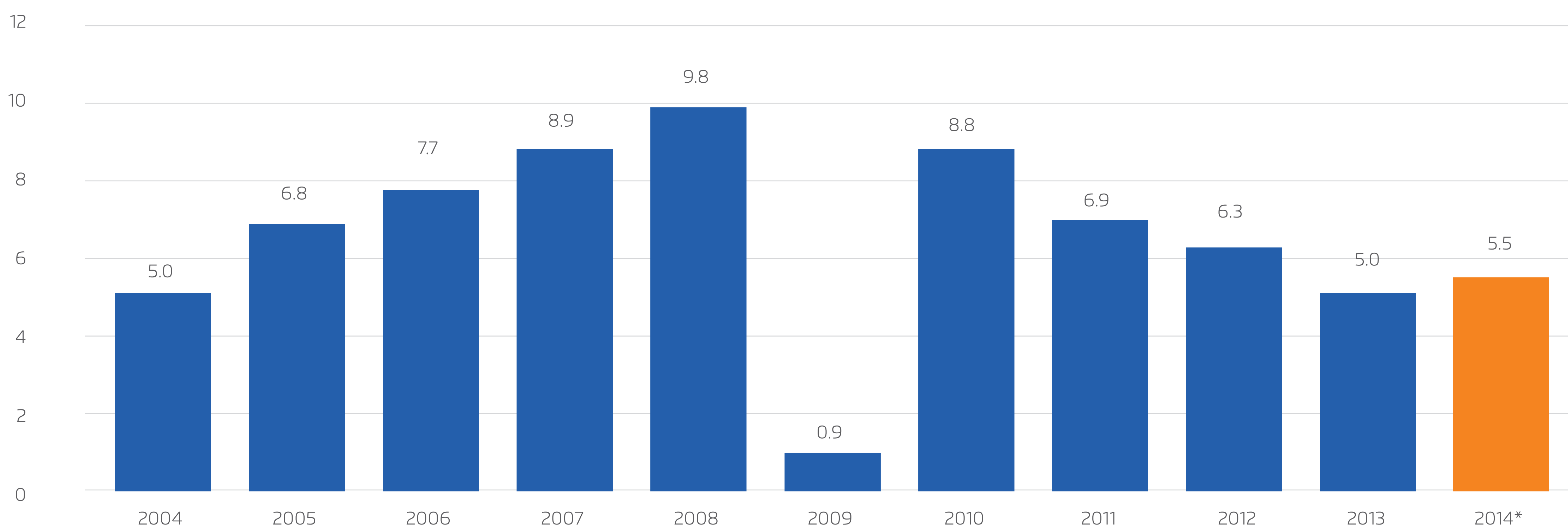
Economic environment

Coming together
is a beginning;
keeping together
is progress;
working together
is success.

Henry
Ford

Growth

Gross Domestic Product
(Annual variations, %)



* BCP estimates
Source: INEI

More uncertainty in the international environment, which was generated by the possibility that the United States would taper its monetary stimulus and exacerbated by the fear of a severe deceleration in the Chinese economy, led the Peruvian economy to grow only 5.0% in 2013.

This growth was led by the construction sector and others linked to internal demand. In the analysis of expansion by expenditure type, private investment posted surprisingly negative results.

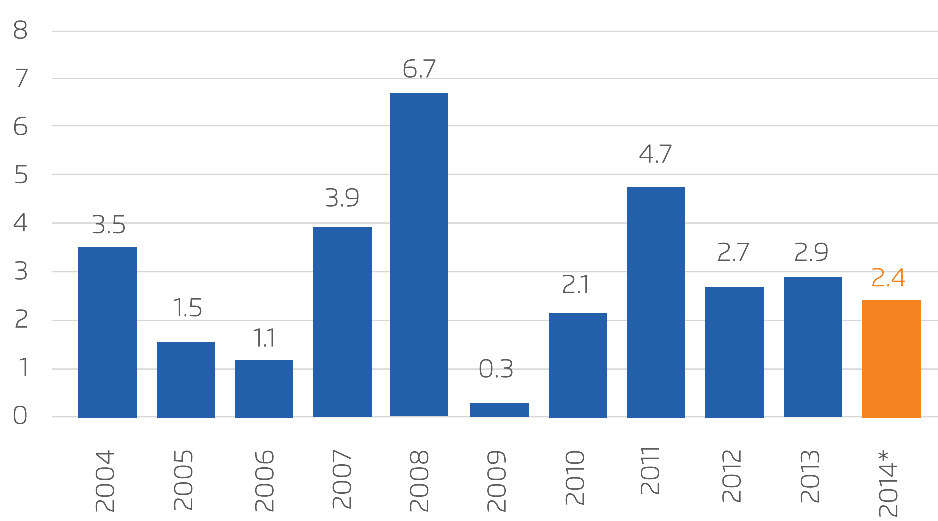
Inflation

Inflation was in the Central Bank's target range most of the year due to pressures associated with imported food stuffs. Nevertheless a significant correction was seen in the last quarter, which led inflation to situate at 2.9% (in the upper limit of the range but still within the target). Nevertheless, core inflation was above 3% throughout the year and reached 3.7% in December.

Reference rate

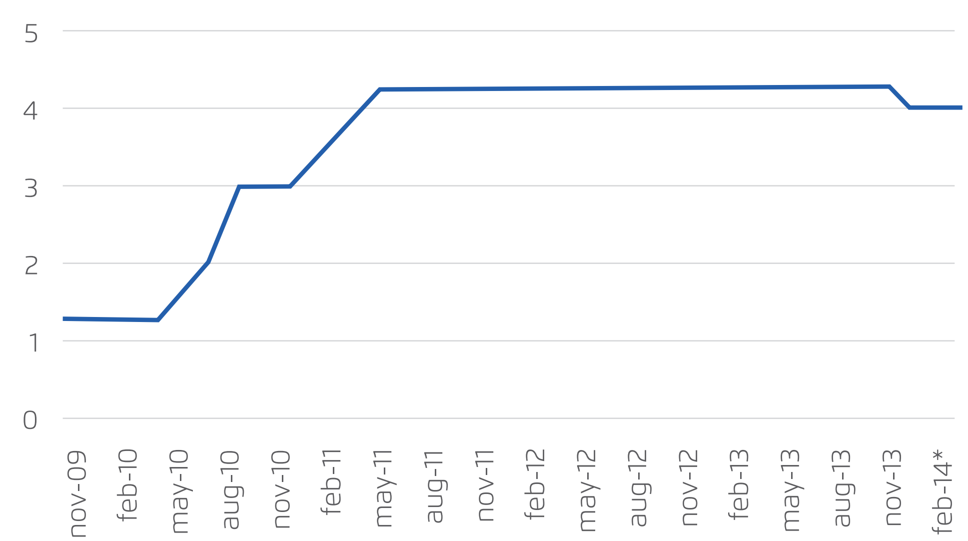
The BCR, which had held the interest rate at 4.25% since May 2011, made a surprise move to lower the rate to 4.00% in November 2013. In the second half of the year in particular, monetary policy demonstrated an expansive bias and legal reserve requirements in Nuevos Soles were reduced. The objective was to moderate loan growth, particularly in FC loans.

Inflation
(%)



* BCP estimates
Source: INEI

Reference rate
(%)



* BCP estimates
Source: Central Bank

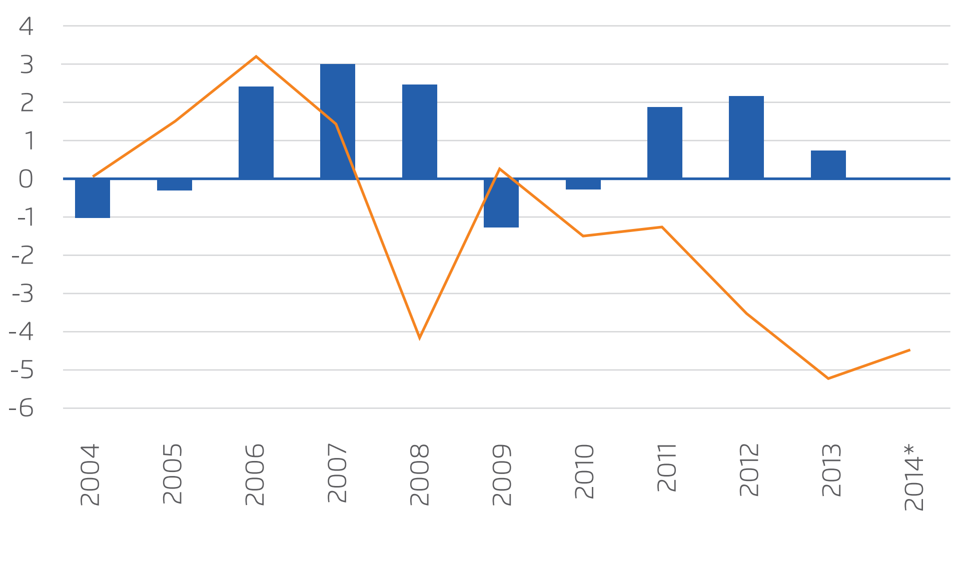
The current account balance and the fiscal result

The current account deficit increased in a context in which the prices of the main export products corrected significantly but internal demand continued to grow. On the fiscal side, the surplus was 0.7% of GDP, which is lower than the level posted in years past. This result was influenced by lower-than-expected revenue collections and an increase in the execution of capital expenditures.

Exchange rate

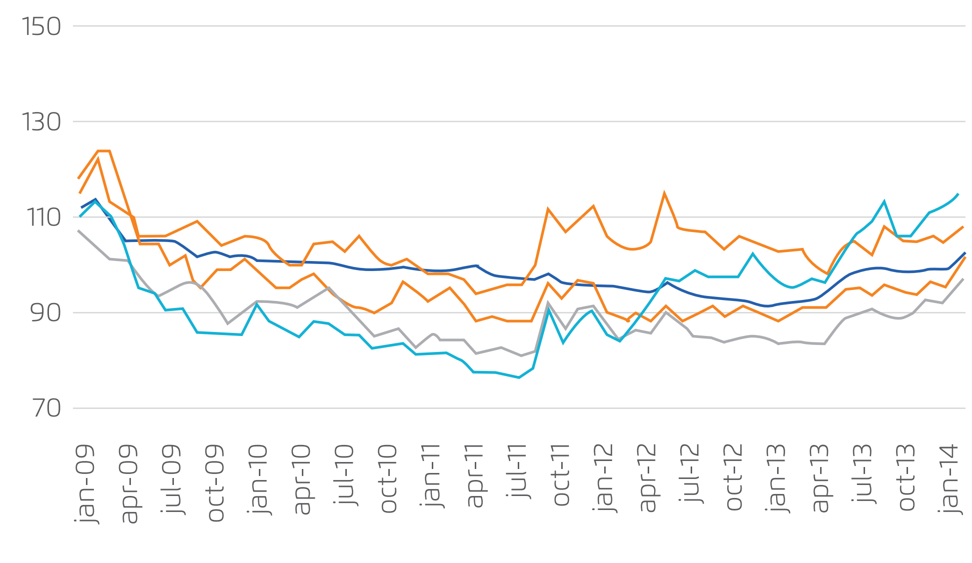
Despite BCR's permanent intervention in the exchange market (which was meant to moderate exchange rate volatility), the on-going downward trend in the exchange rate reversed in 2013. This is not an indication that the peruvian economy's fundamentals have deteriorated and instead reflects international uncertainty, which affected all emerging markets.

The current account balance and the fiscal result
(% of GDP)



* BCP estimates
Source: Central Bank

Exchange rates
(Index, Dec-08 = 100)



Source: Bloomberg

Outlook 2014

Global economic activity levels indicate that the pace of growth this year will top that of 2013 but the favorable differential of emerging countries will continue to fall given expectations of a potential upward revision in the United State's estimate for growth. The risk of decline is concentrated in China, which will have a particularly negative effect on the outlook of countries that export raw materials and Latin America in particular. China has yet to begin a process to rebalance its sources of growth. If this process takes place in a disorganized manner, it will lead to a severe deceleration and eventually affect the country's financial system. Some large emerging economies, such as Brazil, had a difficult time sustaining their growth in 2013 and also faced upward pressures on inflation. In this context, the main global economies continue to use monetary stimuli although this trend has begun to reverse.

If the global economy continues to grow, but is driven by a recovery in developed countries, it is estimated that the Peruvian economy will grow 5.5% in 2014. This growth will be led by the mining sector, which has evolved favorably due to new productive units and expansion at existing operations (primarily for copper). Other dynamic sectors, which will grow but at rates lower than in some years past, will be commerce, services and construction, all of which will continue to focus on the country's interior. In terms of expenditure, public investment will be the most dynamic component of demand. If the international economy continues to improve and copper production increases, growth can be expected in the export

5.5%

is the estimated growth of the peruvian economy in 2014.

volume. Nevertheless, the dynamism of private investment will continue to be moderate, which reflects the fact that investors are taking a more cautious approach to emerging markets.

At year-end, inflation will more than likely situate slightly above last year's level but within the target range (2.0% +/- 1.0%) given that the supply conditions that affected the price of food and fuel are expected to normalize and no pressures are anticipated on the demand end. If economic activity continues to grow below its potential (and thus generates no inflationary pressures) and risks continue on the global front, the BCR will maintain the reference rate at 4.00% in 2014. A more expansive fiscal posture is underway due to more public investment, which could pick up in the second half of the year in the framework of local and regional elections. Finally, the United States move to taper its economic stimulus may generate volatility in the markets and expectations of an excessive strengthening of the dollar across the world. As such, we predict that by mid-year, the exchange rate will be around S/. 2.90 per dollar while at year-end the economy's fundamentals will prevail, leading to a range of S/. 2.83 – S/. 2.85 per US dollar at the end of December.

Chapter 2 Our bank

As the challenge escalates, the need for teamwork elevates.

John
Maxwell

Our bank

124

years of experience

BCP

Banco de Crédito BCP is the largest institution in the Peruvian financial system and is the leading provider of financial services in the country. Founded in 1889 as the Banco Italiano, BCP is Peru's oldest full service commercial bank and has been the system's largest player since the 1920s. BCP is the main asset of the Credicorp financial group.

BCP runs the group's main banking businesses and has a series of subsidiaries that offer specific products. The main subsidiaries are Financiera Edyficar and Banco de Crédito BCP Bolivia.

22,657
employees.

5,820
agentes throughout the country.

401
branches in the national ambit.

2,091
ATMs throughout the country.

Mission

To promote the success of our clients with financial solutions adequate to their needs, facilitate the development of our employees, generate value for our shareholders and support the sustained development of our country.

Vision

To be the leading bank in all segments and products we offer.

Principles

1. Client satisfaction:
Offer our clients a positive experience through our products, services and processess.

2. Passion for goals:
Work with commitment and dedication to achieve our goals and results and ensure professional development at BCP.

3. Efficiency:
Take care of BCP's resources as if they were our own.

4. Risk management:
Assume risk as a fundamental element of our business and take responsibility for understanding, calculating and managing it.

5. Transparency:
Act openly, honestly and transparently with co-workers and clients and provide them with reliable information to establish lasting relations.

6. Willingness to change:
Have a positive attitude to promoting and adopting change and best practices.

7. Discipline:
Be organized and structured to consistently apply established processes and work models.

Our culture

BCP's culture is enriched by our organization's day-to-day experiences. This culture is expressed through our people, our client-based focus and our way of doing business.

Our clients are at the core of all of our decisions

- All of our decisions revolve around the needs of our clients, who are our business's raison d'être.
- We are interested in building lasting relations that are based on mutual trust and excellent service.
- We strive to constantly improve and have the capacity to adapt to and anticipate our clients' needs.
- We are committed to the development of our country and of all Peruvians. As such, we strive to reach more people by providing them with solutions that help them grow and progress in a framework of responsible banking penetration.

Our people are what make us unique and allow us to make a difference in the market: our DNA

- We are leaders and are proud to have the best professional team in the country.
- We have the capacity to adapt and anticipate our clients' needs.
- We prepare leaders who support our employees' development and we strive to develop innovative strategies and initiatives to promote professional growth.
- We permanently defy the status quo to improve and successfully face the challenges at hand.

The nature of our business and way we behave in the markets in which we operate

- We are an organization that is oriented toward achieving results and ensuring on-going improvement.
- Our commitment to ethics is the basis of our business and all of our actions.
- We are interested in building lasting relations with our clients based on mutual trust.
- We offer quality service with a clear focus on client service and optimum processes and deliverables.
- We are committed to the development of our country and all Peruvians and strive to reach more and more people to provide them with solutions that allow them to grow and progress through responsible banking penetration.

Our brand

The BCP brand is our main asset. BCP is associated with concepts of safety and trust as well as its 124-year track record. It is also known for its presence in every corner of the country via its client service channels. Our goal going forward is:

To become a brand that in addition to its track record and coverage, is known for its client-based focus.

To accomplish this, we need to build a more relevant brand promise: "To be an ally in the quest for success of all clients and Peruvians"

Although our strength, reliability and nation-wide presence through an increasingly large variety of channels have differentiated our Bank, we want to be more than just an "accessible bank." As such, we strive to be recognized for our keen focus on each client's needs and actions. Our client-based approach requires us to connect with our customers' needs and actively assist them in achieving success.

We know that our clients expect quality, fast and accessible service as well as clear and transparent communication. We also know that a client-based focus is long term in nature. All of our employees are responsible for seeing this approach through and this will be our path in the years to come.

Chapter 3

Financial results

Teamwork divides the effort and multiplies the effect.

John Maxwell

The bank in numbers

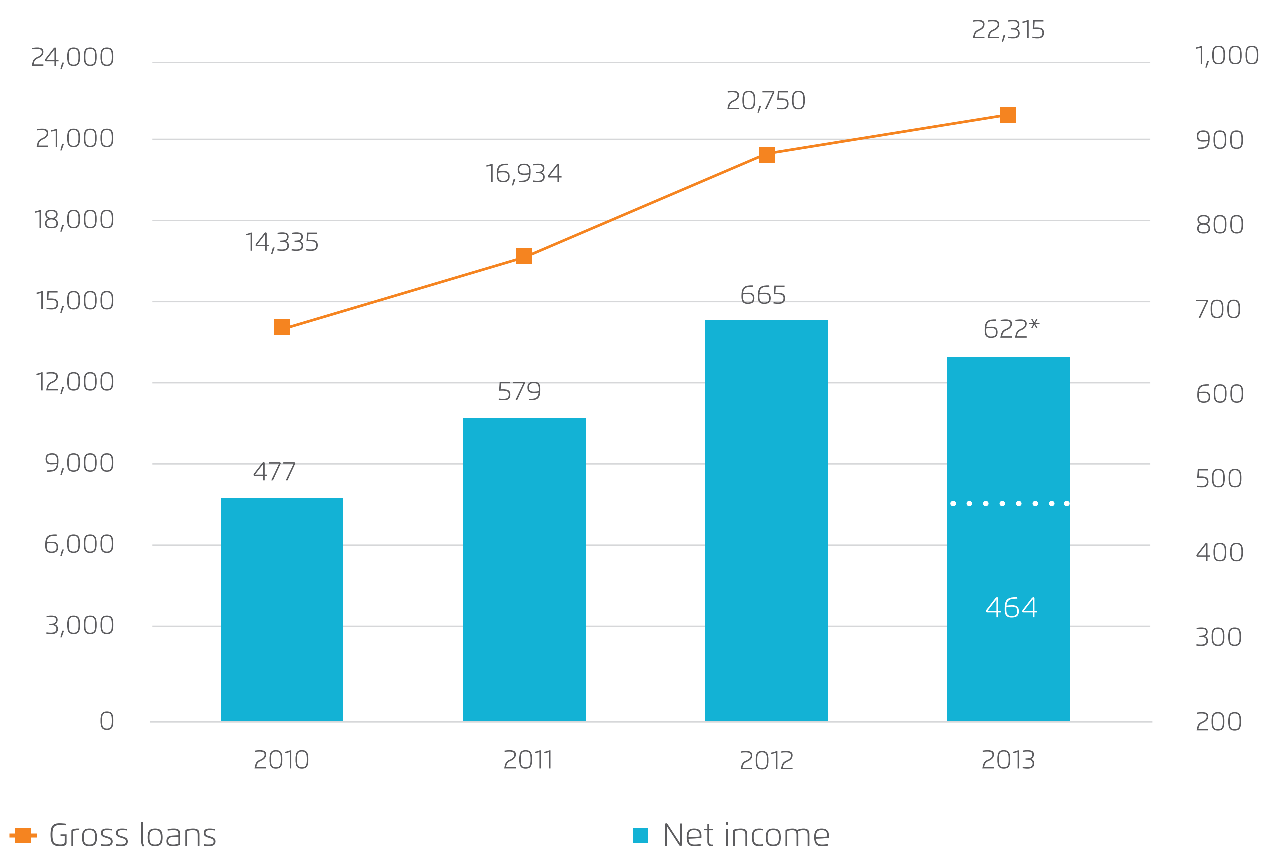
Indicator *	2010	2011	2012	2013
Profitability				
Net income (US$ million)	477	579	665	464
Net income per share (US$ per share) [i]	0.19	0.23	0.21	0.15
Return on average equity (%)	26.1	26.7	25.7	16.0
Return on average assets (%)	2.1	2.2	2.0	1.3
Interest Margin (%)	4.8	4.9	5.2	5.1
Operating ratios (%)				
Operating expenses over total income [iii, iv]	50.9	49.3	49.5	47.8
Operating expenses over average assets [ii, iii]	3.5	3.5	3.6	3.4
Balance amount (year end, in US$ million)				
Assets	25,326	26,801	35,502	35,136
Net Loans	13,920	16,415	20,052	21,506
Deposits	16,803	17,552	22,825	23,105
Net shareholder´s equity	1,989	2,353	2,814	2,979
Capitalization				
Total assets over equity (number of times)	12.7	11.5	12.6	11.8
BIS ratio [v]	12.8	14.5	14.7	14.5
Tier 1 Ratio (%)	10.2	10.4	10.1	9.7
Tier 1 Common Equity Ratio (%)	8.6	8.0	7.4	7.5
Portfolio quality (%)				
Past due loans over total loans	1.46	1.50	1.79	2.3
Reserves for loans losses as a percent of total past due loans	198.5	200.9	188.5	157.5
NPL Ratio	1.99	2.09	2.47	2.90
Other data				
Number of shares, net (in millions) [vi]	2,557.7	2,557.7	3,102.9	3,102.9
Average price per share (in S/.) [vi]	5.3	5.5	5.9	5.6
Number of employees	16,148	18,616	22,330	22,657

* Unaudited figures according to International Financial Reporting Standards (IFRS).
[i] Net income per share is calculated based on the number of shares updated to December 2013.
[ii] Average determined taking the balance of period beginning and period end.
[iii] Operating expenses include remunerations (without including the complementary profit sharing plan), administrative expenses, devaluation and amortization.
[iv] Total income includes net revenues from interests, revenues from fees and earnings from exchange operations.
[v] The 2013 ratio is calculated using the Basel II method established by the SBS.
[vi] For the comparative analysis, the total number of shares outstanding at the end of 2013 is taken for all the periods.

Main indicators

Net income

Net income and gross loans
(US$ million)



Figures Proforma - Unaudited, according to IFRS
* Recurring Net income. Excludes losses due to market issues and non-recurring expenses.
Source: BCP - Planning and Finance

BCP's financial performance in 2013 was affected by the volatility of the Nuevo Sol against the US Dollar. The evolution of the exchange rate this period was unlike anything seen in the last 20 years given that the devaluation of the Nuevo Sol reached 9.6%. BCP's results reflected this volatility. In this context, net income totaled US$ 464.3 million, which led to a ROAE of 16% (25.7% lower than in 2012) and a ROAA of 1.3% (versus 2.1% in 2012).

It is important to remember that factors outside of the business's control affected its performance in 2013.

These factors represented a total of US$ 181 million and were related to losses due to market issues and non-recurring expenses, including:

1. The translation loss of US$ 96 million that was generated by the capital position in Local Currency (LC).

2. The US$ 43.5 million loss on forward contracts valuation, which was also related to the capital position in LC.

3. The loss of US$ 27 million due to shifts in interest rates on the US Dollar and the position of BCP's sovereign bonds (Peru, Colombia and Brazil).

4. Other non-recurring expenses for US$ 14.5 million due to payments to Sunat for previous periods, contingents in Bolivia and a loss on the sale of BCP Colombia to Credicorp Capital.

If we exclude the aforementioned elements, BCP's net income held at levels similar to those posted in 2012 with approximately US$ 622 million.

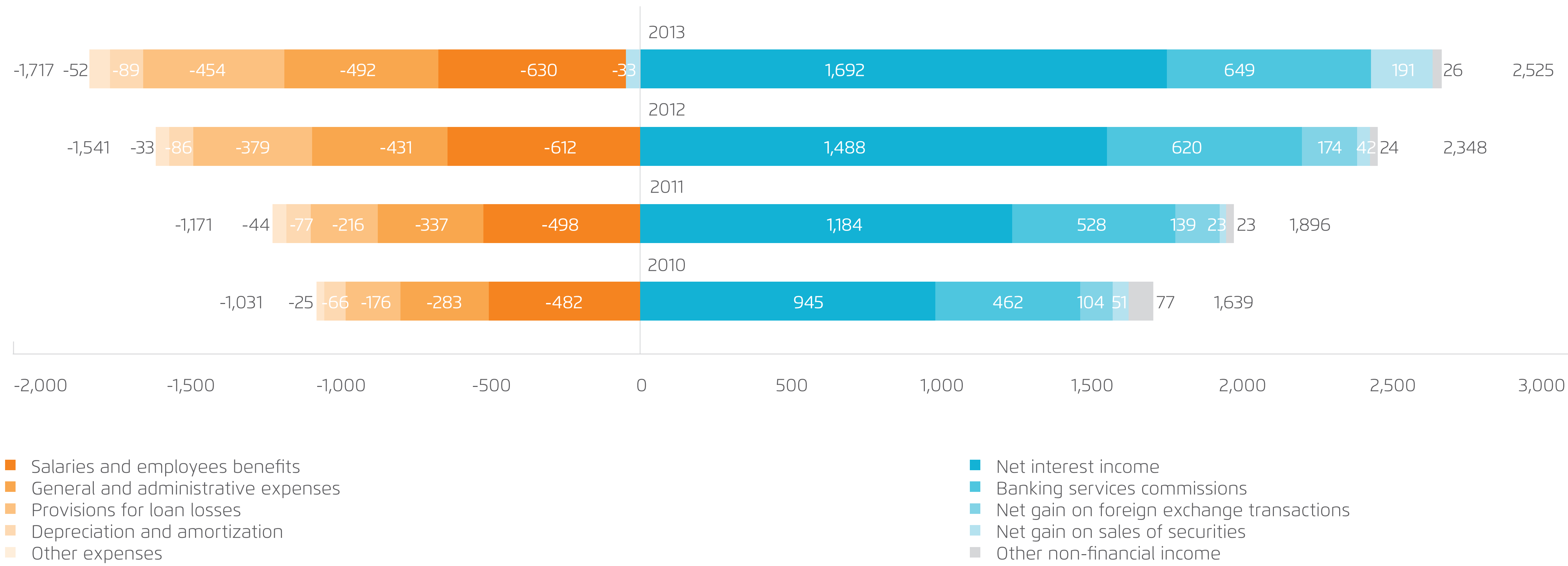
This evolution is attributable mainly to:

- 13.7% expansion in net interest income and dividends with regard to 2012's level, which was due to 11.9% expansion in the Wholesale Banking portfolio and 9.3% in Retail Banking. This offset the increase in net provisions for loan losses (+20%) and higher interest expenses (+14.4%).

- 5.7% growth in non-financial income (excluding gains on sales of securities and other income), including a noteworthy 4.6% expansion in fee income for banking services and a 9.6% increase in gains on foreign exchange transactions due to a more volatile exchange rate in 2013.

Operating income

Total income and expenses (US$ million)*



* Figures Proforma - Unaudited, according to IFRS
Source: BCP - Planning and Finance

BCP's operating margin totaled US$ 808.9 million, which increased slightly above the US$ 806.4 million reported in 2012. Excellent operating performance was due to a solid 7.6% increase in operating income, which offset the 8.5 % expansion in operating expenses[1].

The increase in operating income was largely attributable to the good evolution of its main components, such as net interest income and dividends, which grew 13.7% due to on-target management of net interest income and relative expenses and a 4.6% increase in fee income for banking services; and net gains on foreign exchange transactions, which increased 9.6%.

The favorable evolution of net interest income and dividends is attributable to the significant 13.9% increase in interest income and dividends, which offset the 14.4% increase in interest expenses. The expansion in interest income was primarily associated with significant loan growth, which, in terms of average daily balances, posted an increase of +11.6% that was mainly due to expansion in the Wholesale Banking loan portfolio –which reported solid growth throughout the year- and on-going growth in the Retail Banking portfolio.

Growth in interest expenses on deposits was in line with the expansion seen in average volume of deposits throughout the year. This was accompanied by a 15.4% increase in interest on bonds and subordinated debt, which was attributable to issuances that were made in 2012 to match assets and liabilities and strengthen capital.

In the accumulated terms, total non-financial income fell slightly (-3.1%) due to a loss on sales of securities (-178.2%). This was due to the evolution of Latin American sovereign bonds this year (increase in average rates and lower prices). Nevertheless, the 4.6% growth in fee income for banking services is noteworthy and was due mainly to expansion in the Retail Banking business and in services and products from Wholesale Banking. The gains posted in foreign exchanges transactions this year (+9.6%) are also worth noting.

The increase in operating expenses in 2013 was due mainly to: i) higher administrative and general expenses (+14.0%), which were in turn associated with system outsourcing; ii) expenses to expand the network of distribution channels to cover a significant increase in transactional activity and further banking penetration; and iii) an increase in other expenses (+55.9%) due to the non-recurring expenses mentioned above.

Due the evolution of both the components of the operating margin, BCP's efficiency ratio improved, going from 49.5% at the end of 2012 to 47.8% at the end of 2013.

[1] Excludes net provisions from loan losses

Assets and loans

Loans posted an annual increase of

7.5 %

At the end of 2013, BCP's asset level was situated at US$ 35,136 million, which is similar to the US$ 35,502 million reported in 2012.

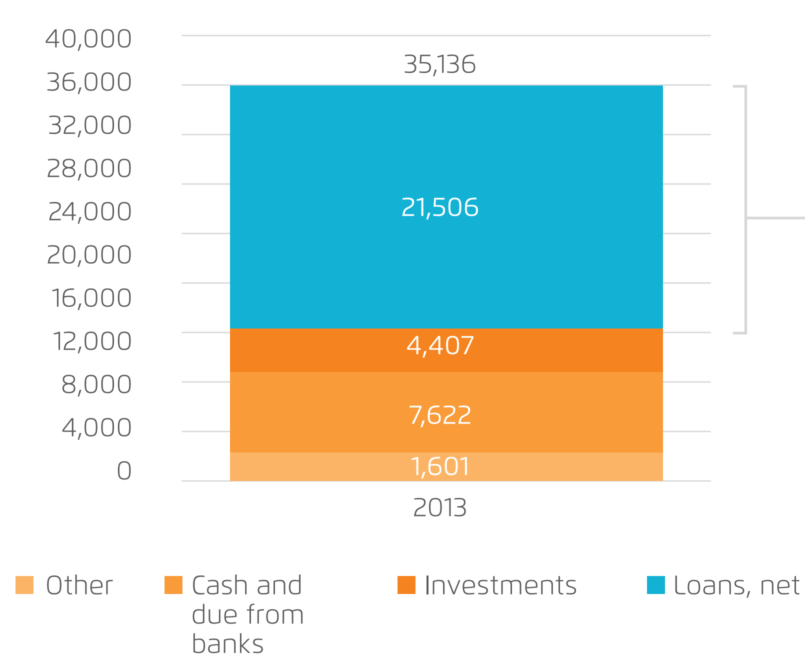
Loans posted an annual increase of 7.5%. If we look at average daily balances, loans expanded 11.6%. This was due primarily to dynamism in the Wholesale Banking portfolio, which increased its share of total loans to 49% at year-end (48.8% in 2012) while Retail Banking accounted for 51% of total loans (versus 51.2% at the end of December 2012).

It is important to note that the evolution of the loan portfolio, if measured in average daily balances, is outstanding. This is particularly noteworthy if we consider that this figure includes the effect of the devaluation of the Nuevo Sol given that the LC portfolio increased +32.7% while FC loans grew only 3.1%. As such, if we exclude the effect of devaluation, growth in total average daily balances would be situated at +17.3% with regard to last year's figure.

At the end of December BCP continued to lead the system with a 30.7% market share in loans. This achievement is considerable given that competition is strong in all segments.

Available funds decreased -1.3% due to funds held in BCR (-9.9%). The decrease in the latter was in line with a drop in legal reserve requirements for local currency, which freed up funds so that they could be directed to more profitable assets. Investments available for sale fell 16.0%, which was attributable to a decrease in BCR certificates of deposits.

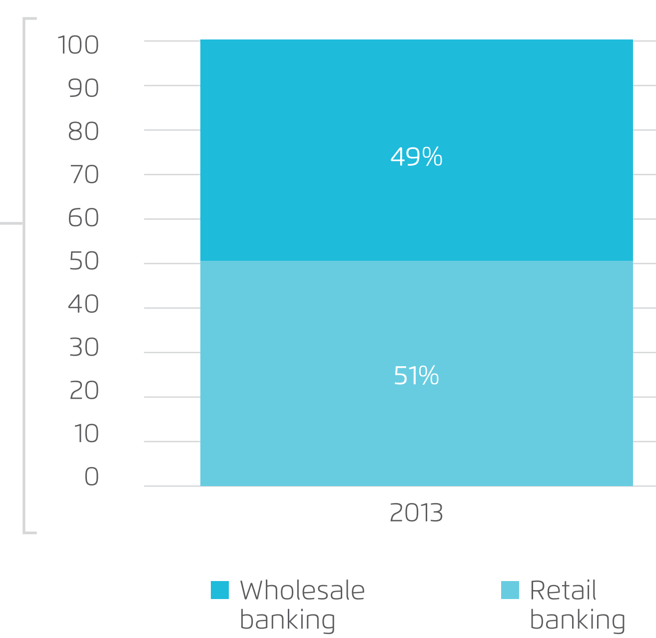
Composition of assets [i]
(US$ million)



[i] Figures Proforma Unadited according to IFRS

Source: BCP Planning and Finance

Composition of the loan portofolio [ii]
(%)



[ii] Averange daily balance of December

Source: BCP Planning and Finance

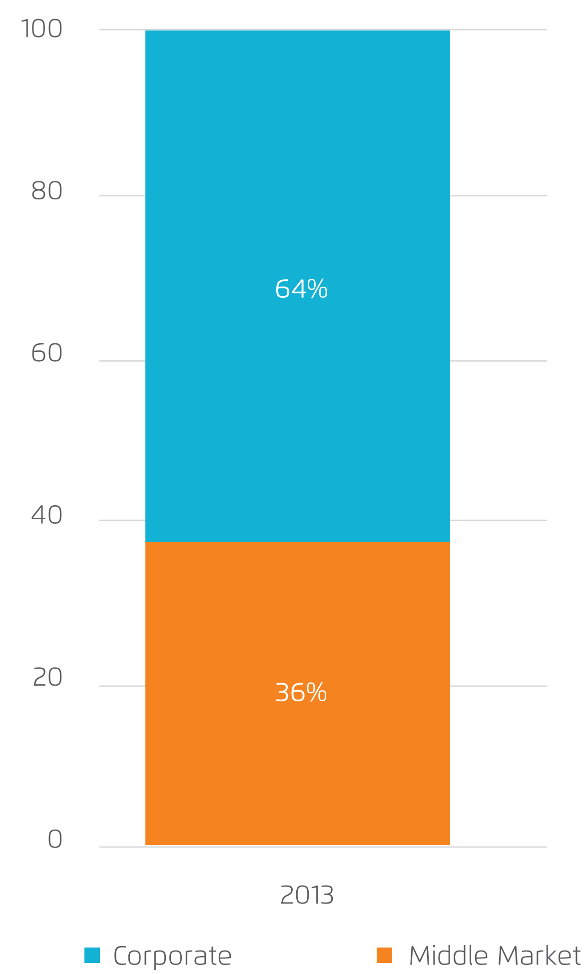
Wholesale Banking

An analysis of the Wholesale Banking portfolio reveals 11.9% growth in average daily balances. It is important to note the +64.9% increase in the Wholesale Banking portfolio denominated in LC versus moderate growth of +2.1% in the FC portfolio. The expansion in the LC portfolio reflects corporate clients' reactions to a devaluation of the Nuevo Sol against the US Dollar and better loan conditions in LC due to a reduction in the reference rate and level reserve requirements, which allowed companies to migrate financing taken in FC in years past (in some cases with foreign institutions) or to take on new financing in the local market and in Nuevos Soles.

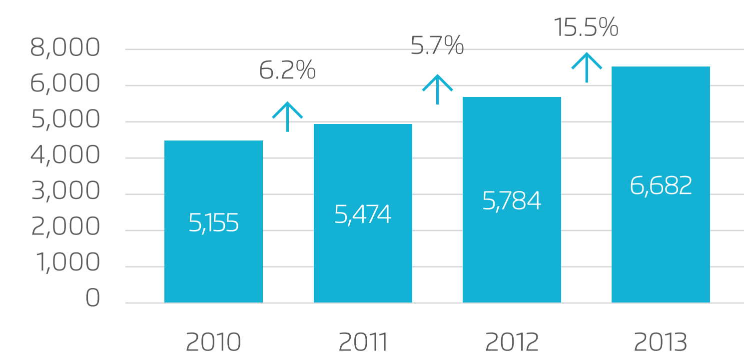
The growth rate of the Wholesale Banking portfolio was 60 bps higher than last year's level, which led to highly satisfactory figures for portfolio growth of 15.5% and 5.9% in Corporate Banking and Middle-Market Banking, respectively. The evolution in 2013 is even more noteworthy if we consider that it absorbs the 9.6% devaluation of the Nuevo Sol in a scenario in which the LC portfolio was more dynamic.

Finally, BCP continued to lead the market for Wholesale Banking loans with a 38.8% share. Corporate Banking loans accounted for 43% of total loans in this portfolio in 2013 while Middle-Market Banking weighed in with 34.3%.

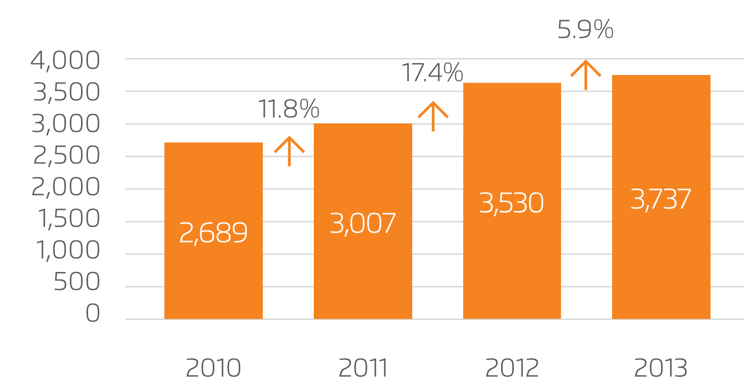
Composition of the Wholesale Banking Portfolio * (%)



*Evolution of the Corporate Banking Portfolio * (US$ million)*



Evolution of the Middle-Market Banking Portfolio (US$ million)*

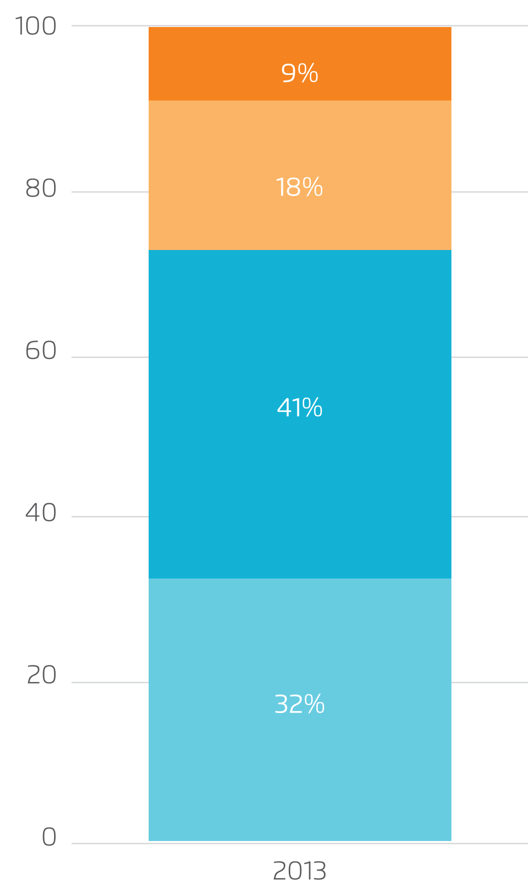


* Average daily balance as of december
Source: BCP - Planning and Finance

Retail Banking

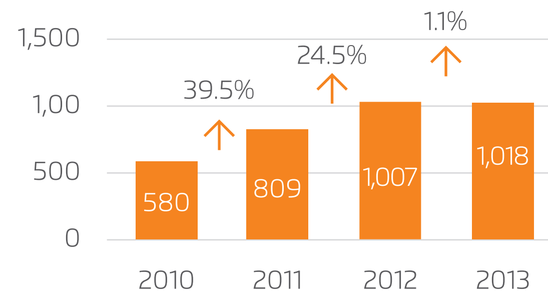
Retail Banking evolved favorably, which is reflected in the fact that it posted 9.3% growth in its average daily balances following expansion in all segments. Moreover, this growth was due primarily to the Bank's efforts to develop innovative products that satisfy the needs of different population segments. It also reflects the fact that the Bank has improved the value proposition of its traditional products while working to expand its network of channels (primarily in cost-efficient alternatives). This is proof that significant potential exists for growth in coming years in sectors that still post low levels of banking penetration.

Composition of the Retail Banking Portfolio [i]
(%)

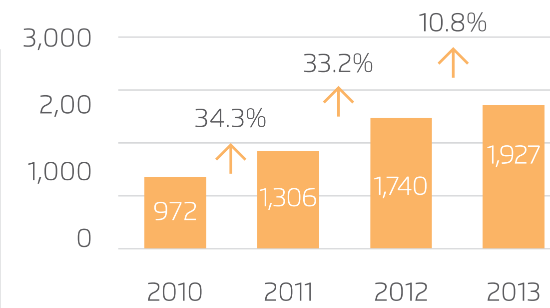


Credit card
Consumer
SME[ii]
Mortgage

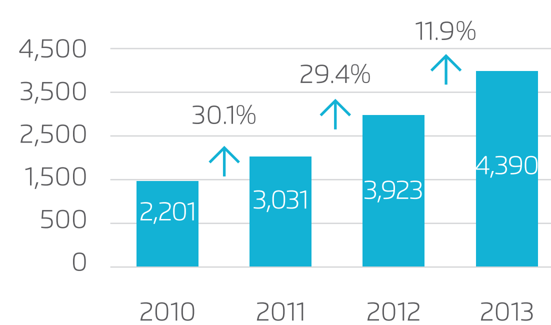
Credit Card [i]
(US$ million)



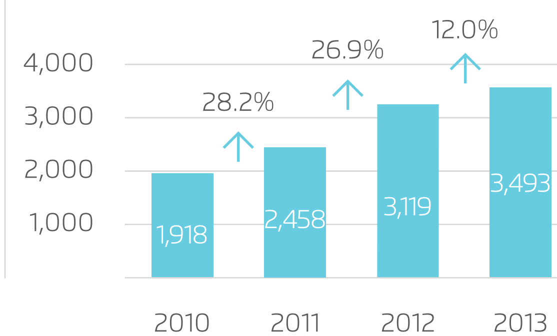
Consumer [i]
(US$ million)



SME [i, ii]
(US$ million)

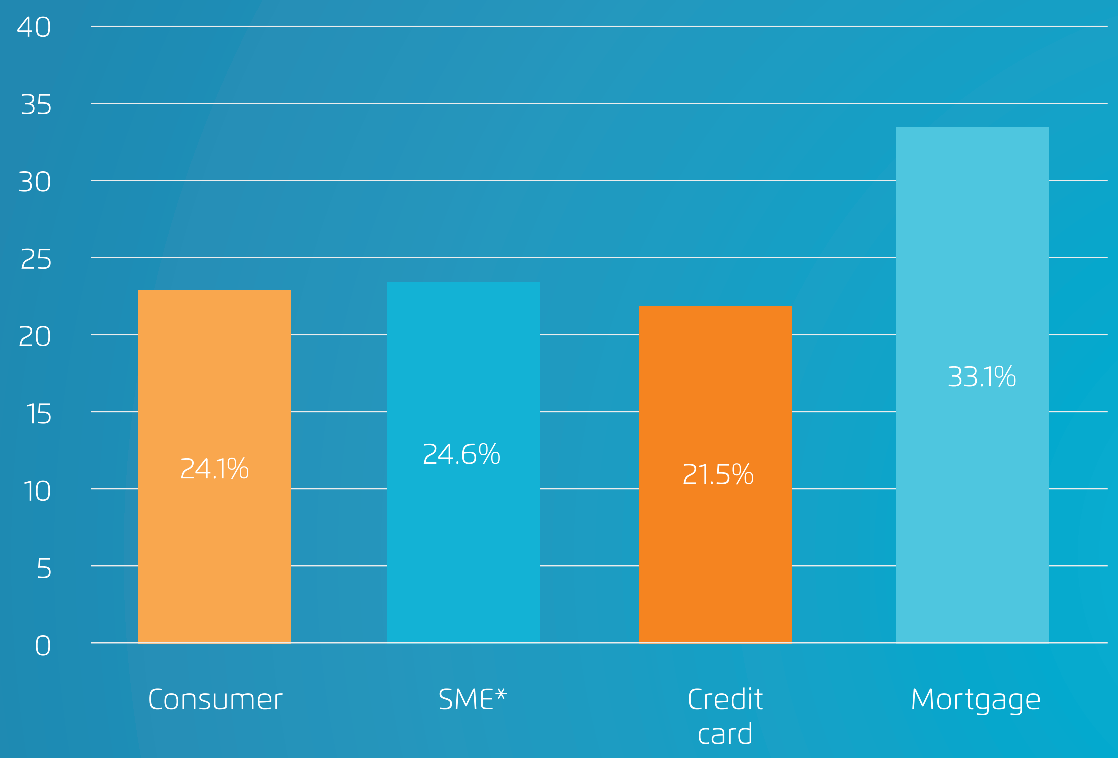


Mortgage [i]
(US$ million)



[i] Average daily balance as of december.
[ii] Includes Edyficar
Source: BCP - Planning and Finance

Market share - Retail Banking (%)
(December 2013)



* Includes Edyficar
Source: BCP - Planning and Finance

Inside the Retail Banking portfolio, growth was led by the SME segment, which reported growth of 11.9% in average daily balances (including Edyficar). This allowed BCP to continue to lead this segment with a market share of 24.6% at the end of 2013.

The mortgage segment reported significant expansion of 12.0% that was driven by a reactivation in the real estate sector and the Bank's decision to focus on low income segments with products such as MiVivienda and Ahorro Local. BCP continued to lead this segment with a market share of 33.1%.

The consumer portfolio posted significant growth of 10.7% in average daily balances, which translated into a market share of 22.8%. The credit card portfolio remained stable, experiencing a minor increase of 1.1%.

Portfolio quality and coverage

At the end of 2013 BCPs' past due ratio was situated at 2.30%. This represents a 1.79% increase YoY and was slightly higher than the banking system's average (2.14%).

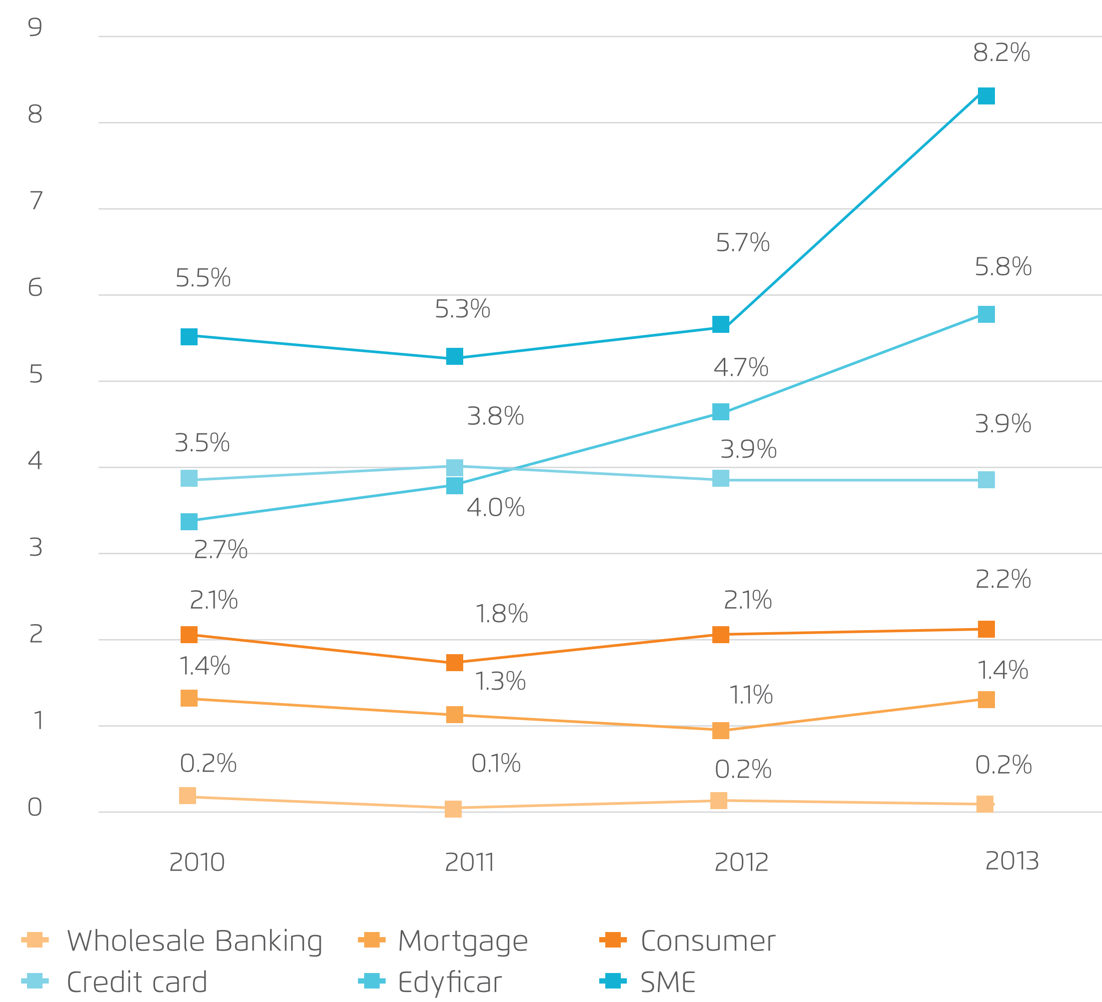
This increase reflects higher delinquency in the SME segment (5.7% at the end of 2012 vs. 8.24% at the end of 2013), Credit Cards (4.7% at the end of 2012 vs. 5.84% at the end of 2013) and Mortgages (1.1% vs. 1.39%).

A deterioration in the SME portfolio led to an exhaustive review of instruments for risk assessment and pricing and collections models. Subsequently, we implemented a series of adjustments in our risk policies and in our acceptance, behavior and collections models, and in November, we applied a last set of changes. Nevertheless, it is important to note that an improvement was observed in the net provisions for loan losses to financial margin ratio in 2013, which led to an improvement in this segment's profitability and enabled the Bank to cover the cost of risk.

The increase in delinquency in the credit card segment seen in 4Q this year was closely linked to a regulatory change in the calculation of the minimum payment, which increased significantly in many cases. As such, clients will need a few months to get used to the new debt service level. Unlike the SME segment, the Credit Card business experienced a series of adjustments in its risk policies and pricing and collections models in 2012-2013, which allowed it to recover its profitability level in 2013 and absorb risk without difficulty.

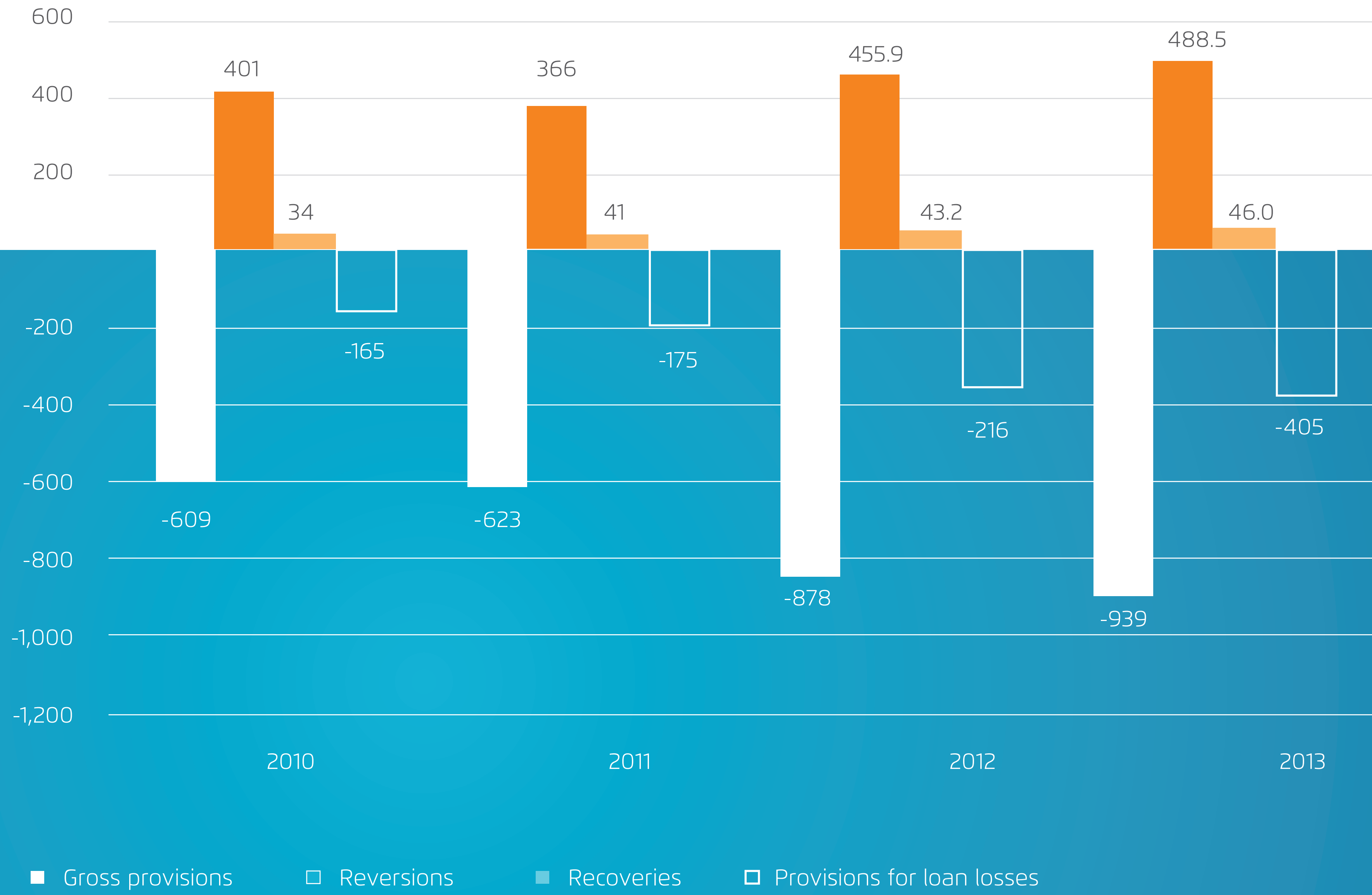
The increase in the past due loan ratio in the Mortgage segment reflects that Bank's move to incur in lower socio-economic segments, which although characterized by higher delinquency levels also generate higher margins. This has increased the risk-based return in this segment.

*PDL ratio by segment **
(%)



* Source: SBS Statistics
Source: BCP - Planning and Finance

Evolution of provisions
(US$ million)



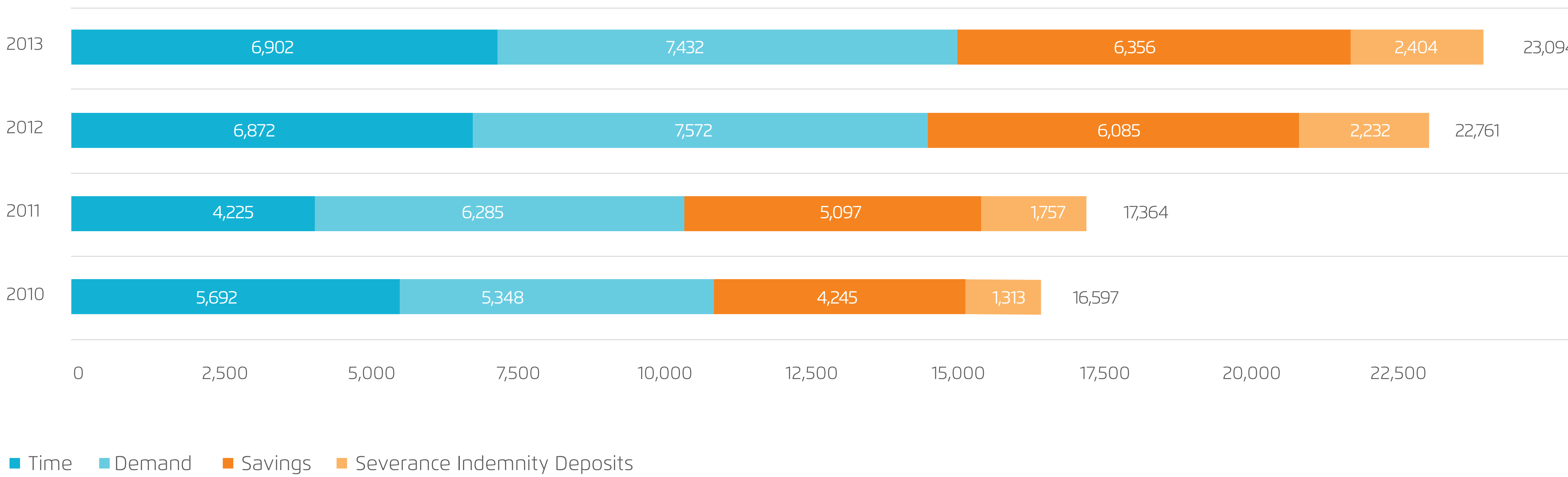
Source: BCP - Planning and Finance

Net provisions for loan losses increased 20%, which was due primarily with the evolution of delinquency in the SME and Credit Card segments. Net provisions for loan losses in 2013 represented 2.1% of the total loan portfolio. At the end of 2013, the coverage ratio was situated at 157.5%, which falls below the 188.5% reported at the end of 2012.

Liabilities and deposits

*Composition of the deposits **

(US$ million)



* Figures Proforma - Unaudited, according to IFRS.
Source: BCP - Planning and Finance

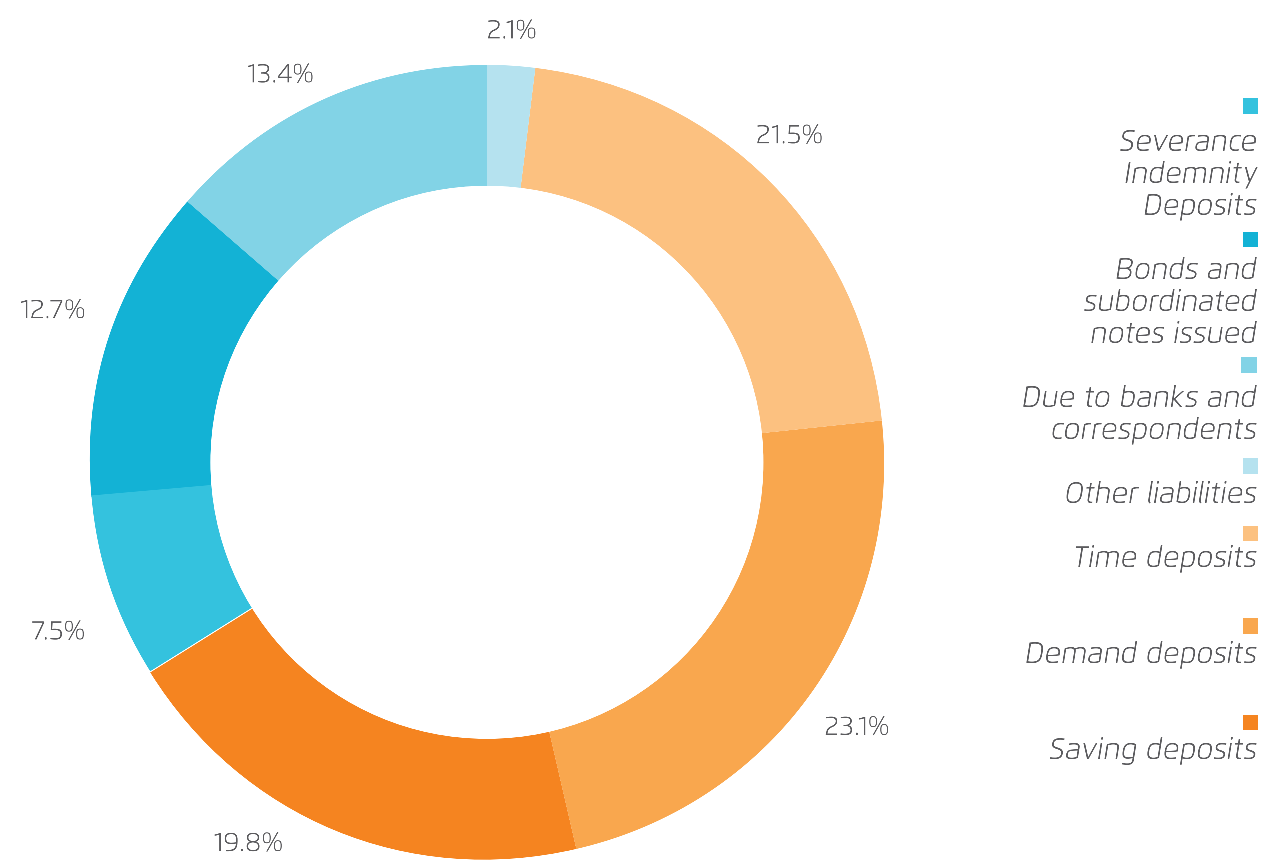
BCP's total liabilities were situated at US$ 32,157 million at the end of 2013, which represents a slight increase (-1.6%) with regard to last year's level.

Deposits grew 1.5% in 2013 and continued to represent that Bank's main source of funding with a 72% share (vs. 69.8% in 2012). In general terms, the expansion of deposits was due primarily to an increase in savings deposits (+4.5%) and CTS deposits (+7.7%), which was attributable to the campaigns held in these segments throughout the year. Time deposits were stable YoY and grew only 0.4%. Local currency deposits represented 49.5% of deposits at year-end, which falls below the 54.2% share reported for this line at the end of 2012. This reversal in the process of de-dollarization of deposits was more than likely associated with the devaluation in the Nuevo Sol in 2013. At year-end, BCP maintained its leadership in the system with a 31.5% of total deposits.

Bonds and Subordinated Debt increased 11.8% this past year. This was associated with the issuance of BCP international corporate bond BCP 2013 for US$ 350 million; a move to reopen BCP 2027 subordinated bond for US$ 170 million; and the exchange of BCP 2016 bonds, issued in 2011, for BCP 2023 bonds, which were recently issued in an operation that added US$ 366.3 million. These operations helped the Bank manage the currency mismatch and allowed it to take advantage of historically low rates in the international capital markets. In this context, the share of bonds and subordinated debt in total funding increased 11.2% at the end of 2012 to situate at 12.7% at the end of 2013.

Finally, the cost of the bank's funding fell from 2.23% at the end of 2012 to 2.15% at the end of 2013. This is mainly attributable to lower expenses for deposits and a slight change in the funding structure.

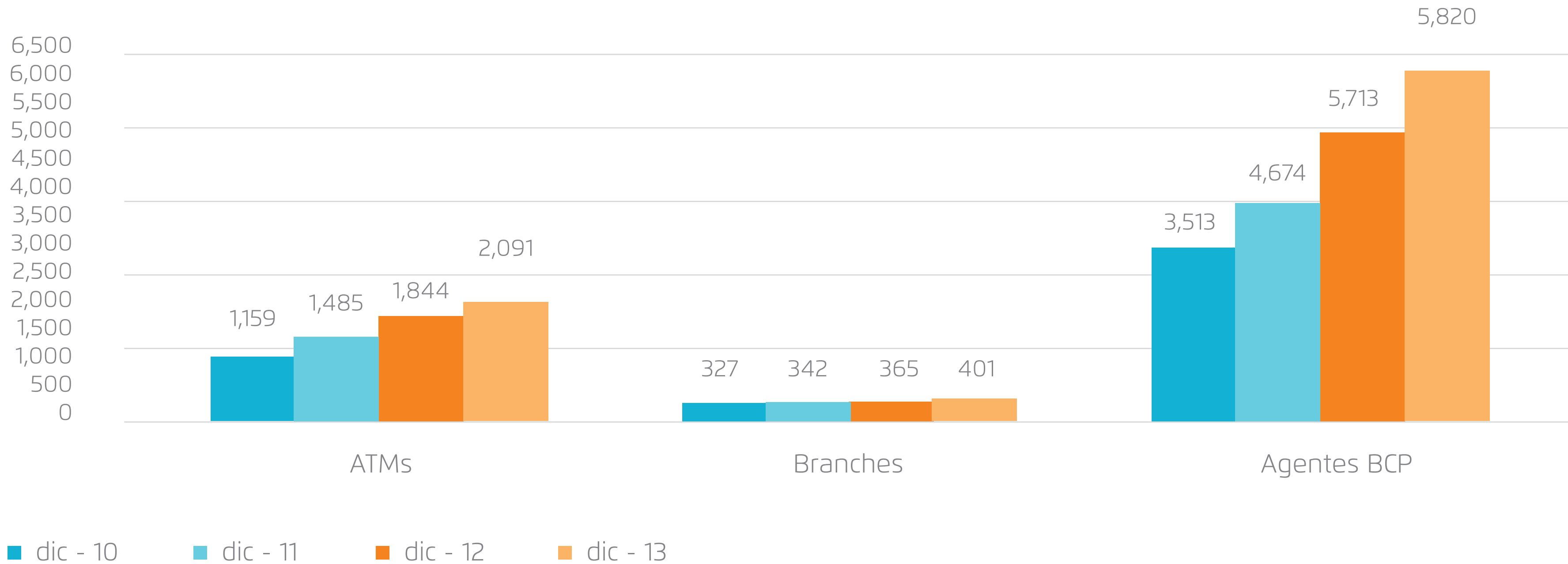
*Composition of liabilities **
(%)



* Figures Proforma - Unaudited, according to IFRS.
Source: BCP - Planning and Finance

Distribution channels[1]

Evolution of distribution channels
(units)



Source: BCP - Planning and Finance.

The channel network represents another important aspect of BCP's long-term strategy and its commitment to increase banking penetration. In 2013, the Bank continued its plan to grow more cost-efficient alternatives such as ATMs and Agentes BCP, which are major venues for banking penetration efforts. During this period, growth was situated at 13.4% and 1.9%. With this expansion, the Bank increased its network of points of access to 8,312, which ensured that we are closer to current clients and to the population that has yet to enter the financial system.

It is important to note that the transactions volume increased 8.9% in 2013. Growth was particularly noteworthy in alternative channels while teller transactions fell -13.4%. This evolution is proof that the Bank's strategy to promote the use of cost-efficient channels, including ATMs, Agentes BCP, Internet Banking and Telecredit, has helped reduce the use of traditional channels.

[1] Channels only in Perú.

Chapter 4
Achievements

Wholesale Banking

Retail Banking and Wealth Management

Treasury

Financial management

Risk

Operations, Systems and Administration

Internal Control

Human Resources Management and Development

Social responsibility

Edyficar

BCP Bolivia

Before you are a leader, success is all about growing yourself. When you become a leader, success is all about growing others.

Jack
Welch

Wholesale Banking

Wholesale Banking's excellent performance in 2013 was attributable to important initiatives to preserve leadership and profitability, including:

- Successful efforts to consolidate Customer Relationship Management (CRM) and the Commercial Management Model have helped us standardize planning and commercial follow-up in Wholesale Banking. This new way of working has led us to emphasize long-term relations with high-value clients and push cross-selling of products.
- An initiative to develop a methodology to set prices for some of our products so that Wholesale Banking can have more information on the costs and risks associated with decisions to set appropriate fees and rates.
- A move to open representation offices in Chile and Colombia, which will complement BCP's investment banking business in these countries and will accompany growth our corporate clients' growth in the MILA region.

Corporate Banking

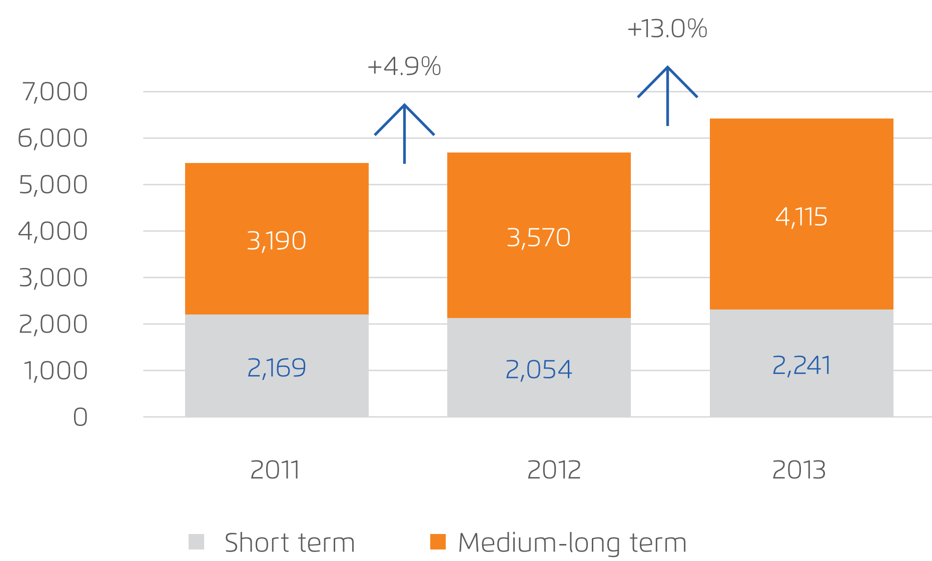
At year-end in 2013 we posted US$ 6,700 million in loans and US$ 3,100 million in off-balance sheet (for example performance bonds, letters of credit for importing or exporting and stand-bys). This represented annual growth of 13.8% in loans. In terms of average loans, Corporate Banking reported a total of US$ 6,335 million in 2013 (+13% with regard to 2012).

This performance has allowed us to maintain our position as market leaders in the national banking system with a 43.2% share of loans at the end of 2013, versus 45.6% at the end of December 2012, and a 36.6% share of off-balance sheet at the end of November 2013, compared to 38.2% at the end of December last year.

Market leaders in the national banking system with share of loans of

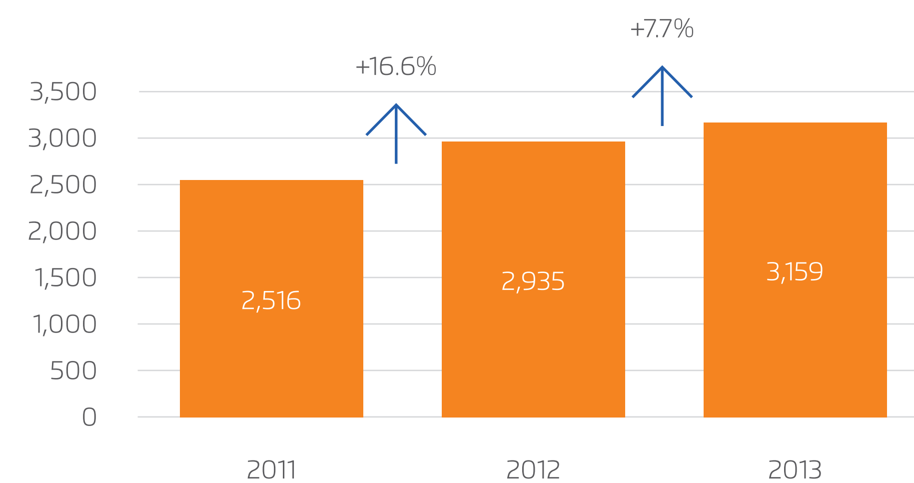
43.2%

Loans by Tennor (Annual average)
(US$ million)



Source: BCP - Planning and Finance.

*Off-balance Sheet * (Annual average)*
(US$ million)



* Performance bonds, import and export lelers of credit and stand-by performance bonds).

Source: BCP - Planning and Finance

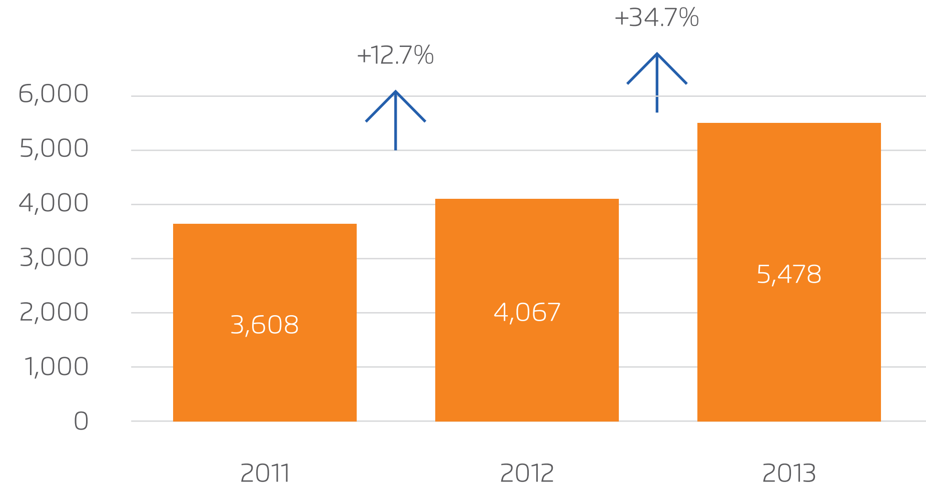
In terms of deposits, we grew 34.7% in 2013, going from an average volume of US$ 4,067 million in 2012 to US$ 5,478 million in 2013. This increase in deposits led us to post a balance of approximately US$ 5,420 million at the end of 2013 (+13.2% with regard to 2012's balance).

Fee income was relatively stable in 2013 and totaled US$ 130.7 million (versus US$ 114.4 million at the end of December 2012). This result was achieved thanks to foreign currency transactions as well as an increase in income from collections services.

In 2013, deposits grew

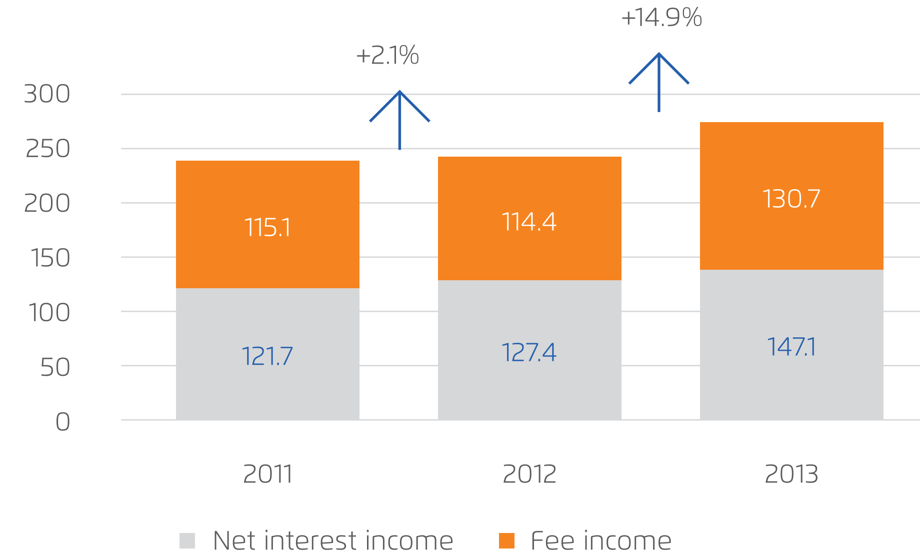
34.7%

Deposits
(US$ million)



Source: BCP - Planning and Finance.

Total Income
(US$ million)



Source: BCP - Planning and Finance.

Results are consistent with a mature and highly competitive business.

Despite a more competitive environment, we have grown without sacrificing profitability thanks to our adequate management of prices, which have been adjusted for risk, and more cross-selling. Additionally, the intensive use of electronic media by our clients has led us to develop a commercial management model that ensures that we are positioned to capture new business in a timely manner.

Risk-adjusted return (RAR) was situated at 31.5% at the end of December 2013 (versus 23.1% at the end of 2012). This improvement in the bank's RAR was possible due to better management of risk-adjusted pricing, which led to a more efficient use of allocated capital. In this context, In 2013, deposits grew net income totaled US$ 142.7 million at the end of December 2013 versus US$ 109.1 million at the end of 2012.

International Businesses

In 2013, we continued to lead the foreign trade market thanks to the trust our clients place in our bank and our advisory services. We continue to set the pace in a considerably competitive environment.

At the end of the year, BCP's export-financing business totaled US$ 19,300 million. This reflects a US$ 1,200 million increase with regard to the figure obtained in 2012, which represented annual growth of 6.6% in a context in which the country experienced a 10.1% drop in its export level. This year, we reported noteworthy growth in Letters of Credit for Exporting, which totaled US$ 1,244 million (+28.9%). With these results, we continued to lead the market with a share of 46.4%, which is six percentage points above 2012's result.

Our import business totaled US$ 13,645 million, which is similar to 2012's result. Remittances weighed in with US$ 12,311 million (+ 2% with regard to 2012). In this context, we continued to lead the market with a 31.4% share.

Fee income for our COMEX products totaled US$ 50 million in 2013, which led to net earnings of US$ 21.6 million and a ROE of 48.4%.

It is important to note that, for the third consecutive year, Trade Finance magazine, which is published by the prestigious publication Euromoney, named BCP the best bank for foreign trade in Peru. This has helped us position the bank in the foreign trade market in Peru and beyond.

46.4%

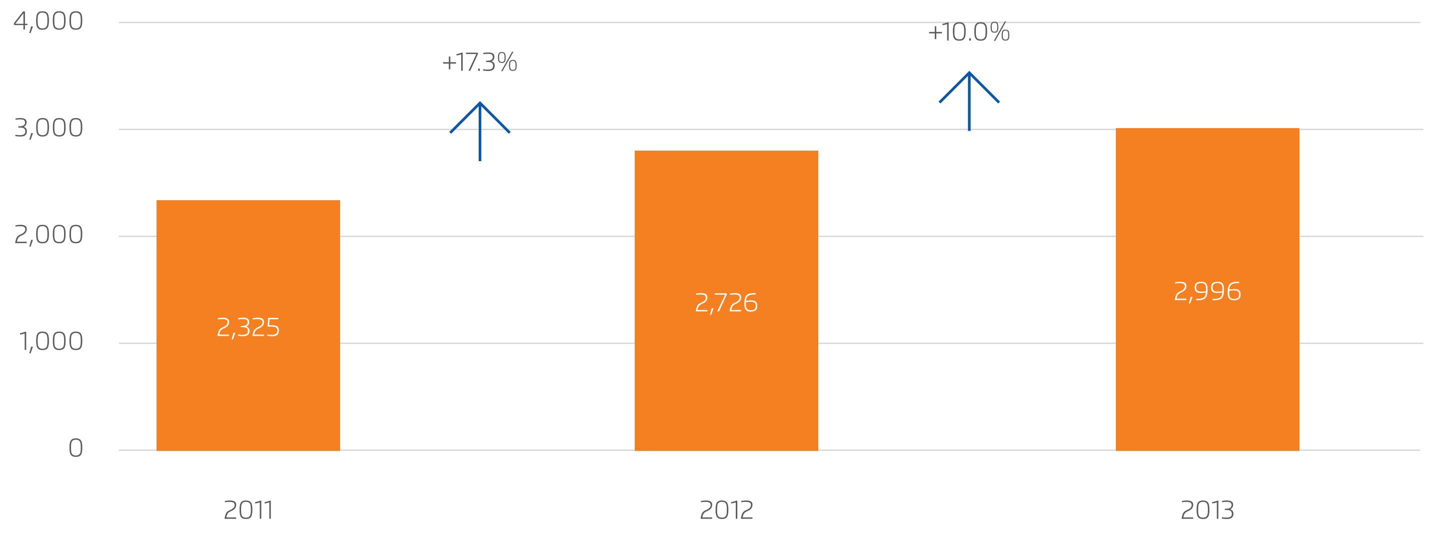
market share in our export-financing business.

Leasing

We continued to consolidate our market leadership in 2013 with a 37.9% share of the financial system dedicated to this segment. BCP's leasing portfolio grew 10% to total US$ 2,998 million on average. In 2013, the portfolio of active clients with leasing transactions topped 6,300 companies. These transactions involve more than 12,000 current contracts and 35,000 financed assets.

The leasing results, in terms of profitability, were also positive. Net earnings on this product totaled U$S 36 million with a ROE of 22.4%. This positive result was attributable to our efforts to maintain our spreads while maintaining a healthy portfolio in terms of provisioning, as well as good fee income generation, which was primarily associated with transaction structuring, which reported a record high that topped US$ 11.2 million in 2013.

Loans
(US$ millon)



Source: BCP - Planning and Finance.

Leader in the financial system with market share in leasing of

37.9%

Cash management and transactional services

We continue to consolidate our leadership based on innovation a wide coverage.

Telecrédito (E-banking)	Collections Services	Payroll services	Supplier payment services	E-financing
50 million transactions (***+12%)***	***US$ 20,400 million*** collected (***+9.1%)***	***1.11 million*** clients (***+7.1%)***	***824,000*** payments (***+14%)***	***Innovative products*** Self-disbursements, e-financing for sales, e-financing for purchases, e-factoring and others.
US$ 172,000 million in transactions (***+18%)***	***98 million*** collections (***+21%)***	***US$ 1,041 million*** in payroll services	***US$ 3,693 million*** in transactions (***+14.4%)***	***US$ 283 million*** in e-factoring (***+21%.)***
28,000 companies affiliated (***+15%)***	***8,351*** collection networks (***+5.7%)***	Market leader ***50.7%***	Market leader ***41.5%***	***73%*** of short-term loans disbursed through e-financing[1].

[1] This includes loans for working capital and negotiated imports

Middle-Market and Institutional Banking

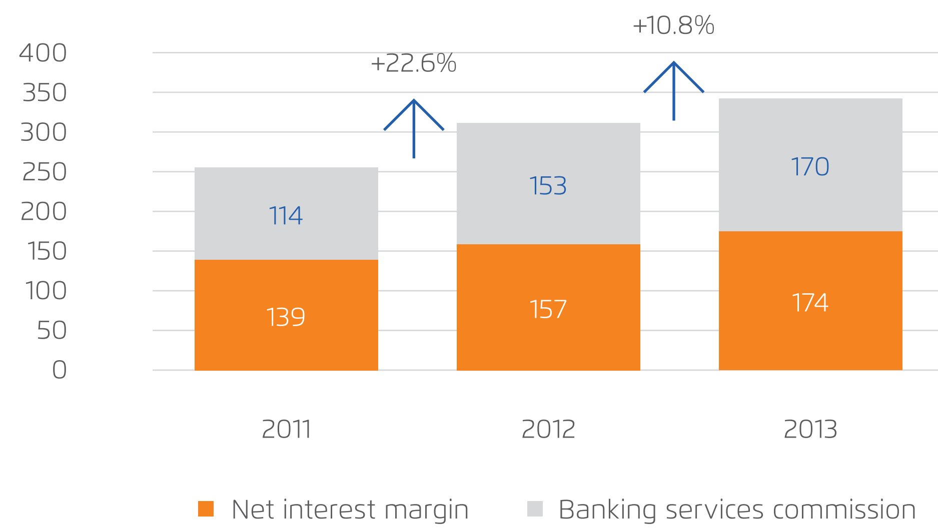
We reported total earnings of US$ 343.1 million in 2013 (+10.8%). Fee income was once again important this year and accounted for 49.4% of total earnings.

In 2013, our net earnings totaled US$150.8 million (+13.9%). Our ROE was situated at 44.2%, which represents an improvement with regard to the 41.2% posted in 2012. The efficiency ratio dropped during the period, going from 35.7% in 2012 to 33.6% at year-end 2013. This is proof that our bank performed well in an increasingly competitive environment.

Our loan portfolio measured in average daily balances situated at US$ 3,838.6 million (+6.6%) while our off-balance sheet portfolio averaged US$1,098.3 million. Out of total loans, 56% were short-term and 25% of these loans were made through electronic media. This helped our clients save time and lowered their transaction costs.

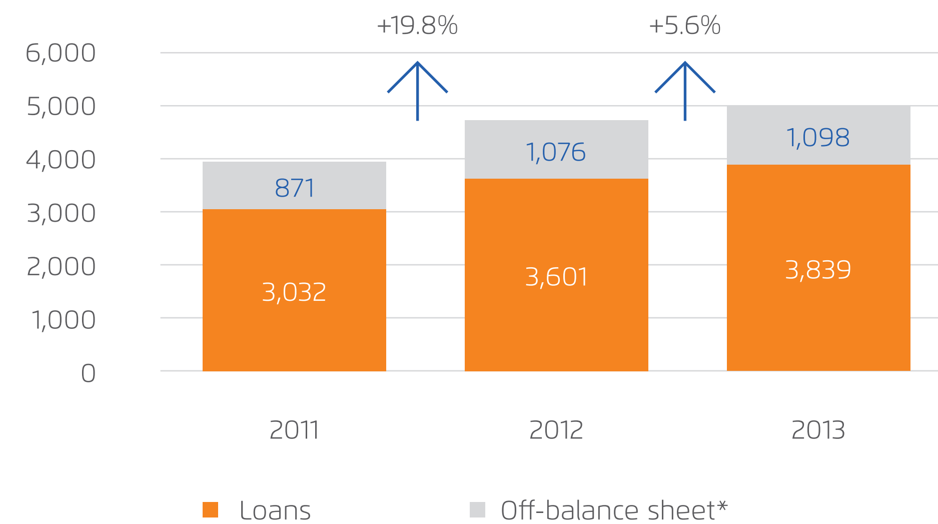
Efficient growth

Total income
(US$ million)



Source: BCP - Planning and Finance.

Total Loans (Loans and off-balance sheet)
(US$ million)



* Off-balance sheet (e.g. comfort letter, import and export letters of credit and stand-by letter of credit).

Source: BCP - Planning and Finance.

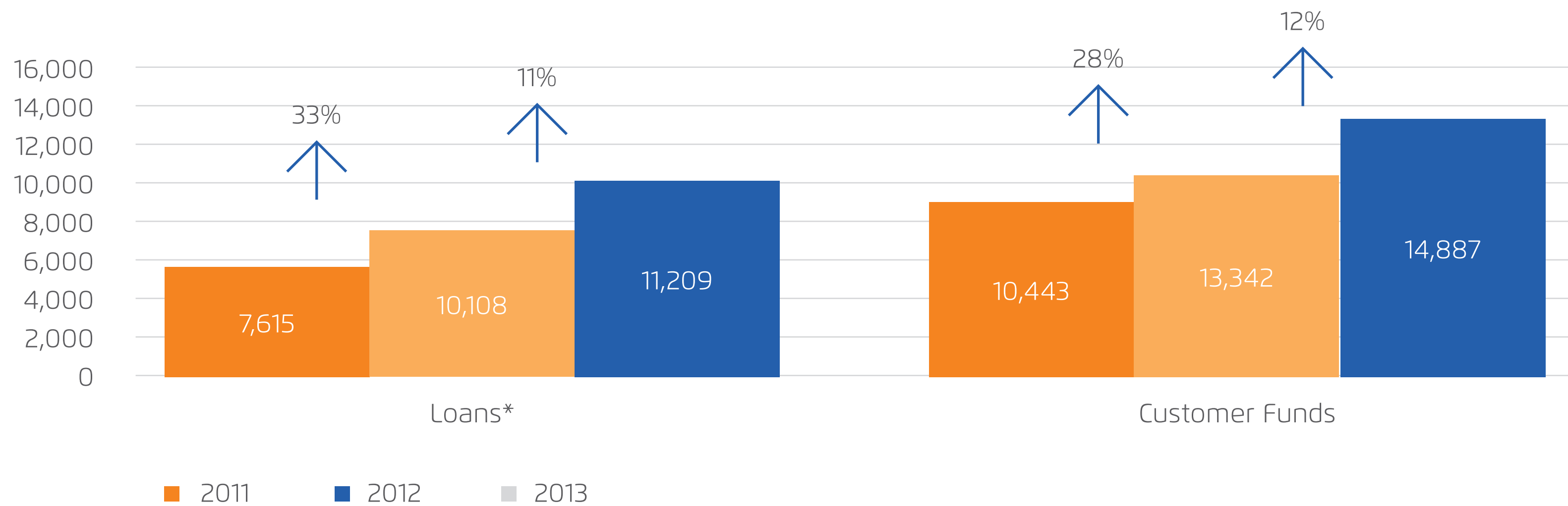
Retail Banking and Wealth Management

BCP's growth mirrors that of the market. The Bank has focused primarily on improving the fidelity levels of our client base, which now tops 5.2 million.

Our strategy is to build long-term relations with clients based on four main pillars:

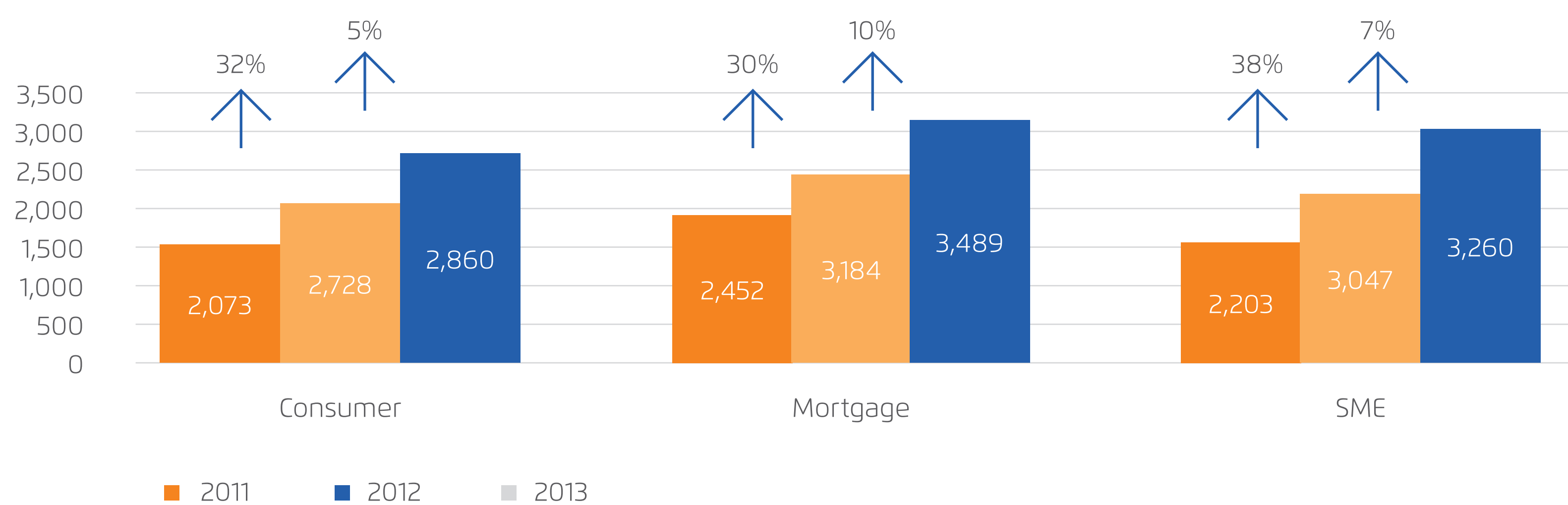
- Design products that meet the needs of different segments and determine the best way to distribute these offerings.
- Put the best distribution network in the market at the service of our clients by ensuring that they have convenient options.
- Leverage our business with more commercial intelligence.
- Set prices according to risk.

Loans and Customer Funds [1]
(US$ million)



1. Average balance as of December. Loans do not include off-balance sheet. Only includes loans and customer funds of BCP Peru, managed directly by Retail Banking.
* Includes Edyficar.
Source:BCP - Planning and Finance.

Loans by segment
(US$ million)



Source:BCP - Planning and Finance.

In 2013, Retail Banking represented 51% of total loans and 59% of the Bank's total customer funds (deposits and mutual funds).

Net earnings in 2013 totaled US$ 285 million (+6%), which represented 56% of the Bank's total income.

SME

In 2013, we consolidated our strategies and redirected the business. Loans grew 7% at BCP while market growth was situated at close to 3%. In this context, BCP's market share of the SME segment reached 23.5%.

We focused on increasing the sophistication of our risk models, price management and commercial intelligence to build the capacities necessary to capitalize on the good growth that the SME segment will achieve in coming years. This segment will continue to be a key element of BCP's growth strategy in the near future.

On the financial side, the significant increase seen in net provisions for loan losses for the PDL portfolio led net earnings for the SME segment to drop approximately 10%. Nevertheless in the last three months of the year we found that this portfolio's deterioration was leveling off, which led to significant improvements in this business's financial ratios. This improvement reflected the fact that portfolio growth is healthy and indicates that price management is on track.

23.5 %

market share in SME

Mortgage Loans

The Mortgage loan portfolio expanded 24% YoY; 93% of these loans were disbursed in nuevos soles.

The number of homes financed by BCP increased 34% with regard to 2012. We consolidated our position as the leading lender to the Mi Vivienda segment and increased our market share by 2% in 2013.

We won the Effie Award Oro 2013 in the Financial Services category for our website (www.creditohipotecariobcp.com), where we provide advice to our clients and capture their requests for personalized service. The sales generated by this channel represent 6% of monthly loans.

We launched the first "Casa Show BCP" in the provinces. At our Arequipa show, we were visited by more than 5,000 clients who were interested in acquiring a home. "Casa Show BCP" has become the leading real estate event in the country.

Consumer

The credit card strategy was focused on the Upscale and Consumer segments.

- In the Upscale Segment, we successfully launched the VISA Infinite credit card (the most Premium option in the market) by offering this product to our Private Banking and Enalta clients. In 2013, our focus in these segments has been directed at actively managing our portfolio to increase the share of wallet and ensure our clients' preference.

- In the Consumer segment, we launched cards with personalized designs and placed more than 50,000 cards; the designs that sold the best were Batman, Hello Kitty and Superman.

- We consolidated the Commercial Alliance model for credit card sales and achieved a stock of 120.000 active cards through alliances with Movistar and Edelnor.

- We started a project known as "Hablemos Claro" with our Credit Card products. This project seeks to align our communications with the language of "consumers" to ensure that our approach is more colloquial and free of technical terms. The purpose is to increase our transparency.

- Finally, we optimized our internal processes. We achieved a significant increase in our profitability and maintained our market share of 22%.

In car loans:

- This year we became market leaders with a 31% of the car loan market. We achieved this by focusing on the market in the provinces, whose growth rate was four times that of Lima. There is still room for significant growth given that only 20% of the cars sold in Peru are financed.

- Our good results are due to the fact that we have transformed our commercial model by taking BCP to the point of sale for cars. This has given clients the opportunity to secure a loan without having to go to a branch.

50,000

personalized cards launched

120,000

cards in stock through alliances

22%

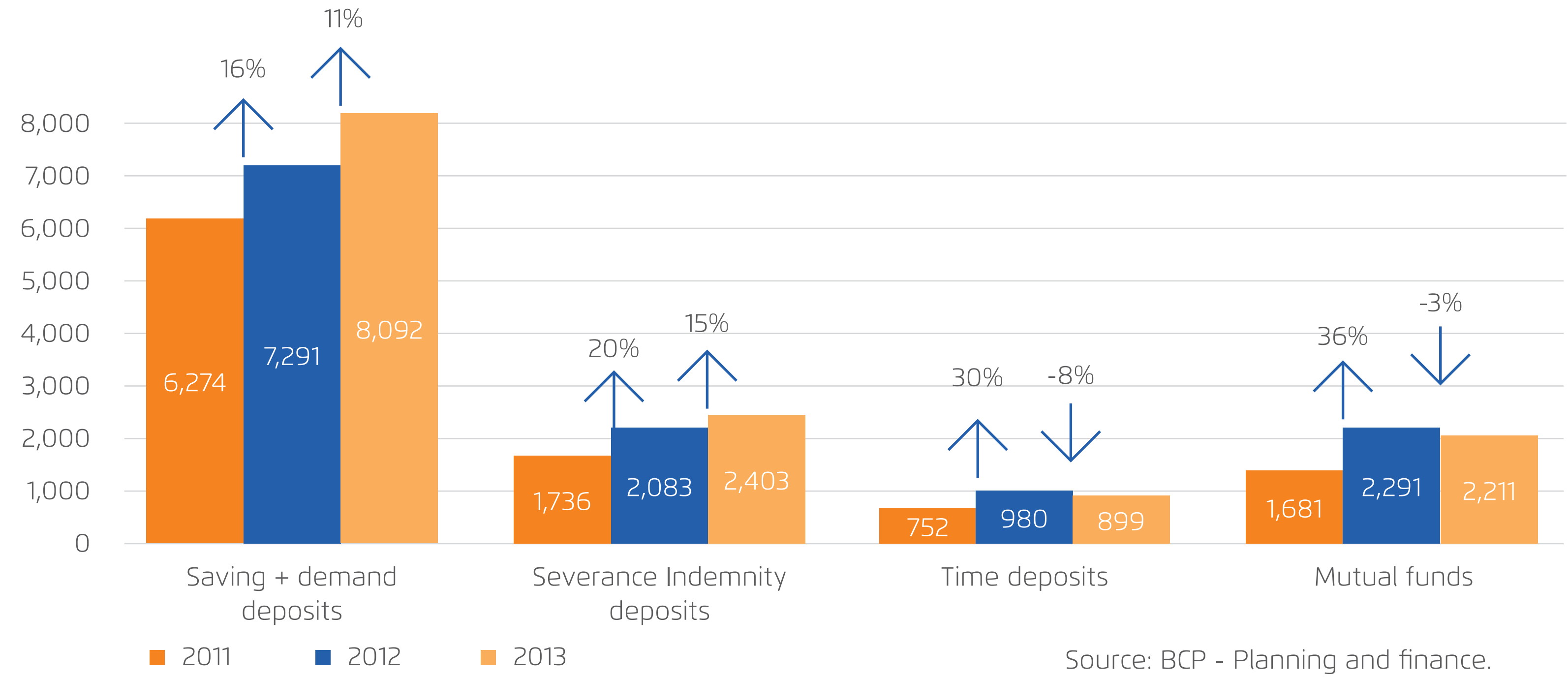
market share in credit card segment

Savings and investment

We maintained a market share of more than 42% in core deposits (savings, current individual accounts and CTS).

We increased our product offerings by launching six funds: BCP Deuda Global, BCP Acciones Global, BCP Corto Plazo Soles and BCP Corto Plazo Dólares. This helped us recover our market share, which was situated at 44.6% at year-end.

Liabilities
(US$ million)



Source: BCP - Planning and finance.

Other businesses

In September, we launched a new debit card Credimás LANPASS, which allows clients to accumulate LANPASS kilometers for consumption at retail establishments. This launching is part of our segmentation strategy for debit cards. We have placed 900,000 Credimas Oro debit cards. This product has been very well received by the market. We also maintained our share of total billing, which topped 52%.

In Bancaseguros, we passed the bar of 1.4 million optional insurance plans, which are associated with multi-purpose insurance plans, accident insurance, life return policies and protection insurance. The first phase of the new Bancaseguro system is underway and will improve productivity and information quality as well as standardize insurance sales and collections processes.

Network of distribution channels

Branches

In 2013, we continued to expand our network of branches and opened 37 new ones. This represents the highest number of new branches reported in the last four years. With these new additions, we had 401 branches at year-end (+10%). We continued to make efforts to shift more transactions from tellers to more cost-efficient channels. This has allowed us to keep our transactions level for tellers at the same level reported in 2011.

We implemented a new branch format at companies to offer our clients payroll payment services (five payroll payment branches were opened).

ATMs

At year-end we had 2,091 ATMs (+13.4%). To give our client easy access to services and support the migration to self-service channels, we installed 129 multi-functional ATMs, which process the same transactions as traditional ATMs but also accept cash deposits.

Agentes BCP

At the beginning of 2013, we began offering the Advances on Paycheck in our Agentes BCP network country-wide. We processed an average of 2,000 transactions a month at year-end. In 2013, we perfected the model to install new points of service and at year-end, had 5,820 Agentes BCP. We are present in all the country's departments and in 71% of the provinces.

Internet Banking

We continue to improve our security systems and have updated our preventive monitoring tools with "Adaptive Authentication" from RSA. This tool allows us to offer our clients more security without creating impediments to easy use. The success of this measure was reflected in the fact that fraud through this channel fell 90% YoY while the transactions volume increased 27%.

Mobile Banking

We launched a new application "Tus Beneficios" to show our clients the discounts available through their Paycheck Account. We also began a project to build transactional applications for smartphones and tables that focus on the users' experience and take advantage of the particular characteristics of each mobile platform.

Contact Center

This center is one of the Bank's main service channels. It receives an average of 2.8 million calls a month, answers clients' questions, and handles requests from different segments. This channel also generates income by placing 18,000 products a month.

Continued expansion

401
Branches
+10.0%

5,820
Agentes BCP
+2.0%

2,091
ATMs
+13.4%

Contact Center

2.8
million calls handled

18,000
products placed per month

Internet Banking

90%
fewer frauds

27%
more transactions

Wealth Management

The Wealth Management Division accompanied the growth of BCP's main clients with a differentiated, high-value proposal for the Private Banking and Enalta segments that helped increase the number of clients in the portfolio by 25% in a highly competitive market.

The client portfolio increased 2% despite asset devaluation in some markets due to volatility.

The main actions that explain this growth are:

- The Family Office and Investment Advisory Services area was consolidated.
- Innovative products and opportunities were developed for our clients with the assistance of Credicorp Capital.
- The Financial Planning and Inheritance Service was launched to complement our advisory services with world-class services.

+25%

more clients in a highly competitive market.

Treasury

Balance management

The year 2013 was marked by a number of important achievements in the field of balance management. We successfully applied best practices, which allowed us to take action in a way that had a strong impact on the structure of balance management and its contribution to financial margins.

The most noteworthy actions include:

- Veering the investment portfolio of the Banking Book toward higher return rates with limited risks and short maturities.
- We were part of the budget process and helped modify the behavior of asset and liability products by applying a tool for transfer rates, which ensures that capital is used more efficiently.
- We placed our first issuances of short term BCP Certificate of Deposits for S/. 300 million; this created a new source of funding and contributed to defining a short term rate curve in local currency.
- We maintained excellent ratios for solvency, liquidity and legal reserves.

We diversified our investment portfolio

We continued our efforts to diversify the investment portfolio in the markets in which we participate.

- In 2013, we implemented mechanisms that allowed us to invest in fixed income markets in local currency in both Chile and Colombia.
- We received SBS's approval to short sell American treasury bonds to cover market risk of the base rate of our portfolio's positions.
- We continued to focus on consolidating our position as one of the main counterparties for local and foreign clients in the primary and secondary sovereign bond markets. We are part of a successful Market Creators Program[1] with a market share of 10.6%[1].

1. Market creators program was created by the Ministry of Economy and Finance to develop the internal market for public debt. We have been part of this initiative since 2003.

Leaders in all products and segments.

We continue to strengthen our leadership in the market for derivatives and spot products. Our excellent service model and the fact that we have broadest distribution network in the system, which is staffed by the industry's top professionals, have allowed us to serve all client segments and design personalized products to meet our clients' needs.

+44.4%
of the income generated by derivative products.

+11.8%
of the income generated by spot transactions.

N°2
in the swap market with 35.8% [1].

N°2
in the spot market between banks through the DATATEC trading system with a market share of 13.6% [2].

Market leaders

N°1

in the total trading volume in interbank transactions in local and foreign currency with market shares of 23.6% and 14.1% respectively[1].

N°1

in the secondary market for BCR Certificates of Deposits with a 41.2% share[1]

N°1

in the forward market with a 24.8% market share[1].

1. Source: Superintendency of Banking, Insurance and AFP. Monthly average balance, January-November 2013.
2. Source: DATATEC, subsidiary of Lima's stock exchange.

Financial management

We continue to diversify our funding sources and have increased the sophistication of our liabilities and capital management.

The most noteworthy transactions to structure funding in 2013 included: the issuance of BCP's international corporate bonds for US$ 350 million; the move to reopen the BCP 2027 subordinated bond for US$ 170 million; and the exchange of BCP 2016 bonds, which were issued in 2011, for BCP 2023 bonds that were recently issued in a transaction that added US$ 366.3 million in nominal terms to the BCP 2023 bond, which led to total issuance of US$ 716.3 million. These transactions helped BCP expand its base of international investors, ensured adequate management of currency mismatch and positioned the Bank to take advantage of record low rates in the international capital markets.

In March, we conducted a syndicated loan transaction for US$ 150 million in the Asian market. This, along with other measures, helped BCP efficiently manage the profile of long term debt maturities and effectively handle loan growth.

We fine-tuned our capital management process, which includes planning and monitoring the capitalization levels of the financial conglomerate (composed of the banking, financial, insurance and pension businesses of the Credicorp group). Prudent and proactive capital management at Credicorp helps ensure that the group grows and existing businesses have adequate capitalization.

BCP's Internacional Corporate Bonds

US$ 350 million

Reopening of Subordinated Bond BCP 2027

US$ 170 million

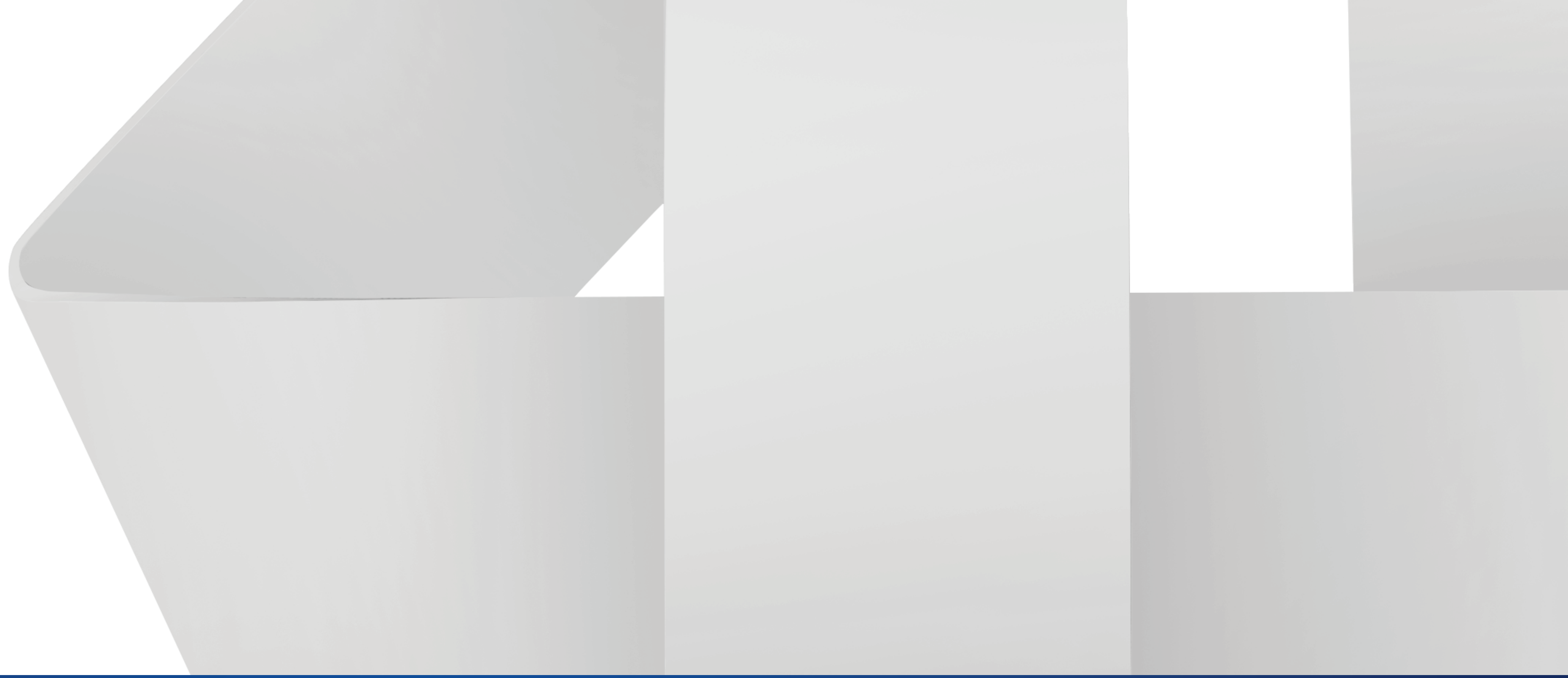
Exchange of BCP 2016 bonds for BCP 2023 bonds added

+ US$ 366.3 million

Syndicated loan transaction in the Asian market of

US$ 150 million

Risks



In 2013, we continued to strengthen our risk management strategy to align it with best international practices. We cascaded the bank's appetite for risk toward to the Wholesale Banking, Retail Banking and Treasury businesses.

In Retail Banking, after conducting a comprehensive diagnostic of the risks that are associated with developing the Pukara project, we led different initiatives to increase the robustness of our risk management in the retail segment. This helped decrease delinquency, particularly in the Credit Card and Consumer product segments.

At the corporate governance level:

- We consolidated corporate management of operating risk, market risk, insurance management and credit risk in Wholesale Banking.
- We expanded the scope of validation processes by reviewing Retail Banking's pricing tools.
- We created the Model Committee (technical committees) within the framework of model governance, whose purpose is to provide a guided process to ensure the optimum execution of credit risk model development, implementation, integration with operating units, monitoring and validation.

Models and methodologies:

- We concluded and implemented BCP3 internal rating models for Wholesale banking and bureau models for Retail Banking.
- We built, implemented and improved the pricing tools for Retail Banking: in the Business Banking Segment and for the Customer Lifetime Value of credit card products, cash loans, car loans, mortgage loans, SME Loans and office financing. This had led to an improvement in the net margins of products such as credit cards, cash loans, and recently, SMEs.
- We improved liquidity management by incorporating specific and systemic scenarios, which lent more realism to the process to analyze liquidity requirements in the case of stressful events, and improved support for liquid assets to cover these requirements.
- We improved ALM by modeling prepayments and advance cancellations for loans and deposits to fine-tune the process to calculate the mismatch risk.
- We implemented statistical alert models to ensure that our monitoring is more focused and effective with regard to the Wholesale Banking portfolio and Business Banking.

We improved liquidity management and ALM

At the level of processes and policies:

- We began the process to roll out a new limits module to expedite credit evaluation for loans with good risk profiles and lower loan amounts. We also began work on the “Lean Loans for Business Banking” project, which has led to a substantial improvement in analysis times and cycle times in general.

Operations, Systems and Administration

We continue to generate efficiency and productivity.

Systems outsourcing

We consolidated a new operating model for our technological infrastructure and developed applications. This increased our capacity to process requirements by 29% and reduced service times by 5% while maintaining the systems' operating stability.

In light of these good results, we will continue to evaluate service coverage to incorporate new applications and infrastructure to ensure efficiency, scalability, and speedy service.

Lean Project

We applied the Lean methodology to processes in Commercial Loans, Business Banking, Support for Agentes BCP and ATMs. These projects reduced cycle times by 60% and generated efficiencies in channel management of 30% on average.

We increased the service capacity of the Lean projects, which allowed us to implement new assessments in processes relative to Complaints and Client Requests, the Treasury Distribution Table, and Follow up o Commercial Loans.

Purchases

We increased purchase coverage by 49.3% by incorporating new lines and increasing the negotiated amount of the bank’s expenditures and investments by 82.5%.

We surpassed the savings target for 2013 set in the original project by 73.4%.

Collections

We continued to develop the analytical capacities of Collections management by applying strategies and best practices that maximize the profitability of recoveries relative to different channels, products and clients.

To address the variations in the size of the past due portfolio, we continued to roll out the process to outsource phone collections, which increased the coverage of accounts that are managed outside of the bank by 47%.

Fraud management

We continue to implement cutting-edge strategies to prevent and mitigate fraud. These efforts have been recognized by the international community. In the framework of the Integral Banking Convention and with the participation of financial entities in Latin America and the Caribbean, Plus Technologies awarded us the “Innovation Prize 2013” for our successful Risk Dashboard for Loans.

Shared Services Project

In 2013 we began the Shared Services Project, whose objective is to identify common process components in the Operations and Systems Division that are capable of generating synergies and efficiencies. The initial scope of the project focused on the Shared Services Area and the Operations Area.

Internal control

Internal Auditing BCP

We continued to focus on continuous improvement to become a highly professional, independent objective division that is recognized throughout the corporation for its efforts to add value in the process to meet strategic objectives.

To rise to this challenge:

- We obtained an International Quality Certificate for the External Quality Assessment conducted by the Global Institute of Internal Auditors (IIA). We also obtained the maximum score possible for this type of assessment. This means that the corporation's internal auditing activity fulfills the International Rules of Auditing and IIA's Code of Ethics. The International Certification process covered Credicorp's main businesses -Banco de Crédito del Perú – BCP, Pacífico Grupo Asegurador, Banco de Crédito de Bolivia, Prima AFP, Financiera Edyficar, Correval, IM Trust and Atlantic Security Bank (ASB).

- We improved and up-dated the Manual of Internal Auditing Methodologies to adapt it to meet the new concepts and principles in the Framework for IIA's Professional Internal Auditing Practices while responding to the appetite and tolerance for risk that have been defined and approved by the Board.

- We assess and monitor, as part of our corporate role, the internal control activities relative to Credicorp and the subsidiaries by performing direct audits, engaging in efforts to ensure quality and reviewing key components of control in accordance with the Sarbanes-Oxley Act.

- We issued 239 auditing reports:

Auditing reports conducted by BCP's auditing division

	2010	2011	2012	2013
BCP Perú	187	184	140	193
BCP Bolivia	3	2	2	3
BCP Miami	6	4	3	5
Edyficar	3	1	1	2
Other companies in Credicorp	29	43	32	36
Total	228	234	178	239

- At the end of 2013, of the pool of 102 auditors in the Auditing Division of BCP, 41 have finished their Master's Degrees while another 40 have obtained international certificates from internationally recognized institutions such as IIA, ISACA, IIPER, FIBA. Additionally, 42 auditors are members of IIA and 15 are part of ISACA.

- In the field of on-going auditing, we rolled out a set of 55 indicators (15 developed by the end of 2011, 23 at the end of 2012 and 17 during 2013) grouped into five fronts: Branches (26), Portfolio (17), Human Resources Management and Development (07), Systems (01) and others (04).

- In terms of Quality Assurance and Improvement, we conducted the third Annual Internal Assessment of the Quality Assurance and Improvement (PAMC). The team that specializes in quality has been trained in Peru and abroad to play this important role and lead and roll out the PAMC in the rest of Credicorp's subsidiaries

- In 2013, in addition to working rigorously on the process to standardize auditing methodologies at the corporate level, we applied Corporate Auditing Programs (PACs) throughout the corporation. Thanks to this, we have achieved efficiencies in monitoring tests. Our auditors have shared their expertise and specialized knowledge with auditors in all of Credicorp's businesses. At the end of 2013, 46 PACs were applied in the Investment, Wholesale and Retail Loans, Comprehensive Risk Management, Internal Control of Branches, Human Resources and Development, Operations and Information Technology.

Compliance

The Corporate Compliance Division is responsible for ensuring that BCP fulfills local and international regulations and maintains the highest standards for ethics, integrity and professional conduct in the companies that the corporation operates in different countries. For this purpose, the corporation has a team of 77 professionals who are located in the corporation's different companies in Peru, Panama and the United States.

In 2013, we implemented the Regulatory Compliance Program, which has allowed us to incorporate the best internal controls in the processes of the group's companies and as such, meet all regulatory requirements. This program also takes action to meet the regulatory requirements that have the largest impact on the local scene – the Law to Protect Personal Data (LPDP), the Occupational Health and Safety Law (LSST) - and international regulations, such as the *Foreign Corrupt Practices Act* (FCPA), *the Foreign Account Compliance Act* (FATCA) and the *Dodd Frank Act*.

We implemented the Regulatory Compliance Program to improve our internal controls.

System to Prevent Money Laundering and Financing for Terrorism

BCP complies with the laws and regulations in effect in each of the jurisdictions in which it operates. The organization also has a system to prevent money laundering and financing for terrorism that includes policies, procedures, and prevention mechanisms that gives all of its employees the necessary tools to act diligently to ensure that none of the corporation's products and services are used to legitimize illegal earnings.

The System to Prevent Money Laundering and Financing for Terrorism is corporate in scope, which guarantees that the information required by regulation regarding knowledge of the client (KYC) is in fact obtained so that the Compliance Unit can conduct adequate monitoring of its clients' transactions and facilitate the process to identify unusual activity. Any activity that is considered suspicious will be reported to government authorities in accordance with the laws and regulations in each of the jurisdictions in which Credicorp operates.

We continuously up-date our program to prevent money laundering and financing of terrorism to guarantee that it meets the best international standards.
Given that our employees are key players in the fight against money laundering, BCP implemented an integral and up-dated program of specialized, continuous, on-site and virtual training for personnel in 2013.

Anti-corruption program

Credicorp's anticorruption program is aligned with the requirements of the FCPA and other regulatory measures such as the U.K. Bribery Act. This program includes the System of Complaints, which is a communications channel that gives employees, suppliers, clients, investors and other interested parties a venue through which to report situations of fraud, willful misconduct, bad accounting practices or violations of the Code of Ethics and other codes of behavior. This channel is monitored by the Compliance Unit. These measures ensure that the corporation is aligned with best practices with regard to ethical conduct, transparency, corporate governance and the Sarbanes – Oxley Act.

Human resources Management and Development

Somos BCP

With the ambitious objective of becoming the best place to work in Peru, we launched an important initiative almost two years that has begun to bear fruit. In last workplace climate survey, for example, we reached a record high for favorability of 77%. This is equivalent to an improvement of four percentage points with regard to 2012 and places us among the top performers worldwide.

These results are a direct reflection of the transversal actions that have been prioritized under the Somos BCP umbrella and are also attributable to the more than 100 initiatives that have been implemented by the work teams in each central management unit. These teams contribute actively and enthusiastically to the project.

Recruiting and selection

We launched our first employer brand campaign to disseminate our value proposal and enhance our positioning in the job market. As a result, we were recognized as the best bank to work at in the country according to the ranking conducted by Arellano Marketing and Laborum (through a national survey of more than 9,395 people). We have also made efforts to guarantee that information on job opportunities is transparent and disseminated internally. Additionally, we continue to choose personnel with our capacities-based selection model and have consolidated our new service model.

Learning

We implemented Campus BCP, which is a virtual platform that integrates all of BCP's actions to promote learning. We began developing the Business School Project at BCP through three schools: Leaders School BCP, Retail Banking School and the School of Risks. The Leaders School made significant headway by implementing a program for managers, sub-managers and supervisors that will continue throughout 2014.

Compensation

In 2013, we developed an innovative approach to disseminating our compensation policy through explanatory videos. We continued work to roll out new models for variable compensation in units such as the Call Center and International Business and began to formulate Credicorp Capital's total compensation model. Finally, we created the Governance Committee for BCP's Variable Compensation Systems. This committee is made up of representatives from the business side and the Human Resources Management and Development Division, to ensure that we strike a balance between achieving profitability and addressing issues relative to workforce productivity and salary competitiveness.

Advisory services

Our job is to become a strategic partner while providing support to achieve results. To accomplish this, we offer performance management and timely advice on human resource management. Currently, are working on developing our advisory role by adhering to an integral vision of the transversal process of human resource management as it applies to different business realities and requirements.

Well being management

As part of our integral strategy to enhance our workers' well-being, we have developed an increasingly large number of initiatives to improve the quality of life of our employees: preventive medical exams; occupational safety and health; loans at preferential rates, interest-free loans for emergencies, free time passes, integration activities through our Club (in Lima), cafeterias at office sites, as well as other benefits.

Talent

We have a strategy to develop the leadership qualities of our managers and the talents of the individuals who have been identified by the Center for Creative Leadership as part of a set of good practices for leadership development in Latin America. Additionally, we defined a strategy to attract MBAs from top universities by acting as sponsors and recruiters at the five best universities in the world.

Social responsibility

We began a financial education program for individuals who are not part of the formal banking system and continued our efforts to support talented young people.

"Contigo en tus Finanzas BCP"

In 2013 BCP created a financial education program: "Contigo en tus Finanzas," which is directed at the population that is not part of the formal banking system. This program's objective is to ensure that future entrants in the financial system can make adequate and responsible use of financial services and products to enhance their well being. The methodology used ("edutainment") merges education and entertainment to impart concepts such as: the formal financial system, savings, budgets, credit and insurance.

- "La Ruta del Progreso": a financial education fair where young people and adults enjoy theater presentations, live games, videos and activations that permit on-site and entertaining learning about finances. More than 12,000 students participated in this fair.
- "Decisiones y Valores de Vida": an education project directed at students undertaking secondary studies at public schools; this effort combines financial education with personal values and Peruvian culture. More than 60,000 students have attended.

BCP loans and scholarships

The "Créditos y Becas BCP" program provides young talent with the resources they need to begin and/or continue their undergraduate studies in the top private universities of Peru. The program also provides psycho-pedagogical accompaniment and activities to develop talent so that its beneficiaries can reach their maximum potential and successfully join the job market.

Infrastructure Works

BCP supports the Peruvian State in its effort to decrease the infrastructure gap through the Works for taxes mechanism. In 2013, the bank financed 9 public infrastructure projects in the departments of Arequipa, Cusco, Junín, La Libertad, Pasco and Puno.

"Voluntarios BCP"

This program involves employees in collaborative efforts in the community so that they can discover their role as agents of social change. Over the past 8 years, our volunteers have worked on efforts to build infrastructure for the community and plant trees; conducted workshops on business management and financial education for SMEs; and designed and executed their own social projects. In 2013, more than 1,800 volunteers were mobilized in 30 activities.

"Empresarios de Éxito BCP" – Tourism Sector, "Ruta Moche"

BCP strengthens the competitiveness of the SMEs that provide lodging and food services along the Moche Route by developing their capacities and promoting their growth.

Results from social responsability actions

BCP loans and scholarships

40 Scholarships
total scholarships given.

More than 320
young people received financing.

Infrastructure Works

S/. 210 million
in committed investments.

1.8 million
Beneficiaries.

Sectors served:
sanitation, education, transportation, health and safety.

"Voluntarios BCP"

More than
1,800 volunteers
were mobilized in
30 activities.

"Empresarios de Éxito BCP"

More than **100 businesses** were trained on issues of quality, improving business management and marketing.

Training and technical assistance so that **96 SMEs** could obtain certification in the System to Apply Good Practices - CALTUR, issued by the Ministry of Foreign Trade and Tourism.

Evaluation of **70 workers** from restaurants and lodges to obtain the Certification of Job Skills of the Ministry of Work and Employment Promotion.

Edyficar

Indisputable leader in the microbusiness sector and possessor of a large market share.

In 2013, Edyficar posted outstanding results:

28
new branches.

87 thousand
clients brought into formal banking system.

522 thousand
clients
+20.5%.

+303
bps in the market share for micro business.

+37.3%
in loan average daily balances*.

* Measured in nuevos soles.

We continue to work on synergy projects with BCP to improve the value proposal for our clients.

Our clients increased their use of Agentes BCP.

We took advantage of BCP's technology in:

- **Business intelligence** to differentiate clients according to segmentation generated a valuable contribution during the commercial campaigns directed at the best prospectus; this led to disbursements of more than S/. 600 million this year and ensured healthy growth.
    - S/. 678 million was disbursed for do-it-yourself construction (Edyvivienda) with portfolio growth of 49.8%.
    - Successfully maintained microinsurance products for accidents and life; 63% of total loan disbursements took on insurance coverage.

Edyficar has continued its efforts to diversify financing sources through the capital markets and other funding channels.

- **Collections,** we implemented our ICS collections software, which allows us to generate new indicators and strategies while improving collections management processes.
- **Credit Risk,** we generated a new segmentation model by applying corporate methodologies. This new model allows us to improve our segmentation and apply differentiated guidelines that are aligned with each client's risk profile.
- **Market and Liquidity Risk,** we now use corporate standards for the Liquidity Coverage Ratio and the Net Stable Funding Ratio, which has ensured that we have a solid liquidity structure during times of stress.
- **Operating, business continuity and information security risk,** by continuing our efforts to adapt our methodologies to corporate standards to make our management systems more robust and prepare Edyficar for the process to renew is Alternative Standard Assessment (ASA) certification.

We continue to strengthen financial management

- **Successful issuances in the capital markets.**
  During the first semester of 2013, we conducted an issuance of Edyficar corporate bonds for S/. 62.1 million in the local market at a rate of 5.28%. The issuance was placed for 3.5 years with a credit spread of approximately 128 basis points over the curve for Peruvian government bonds. This issuance was executed through the e-prospectus platform.
- **Obtained an "A" rating as a financial institution**
  This rating, which is given by Apoyo & Asociados Internacionales S.A., confirms our leadership in financial management and leads to lower funding costs.
- **Highest ROE reported in the history of microlending**
  The ROE reported in 2013 was situated at 39.1% under local accounting standards; this is the third consecutive year that Edyficar has posted the highest ROE in the microlending sector.
- **Lowest efficiency ratio reported in Edyficar's history**
  The portfolio's operating efficiency was situated at 13.3%, which falls below the 14.3% reported in 2012; this improvement was due to efforts to optimize the management of financial and administrative resources throughout the organization.
- **Past due ratio falls below the competition's**
  The ratio was 6.6% (including the PDL portfolio, 12-month charge-offs and refinancing). The quality of our portfolio was the highest in the microlending sector for the fourth consecutive year.

BCP Bolivia

We posted an increase of 35.7% in loans in the SME segment.

In 2013...

- We achieved portfolio growth of 18.3%, which exceeded expectations and was accompanied by a ROE of 12.1%.
- We placed fourth in terms of our market share for loans, which was situated at 10.9% at year end.
- We posted an increase of 35.7% in loans in the SME segment.
- Our past due ratio at year-end was 1.34% and portfolio coverage was 299.7%.
- We improved the bank's efficiency with an efficiency ratio that went from 59.5% in 2012 to 55.4% in 2013.
- At the beginning of the year, we introduced the first Cellular Banking application in the market for smartphones. Now our clients can access information on their accounts and perform transactions in real time. In this way, we are present where our clients need us and are prepared to offer innovative and high-quality financial solutions.

We took on important challenges...

- We expanded and improved our e-billing services by offering our clients third-party billing.
- We made innovative changes to one of the Bank's most traditional products by being the first to launch Fixed Term Deposits with advance interest payments.
- We also introduced another product that, in addition to being innovative, was also the first of its kind in the market: the 20-year, fixed rate Mortgage Loan.
- We changed our credit cards with bands for cards with chips to prevent credit card fraud and identity theft; this helps lend more security to our clients' transactions.
- We opened three new business branches, two in the city of La Paz and one in the city of Santa Cruz.
- We renewed a large portion of our ATMs by replacing 43 units.
- We expanded our network with another 39 ATMs, three of which are equipped to receive deposits.
- In the framework of our capital program, we conducted our first Subordinated Bond issuance for US$ 10 million. We placed 100% of this issuance, which is proof that investors trust BCP.
- We set a precedent in corporate law by executing Bolivia's first corporate spin off.

Chapter 5
Awards

The main ingredient of stardom is the rest of the team.

John Wooden

BCP

During 2013, we received various awards as a recognition of our work.

"Monitor Empresarial de Reputación Corporativa Perú 2013" – MERCO 2013
First place in category
"Corporate Reputation"
First place in category
"Social Responsibility"

"Creatividad Empresarial 2013", organized by UPC University.
First place in category
"Costumer service"
First place in category
"International impact"

"Las 10 Empresas más admiradas del Perú 2013", awarded by PriceWaterhouse Coopers and "Revista G de Gestión"
Within Top 10 most admired companies in Peru 2013

"Donde quiero trabajar" Award by Arellano Marketing
Best Bank to work in Peru
Third Place within the top 10 Best Places to work

Rep track - Reputation Institute
Within top 10 companies with Best Reputation in Peru

"Buenas Prácticas en Gestión" Award - BPG 2013
In the category "Public-Private Cooperation" for works for taxes in "La encantada" (Piura) and which benefited 2,600 people.

"Luces 2013" Award in recognition of the book "Los Chachapoyas"
First place in category "Literature – Special Edition" bestowed by "El Comercio".

"Innovación 2013" Award, bestowed by Plus Technologies
In recognition for our project "Tablero de Control en Créditos"

Annual Survey of Executives of the Lima Chamber of Commerce
First place in category
"Middle Market Banking"
First place in category
"Retail Banking"

Trade Finance Award
Best Trade Bank in Peruv

Effie Awards 2013
Effie Award Gold 2013 in the category
"Financial Services"
Effie Award Silver 2013 in the category
"Low Budget".

Euromoney Awards 2013
Best Managed Company in the Banking and Finance Sector in Latin America
Best for Shareholder Value in Latin America
Best Managed Company in Peru

BCP Bolivia

Global Finance Award as
"Best Bank in Bolivia"
for the eighth consecutive year.

Global Finance Award as
"Best internet banking service" on November 2013.
In category "Business"
In category "Consumer"

"Bank of the year in Bolivia"
bestowed on November 2013 by "The Banker".

Paul Harris Award for Corporate Social Responsibility for the fifth consecutive year, bestowed by the Rotary Club International on October 2013.

National Award as "Quality IB on Social Responsibility" bestowed by Ibnorca on September 2013.

Edyficar

Award "5 diamonds",
the highest honor in recognition of financial transparency, awarded by the Microfinance Information Exchange - MIX Market.

Chapter 6
Financial statements

Leadership is lifting a person's vision to high sights, the raising of a person's performance to a higher standard, the building of a personality beyond its normal limitations.

Peter
Drucker

Banco de Crédito del Perú and Subsidiaries Consolidated balance sheet (Proforma - Unaudited)

As of december 31, 2013 and 2012

Assets	*Exhibit*	*2013 US$(000)*	*2012 US$(000)*
Cash and due from banks:	1		
Non-interest bearing		1,513,791	1,117,972
Interest bearing		6,107,786	6,605,583
		7,621,577	**7,723,555**
Investments:			
Trading securities	2	436,202	71,326
Investments available-for-sale	3	3,728,152	4,440,851
Investments held to maturity		242,209	259,662
		4,406,563	**4,771,839**
Loans, net:	4		
Loans, net of unearned income		22,315,381	20,750,065
Allowance for loan losses		(809,264)	(698,395)
		21,506,117	**20,051,670**
Financial assets designated at fair value through profit or loss		19,646	32,815
Property, furniture and equipment, net		496,956	404,362
Due from customers on acceptances		67,688	100,768
Intangible assets and goodwill, net		234,197	216,617
Other assets	5	783,154	946,443
Available for sale assets		-	1,254,356
Total assets		**35,135,898**	**35,502,425**

Liabilities and equity	*Exhibit*	*2013 US$(000)*	*2012 US$(000)*
Deposits and obligations:	6		
Non-interest bearing		6,156,872	6,194,470
Interest bearing		17,008,400	16,630,622
		23,165,272	**22,825,092**
Due to banks and correspondents	7	4,305,477	3,702,317
Bankers' acceptances outstanding		67,688	100,768
Bonds and subordinated notes issued	8	4,089,126	3,656,736
Other liabilities	5	529,782	1,266,423
Available for sale liabilities		-	1,137,015
Total liabilities		**32,157,345**	**32,688,351**
Shareholder's equity			
Capital stock		1,237,652	986,697
Reserves		788,325	700,491
Unrealized gain		130,894	152,209
Retained earnings		815,192	935,956
		2,972,063	2,775,353
Non-controlling interest		6,490	38,721
Total shareholder's equity		**2,978,553**	**2,814,074**
Total liabilities and shareholder's equity		**35,135,898**	**35,502,425**

Banco de Crédito del Perú and Subsidiaries
Consolidated statement of income
(Proforma - Unaudited)
For the years ended december 31, 2013 and 2012

	2013 US$(000)	2012 US$(000)
Interest and dividend income		
Interest on loans	2,230,735	1,912,929
Interest on due from banks	32,752	39,364
Interest from trading securities and investments available-for-sale	157,747	157,763
Other interest income	9,469	23,695
Total interest and dividend income	**2,430,703**	**2,133,751**
Interest expense		
Interest on deposits and obligations	(269,228)	(251,815)
Interest on bonds and subordinated notes issued	(252,765)	(218,973)
Interest on due to banks and correspondents and borrowed funds	(142,984)	(130,544)
Other interest expense	(73,806)	(44,693)
Total interest expense	**(738,783)**	**(646,026)**
Net interest and dividend income	**1,691,920**	**1,487,725**
Provision for loan losses	(454,375)	(378,620)
Net interest and dividend income after provision for loan losses	**1,237,545**	**1,109,105**

	2013 US$(000)	2012 US$(000)
Other income		
Banking services commissions	648,774	620,058
Net gain on foreign exchange transactions	190,763	174,049
Net gain on sales of securities	(32,797)	41,953
Other	26,387	23,856
Total other income	**833,127**	**859,916**
Other expenses		
Salaries and employees benefits	(629,682)	(611,964)
Administrative expenses	(491,667)	(431,316)
Devaluation and amortization	(88,725)	(86,225)
Other	(51,682)	(33,153)
Total other expenses	**(1,261,756)**	**(1,162,658)**
Income before translation result and income tax	808,916	806,363
Translation results	(95,799)	63,105
Income tax	(248,788)	(208,714)
Net income from continued operations	**464,329**	**660,754**
Net income from discontinued operations	-	3,804
Net Income	464,329	664,559
Atributed to Credicorp	463,534	663,660
Minority interest	795	899
Net Income	**464,329**	**664,559**
Basic and diluted earnings per share (3,102,951 shares)	**0.15**	**0.21**

Banco de Crédito del Perú and Subsidiaries

As of december 31, 2013 and 2012

Conciliation between net income in Soles according to SBS Standards and net income under International Financial Reporting Standards (in thousands)

	2013	2012
Net income in soles according to SBS Standards	*1,649,299*	*1,505,912*
	464,760	*669,440*
Adjustments that would be required to determine the net income under NIIF's instead of under SBS standards:		
Deferred fees	6,552	(959)
Deferred income tax -BCP	(4,414)	(2,356)
Reversal of country risk provision - BCP	917	(1,484)
Edyficar deferred amortization - BCP	2,631	2,631
Stock Award amortization - BCP	(2,477)	1,839
Tax income for dividen INBCP	(1,464)	(1,882)
Deferred income tax - BCBOL	589	590
Reversal provision for loan lossess - Edyficar	(2,534)	(1,534)
Provision for off - balance sheet BCBOL	(1,470)	(1,500)
Others	1,239	(226)
Net income in US dollars according to International Financial Reporting Standards	**464,329**	**664,559**

1. Cash and due from banks

This item is made up as follows:

	2013 US$(000)	2012 US$(000)
Deposits in Peruvian Central Bank - BCRP	5,593,654	6,205,611
Cash and clearing	1,258,142	951,918
Deposits in banks	768,179	562,099
	7,619,975	**7,719,628**
Accrued interest	1,602	3,927
Total	**7,621,577**	**7,723,555**

2. Trading securities

This item is made up as follows:

	2013 US$(000)	2012 US$(000)
Shares -		
Listed equity securities	39,879	22,037
Bonds and similar instruments -		
Peruvian treasury bonds	37,955	24,542
Certificates of deposit - BCRP	348,057	0
Corporate and leasing bonds	9,339	24,487
	395,351	49,029
Total Shares, Bonds and similar instruments	**435,230**	**71,066**
Accrued interest	972	260
Total	**436,202**	**71,326**

(a) This item is made up as follows:

	2013 Unrealized gross amount				2012 Unrealized gross amount			
	Amortized Cost	Gains	Losses	Estimated Fair value	Amortized Cost	Gains	Losses	Estimated Fair value
	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)
Fixed maturity -								
BCRP certificates deposit	1,904,724	477	(245)	1,904,956	2,963,689	1,014	(184)	2,964,519
Government's treasury bonds	603,595	3,002	(6,621)	599,976	303,904	9,431	(293)	313,042
Corporate, leasing and subordinated bonds	549,395	4,818	(10,274)	543,939	439,765	11,231	(340)	450,656
Central Banks of Bolivia certificates of deposit	-	-	-	-	159,312	785	-	160,097
Assets back securities	90,872	4,014	(425)	94,461	115,298	5,162	(61)	120,399
Participation in RAL's funds	125,581	-	-	125,581	78,751	-	-	78,751
Participation in mutual funds	31,888	278	-	32,166	20,179	263	-	20,442
Bonds of international financial entities	41,955	2,217	(738)	43,434	45,275	3,128	-	48,403
Negotiable certificates of deposit	10,116	-	(2)	10,114	11,476	2	-	11,478
Other	130,609	140	(18)	130,731				
	3,488,735	**14,946**	**-18,323**	**3,485,358**	**4,137,649**	**31,016**	**-878**	**4,167,787**
Shares -								
Listed securities	60,312	165,558	(1,987)	223,883	53,661	208,603	-	262,264
Non-listed securities	1,883	40	(461)	1,462	1,251	90	(212)	1,129
	62,195	**165,598**	**-2,448**	**225,345**	**54,912**	**208,693**	**-212**	**263,393**
	3,550,930	**180,544**	**-20,771**	**3,710,703**	**4,192,561**	**239,709**	**-1,090**	**4,431,180**
Accrued interest				17,449				9,671
Total				*3,728,152*				*4,440,851*

(b) The amortized cost and market value of the investments available-for-sale are classified by maturity as follows:

	2013		2012	
	Amortized Cost	Market Value	Amortized Cost	Market Value
	US$(000)	US$(000)	US$(000)	US$(000)
Up to 3 months	978,492	978,630	1,143,568	1,144,162
From 3 months to 1 year	1,216,605	1,218,071	1,630,424	1,631,847
From 1 to 3 years	250,216	252,660	760,787	767,541
From 3 to 5 years	335,539	335,842	138,308	143,473
Over 5 years	550,414	542,407	365,632	381,571
Without maturity (shares)	219,664	383,093	153,842	362,586
Total	*3,550,930*	*3,710,703*	*4,192,561*	*4,431,180*

4. Loans, net

(a) This item is made up as follows:

	2013 US$(000)	2012 US$(000)
Direct loans		
Loans	15,234,26	13,901,701
Leasing receivables	3,082,405	3,473,319
Credit card receivables	2,224,679	2,311,329
Discount notes	536,508	557,328
Advances and overdrafts	297,604	326,497
Factoring receivables	160,383	52,938
Refinanced and restructured loans	133,035	142,207
Past due and under legal collection loans	513,680	370,407
	22,182,561	**21,135,726**
Add (less) -		
Accrued interest	159,789	149,384
Unearned interest	(26,969)	(535,045)
Allowance for loan losses	(809,264)	(698,395)
Total direct loans, net	***21,506,117***	***20,051,670***
Indirect loans	**4,606,754**	**4,498,219**

(b) As of december 31, 2013 and 2012, direct loan portfolio is distributed among the following economic sectors:

	2013 US$(000)		2012 US$(000)	
Sector				
Manufacturing	3,674,679	16.6	3,477,278	16.5
Mortgage loans	3,839,223	17.3	3,478,450	16.5
Commerce	3,061,406	13.8	2,884,223	13.6
Consumer loans	2,959,677	13.3	2,965,274	14.0
Electricity, gas and water	1,078,748	4.9	1,365,188	6.5
Micro-business loans	1,473,682	6.6	1,490,879	7.1
Leaseholds and real estate activities	1,228,586	5.5	1,201,138	5.7
Mining	1,007,801	4.5	747,605	3.5
Communications, storage and transportation	798,770	3.6	663,548	3.1
Agriculture	419,793	1.9	382,502	1.8
Financial services	449,662	2.0	421,304	2.0
Construction	381,258	1.7	410,786	1.9
Fishing	162,456	0.7	128,626	0.6
Education, health and other services	300,357	1.4	314,332	1.5
Other	1,346,463	6.0	1,204,593	5.6
Total	*22,182,561*	*100*	*21,135,726*	*100*

(c) As of december 2013 and 2012, the credit risk classification of the loan portfolio is as follows:

2013

Credits clasification	Direct credits US$(000)	Direct credits %	Indirect credits US$(000)	Indirect credits %	Total US$(000)	Total %
Normal	20,858,428	94.00	4,573,415	99.2	25,431,843	94.9
Potential problems	534,099	2.40	25,989	0.6	560,088	2.1
Substandard	240,815	1.10	3,581	0.1	244,396	0.9
Doubtful	278,719	1.30	3,207	0.1	281,926	1.1
Loss	270,500	1.20	562	0.0	271,062	1.0
	22,182,561	**100**	**4,606,754**	**100**	**26,789,315**	**100**

2012

Credits clasification	Direct credits US$(000)	Direct credits %	Indirect credits US$(000)	Indirect credits %	Total US$(000)	Total %
Normal	20,053,005	94.9	4,438,517	98.7	24,491,522	95.5
Potential problems	452,131	2.1	53,858	1.2	505,989	2.0
Substandard	190,957	0.9	3,915	0.1	194,872	0.8
Doubtful	232,168	1.1	910	0.0	233,078	0.9
Loss	207,465	1.0	1,019	0.0	208,484	0.8
	21,135,726	**100.0**	**4,498,219**	**100.0**	**25,633,945**	**100.0**

5. Other assets and other liabilities

(a) This item is made up as follows:

	2013 US$(000)	2012 US$(000)
Other assets -		
Financial instruments:		
Value added tax credit	205,172	255,237
Accounts receivable	72,048	198,697
Cash collateral on repurchase agreements and others	156,778	160,330
Income tax prepayments, net	36,843	72,955
Operations in process	67,224	35,573
	538,065	**722,792**
Non-financial instruments:		
Deferred income tax asset	113,509	123,165
Prepaid expenses	109,112	85,813
Seized Assets, net	8,973	10,208
Other	13,495	4,465
	245,089	**223,561**
Total	*783,154*	*946,443*

	2013 US$(000)	2012 US$(000)
Other liabilities -		
Financial instruments:		
Accounts payable	258,968	967,746
Payroll, Taxex, salaries and other personnel expenses	107,692	149,337
Allowance for indirect loan losses.	43,759	45,486
Operations in process	30,113	10,836
	440,532	1,173,405
Non-financial instruments:		
Deferred income tax liability	61,080	66,353
Provision for sundry risks	28,170	26,665
	89,250	93,018
Total	*529,782*	*1,266,423*

6. Deposits and obligations

(a) This item is made up as follows:

	2013 US$(000)	*2012 US$(000)*
Non-interest bearing deposits and obligations -		
In Peru	5,290,483	5,413,673
In other countries	866,389	780,797
	6,156,872	**6,194,470**
Interest bearing deposits and obligations -		
In Peru	15,845,983	15,436,734
In other countries	1,090,960	1,130,522
	16,936,943	**16,567,256**
	23,093,815	**22,761,726**
Interest payable	71,457	63,366
Total	*23,165,272*	*22,825,092*

(b) As of December 31, 2013 and 2012, deposits and obligations are classified by type as follows:

	2013 US$(000)	2012 US$(000)
Demand deposits	7,431,764	7,572,462
Saving deposits	6,355,705	6,084,550
Time deposits	6,730,773	6,704,680
Severance indemnity deposits	2,403,948	2,232,492
Bank's negotiable certificates	171,625	167,542
Total	*23,093,815*	*22,761,726*

(c) Time deposits are classified by maturity as follows:

Up to 3 months	5,384,903	5,022,906
From 3 months to 1 year	904,877	1,300,152
From 1 to 3 years	235,227	213,635
From 3 to 5 years	205,766	167,979
More than 5 years	-	8
Total	*6,730,773*	*6,704,680*

7. Due to banks and correspondents

(a) This item is made up as follows:

	2013 US$(000)	2012 US$(000)
International funds and others	3,743,727	3,235,330
Promotional credit lines	377,594	332,687
Inter-bank funds	170,303	117,599
	4,291,624	**3,685,616**
Interest payable	13,853	16,701
Total	*4,305,477*	*3,702,317*

(a) This item is made up as follows:

	Weighted Average Annual Interest Rate %	Interest Payment	Maturity	Original Amount Issued	2013 US$(000)	2012 US$(000)
Corporate Bonds						
First program						
Tenth issuance - B Series	8.00	Quarterly	Mar-13	S/.10,000	-	3,922
Second program						
First issuance (A and B Series)	6.83	Half-Yearly	Between Dec-14 and Mar-15	S/.275,000	40,250	80,065
First issuance (A Series) – Edyficar	5.47	Half-Yearly	Apr-15	S/.60,000	21,467	23,529
Second issuance (A Series) – Edyficar	5.50	Half-Yearly	Jan-16	S/.70,000	25,045	27,451
Third issuance (A and B Series)	7.73	Quarterly	Between Jun and Jul-18	S/.200,000	71,556	78,431
Third program						
First issuance (A Series) – Edyficar	5.28	Half-Yearly	Nov-16	S/.62,108	22,221	-
Fourth program						
Fourth issuance (Series A, B, C y D)	6.41	Half-Yearly	Between Jul and Dec-14	S/.183,414	65,622	71,927
Fifth issuance (A Series)	5.31	Half-Yearly	Sep-13	S/.50,000	-	19,608
Eigth issuance (A Series)	3.75	Half-Yearly	Jan-14	US$91,000	91,000	91,000
Ninth issuance (A Series)	6.22	Half-Yearly	Nov-16	S/.128,000	45,764	50,149
Tenth issuance (A Series)	7.25	Half-Yearly	Dec-21	S/.150,000	53,614	58,760
Tenth issuance (B and C Series)	5.41	Half-Yearly	Between Oct and Nov-22	S/.400,000	142,882	156,588
					579,421	**661,430**

	Weighted Average Annual Interest Rate %	Interest Payment	Maturity	Original Amount Issued	2013 US$(000)	2012 US$(000)
Subordinated Bonds						
First program						
First issuance (A Series)	6.22	Half-Yearly	May-27	S/.15,000	5,367	5,882
First issuance (A Series) – Edyficar	8.16	Half-Yearly	Oct-21	S/.40,000	14,311	15,686
Second issuance (A Series) – Edyficar	8.13	Half-Yearly	Dec-21	S/.30,000	10,733	11,765
Fourth issuance (A Series) – Edyficar	6.19	Half-Yearly	Dec-22	S/.40,000	14,311	15,686
Fourth issuance (A, B, C and D Series)	7.65	Quarterly	Between Feb and May-16	US$113,822	113,822	113,822
Second program						
First issuance (A and B Series)	5.75	Half-Yearly	Between Sep and Oct-13	US$25,000	-	8,333
First issuance - Banco de Crédito Bolivia	6.25	Annual	Aug-28	BS. 70,000	10,309	-
					168,853	171,175
Financial Leasing Bonds						
First program						
Sixth issuance (A Series)	8.72	Quarterly	Aug-18	S/.100,000	35,778	39,216
Total local issuances					*784,052*	*871,821*

	Weighted Average Annual Interest Rate %	Interest Payment	Maturity	Original Amount Issued	2013 US$(000)	2012 US$(000)
International issue - Through BCP's branch in Panama						
Senior Bonds	4.25	Half-Yearly	Apr-23	US$350,000	359,633	0
Senior Bonds	4.25-4.75	Half-Yearly	Between Mar-16 and Apr-23	US$700,000	697,371	696,736
Senior Bonds	5.38	Half-Yearly	Sep-20	US$800,000	795,115	794,397
Subordinated Bonds	6.13	Half-Yearly	Apr-27	US$520,000	516,744	348,015
Subordinated Bonds	6.88	Half-Yearly	Sep-26	US$350,000	342,948	347,713
Negotiable certificates of deposits	7.45	Half-Yearly	Oct-22	S/.483,280	172,069	181,284
Junior Subordinated Bonds	9.75	Half-Yearly	Nov-69	US$250,000	246,517	245,885
Negotiable certificates of Subordinated Bonds	6.88	Half-Yearly	Between Nov-21 and Sep-26	US$129,080	119,924	119,239
Total international issues					**3,250,322**	**2,733,269**
Total issues					**4,034,375**	**3,605,090**
Interest payable					54,752	51,645
Total					**4,089,126**	**3,656,736**

(b) Bonds and subordinate notes issued as december 31, 2013 and 2012, classified by maturity are shown bellow:

	2013 US$(000)	*2012 US$(000)*
Up to 3 months	91,000	3,922
From 3 months to 1 year	83,511	27,941
From 1 to 3 years	614,004	266,136
From 3 to 5 years	107,335	888,502
Over 5 years	3,138,525	2,418,589
Total	*4,034,375*	*3,605,090*

External Auditing Fees in 2013

Banco de Crédito - BCP and Subsidiaries

Years ended - December 31

(US$ thousand)	2013	2012	2011
Audit	1,810	2,223	2,005
Audit - related	261	622	139
Tax	185	185	177
All Other	151	1,692	1,802
Total	**2,407**	**4,722**	**4,123**

According to SBS Resolution No. 17026-20100, we must provides information on the fees paid to independent consultants (Medina, Zaldívar, Paredes y Asociados S.C.R.L., members of E&Y Global) under the following parameters:

- Under the concept of "Auditing Fees," the company must divulge the total amount of fees paid to the auditing firm for auditing services provided during the last three periods.
- Under the concept of "Fees related to Auditing," the company must divulge the total amount of fees paid for services provided by auditing firms for advisory purposes and services provided during an audit or to review the company's financial statements and which are not included in the fees described in the previous paragraph. The company will divulge the nature of the services included in this category.
- Under the concept of "Fees for Tax Services," the company must divulge the total amount paid in the last three years for professional fees to ensure tax compliance, tax advisory services, and tax planning. The company will divulge the nature of the services included in this category.
- Under the concept of "Other Fees," the company must divulge the total amount paid for products and services over the last three periods that are not included in either of the aforementioned points. The company will divulge, through an effective summary, the nature of the services included in this category.

In 2013, other fees correspond to advisory services relative to regulatory compliance and programs to train BCP's officers and employees. Others fees for 2012 and 2011 are composed mainly of fees for advisory services provided by EY with regard to identifying and diagnosing improvements in the process to monitor the bank's income cycle. All fees were approved by the Auditing Committee.

Chapter 7

Annexes

The growth and development of people is the highest calling of leadership.

Harvey Firestone

Board of Directors and Committees

Board of Directors

Dionisio Romero Paoletti	Chairman
Raimundo Morales	Vice Chairman*
Fernando Fort	Director
Reynaldo A. Llosa Barber	Director
Juan Carlos Verme	Director*
Luis Enrique Yarur	Director*
Jorge Camet	Alternate Director **
Eduardo Hochschild	Director*
Benedicto Cigüeñas	Director*
Felipe Ortiz de Zevallos	Director*
Germán Suárez	Director*
Roque Benavides	Director*
Luis Enrique Romero	Director
Carlos del Solar	Director*

Executive Committee

Dionisio Romero Paoletti	Chairman
Raimundo Morales	Vice Chairman
Benedicto Cigüeñas	Director*
Fernando Fort	Director
Reynaldo A. Llosa Barber	Director
Juan Carlos Verme	Director*

Risk Committee

Raimundo Morales	Chairman
Dionisio Romero Paoletti	Director
Benedicto Cigüeñas	Director
Walter Bayly	Chief Executive Officer
Fernando Dasso	Chief Financial Officer
Reynaldo Llosa	Chief Risk Officer
Harold Marcenaro	Head of Risk Management Division
José Esposito	Permanent Observer

* Independent Director
** Jorge Camet passed away on October 31, 2013

Executive and Corporate Management Team

Management

Walter Bayly	**Chief Exectuvie Officer**

Central Management Divisions

Pedro Rubio	**Executive Officer – Wholesale Banking**
Mariano Baca	Corporate Banking
Francisco Paz	Business Services
Andrés Arredondo	International Business and Leasing
Eduardo Benavides	BCP Miami
Claudia Delgado	Strategic Planning and Business Development
Gonzalo Álvarez-Calderón	Middle – Market Banking Division
Pierre Zaván	Middle-Market Banking Lima 1
Miguel del Mar	Middle-Market Banking Lima 2
Pedro Bordarampé	Middle-Market Banking Lima 3
Jenny Oliveros	Institutional Banking and Middle Market Banking Province

Gianfranco Ferrari

Executive Officer – Retail Banking and Wealth Management

Lionel Derteano
Paul Macarachvili
Luis Almandoz
Juan Matute
Martín Iberico
Manuel Bustamante
Jose Buendía
Alberto Del Solar

Commercial Division
Commercial Lima 1
Commercial Lima 2
Commercial Lima 3
Commercial Provinces 1
Commercial Provinces 2
Sales
Planning and Commercial Developmentl

Eduardo Montero
Dante Lindley
César Sanguinetti

Benjamín Castro

Consumer Division
Vehicle Financing
Bancassurance and Transactional products
Credit Cards, Consumer loans and Segments

Fernando Fort
Patricia Dibós
Víctor Hugo Soto
Viviana Chiappe

Francesca Raffo
Patricia Foster
María del Pilar Ruiz

Javier Ichazo
César Casabonne
Nancy Tueros
Arturo Johnson
Victoria Macedo
Renzo Rossi

Wealth Management Division
Private Banking
Wealth Management
Enalta

Marketing Services
Client Experience Management
Financial Planning and Commercial

Business Banking
SME Banking
Mortgage Business
Alternative Channels
Contact center
Self service and sales channels

Fernando Dasso

José Luis Muñoz

André Figuerola
Pablo Hurtado

César Ríos

Bruno Zapata
Aída G. Kleffmann

Reynaldo Llosa Benavides

Pablo Miñán
Alicia Franco
Alfonso Gavilano

Javier Gómez

Alvaro García
Cristina Arias

Maricarmen Torres
Teobaldo Llosa
Edgar Vicente

Harold Marcenaro

Mario Melzi

Chief Financial Officer

General Accounting Division

Treasury Division
Asset and Liability Management

Financial Planning and Control

Financial Management
Investor Relations

Chief Risk Officer

Credit Division
Corporate Banking Credit
Middle Market Banking Credit,
Foreign Banks and Corporate
Middle-Market Banking Credit
San Isidro
Centralized Credit
Work-out unit and Credit
Monitoring

Retail Banking Risk Division
Consumer Risk
SME Risk

Risk Management Division

Treasury Risk

Jorge Ramírez del Villar

Ricardo Bustamante
Carlos Herrera
Bruno Rivadeneyra
José Ortiz
Andrea Sánchez
Silvia Luperdi
Rosa Cigüeñas

Luis Felipe de la Puente
Jorge Siu
Luis Verástegui
Patricia Martin

Augusto Astete

Ivana Osores
Jose Marangunich
Víctor de Rivero
Rafael Wong

Executive Officer – Operations, Systems and Administration

Systems Division
IT Infrastructure and Operations
IT Architecture and Standards
IT Engineering and Development
Project Management
Banking Products and Services
Enterprise Applications

Corporate Support Services
Procurement
Suppliers
Facilities

Operations, Systems and
Administration
Process Management
Operations
Security and Fraud Prevention
Retail Banking Loans
Retail Banking Collections

Other Divisions

Bernardo Sambra

Constantino Sulópulos

Gustavo Ledesma

Guillermo Morales
Héctor Calero
Karina Loncharich

Pablo de la Flor
Álvaro Carulla
Ximena Palma

Human Management and Development Division
Compensations, Hiring, and Development
Human Management and Development Advisory

Legal Division
Legal Advice
Legal Units

Corporate Affairs Division
Institutional Relations
Social Responsibility

Diego Cavero
Marcelo Moya

Pablo Correa

José Espósito
Ricardo Miranda
Leoncio Loayza

Bárbara Falero
Enrique Dedekind
Alfonso Cornejo

Mario Ferrari

Úrsula Álvarez

Rubén Loaiza Negreiros

Efficiency Division
Efficiency and Productivity Management
Efficiency Program Management

Audit Division
Audit Process
Corporate Audit

Compliance Division
Compliance Management
PLAFT Compliance

Corporate Secretary

Talent Management

Subsidiaries Management

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E. Sanctions imposed by the SBS

Resolution SBS N° 816-2005, dated June 03, 2005, requires the Board to inform shareholders of the sanctions SBS has imposed on the Bank, its directors, general manager or employees for very serious or serious violations.

In 2013, our bank received two sanctions:

- In April 2013 (Res. No. 2456-2013), the Bank was fined 20 UIT for not having complied with some aspects of the rules regarding the prevention of money laundering and the financing of terrorism.

- In September 2013 (Res. No. 5362-2013), was Bank received another fine of 12 UIT due to its failure to provide necessary information on different cases presented to SBS's client service platform.

It is important to note that our bank is and has always been highly vigilant about complying with the rules and regulations that are applicable to its business. The sanctions described above constitute isolated cases. Our shareholders can rest assured that we have taken a number of steps to address this scenario and reinforce monitoring to ensure that similar situations do not occur in the future.

Credits

Design and conceptualization	Brand Lab
General editing content	Cecilia Balcázar
Translation	Kathleen Gallagher

Translation of a report and consolidated financial statements originally issued in Spanish - See Note 30 to the consolidated financial statements

Banco de Crédito del Perú and Subsidiaries

Consolidated financial statements as of December 31, 2013 and 2012 together with the independent auditor's report

EY

Building a better working world

Translation of a report and consolidated financial statements originally issued in Spanish - See Note 30 to the consolidated financial statements

Banco de Crédito del Perú and Subsidiaries

Consolidated financial statements as of December 31, 2013 and 2012 together with the independent auditor’s report

Content

Translation of a report originally issued in Spanish - See Note 30 to the consolidated financial statements

Independent auditor's report

To the shareholders of Banco de Crédito del Perú

We have audited the accompanying consolidated financial statements of Banco de Crédito del Perú (a subsidiary of Credicorp Ltd., a holding incorporated in Bermuda) and Subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2013 and 2012, and the consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for each of the three years ended December 31, 2013, 2012 and 2011, and the summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles prescribed by the Superintendencia de Banca, Seguros y AFP (SBS) for Peruvian financial entities, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in Peru. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

Translation of a report originally issued in Spanish - See Note 30
to the consolidated financial statements

Independent auditor's report (continued)

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

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Banco de Crédito del Perú and Subsidiaries as of December 31, 2013 and 2012, and the consolidated results of its operations and its consolidated cash flows for each of the three years ended December 31, 2013, 2012 and 2011; in accordance with accounting principles prescribed by the Superintendencia de Banca, Seguros y AFP (SBS) for Peruvian financial entities.

Lima, Peru,
February 25, 2014

MEDINA, ZALDIVAR, PAREDES
& ASOC.

Countersigned by:

Victor Tanaka
C.P.C.C. Register No.25613

Translation of consolidated financial statements originally issued in Spanish - See Note 30

Banco de Crédito del Perú and Subsidiaries

Consolidated statements of financial position

As of December 31, 2013 and 2012

	Note	2013 S/.(000)	2012 S/.(000)
Assets			
Cash and due from banks:	4		
Cash and clearing		3,516,518	2,427,381
Deposits in Peruvian Central Bank		15,634,276	16,106,647
Deposits in local and foreign banks		2,002,451	1,102,234
Restricted funds		151,302	179,400
Accrued interest on cash		4,476	10,005
		21,309,023	19,825,667
Interbank funds		139,463	44,486
Investments:			
At fair value through profit or loss	5(a)	1,217,955	182,798
Available-for-sale	5(a)	10,485,097	11,354,033
Held-to-maturity	5(m)	676,976	662,142
		12,380,028	12,198,973
Loans, net	6	60,085,666	51,104,503
Investments in associates		41,338	39,270
Property, furniture and equipment, net	7	1,543,460	1,236,604
Other assets, net	8	2,444,236	2,749,089
Assets classified as held for sale	9	-	3,198,607
Total assets		97,943,214	90,397,199
Risks and Commitments	18	24,849,259	22,072,648

	Note	2013 S/.(000)	2012 S/.(000)
Liabilities and shareholders' equity			
Deposits and obligations	10	64,747,081	58,178,314
Interbank funds		476,104	299,974
Payables from repurchase agreements	5(n)	2,433,811	1,667,637
Due to banks, correspondents and other entities	11	9,123,781	9,179,333
Bonds and subordinated notes issued	12	11,429,081	9,325,433
Other liabilities	8	1,520,862	1,581,066
Liabilities directly associated with the assets classified as held for sale	9	-	2,899,389
Total liabilities		89,730,720	83,131,146
Shareholders' equity	14		
Attributable to Banco de Crédito del Perú equity holders:			
Capital stock		3,752,617	3,102,897
Legal reserve		1,313,416	1,086,014
Special reserve		1,108,814	1,108,814
Unrealized results		364,454	389,751
Translation results		8,309	(43,893)
Retained earnings		1,647,418	1,497,701
		8,195,028	7,141,284
Non-controlling interest		17,466	14,066
Non-controlling Interest from discontinued operations		-	110,703
		17,466	124,769
Total shareholders' equity		8,212,494	7,266,053
Total liabilities and shareholders' equity		97,943,214	90,397,199
Risks and Commitments	18	24,849,259	22,072,648

The accompanying notes are an integral part of these consolidated balance sheets.

Banco de Crédito del Perú and Subsidiaries

Consolidated statements of income

For the years ended December 31, 2013, 2012 and 2011

	Note	2013 S/.(000)	2012 S/.(000)	2011 S/.(000)
Financial income and expenses				
Financial income	19	6,583,596	5,620,189	4,687,284
Financial expenses	19	(2,031,506)	(1,699,332)	(1,429,260)
Gross financial margin		4,552,090	3,920,857	3,258,024
Allowance for loan losses, net of recoveries	6(f)	(1,239,943)	(1,003,033)	(611,526)
		3,312,147	2,917,824	2,646,498
Gain (loss) for exchange difference		179,601	14,163	(36,853)
Net financial margin		3,491,748	2,931,987	2,609,645
Non-financial income				
Banking services commissions, net	20	1,755,663	1,623,399	1,446,191
Net (loss) gain on sale of securities	21	(78,754)	104,636	61,682
Net gain on foreign exchange transactions		515,562	379,615	382,220
Other non-financial income	22	81,348	110,670	80,242
		2,273,819	2,218,320	1,970,335
Operating expenses				
Salaries and employees' benefits	23	(1,707,008)	(1,626,763)	(1,357,854)
General and administrative		(1,210,170)	(1,035,326)	(831,257)
Depreciation and amortization	7(a) and 8(d)	(289,718)	(274,083)	(249,242)
Provision for seized assets		(7,325)	(3,143)	(4,281)
Taxes and contributions		(135,904)	(98,566)	(88,677)
Other operating expenses	22	(122,370)	(65,070)	(98,581)
		(3,472,495)	(3,102,951)	(2,629,892)

Consolidated statements of income (continued)

	Note	2013 S/.(000)	2012 S/.(000)	2011 S/.(000)
Income before income tax from continuing operations		2,293,072	2,047,356	1,950,088
Income tax	13(b)	(650,638)	(551,145)	(508,674)
Net income from continuing operations		1,642,434	1,496,211	1,441,414
Net income from discontinued operations	9	6,865	9,701	-
Net Income		1,649,299	1,505,912	1,441,414
Attributable to:				
Shareholders' equity of Banco de Crédito del Perú		1,647,418	1,497,701	1,438,994
Non-controlling Interest		1,881	8,211	2,420
		1,649,299	1,505,912	1,441,414
Basic and diluted earnings per share (in Nuevos Soles) from continuing operations		0.4372	0.3892	0.3750
Basic and diluted earnings per share (in Nuevos Soles) from discontinued operations		0.0018	0.0025	-
Weighted average number of ordinary shares for basic earnings	24	3,752,617	3,823,412	3,837,617

The accompanying notes are an integral part of these consolidated statements.

Translation of the consolidated financial statements originally issued in Spanish - See Note 30

Consolidated statements of comprehensive income

For the years ended December 31, 2013, 2012 and 2011

	Nota	2013 S/.(000)	2012 S/.(000)	2011 S/.(000)
Profit for the year		1,649,299	1,505,912	1,441,414
Other comprehensive income				
Net (loss) gain on available-for-sale investments	14(e)	(125,041)	155,160	(182,517)
Net movement of cash flow hedges	14(e)	68,862	(5,003)	(12,415)
Exchange differences on translation of foreign operations	14(e)	52,357	(33,867)	(15,274)
Income tax	14(e)	31,039	(46,933)	61,865
Other comprehensive income for the year, net of income tax		27,217	69,357	(148,341)
Total comprehensive income for the year, net of income tax		1,676,516	1,575,269	1,293,073
Attributable to:				
Shareholders' equity of Banco de Crédito del Perú		1,674,323	1,571,917	1,291,077
Non-controlling interest		2,193	3,352	1,996
		1,676,516	1,575,269	1,293,073

The accompanying notes are an integral part of these consolidated statements.

Translation of consolidated financial statements originally issued in Spanish - See Note 30

Banco de Crédito del Perú and Subsidiaries

Consolidated statements of changes in shareholders' equity

For the years ended December 31, 2013, 2012 and 2011

		Attributable to shareholders' equity of Banco de Crédito del Perú									
	Number of outstanding shares (in thousands)	Capital stock S/.(000)	Legal reserve S/.(000)	Special reserve S/.(000)	Available-for-sale investments reserve S/.(000)	Cash flow hedges reserve S/.(000)	Translation results S/.(000)	Retained earnings S/.(000)	Total S/.(000)	Non-controlling interest S/.(000)	Total S/.(000)
Balances as of January 1, 2011	2,557,738	2,557,738	895,208	433,947	427,217	15,599	-	1,209,341	5,539,050	11,091	5,550,141
Changes in shareholders' equity for 2011 -											
Net income	-	-	-	-	-	-	-	1,438,994	1,438,994	2,420	1,441,414
Other comprehensive income	-	-	-	-	(116,063)	(17,179)	(14,675)	-	(147,917)	(424)	(148,341)
Total comprehensive income	-	-	-	-	(116,063)	(17,179)	(14,675)	1,438,994	1,291,077	1,996	1,293,073
Transfer to special reserve , Note 14(c)	-	-	-	674,867	-	-	-	(674,867)	-	-	-
Cash dividends, Note 14(f)	-	-	-	-	-	-	-	(514,105)	(514,105)	(717)	(514,822)
Adjustment of deferred workers' profit sharing, Note 3(a)(ii)	-	-	-	-	-	-	-	(20,369)	(20,369)	-	(20,369)
Balances as of December 31, 2011	2,557,738	2,557,738	895,208	1,108,814	311,154	(1,580)	(14,675)	1,438,994	6,295,653	12,370	6,308,023
Changes in shareholders' equity for 2012 -											
Net income	-	-	-	-	-	-	-	1,497,701	1,497,701	8,211	1,505,912
Other comprehensive income	-	-	-	-	109,522	(6,088)	(29,218)	-	74,216	(4,859)	69,357
Total comprehensive income	-	-	-	-	109,522	(6,088)	(29,218)	1,497,701	1,571,917	3,352	1,575,269
Capitalization of income, Note 14(a)	630,159	630,159	-	-	-	-	-	(630,159)	-	-	-
Transfer to legal reserve, Note 14(b)	-	-	220,556	-	-	-	-	(220,556)	-	-	-
Cash dividends, Note 14(f)	-	-	-	-	-	-	-	(588,279)	(588,279)	(9,228)	(597,507)
Acquisition of subsidiary – Correval, Note 2(a)	-	-	-	-	-	-	-	-	-	118,292	118,292
Acquisition of subsidiary - IM Trust, Note 2(a)	-	-	-	-	-	-	-	-	-	155,077	155,077
Transfer of Subsidiary - IM Trust, Note 2(a)	-	-	-	-	-	-	-	-	-	(155,077)	(155,077)
Split of an equity block, Note 2(b)	(85,000)	(85,000)	(29,750)	-	(23,257)	-	-	-	(138,007)	(17)	(138,024)
Balances as of December 31, 2012	3,102,897	3,102,897	1,086,014	1,108,814	397,419	(7,668)	(43,893)	1,497,701	7,141,284	124,769	7,266,053
Changes in shareholders' equity for 2013 -											
Net income	-	-	-	-	-	-	-	1,647,418	1,647,418	1,881	1,649,299
Other comprehensive income	-	-	-	-	(78,573)	53,276	52,202	-	26,905	312	27,217
Total comprehensive income	-	-	-	-	(78,573)	53,276	52,202	1,647,418	1,674,323	2,193	1,676,516
Capitalization of income, Note 14(a)	649,720	649,720	-	-	-	-	-	(649,720)	-	-	-
Transfer to legal reserve, Note 14(b)	-	-	227,402	-	-	-	-	(227,402)	-	-	-
Cash dividens, Note 14(f)	-	-	-	-	-	-	-	(620,579)	(620,579)	-	(620,579)
Dividends of Subsidiaries	-	-	-	-	-	-	-	-	-	(33)	(33)
Transfer of Subsidiary – Correval, Note 2(a)	-	-	-	-	-	-	-	-	-	(109,463)	(109,463)
Balances as of December 31, 2013	3,752,617	3,752,617	1,313,416	1,108,814	318,846	45,608	8,309	1,647,418	8,195,028	17,466	8,212,494

The accompanying notes are an integral part of these consolidated statements.

Banco de Crédito del Perú and Subsidiaries

Consolidated cash flows statements

For the years ended December 31, 2013, 2012 and 2011

	2013 S/.(000)	2012 S/.(000)	2011 S/.(000)
Cash flows from operating activities			
Net income from continuing operations	1,642,434	1,496,211	1,441,414
Adjustments to reconcile net income to net cash provided by operating activities:			
Allowance for loan losses, net of recoveries	1,239,943	1,003,033	611,526
Depreciation and amortization	289,718	274,083	249,242
Deferred income tax	(16,547)	(71,804)	(42,017)
Provision for seized assets	3,203	3,143	4,281
Loss (gain) from valuation of indexed certificates	5,353	(30,236)	50,318
Loss from share-based compensation plan	42,756	48,191	7,938
Net loss (gain) from sale of securities	78,754	(104,636)	(61,682)
Net gain from sale of seized assets	(9,905)	(8,243)	(12,950)
Changes in asset and liability accounts:			
Other assets	335,971	(168,573)	120,513
Other liabilities	(159,007)	27,320	(230,261)
Net cash provided by operating activities	3,452,673	2,468,489	2,138,322
Cash flows from investing activities			
Sales of property, furniture and equipment	953	35,063	1,365
Sales of seized assets	11,898	17,000	20,926
IMTrust and Correval's acquisition, net of cash received	-	(469,137)	-
Transfer of Correval	189,625	-	-
Transfer of IM Trust	-	351,191	-
Purchase of intangible assets	(151,354)	(117,654)	(129,175)
Purchase of property, furniture and equipment	(472,230)	(292,733)	(285,580)
Net cash used in investing activities	(421,108)	(476,270)	(392,464)

The accompanying notes are an integral part of these consolidated statements.

Translation of consolidated financial statements originally issued in Spanish - See Note 30

Consolidated cash flows statements (continued)

	2013 S/.(000)	2012 S/.(000)	2011 S/.(000)
Cash flows from financing activities			
Net increase in deposits and obligations	6,568,767	10,878,859	129,360
Net increase (decrease) in payables from repurchase agreements	766,174	993,637	(28,250)
Net increase in investments at fair value through profit or loss and available-for-sale investment	(241,740)	(2,595,229)	(5,183,748)
Net decrease in investments in associates and received dividends	6,962	3,247	7,474
Net increase (decrease) in due to banks, correspondents and other entities, and interbank funds	120,578	1,554,811	(2,258,518)
Net increase in bonds and subordinated notes issued	2,103,648	909,121	2,912,814
Net increase in loan portfolio	(10,223,921)	(7,991,152)	(5,865,383)
Cash dividends	(620,579)	(588,279)	(514,105)
Net cash (used in) provided by financing activities	(1,520,111)	3,165,015	(10,800,356)
Net increase (decrease) in cash and cash equivalents	1,511,454	5,157,234	(9,054,498)
Cash and cash equivalents split, Note 2(b)	-	(33,186)	-
Cash and cash equivalents at the beginning of year	19,646,267	14,522,219	23,576,717
Cash and cash equivalents at the end of year	21,157,721	19,646,267	14,522,219
Supplementary cash flow information			
Cash paid during the year for:			
Interests	1,975,903	1,588,049	1,376,087
Income tax	492,384	1,064,727	540,529
Non-cash flows transactions			
Split of an equity block, note 2(b):			
Due to banks, correspondents and other entities	-	46,656	-

The accompanying notes are an integral part of these consolidated statements.

Banco de Crédito del Perú and Subsidiaries

Notes to the consolidated financial statements
As of December 31, 2013 and 2012

1. **Operations**

Banco de Crédito del Perú (hereinafter "the Bank" or "BCP") was incorporated in 1889 and is a subsidiary of Credicorp Ltd. (a holding incorporated in Bermuda in 1995), which as of December 31, 2013 and 2012 owns directly and indirectly 97.66 percent of its capital stock.

The Bank's registered office is at Calle Centenario N°156, La Molina, Lima, Peru. As of December 31, 2013, the Bank and its Subsidiaries had 387 branches and agencies in Peru and 2 branches abroad (365 branches and agencies in Peru and 2 branches abroad as of December 31, 2012).

The Bank, whose operations are governed by the "Ley General del Sistema Financiero y de Seguros y Orgánica de la Superintendencia de Banca, Seguros y AFP" (General Law of the Financial and Insurance Systems and Organic of the SBS – Law 26702), hereinafter the "Banking Law", is authorized by the Superintendencia de Banca, Seguros y AFP - SBS (Peruvian Banking and Insurance Authority, hereinafter "SBS" for is Spanish acronym) to operate as a universal bank, in accordance with prevailing Peruvian legislation.

The consolidated financial statements as of December 31, 2012 and for the year then ended were approved by the General Shareholders Meeting dated March 26, 2013 without modifications. The consolidated financial statements as of December 31, 2013 and for the year then ended were approved by the Audit Committee and Management on February 25, 2014, and will be submitted for their final approval by the Board of Directors and the General Shareholders' Meeting within the period established by law. In Management's opinion, the consolidated financial statements will be approved by the Board of Directors and the General Shareholders' Meeting without modifications.

2. **Acquisition and sale of subsidiaries and split of an equity block**

During the years 2011 and 2012, Credicorp Group started a strategy aimed to the creation and operation of an independent entity to the Bank engaged in financial advisory activities, asset management and investment banking at a global scale and focused on the Mercado Integrado Latinoamericano – Latin American Integrated Market (MILA, for its Spanish acronym), a market that comprises the main stock exchanges of Peru, Chile and Colombia.

For this purpose, during 2012: (a) it acquired majority interest in Credicorp Capital Colombia Sociedad Comisionista de Bolsa (before Correval S.A. Sociedad Comisionista de bolsa, hereinafter "Correval") and Inversiones IM Trust S.A. (hereinafter "IM Trust"), which then were transferred to a new holding entity, subsidiary of Credicorp; and (b) it split of an equity block comprised by assets belonging to the Bank used to provide the aforementioned services. Both operations are explained in detail below:

(a) Acquisition and sale of Correval and IM Trust S.A.

On April 27, 2012, the Bank acquired 51 percent of Correval, an investment banking entity established in Bogota, Colombia, for approximately US$72.3 million paid in cash consideration (equivalent to S/.190.9 million).

In addition, on July 31, 2012, the Bank acquired 60.6 percent of IM Trust, an investment banking entity established in Santiago, Chile, for approximately US$131.5 million (equivalent to approximately S/.351.2 million), of which US$ 110.9 million were paid in cash consideration at the acquisition date and the remaining US$20.6 million were paid in cash consideration on July 2013.

Subsequently, the Bank's Director's Meeting held on September 26, 2012, approved the transfer, through the sale of the shares held in Correval and IM Trust, to Credicorp Capital Ltd. (before Credicorp Investments Ltd.), a subsidiary of Credicorp incorporated in 2012 and domiciled in Bermuda.

The transfer of IM Trust took place on November 30, 2012, was made for the same amount paid at its acquisition date and comprised all assets and liabilities acquired, including intangible assets not recorded in the financial statements of IM Trust as of the acquisition date and the resulting goodwill. Therefore, the accompanying consolidated financial statements as of December 31, 2012, do not contain balances related to IM Trust.

However, because the authorizations from the Colombian Authorities have not been granted as of December 31, 2012, the transfer of Correval was not completed. Consequently, in order to comply with IFRS 5 "Non-current assets held for sale and discontinued operations", Correval assets and liabilities are presented as "Assets classified as held for sale" and "Liabilities directly associated with such assets classified as held for sale", respectively, in the consolidated statements of financial position, see Note 9(a).

The transfer of Correval took place on June 28, 2013, for approximately US$68.2 million (equivalent to approximately S/.189.6 million). The transfer resulted in a loss not material recorded in the consolidated statements of income, mainly due to the exchange differences on translation of BCP Colombia foreign operation.

As in the case of IM Trust, the transfer of Correval comprised all assets and liabilities acquired, including intangibles not recorded in the financial statements of Correval as of the acquisition date and the resulting goodwill. Therefore, the accompanying consolidated financial statements as of December 31, 2013 of Banco de Crédito del Perú and its subsidiaries do not contain balances related to Correval. Likewise, the results of Correval's operations for the period between January 1 and June 28, 2013 (transfer date) are presented as "Discontinued operations" in the consolidated statements of income; see Note 9(a).

On the other hand, Correval and IM Trust purchase agreements include put options ("Put") in favor of the non-controlling interests and call options ("Call") in favor of the Bank, over all non-controlling interests. The rights and obligations related to these instruments were transferred in its entirety to Credicorp Ltd. as a result of the transfer of Correval and IM Trust, see note 9 (b).

(b) Split of an equity block

The Bank's General Shareholders Meeting held on August 21, 2012, approved the split of an equity block in favor of Banco in favor of Credicorp Capital Perú S.A.A. (before BCP Capital S.A.A.), an entity incorporated on April 23, 2012 and an indirect Credicorp subsidiary.

The split was approved by the SBS through Resolution No. 7782-2012 dated October 12, 2012 and took effect on November 1, 2012. As a consequence, the Bank reduced its "capital stock" by S/.85.0 million, its "legal reserve" by S/.29.8 million and its "unrealized gains" by S/.23.3 million.

The assets transferred included the following Bank's subsidiaries: Credibolsa – Sociedad Agente de Bolsa S.A., Creditítulos Sociedad Titulizadora S.A. and Credifondo S.A. – Sociedad Administradora de Fondos, as well as the Bank's assets and liabilities related to investment banking. The detail of all assets and liabilities transferred is as follows:

	S/.(000)
Assets -	
Cash	33,186
Accounts receivable	13,322
Other accounts receivable	15,000
Investments at fair value though profit or loss	96,252
Investments available-for-sale	37,703
Other assets	3,387
Total assets	198,850
Liabilities -	
Loans payable	46,656
Accounts payable	6,375
Other liabilities	7,795
Total liabilities	60,826
Equity	138,024

Revenue and net income generated by the split subsidiaries during the period between January 1, 2012 and the date of split, was approximately S/.86.4 million and S/.40.9 million, respectively.

As of December 31, 2011, total assets, liabilities and equity of the split subsidiaries, after elimination adjustments for consolidation purposes were S/.152.1 million, S/.6.4 million and S/.145.7 million, respectively. Also, its revenue and net income for the year ended December 31, 2011, amounted to S/.126.7 million and S/.68.1 million, respectively.

Likewise, the Shareholders' Meeting held on September 5, 2013, taking into account the strategy aimed at positioning the "Credicorp Capital" brand for its Subsidiaries operating in the investment banking segment, agreed the change of the corporate names of Credibolsa – Sociedad Agente de Bolsa S.A., Creditítulos Sociedad Titulizadora S.A. and Credifondo S.A. – Sociedad Administradora de Fondos, to the following denomination: Credicorp Capital Sociedad Agente de Bolsa S.A., Credicorp Capital Sociedad Titulizadora S.A. and Credicorp Capital S.A. Sociedad Administradora de Fondos, respectively.

On the other hand, on November 28, 2012, the Bank's Director's Meeting approved the transfer, through the sale, of the shares held in Inversiones 2020 S.A. (before Inmobiliaria BCP S.A.) to Grupo Crédito S.A., a subsidiary of Credicorp Ltd. incorporated in 1987 and domiciled in La Molina, Lima, Peru.

The transfer of Inversiones 2020 S.A. took place on May 16, 2013 and was made for approximately US$2.3 million (equivalent to approximately S/.6.2 million) corresponding to the market value of the entity paid in cash consideration. As result of this operation, the Bank recorded a gain in the consolidated statements of income for approximately S/.2.4 million. The investment value of Inversiones 2020 S.A. as of the transfer date was approximately S/.3.8 million.

Entities that are included in the consolidated financial statements as of December 31, 2013 and 2012, considering the transactions described in this note, are presented in Note 3(b).

3. Significant accounting policies

In the preparation and presentation of the accompanying consolidated financial statements, the Bank and its Subsidiaries' Management has complied with the regulations established by the SBS in force in Peru as of December 31, 2013 and 2012. Significant accounting principles and practices used in the preparation of the Bank and its Subsidiaries' consolidated financial statements are the following:

(a) Basis for presentation, use of estimates, accounting changes and discontinued operations -

(i) Basis for presentation and use of estimates -

The accompanying consolidated financial statements have been prepared from the Bank and its Subsidiaries' accounting records, which are maintained in nominal Peruvian currency (Nuevos Soles), in accordance with SBS regulations and, supplementary, with International Financial Reporting Standards - IFRS approved by the Consejo Normativo de Contabilidad (Peruvian Accounting Council, hereinafter "CNC" for its Spanish acronym) in force in Peru as of December 31, 2013 and 2012, see paragraph (y.i).

These accounting principles are consistent with those used in 2012 and 2011, except as explained in paragraph (ii) below.

The preparation of consolidated financial statements requires Management to make estimates that affect the reported amounts of assets, liabilities, income and expenses and the disclosure of material events in the notes to the consolidated financial statements. Actual results could differ from those estimates. Estimates are continually evaluated and are based on historical experience and other factors. The most significant estimates used in relation with the accompanying consolidated financial statements are the computation of the allowance for loan losses, the valuation of investments, the estimated useful live and recoverable amount of property, furniture and equipment and intangible assets, the provision for seized assets, the valuation of brand name, goodwill and client relationships, the valuation of the derivative financial instruments and the share based payments.

The accounting criteria used for each of these items is described in this note and the consolidated financial statements of Subsidiaries and branch offices have been standardized to the accounting standards of the SBS.

(ii) Accounting changes –
Applicable since 2013 –
As part of the harmonization procces of accounting standards issued by the SBS with IFRS, on September 19, 2012, the SBS issued the following Resolutions:

(ii.a) SBS Resolution No. 7033-2012, in force since January 1, 2013, repealed the Regulation on classification and valuation of investments approved by SBS Resolution No. 10639-2008.

The main amendment contained in said Resolution is the introduction of a standard methodology for the identification of the impairment of financial instruments classified as available-for-sale and held-to-maturity investments; see Note 3(h).

As a result of the application of the aforementioned methodology, it has not been necessary to make any additional records related to impairment loss on available-for-sale and held-to-maturity investments.

(ii.b) SBS Resolution No. 7036-2012, "Amendments to the Accounting Manual for Financial Institutions", which according to SBS's authorization, was implemented by the Bank in its entirety as of May 31, 2013, and established mainly the following amendments:

- Commissions over direct and indirect loans, granted from 2013, are accrued during the contract's term. As of December 31, 2013, as result of the application of this rule, the Bank recorded a deferred gain of approximately S/.36.7 millon.

- Requires the presentation of the comprehensive income in one or in two statements (a separate income statement and a statement of comprehensive income). The Bank has decided present two statements.

- Introduces the application of IFRS 7 "Financial Instruments: Disclosures", whose objective is to require entities to provide disclosures in their financial statements that enable users to evaluate: (i) the significance of financial instruments for the entity's financial position and performance; and (ii) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the end of the reporting period, and how the entity manages those risks; except for the following:

  a. As of December 31, 2013 and 2012, the fair value of the loan portfolio and deposits is considered to be their book value at said dates.

  b. If the Bank manages liquidity risk by using expected maturities, it is required to include an analysis of such estimations and point out the differences with contractual maturities. This exception is not applicable for the Bank and its Subsidiaries because of they make an analysis in accordance with the contractual undiscounted maturities.

Applicable since 2012 -

(ii.c) Through letter SBS No. 38179-2011 dated August 23, 2011, the SBS indicated that the program that grants Credicorp shares to employees should be recorded under IFRS 2 "Share-based payments", starting January 1, 2012, but requiring a prospective treatment. See more detail in paragraph (p).

Applicable since 2011 –

(ii.d) On November 2010, the International Financial Reporting Interpretations Committee (IFRIC) agreed that workers' profit sharing must be recorded following IAS19 "Employees' benefits" instead of IAS 12 "Income tax"; consequently, deferred workers' sharing profit should not be calculated. In Perú, the standard practice was to calculate and record the deferred workers' profit sharing in the financial statements.

On January 21, 2011, the SBS issued Multiple Official Letter N°4049-2011; which established that the accounting treatment of worker's profit sharing since 2011 must follow the IFRIC conclusion. According to what was established by the SBS, this modification was applied prospectively without affecting the financial statements for the year 2010. On 2011, the balance as of December 31, 2010, of the deferred workers' profit sharing in the deferred asset and liability accounts, was eliminated affecting the related equity accounts.

(iii) Assets classified as held for sale and liabilities directly associated with those assets -
Assets classified as held for sale are assets whose carrying amount will be recovered principally through a sale transaction rather than continuing use. To qualify as assets available for sale, the sale must be highly probable.

Those assets and liabilities are presented in the consolidated statements of financial position as "Assets classified as held for sale" and "Liabilities directly associated with those assets" at their book values, which, in this case, corresponds to the value at which they are going to be transferred. Furthermore, in the consolidated statement of income, gains or losses are presented as "Discontinued operations". Similarly, cash flows from operating, investing and financing activities generated by the discontinued operation have been excluded from the consolidated statements of cash flows. See Note 2(a).

(b) Consolidation -
Subsidiaries are all entities over which the Bank has control, meaning the power to govern their financial and operating policies. This is generally evidenced by a shareholding of more than one half of the voting rights.

Subsidiaries are consolidated from the date on which effective control is transferred to the Bank and are no longer consolidated from the date that control ceases.

Business acquisitions in which control is acquired are recorded in accordance with IFRS 3. This involves recognizing the identifiable assets (including intangible assets not previously recognized) and liabilities (including contingent liabilities and excluding future restructuration) of the acquired entity at fair value.

Any excess of acquisition cost over the fair value of the identifiable net assets, including tangible and intangible assets and the recognized amount for the non-controlling interest; is recorded as goodwill, see paragraph (m). If the acquisition cost is less than the fair value of the net identifiable assets, the difference is recorded directly in the consolidated income statement in the acquisition year.

All transactions, balances, gains and losses between the Bank and its Subsidiaries have been eliminated in the consolidation process. The equity attributable to the non-controlling interests is presented separately from the consolidated statements of financial position. The income attributable to the non-controlling interests is presented separately in the consolidated statements of income.

The accounting records of foreign subsidiaries are kept in the original currency of each country. For consolidation purposes its balances were translated to Peruvian Nuevos Soles as follows:

- Assets and liabilities are translated at the exchange rate on the free market as of the consolidated statements of financial position date.

- Revenues and expenses are translated at the monthly average exchange rate.

All differences arising from the translation were included in the caption "Translation result" of the consolidated statements of changes in shareholders' equity.

The consolidated financial statements include the financial statements of the Bank and its subsidiaries in which it holds more than 50 percent, directly and indirectly. Below is the main data of the Bank and its Subsidiaries engaged in the process of consolidation as of December 31, 2013 and 2012, before eliminations made in such process:

Entity	Activity and Country	Percentage of participation		Assets		Liabilities		Equity		Net Income	
		2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
		%	%	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)
Banco de Crédito del Perú, Note 2(b)	Banking, Peru	-	-	91,108,815	81,979,379	82,913,787	74,838,095	8,195,028	7,141,284	1,647,418	1,497,701
Banco de Crédito de Bolivia and Subsidiaries (a)	Banking, Bolivia	95.84	95.84	4,682,393	3,588,931	4,292,715	3,256,313	389,678	332,618	37,220	53,835
Empresa Financiera Edyficar S.A.	Microcredits, Peru	99.79	99.79	3,366,758	2,715,002	3,004,117	2,454,606	362,641	260,396	118,175	87,715
Inversiones BCP S.A. Note 2	Holding, Chile	99.90	99.90	628,075	672,597	72,790	106,411	555,285	566,186	19,027	15,676
Solución Empresa Administradora Hipotecaria S.A.	Mortgage loans, Peru	100.00	100.00	398,172	252,100	315,336	213,537	82,836	38,563	4,266	2,709
Inversiones 2020 S.A., Note 2(b)	Real estate, Peru	-	100.00	-	3,868	-	294	-	3,574	103	378
Correval S.A. – Sociedad Comisionista de Bolsa, Notes 2(a) and 9	Investment banking, Colombia	-	51.00	-	3,198,607	-	2,899,389	-	299,218	6,865	3,832
Inversiones Credicorp Bolivia S.A. (a)	Holding, Bolivia	95.84	-	11,834	-	468	-	11,366	-	2,647	-

(a) The Board's session held on November 28, 2012, approved the constitution of a new company based in La Paz, Bolivia, aimed to operate as a holding of the subsidiaries of Banco de Crédito de Bolivia which are related to the stock and capital markets in such country. In that sense, on February 18, 2013, Banco de Crédito de Bolivia constituted a new company under the denomination of Grupo Crédito Inversiones S.A. Thereafter, on March 6, 2013, such denomination was changed to Inversiones Credicorp Bolivia S.A.

Likewise, the Extraordinary Shareholders' General Meeting of Banco de Crédito de Bolivia held on August 26, 2013, agreed to split of an equity block that mainly comprised its subsidiaries' shares (Credibolsa, Crediseguros and Credifondo) in favor of Inversiones Credicorp Bolivia S.A. for an equity value that amounted to 20,960,000 Bolivianos, equivalent to S/.8.6 million.

(c) Financial instruments –

Financial instruments are classified as assets, liabilities or equity according to the substance of the contractual agreement that originated them. Interests, dividends, gains and losses generated by financial instruments classified as assets or liabilities are recorded as income or expense. Financial instruments are offset when the Bank and its Subsidiaries have a legal enforceable right to offset them and Management has the intention to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets and liabilities presented in the consolidated statements of financial position correspond to cash and due from banks, interbank funds, investments (at fair value through profit or loss, available-for-sale and held-to-maturity), derivative financial instruments at fair value, loans, accounts receivable (presented in the caption "Other assets, net", Note 8(a)) and liabilities in general, except for the liability for deferred income tax (presented in the caption "Other liabilities", Note 8 (a)) and liabilities directly associated with assets classified as held for sale. In addition, all indirect loans are considered to be financial instruments. The specific accounting policies on recognition and measurement of these items are disclosed in the accounting policies described in this note.

(d) Recognition of revenue and expenses -

Financial revenue and expense for interests are recognized on an accrual basis over the related contract period and considering the interest rates agreed with clients, except for interest generated from past due, refinanced, restructured or under legal collection loans, and loans classified in the categories of doubtful and loss, which interest is recognized as revenue on a cash basis. When Management determines that the debtor's financial condition has improved and the loan is reclassified as current and/or in the categories of normal, with potential problems or substandard, interest is again recorded on an accrual basis.

Revenue includes interest on fixed income investments classified as held for trading, available for sale and held-to-maturity, including recognition of any discount or premium.

Dividends are recognized as income when they are declared.

Commissions for financial services related to the maintenance of loans granted and to retributions for additional operations and services and/or complementary to such loans, are recognized as income when received.

Commissions and expenses for loan formalization, as well as the granting, analyzing and assessment of direct and indirect loans granted since 2013, are recorded as income on a time proportion basis over the agreement period. As of December 31, 2012, the services mentioned above were recorded as income when received.

Other revenues and expenses are recorded on an accrual basis.

(e) Loans and allowance for loan losses –
Direct loans are recorded when disbursement of funds to the client is made. Operations with credit cards are recorded as loans for the amount consumed and/or withdrawn. Indirect loans (contingent) are recorded when documents supporting such facilities are issued. Loans considered as refinanced are loans or direct financing whose original contractual terms and/or amounts have been modified due to difficulties in the payment capacity of the debtor. Loans considered as restructured are those subject to reprogramming of approved installments under a restructuring process in accordance to Law No 27809 – General Law of the Insolvency System.

Leasing operations are registered as financial leases, recording as loans the principal of the installments pending collection.

Financial revenues are based on a pattern that reflects a constant interest rate over the loan.

As of December 31, 2013 and 2012, the allowance for loan losses was determined following guidelines established by SBS Resolutions N°11356-2008 "Regulation for the evaluation and classification of the debtor and the requirement of provisions" and N°6941-2008 "Regulation for Managing the Risk of Retail Debtors with High Leverage Levels". In accordance to SBS Resolution N°11356-2008, the loan portfolio is separated in retail and non retail borrowers, who could be individuals or legal entities. Retail borrowers have direct or indirect loans, classified as consumer (revolving and none revolving), micro-business, small business or mortgage loans. Non retail borrowers have direct or indirect loans with corporate, large business or medium business loans.

In general, these guidelines includes the following three components: (i) the provision for loan losses which results from the classification of the loan portfolio, (ii) the pro-cyclical rule activated by the SBS based on the behavior of local macro-economic variables, and (iii) the over-indebtedness provisions for retail borrowers, when applicable.

In this sense, Management periodically reviews and analyzes the loan portfolio, classifying it in the following categories: normal, potential problem, substandard, doubtful or loss, depending on the degree of risk of default of payment of each debtor.

For non retail loans, the classification into one of each of the categories mentioned above considers, among others, the following factors: the payment history of the specific loan, the Bank's dealing history with the debtor's management, the debtor's: operating history, repayment capability and availability of funds, the status of any collateral or guarantee received, the analysis of the debtor's financial statements, the risk classification given by other financial institutions; plus other relevant factors. For retail loans, the classification is based, mainly, on how long payments are overdue.

As of December 31, 2013 and 2012, the allowance rate for indirect loans can be 0, 25, 50 and 100 percent, depending on the type of credit and is determined over the basis of a loan conversion factor.

The provision is computed considering the risk classifications assigned and using specific percentages, which vary depending on whether the loans are or not secured by self liquidating preferred guarantees (mainly cash deposits and rights on credit certificates); highly liquid preferred guarantees (treasury bonds issued by the Peruvian Government, financial instruments of the Central Reserve Bank of Perú – BCRP, debit instruments issued by governments and central banks traded on a stock exchange, among others) or preferred guarantees (primary pledge on financial instruments, machinery, property, agriculture products or mineral, insurance credit on exports, among others), considered at their net realizable value as determined by independent appraisers. Likewise, for credits subject to counterparty substitution by a financial or insurance entity (CAC), the provision requirement for the secured amount depends on the risk classification of the counterparty, regardless of the risk classification of the customer debtor.

The provisions for customers classified as doubtful or loss for more than 36 months or 24 months, respectively, is computed without considering the value of the guarantees.

For past due loans over 90 days, the expected loss is estimated and, if it is greater than the provision recorded, the Bank must record additional provisions.

The provision for loan losses on indirect loans is established accordingly to the credit conversion factor.

In the case of debtors operating in countries were there is a higher risk of difficulties in servicing external debt, an assessment of the political and economic situation is made, and an additional country risk allowance is recorded.

As of December 31, 2013 and 2012, the Bank and its Subsidiaries maintain pro-cyclical allowances that amount to S/.319.6 million and S/.281.1 million, respectively, computed following SBS Circular Letter No. B-2193-2010, which requires, in the presence of certain macroeconomic conditions, that for loans classified as normal an additional provision to the fixed percentages described in Note 6(e)(i), must be recorded.

The administration of risk of over-indebtedness of retail borrowers is required by SBS Resolution No. 6941-2008, issued on August 25, 2008, "Regulation for managing the risk of over-indebtedness of retail borrowers". This rule requires that financial entities establish an over-indebtedness risk management system that will enable them to reduce risk, prior to and after granting the loan; as well as constant monitoring of the loan portfolio to identify over-indebted debtors, in order to determine if additional provisions are required. For provisioning purposes, the financial entities that fail to comply with this rule to the satisfaction of the SBS, must calculate the exposure equivalent to the credit risk by applying a 20 percent factor to the unused amount of revolving credit lines for micro-business and consumer loans, and on the basis of said amount, compute the provision according to the debtor's classification.

In Management's opinion, as of December 31, 2013 and 2012, the Bank has complied with the requirements of SBS Resolution No. 6941-2008 so it was not necessary to record additional general provisions relating to the improper administration risk of debt distress.

The allowance for direct loans is presented as an asset deduction, while the allowance for indirect loans is presented as a liability in the caption "Others liabilities"; see Note 8(a).

(f) Transactions in foreign currency –

Assets and liabilities in foreign currencies are recorded at the exchange rate prevailing at the date the transactions are performed. Monetary assets and liabilities denominated in foreign currency are translated into Nuevos Soles at the closing of each corresponding month by using the exchange rate set by SBS; see Note 28.3(b)(ii). Gains or losses resulting from the translation of foreign currency monetary assets and liabilities at the exchange rates prevailing at the date of the consolidated statements of financial position are recorded in the consolidated income statement of the period.

(g) Derivative financial instruments -

Derivate financial instruments are recorded in accordance with accounting criteria established by SBS Resolution N° 1737-2006 "Regulation for Trading and Accounting of Derivatives for Financial Entities" and amendments, as explained below:

Trading -

Trading derivate financial instruments are initially recognized in the consolidated statements of financial position at cost, and thereafter, they are recognized at fair value. Fair values are obtained based on exchange rates and interest rates prevailing in the market. Gains and losses arising from changes in fair values are recorded in the consolidated income statement, recognizing an asset or liability in the consolidated statements of financial position as appropriate. In addition, they are recorded as off- statements of financial position accounts at their notional amount, Note 18(d).

Fair values are estimated based on the market exchange and interest rates.

Hedging -

A derivative financial instrument that seeks to achieve a financial hedge for a given risk is designated as for hedge purposes if, at its negotiation, it is foreseen that changes in fair value or cash flows are expected to be highly effective in offsetting the fair value or cash flow changes of the hedged item attributable to the hedged risk at inception, which must be documented when the financial derivative is negotiated and during the period that the hedge relation exists. A hedge is considered as highly effective if changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated are expected to offset in a range of 80 to 125 percent.

If the SBS considers the documentation to be unsatisfactory or finds weaknesses in the methodologies applied, it may require the immediate termination of the hedge relationship and the recording of the derivative financial instrument as trading.

For cash flow hedges, the effective portion of gain or loss over the hedge instrument is recognized directly in equity, in the caption "Unrealized gains (losses)" as a cash flow hedges reserve. The ineffective portion of gain or loss of the hedged instrument is recognized in the consolidated income statement. When the cash flow hedge affects the consolidated income statement, the gain or loss in the hedge instrument is recorded in the corresponding caption of the consolidated income statement.

For fair value hedges, changes in fair value of the derivative are recognized in the consolidated income statement. Changes in fair value of the hedged item attributed to the hedged risk are recorded as part of the balance of the hedged item and recognized in the consolidated income statement.

If the hedge instrument expires, is sold, terminated or exercised, or when the hedge does not fulfill the hedging accounting criteria, the hedge relationship is prospectively terminated and the balance recorded in the consolidated statements of financial position is transferred to the consolidated income statement during the term the hedged item is kept.

As of December 31, 2013 and 2012, following the SBS permission, certain derivative financial instruments maintained by the Bank and its Subsidiaries have been designated as hedging operations considering the functional currency of Credicorp Ltd., the U.S. Dollar, see Note 8(b).

Embedded derivatives -
Certain derivatives embedded in other financial instruments (host contract) are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are separated from the host instrument and recognized at fair value in the consolidated income statement, unless the Bank and its Subsidiaries choose to designate the hybrid contracts (host and embedded derivative) at fair value through profit and loss.

As of December 31, 2013 and 2012, in accordance with SBS Resolution N°1737-2006, the Bank has Indexed Certificates to Credicorp Ltd. stock price that will be settled in cash, which are hybrid instruments with embedded derivatives that are not closely related to the risk of the host contract. In this regard, the Bank has decided to classify these instruments at inception at fair value through profit and loss. Therefore, the separation of the embedded derivative is not required, see Note 8(c).

(h) Investments at fair value through profit or loss, available-for-sale and held-to-maturity -
As described in Note 3(a)(ii.a), as of December 31, 2013 and 2012, investment are valuated in accordance with Resolution SBS N° 7033-2012 and N°10639-2008, respectively.

The criteria for valuation of investments, according to their classification are as follows:

- Investments at fair value through profit or loss – Initial recognition is at fair value, considering the transaction costs associated with such investments as expenses. Subsequent measurement is at fair value and any gain or loss arising from changes in the initial cost and subsequent fair value is recognized directly in the consolidated income statement.

- Investments available-for-sale - Initial recognition is at fair value, including the transaction costs that are directly associated to their acquisition. Gains or losses originated by changes between the initial cost and fair value are recognized directly in equity, unless a permanent impairment in its value exists. When an instrument is realized or sold, the unrealized gains or losses previously recognized as part of equity are recognized in the consolidated income statement.

  In the case of debt securities, before their subsequent measurement at fair value, the amortized cost is updated applying the effective interest rate; considering this amortized cost, unrealized gains or losses due to changes in fair value are recognized.

- Investments held-to-maturity - Initial recognition is at fair value, including the transaction costs that are directly associated to their acquisition; subsequent measurement is at amortized cost, using the effective interest rate method.

Transactions are recorded at the date of negotiation, that is, the date of the assumption of the reciprocal obligations that must be complied with, within terms established by regulations and practices of the market on which the transaction is performed.

Interests are recognized using the effective interest rate, which includes both interest receivables and premium or discount amortization.

Gains or losses on exchange differences regarded to amortized cost of debt instruments affect the consolidated income statement; gain or losses on exchange differences regarded to fair value valuation are recorded as part of the unrealized gains or losses in the consolidated equity.

Equity instruments are considered non-monetary items, therefore, the original cost in local currency is not modified, the exchange difference is part of the valuation and is recognized as unrealized results in the consolidated equity.

The difference between the revenues received from the sale of an investments and their book value is recognized in the consolidated income statement.

SBS Resolution No. 7033-2012 establishes a standard methodology for the identification of the impairment of financial instruments classified as available-for-sale and held-to-maturity. Said methodology comprises a two-filter analysis, as described below:

(i) First filter:
The following conditions on the entire portfolio of debt and equity investments are assessed quarterly:

a) Significant decrease of fair value: In case the fair value at the date of the financial statements has decreased below 50 percent of the purchasing cost.
b) Prolonged decrease of fair value: In case the monthly average fair value decreases consecutively during the last 12 months, and the cumulative fall of the fair value in said period is at least 20 percent.

The aforementioned assessment is performed in the original currency of the instrument in order to isolate the exchange rate difference.

(ii) Second filter:
For the instruments that passed the first filter, the following circumstances related to qualitative aspects of the issuer are assessed:

a) Impairment of the financial position or financial ratios of the issuer or its economic group.
b) Adverse conditions of the investment and the issuer.
c) Downgrading of the risk classification as consequence of factors additional to the aforementioned.
d) Interruption of the interest or capital payments due to financial difficulties of the issuer.
e) Interruption of transactions or of an active market due to financial difficulties of the issuer.
f) Forced renegotiation of the contractual conditions of the instrument due to legal or economic factors involving the issuer.
g) Evidence that the issuer is to enter into a forced restructuring or bankruptcy process.
h) Decrease in value due to legislation changes (taxes, regulatory or other governmental).
i) The entity does not have both the intention and capacity to maintain the investment with losses up until the recovery of its value. In such case, it will be necessary to perform a forecast of the estimated time needed to recover the value and an assessment of the evidence that show, on the basis of historical information

and the financial position of the entity, whether there is the intention and capacity to maintain the investment all through that period of time.

In accordance with what is established in said Resolution, if at least two of the analyzed factors are affirmative, then impairment exists. Once a loss due to impairment is recognized, the posterior assessments are performed over the book value of the instruments, net of the losses due to previously recognized impairment.

In the other hand, when the SBS considers it necessary to establish any additional provision for any type of investment, this provision shall be determined on the basis of each individual instrument, and must be recorded in the consolidated statements of income of the period in which the SBS requires such provision.

(i) Investments in associates -

In this category includes only equity securities acquired with the purpose of having equity participation and/or significant influence in other entities or institutions.

Investments in associates are initially recognized at their fair value including the transaction costs directly attributable to their acquisition; subsequently they are recorded using the equity participation method. In the case of investments quoted on a stock exchange, when their market value shows a decreasing trend due to non-temporary circumstances, the Bank and its Subsidiaries must record a provision for impairment; nevertheless, the SBS at its own criteria, can require the recognition of an additional provision for impairment.

(j) Property, furniture and equipment and depreciation -

Property, furniture and equipment are recorded at acquisition cost, less accumulated depreciation and accumulated amount of impairment, if applicable, see paragraph (q) below. Maintenance and repair costs are charged to the consolidated income statement and significant renewals and improvements are capitalized when: i) it is probable that future economic benefits will flow from the renewal or improvement; and ii) cost can be measured reliably. The cost and its corresponding accumulated depreciation and any impairment loss of an asset sold or retired are eliminated from the corresponding accounts and the related gain or loss is included in the consolidated income statement.

Work in progress and in transit units are accounted at their acquisition cost. These goods are not depreciated until they are received or finished and placed into service.

Land is not depreciated. Depreciation is computed on a straight-line basis over the following estimated useful lives:

	Years
Buildings and other constructions	33
Installations	10
Furniture and fixtures	10
Computer hardware	4
Equipment and vehicles	5

The residual value, the useful live assigned and the selected depreciation method is periodically reviewed to ensure that they are consistent with the economic benefit and useful live expectations of property, furniture and equipment items.

(k) Seized assets, assets received as payment and realizable assets –
Realizable assets include assets purchased specifically for granting them as part of financial leasing operations and are recorded initially at their acquisition cost; realizable assets not granted in leasing operations are recorded at cost or market value, the lower.

Received as payment and seized assets (which include assets from terminated financial leasing contracts) are initially recorded at the value assigned to them, through a legal proceeding, out-of-court settlement, market value or at the unpaid value of the debt, the lower. At the time of initial recognition, a provision equivalent to 20 percent of the above determined value must be recorded; for this purpose it is permitted to reclassify the allowance for loan losses that was originally provided for the related loan.

Thereafter, additional provisions should be recorded using the following guideline:

- Assets that are not real state – a uniform monthly provision in a term of twelve months, until providing for one hundred percent of the net seized or recovered value.

- Real estate - uniform monthly provisions over the net book value obtained at the twelfth month. In addition, SBS Resolution N°1535-2005 allows a term extension of six months, in such case; a uniform monthly provision must be made over the net book value obtained in the eighteenth month. On both situations, provisions must be made until providing for one hundred percent of the net book value in a term of three years and a half, starting the date monthly provisions began to be provided.

  The annual update of the seized assets' fair value, determined by an independent appraiser, involves, if necessary, the recording of an impairment provision.

(l) Finite useful live intangible assets -
The intangible assets are included in the caption "Other assets, net" of the consolidated statements of financial position and are stated at historical acquisition cost less accumulated amortization and accumulated impairment losses, if applicable; see following paragraph (q). These assets are composed principally by acquisition and development of software used by the Bank and its Subsidiaries in their operations, which are recorded at cost; brand rights of use, which are recorded considering the related contract; as well as finite useful live intangible assets identified in the acquisition of Edyficar in 2009, which were recognized on the consolidated statements of financial position at their fair values determined at their acquisition date, corresponding to the brand name and costumer relationship, see Note 8(d)

According to SBS Resolution N°1967-2010, finite useful live intangible assets are amortized in no more than 5 years.

The Bank and its Subsidiaries' finite useful lives intangible assets are amortized using the straight-line method, based in their estimated useful lives (five years), see Note 8 (d).

(m) Indefinite useful live intangible assets - Goodwill -
The indefinite useful live assets, such as goodwill, registered before January 1, 2010, are amortized following regulations in force on the date of initial recognition, considering a period of no more than 5 years. Goodwill generated after January 1, 2010, is recognized at cost; and then, it is measured its cost less any impairment loss, which is tested annually or more frequently when any event or change in circumstances indicates that the fair value may be impaired, see following paragraph (q). However, according to an authorization from the SBS, goodwill generated in the acquisition of Edyficar in 2009 is measured at cost less any accumulated impairment loss.

(n) Bonds and subordinated notes issued -
Includes the liabilities from the issuance of different types of bonds and subordinated notes, which are initially recorded at their fair value plus the incremental costs related to the transaction that are directly attributable to the instrument's issuance. Upon initial recognition, they are measured at their amortized cost applying the effective interest rate method. The amortized cost is calculated taking into account any issuance discount or premium, as well as the costs that are an integral part of the effective interest rate. Likewise, accrued interests are recognized in the consolidated statements of income in the "Interest on bonds and subordinated notes issued" caption of the "Financial expenses" account, according to the contractual terms.

(o) Income tax -
Current Income tax is calculated on the basis of taxable income determined for tax purposes, which is determined using principles that differ from accounting principles used by the Bank and its Subsidiaries.

Therefore, the Bank and its Subsidiaries record deferred income taxes, considering the guidelines of IAS12 – Income Tax. The deferred income tax reflects the effects of temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the amounts determined for tax purposes. Deferred assets and liabilities are measured using the tax rates expected to be applied to taxable income in the years in which temporary differences are expected to be recovered or settled. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences which arise from the way in which the Bank and its Subsidiaries expect to recover or eliminate the carrying amount of its assets and liabilities at the consolidated statements of financial position dates.

Deferred tax assets and liabilities are recognized without taking into consideration the time in which it is estimated that temporary differences will be written off. Deferred assets are recognized when sufficient future tax benefits are probable to exist for applying the deferred assets. As at the date of the consolidated statements of financial position, Management evaluates the non-recognized deferred assets and the balance of the recognized assets, recording deferred assets not previously recognized to the extent that probable future tax benefits will allow their recovery, or reducing the deferred assets to the extent that it is not likely that sufficient future tax benefits will be available to use part or all of the deferred assets previously recognized.

In accordance with IAS 12, the Bank and its Subsidiaries determines its deferred tax considering the tax rate applicable to its non-distributed earnings; any additional tax on dividends distribution is recorded on the date a liability is recognized.

(p) Share-based payment transactions -

The Bank and its Subsidiaries have two share-based payment plans.

The first share-based payment plan was granted until 2008 and consisted of rights/options granted in the form of stock appreciation rights (SARs) over a number of Credicorp Ltd. shares to certain executives who had at least one year of service. According to the conditions of the plan, a fixed settlement price of the rights/options was established at the grant date, allowing the executive to obtain as benefit the difference between the market price at the moment in which the rights/options are exercised and the agreed settlement price, Note 16. The related expense is recorded considering the accrued services at the date of the consolidated statements of financial position, multiplied by the difference between the estimated market price of the rights/options at the date of the consolidated statements of financial position and the agreed settlement price.

The second share-based payment plan was implemented in 2009 to replace the plan explained above and consists on the granting of a number of Credicorp Ltd. shares. For that purpose, the Bank and its Subsidiaries purchase each year Credicorp Ltd. shares, which are legally given to the executives, although they vest in 3 years from the date of grant (March or April of each year). Until December 31, 2011, shares of Credicorp Ltd. legally delivered to the executive, as authorized by Official Letter SBS N°9771-2009, were recorded as personnel expenses, for all the amount disbursed in their acquisition and in the year they were legally delivered to the executive.

In August 2011, the SBS issued Official Letter N°38179-2011, by which it indicated that all share-based payments plan must be recorded following IFRS 2 – Share-based payments, starting January 1, 2012, but requiring prospective treatment.

Consequently, in accordance with IFRS 2, because the Bank is responsible of settling the plan and it is not settled in equity instruments of the Bank, but of Credicorp Ltd., the second share-based payment plan granted in the year 2012 is also recorded as cash settled.

The fair value of the shares and rights / options is estimated using a binomial method. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is remeasured at each reporting date up to and including the settlement date, recognizing changes in fair value under "Compensation and benefits" in the consolidated statement of income.

When the price or terms of the plans change, the effect of the change is recognized in the consolidated statements of income.

(q) Impairment -

When changes or certain events indicate that the value of an asset may not be recovered, the Bank and its Subsidiaries review the value of property, furniture and equipment, goodwill and intangible assets (including brand name and client relationship) in order to verify if there is no permanent impairment in their values. When the book value of the asset exceeds its recoverable value, a loss for impairment is recognized in the consolidated income statement for each caption mentioned above. The recoverable value is the highest between the net sale price and its value in use. The net sale price is the amount that can be obtained from the sale of an asset in a free market, while the value in use is the present value of the estimated future cash flows provided by the continuous use of an asset and its disposal at the end of its useful live. The recoverable amounts are estimated for each asset or, if not possible, for each cash generating unit.

(r) Fiduciary activities -

Assets and cash flows from fiduciary operations in which there is a commitment to return such assets and cash flows to a client and in which the Bank and its Subsidiaries participate as a fiduciary, have been excluded from these consolidated financial statements, because the Bank and its Subsidiaries are not owners of such assets and cash flows and they do not assume the risks and rewards that arise from their ownership. The commissions for these activities are included in the caption "Other non-financial income and other operating expenses".

(s) Provisions -

Provisions are only recognized when the Bank and its Subsidiaries have a present (implicit or legal) obligation as a result of past events, it is probable that an outflow of resources will be required to settle such obligation, and the amount has been reliably estimated. Provisions are reviewed in each period and are adjusted to reflect their best estimate as of the consolidated statements of financial position date. When the effect of the time value of money is significant, the amount recorded as a provision is the present value of future payments required to settle the obligation.

(t) Contingencies -

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed in notes to the consolidated financial statements, unless the possibility of an outflow of economic resources is remote.

Contingent assets are not recognized in the consolidated financial statements; however, they are disclosed when their contingency degree is probable.

(u) Earnings per share -

Basic and diluted earnings per share are calculated by dividing the net income by the weighted average number of shares outstanding at the consolidated balance sheets dates. Shares that are issued due to the capitalization of retained earnings are deemed to be stock splits; thus, for the computation of the weighted average number of shares; they are considered as if they had always been issued.

As of December 31, 2013, 2012 and 2011, the Bank and its Subsidiaries do not have financial instruments with dilutive effects; therefore, basic and diluted earnings per share are the same.

(v) Repurchase agreements and security lending and borrowing transaction –

Securities sold under agreements to repurchase at a specified future date are not derecognized from the consolidated statements of financial position as the Bank and its Subsidiaries retains substantially all of the risks and rewards of ownership. The corresponding cash received is recognized in the consolidated statements of financial position as an asset with a corresponding obligation to return it, including accrued interest as a liability within "Payables from repurchase agreements", reflecting the transaction's economic substance as a loan to the Bank and its Subsidiaries. The difference between the sale and repurchase prices is recorded in the caption "Financial expense" of the consolidated income statement and is accrued over the life of agreement using the effective interest rate.

Conversely, securities purchased under agreements to resell at a specified future date are not recognized in the consolidated statements of financial position. The consideration paid, including accrued interest, is recorded in the consolidated statements of financial position, within "Receivables from reverse repurchase agreements", reflecting the transaction's economic substance as a loan by the Bank and its Subsidiaries. The difference between the purchase and resale prices is recorded in the caption "Financial income" of the consolidated income statement and is accrued over the life of the agreement using the effective interest rate.

If securities purchased under agreement to resell are subsequently sold to third parties, the obligation to return the securities is recorded as a short sale in the caption "Financial liabilities designated at fair value through profit or loss" of the consolidated statements of financial position, and measured at fair value with any gains or losses included in "Other non-financial income of the consolidated income statement".

As of December 31, 2012, receivables from reverse repurchase agreements, payables from repurchase agreements and financial liabilities designated at fair value through profit or loss arise from transactions performed by Correval, which was transferred to Credicorp Investment Ltd. on June 28, 2013, see Note 9(a).

Securities lending transactions are usually collateralized by securities. The transfer of the securities to counterparties is only reflected on the consolidated statement of financial position if the risks and rewards of ownership are also transferred.

(w) Cash and cash equivalents -
Cash and cash equivalents presented in the consolidated statements of cash flows correspond to "Cash and due from banks" of the consolidated statements of financial position, which includes deposits with less than a three-month maturity as of the acquisition date, BCRP time deposits, funds deposited in central banks and overnight deposits, excluding restricted funds.

(x) Reclassifications –
When it is necessary, comparative figures have been reclassified to conform to the current year presentation.

In that sense, in compliance with SBS Resolution N° 7036-2012, S/.108.2 million and S/.97.0 million from recoveries of the written-off loan portfolio were reclassified from the "Other non-financial income" caption into the "Allowance for loan losses, net of recoveries" caption in the consolidated statements of income, for the years ended December 31, 2012 and 2011, respectively.

On the other hand, Management believes that other reclassifications made in the consolidated financial statements as of December 31, 2012 and 2013, are not significant considering the consolidated financial statements as a whole.

(y) International Financial Reporting Standards (IFRS) –

(y.1) IFRS issued and in effect in Peru as of December 31, 2013 –

The CNC through Resolutions No.052-2013-EF/30 issued on January 24, 2013, formalized the changes of IFRS 10 and 12 and IAS 27; also, through Resolution No. 053-2013-EF/30 issued on September 11, 2013, formalized IFRIC 21 and IAS, IFRS and IFRIC 2013 version. Their application is in effect from the day following the issuance of the CNC Resolution or after the effective date, as stipulated in each specific standard.

Through Resolution N°914-2010, the SBS postponed the effective date, for financial institutions of IFRS 8 “Operating Segments”. No effective date has been defined by the SBS.

(y.2) IFRS issued and without effect as of December 31, 2013

- IAS 32 “Financial instruments: Presentation (amendments)” – Effective for annual periods beginning on or after January 1, 2014.

- IAS 36 "Impairment of assets (modified) – Disclosure of recoverable amount of non-financial assets", effective for annual periods beginning on or after January 1, 2014.

- IAS 39 “Financial instruments: recognition and measurement (amendments) – Effective for annual periods beginning on as after January 1, 2014.

- IFRS 9 “Financial instruments: Classification and measurement” without defined effective date.

- IFRIC 21”Levies” effective for annual periods beginning on or after January 1, 2014.

- Modifications to IFRS 10 “Consolidated financial statements”, IFRS 12 “Disclosure of interests in other entities” and IAS 27 “Consolidated and separate financial statements”, effective for annual periods beginning on or after January 1, 2014.

- Improvements to IFRS 1 “First time adoption of international financial reporting standards“, IFRS 2 “Share based payment”, IFRS 3 “Business combinations”, IFRS 8 “Operating segments”, IFRS 13 “Fair value measurement”, IAS 16 “Property, plant and equipment”, IAS 24 “Related party disclosures”, IAS 38 “Intangible assets” and IAS 40 “Investment property”, effective for periods beginning on or after July 1, 2014.

Given that the standards detailed solely apply in a supplementary manner to the accounting regulation established by the SBS, they will not have any significant effect on the preparation of the accompanying consolidated financial statements, unless the SBS adopts them in the future through the modification of its Accounting Manual for Financial Entities or the issuance of specific rules thereon. The Bank and its Subsidiaries have not estimated the effect on its consolidated financial statements if such rules were adopted by the SBS.

4. Cash and due from banks

As of December 31, 2013, cash and due from banks includes approximately US$4,364.1 million and S/.4,869.2 million (US$4,064.1 million and S/.5,947.4 million, as of December 31, 2012) of mandatory reserve that the Bank and its Subsidiaries must maintain for their obligations with the public. These reserves are deposited in the vaults of the Bank and its Subsidiaries and in the Central Reserve Bank of Peru – BCRP, and are within the limits established by prevailing legislation.

As of December 31, 2013, cash and due from banks subject to mandatory reserve in Peruvian currency and foreign currency are affected at an implicit rate of 14.99 percent and 40.18 percent, respectively, of the total obligations subject to reserve, as required by the BCRP (18.74 percent and 39.97 percent, respectively, as of December 31, 2012).

The reserve funds which represents the minimum mandatory do not earn interest; however, the mandatory reserve deposited in BCRP in excess of minimum mandatory, earns interests at a nominal rate established by BCRP. As of December 31, 2013, the excess in foreign currency amounts to approximately US$3,087.0 million, equivalent to approximately S/.8,628.0 million, and earns interest in U.S. Dollars at an average rate of 0.04 percent (US$3,257.4 million, equivalent to approximately S/.8,306.4 million, at an average rate of 0.10 percent as of December 31, 2012), while the excess in Nuevos Soles amounts to approximately S/.1,901.3 million and earns interests at an average rate of 1.25 percent (S/.2.953.7 million, at an average rate of 1.75 percent as of December 31, 2012).

Deposits in local and foreign banks correspond principally to balances in Nuevos Soles and U.S. Dollars. All deposits are unrestricted and earn interest at market rates. As of December 31, 2013 and 2012, the Bank and its Subsidiaries do not have significant deposits in any specific financial institution.

As of December 31, 2013, the Bank and its Subsidiaries maintain restricted funds related to repurchase agreements for US$40.7 million, equivalent to S/.113.9 million, derivative financial instruments for US$11.5 million equivalent to S/.32.3 million and other funds that amounts to S/.5.1 million (restricted funds related to repurchase agreements for US$68.7 million equivalent to S/.175.1 million and other funds that amounts to S/.4.3 million, as of December 31, 2012)

5. **Investments**

(a) The investments at fair value through profit or loss and available-for-sale invetments, are made up as follows:

	2013				2012			
		Unrealized gross amount				Unrealized gross amount		
	Amortized cost S/.(000)	Gains S/.(000)	Losses S/.(000)	Estimated fair value S/.(000)	Amortized cost S/.(000)	Gains S/.(000)	Losses S/.(000)	Estimated fair value S/.(000)
Investments at fair value through profit or loss (trading) - (b)	-	-	-	1,217,955	-	-	-	182,798
Investments available-for-sale								
BCR Certificate of deposits (c)	5,323,739	1,332	(686)	5,324,385	7,557,344	2,585	(467)	7,559,462
Corporate and leasing bonds (d)	1,535,560	13,465	(28,716)	1,520,309	1,086,616	28,635	(865)	1,114,386
Peruvian sovereign bonds (e)	1,166,487	1,924	(14,791)	1,153,620	354,448	13,481	-	367,929
Listed equity security – Banco de Crédito e Inversiones - BCI Chile (f)	169,952	455,799	-	625,751	136,851	531,988	-	668,839
Treasury notes from the Central Bank of Bolivia (g)	365,035	391	(50)	365,376	434,029	1,998	-	436,027
Participation in RAL funds (h)	351,546	-	-	351,546	200,815	-	-	200,815
Foreign governments bonds (i)	295,746	52	(3,716)	292,082	239,251	818	(748)	239,321
Assets back securities	253,986	11,219	(1,187)	264,018	294,009	13,163	(157)	307,015
Peruvian treasury bonds (e)	224,824	6,414	-	231,238	181,257	9,749	-	191,006
Bonds of multilateral financial institutions	117,266	6,195	(2,063)	121,398	115,453	7,976	-	123,429
Mutual funds participations	89,132	781	-	89,913	51,525	672	-	52,197
Listed equity securities – Credicorp	65,250	-	-	65,250	36,192	-	-	36,192
Trading certificates of deposit	28,278	-	(7)	28,271	29,262	6	-	29,268
Non-listed equity securities	3,609	110	(548)	3,171	3,571	69	(547)	3,093
	9,990,410	497,682	(51,764)	10,436,328	10,720,623	611,140	(2,784)	11,328,979
Accrued interest				48,769				25,054
Balance of available-for-sale investments				10,485,097				11,354,033

(b) As of December 31, 2013, the balance includes 9,776 BCRP certificates of deposit (securities issued at discount through public auctions, negotiated in the Peruvian secondary market and settled in Nuevos Soles) amounting to S/.972.8 million, Exchange-Traded Funds (ETF) for an amount of S/.95.0 million, Peruvian sovereign bonds amounting to S/.82.4 million, corporate bonds issued by entities from Mexico, Chile, Costa Rica and Brazil for an amount of S/.26.0 million and securities mainly listed in Lima stock exchange amounting to S/.15.2 million (ETF for an amount of S/.36.3 million, Peruvian sovereign bonds amounting to S/.7.6 million, corporate bonds issued by entities from Guatemala, Colombia, Perú and The United States of America for an amount of S/.63.0 million, foreign governments bonds amounting to S/.55.3 million and securities listed mainly in Lima stock exchange for an amount of S/.20.7 million, as of December 31, 2012).

(c) As of December 31, 2013, the Bank mantains 53,778 BCRP certificates of deposit (77,267 BCRP certificates of deposit as of December 31, 2012).

(d) As of December 31, 2013, it includes mainly bonds issued by entities from Perú, Colombia, The United States of America and Chile, which represent 36.3 percent, 16.1 percent, 15.9 percent and 14.8 percent of the total balance, respectively (34.3 percent, 13.7 percent, 20.0 percent and 11.8 percent of the total balance, respectively, as of December 31,2012). As of December 31, 2013 and 2012, 97.4 percent and 98.8 percent, respectively, of these bonds were "investment grade".

(e) Sovereign bonds are issued in Nuevos Soles and Peruvian treasury bonds correspond to global bonds issued in U.s. Dollars and Euros.

As of December 31, 2013, the Bank maintained cross currency swaps ("CCS") which, as indicated in Note 3(g), were designated as cash flow hedges of certain bonds issued at fixed rate and in Nuevos Soles and Euros by the Peruvian Government for a notional amount of S/.353.8 million (S/.318.3 million as of December 31, 2012), see Note 8(b); through the CCS these bonds were economically converted to U.S. Dollars at fixed rate.

(f) As of December 31, 2013 and 2012, it corresponds to 4,025,389 and 3,821,057 shares, which represents 3.76 percent and 3.66 percent of BCI-Chile capital stock, respectively.

(g) As of December 31, 2013, it includes mainly treasury notes from the Central Bank of Bolivia, issued at discount in Bolivianos for an amount of Bolivianos 890.4 million, equivalent to S/.365.4 million (mainly Bolivianos 1,172.0 million, equivalent to S/. 436.0 million as of December 31, 2012).

(h) As of December 31, 2013, the participation quotas in the fund "Requirement of Cash Assets" (RAL for its Spanish acronym), are denominated in Bolivianos and U.S. Dollars, and amounts approximately to Bolivianos 268.4 million, equivalent to S/.109.3 million and US$86.6 million, equivalent to S/.242.2 million, respectively (approximately Bolivianos 243.9 million, equivalent to S/.90.7 million and US$43.2 million, equivalent to S/.110.1 million, respectively, as of December 31, 2012). They comprise investments made by Banco de Crédito de Bolivia in the Central Bank of Bolivia as collateral for the deposits maintained with the public. RAL Fund has restrictions for its use and it is required for all banks operating in Bolivia.

(i) As of December 31, 2013, foreign governments bonds corresponds to US$79.8 million, equivalent to S/.223.1 million, issued by the Colombian Government and US$24.7 million, equivalent to S/.69.0 million, issued by the Bolivian Government (US$79.5 million, equivalent to S/.202.7 million, issued by the Colombian Government; US$10.7 million, equivalent to S/.27.3 million, issued by the Bolivian Government; US$2.6 million, equivalent to S/.6.6 million, issued by the Brazilian Government and US$1.0 million, equivalent to S/.2.6 million, issued by the Chilean Government as of December 31, 2012).

(j) As of December 31, 2012, the Bank maintained interest rate swaps (IRS), which as indicated in Note 3(g), were designated as fair value hedges of certain bonds issued at fixed rate in U.S. Dollars by the Peruvian Government, corporate entities and multilateral financial entities, for a notional amount of S/.924.4 million (S/.136.5 million, as of December 31, 2012), see Note 8(b); through the IRS, these bonds were economically converted to variable interest rate.

(k) As of December 31, 2013 and 2012, the maturities and the annual market rates of the investments available-for-sale are as follows:

	Maturity		Annual market rates											
	2013	2012	2013						2012					
			S/.		US$		Other currencies		S/.		US$		Other currencies	
			Min %	Max %	Min %	Max %	Min %	Max %	Min %	Max %	Min %	Max %	Min %	Max %
BCRP certificates of deposit	Jan-14 / May-15	Jan-13 / May-14	3.54	4.11	0.15	0.15	-	-	3.76	4.00	-	-	-	-
Corporate and leasing bonds	Jan-14 / Nov-24	Jan-13 / May-30	3.50	9.11	0.66	8.08	3.10	4.50	3.20	5.83	0.27	5.37	-	-
Peruvian sovereign bonds	Jan-14 / Feb-29	Dec-13 / Aug-20	2.10	6.49	-	-	-	-	2.67	3.80	-	-	-	-
Treasury notes from the Central Bank of Bolivia	Jan-14 / Oct-14	Jan-13 / Mar-14	-	-	-	-	0.93	4.50	-	-	-	-	0.00	2.80
Foreign governments bonds	Jan-14 / Aug-23	Jan-13 / Oct-22	-	-	1.13	6.25	2.80	5.12	-	-	1.12	5.82	-	-
Assets back securities	Jun-14 / Nov-29	Jan-14 / Nov-29	-	-	1.97	6.44	6.94	8.44	-	-	1.90	5.42	6.94	8.44
Peruvian treasury bonds	Feb-15 / Ago-20	Oct-14 / Dic-15	-	-	2.39	2.75	0.62	0.62	-	-	2.39	2.48	0.57	0.57
Bonds of multilateral financial institutions	May-15 / Jun-19	May-13 / Jun-19	-	-	1.98	6.78	-	-	-	-	1.52	3.18	-	-
Trading certificates of deposit	Aug-16	Jan-13 / Aug-16	-	-	2.92	2.92	-	-	-	-	3.08	3.08	1.10	1.20

(l) As of December 31, 2013 and 2012, Management has estimated the fair value of investments at fair value through profit or loss (trading) and available-for-sale using market price quotations available in the market or, if the price was not available, by discounting the expected future cash flows at an interest rate that reflects the risk classification of the financial instrument.

Management has determined that the unrealized losses of available-for-sale investments as of December 31, 2013 and 2012 are of temporary nature. The Bank and its Subsidiaries have decided and have the ability to maintain these investments for a period of time sufficient to allow for an anticipated recovery in fair value, which can occur at their maturity.

(m) Investments held-to-maturity

This item is made up as follows:

	2013 S/.(000)	2012 S/.(000)
Foreign governments bonds	281,478	267,442
Peruvian sovereign bonds	266,907	272,734
Peruvian treasury bonds	116,535	110,384
	664,920	650,560
Accrued interest	12,056	11,582
Total	676,976	662,142

As of December 31, 2013 and 2012, the fair value of held-to-maturity investments amounts to S/.640.9 million and S/.669.5 million, respectively, with maturities between March 2019 and August 2020. These investments bear interest at an annual effective interest rate of 3.80 percent for bonds issued in Nuevos Soles and between 1.55 and 1.96 percent for bonds issued in U.S. Dollars.

Management has determined that unrealized loss (the difference between amortized cost and fair value of investment held-to-maturity) is of temporary nature. Therefore, the Bank and its Subsidiaries have not recorded impairtment as of December 31, 2013 and 2012.

(n) As of December 31, 2013, the Bank maintained repurchase agreements for approximately S/.2,433.8 million, guaranteed with cash for approximately S/.113.9 million, see Note 4, and securities (BCRP certificates of deposit, corporate bonds, bonds of multilateral financial institutions, sovereign bonds and global bonds) classified as investments available for sale and investments held to maturity for a fair value of US$753.2 million, equivalent to S/.2,105.4 million and US$242.2 million, equivalent to S/.677.0 million, respectively, with maturities between one and three years for approximately 63 percent of the total balance and more than five years for approximately 37 percent of the total balance (repurchase agreements for approximately S/.1,667.6 million, guaranteed with cash for approximately S/.175.1, and securities (corporate bonds, bonds of multilateral financial institutions, sovereign bonds and global bonds) classified as investments available for sale and investments held to maturity for a fair value of US$471.1 million, equivalent to S/.1,201.3 million and US$259.7 million, equivalent to S/.662.2 million, respectively, as of December 31, 2012). These operations accrued an interest at fixed rate and a variable rate between 0.59 percent and 4.80 percent and between Libor 3M+0.35 percent and Libor 6M+1.38 percent, respectively, as of December 31, 2013 (between 1.10 percent and 4.30 percent and between Libor 3M+0.35 percent and Libor 6M+1.38 percent as of December 31, 2012).

As of December 31, 2013, the Bank maintained interest rate swaps (IRS), which as indicated in Note 3(g), were designated as fair value hedges of certain repurchase agreements for a notional amount of S/.559.0 million (S/.510.0 million, as of December 31, 2012), see Note 8(b); through the IRS, these repurchase agreements were economically converted to fixed rate.

(o) The balance of investments at fair value through profit or loss (trading), available-for-sale and held-to-maturity as of December 31, 2013 and 2012, classified by contractual maturity, (acerved interest is not considered) are made up as follow:

	2013 S/.(000)	**2012** S/.(000)
Up to 3 months	2,877,903	2,946,091
From 3 months to 1 year	4,108,739	4,162,537
From 1 to 3 years	839,825	1,923,211
From 3 to 5 years	938,680	365,861
More than 5 years	2,309,820	1,749,674
Without maturity	1,244,236	1,014,963
Total	12,319,203	12,162,337

6. Loans, net

(a) This item is made up as follows:

	2013 S/.(000)	2012 S/.(000)
Direct loans		
Loans	23,579,800	20,007,239
Mortgage loans	10,581,072	8,779,880
Leasing receivables (*)	8,615,329	7,532,231
Credit cards	6,218,150	5,893,861
Other consumer loans	5,479,190	4,221,427
Foreign trade loans	3,026,578	2,457,472
Discounted notes	1,499,543	1,421,181
Factoring receivables	833,456	832,564
Advances and overdrafts	371,834	118,190
Refinanced loans	359,573	362,626
Past due and under legal collection loans	1,435,742	944,532
	62,000,267	52,571,203
Add (less)		
Accrued interest from performing loans	442,160	376,617
Deferred interest on discounted notes	(81,283)	(44,189)
Allowance for loan losses (f)	(2,275,478)	(1,799,128)
Total direct loans	60,085,666	51,104,503
Indirect loans, (d) and Note 18(a)	13,065,083	11,727,386

(*) In accordance with Resolution N°7036-2012, starting January 1, 2013, leasing receivables are presented net of its deferred interest. Therefore, as of Decembe 31, 2012, deferred interest, amounting to S/.1,324.7 million, have been presented net in the balance of leasing receivables.

(b) As of December 31, 2013 and 2012, 51 percent of the direct and indirect loan portfolio corresponded to 380 and 408 clients, respectively.

(c) As of December 31, 2013 and 2012, the distribution of the loan portfolio by segments, according to Resolutions SBS N°11356-2008, Note 3(e), is as follows:

	2013 S/.(000)	2012 S/.(000)
Non-retail loans		
Corporate	15,042,737	11,512,987
Large-business	10,490,064	9,636,840
Medium-business	9,271,263	7,739,478
Sub total	34,804,064	28,889,305
Retail loans		
Mortgage	10,730,774	8,887,991
Revolving and non-revolving consumer loans	8,607,034	7,561,448
Small-business	5,871,123	5,297,444
Micro-business	1,987,272	1,935,015
Sub total	27,196,203	23,681,898
Total	62,000,267	52,571,203

(d) According to SBS regulations, as of December 31, 2013 and 2012, the Bank and its Subsidiaries' loan portfolio credit risk classification is as follows:

	2013						2012					
Risk category	Direct loans		Indirect loans		Total		Direct loans		Indirect loans		Total	
	S/.(000)	%	S/.(000)	%	S/.(000)	%	S/.(000)	%	S/.(000)	%	S/.(000)	%
Normal	58,299,318	94.0	12,971,903	99.3	71,271,221	94.9	49,851,426	94.9	11,575,149	98.7	61,426,575	95.5
Potential problems	1,492,805	2.4	72,638	0.6	1,565,443	2.1	1,123,995	2.1	137,337	1.2	1,261,332	2.0
Substandard	673,077	1.1	10,010	0.1	683,087	0.9	474,718	0.9	9,983	0.1	484,701	0.8
Doubtful	779,019	1.3	8,963	0.0	787,982	1.1	592,029	1.1	2,319	0.0	594,348	0.9
Loss	756,048	1.2	1,569	0.0	757,617	1.0	529,035	1.0	2,598	0.0	531,633	0.8
	62,000,267	100	13,065,083	100.0	75,065,350	100.0	52,571,203	100.0	11,727,386	100.0	64,298,589	100.0

(e) As of December 31, 2013 and 2012, financial entities in Peru must constitute their allowance for loan losses based on the risk classification indicated in paragraph (d) and using the percentages indicated on Resolution SBS N°11356-2008, as follows:

(i) For loans classified as "Normal":

Loan type	Fixed-rate %	Pro-cyclical component (*) %
Corporate	0.70	0.40
Large-business	0.70	0.45
Mortgage	0.70	0.40
Medium-business	1.00	0.30
Small-business	1.00	0.50
Revolving consumer loan	1.00	1.50
Non-revolving consumer loan	1.00	1.00
Micro-business	1.00	0.50

(*) In case the loan has highly liquid preferred guarantees (LWHLPG), the pro-cyclical component will be 0%, 0.25% or 0.30%, depending on the loan type.

(ii) For loans classified as "Potential problems", "Substandard", "Doubtful" and "Loss"; depending if the loans are: Loans Without Guarantees (LWG), Loans With Preferred Guarantees (LWPG) or Loans With Readily Preferred Guarantees (LWRPG) or Loans with Highly Liquid Preferred Guarantees (LWHLPG):

Risk category	LWG %	LWPG %	LWRPG %	LWHLPG %
Potential problems	5.00	2.50	1.25	1.00
Substandard	25.00	12.50	6.25	1.00
Doubtful	60.00	30.00	15.00	1.00
Loss	100.00	60.00	30.00	1.00

For loans subject to substitution of credit counterparty, Note 3(e), the allowance requirement depends on the classification of the respective counterparty, for the amount covered, regardless of the debtor credit risk classification, using the percentages indicated above.

(f) The movement of the allowance for loan losses (direct and indirect loans) is shown below:

	2013 S/.(000)	2012 S/.(000)	2011 S/.(000)
Balance as of January 1	1,915,117	1,524,348	1,273,789
Provision, net of recoveries	1,239,943	1,003,033	611,526
Recoveries of written-off loans	134,725	108,211	96,958
Loan portfolio written-off	(991,175)	(677,883)	(432,614)
Translation result and other	99,174	(42,592)	(25,311)
Balance as of December 31(*)	2,397,784	1,915,117	1,524,348

(*) The allowance for loan losses includes the allowance for indirect loans for approximately S/.122.3 million, S/.116.0 million and S/.103.7 as of December 31, 2013, 2012 and 2011, respectively, which are presented in the caption "Other liabilities" of the consolidated statements of financial position, Note 8(a).

In Management's opinion, the allowance for loan losses recorded as of December 31, 2013 and 2012, has been established in accordance with SBS regulations in force as of those dates, Note 3(e).

(g) As of December 31, 2013, the Bank maintained a cross currency swap ("CCS"), which, as indicated in Note 3(g), has been designated as cash flow hedge of a fixed rate and Nuevos Soles loan portfolio, for a notional amount of S/.9.8 million, see Note 8(b); through CCS, these assets were economically converted to U.S. Dollars at fixed rate. During December 2013, the Bank carried out the early settlement of CCS's rights; as a result, no significant results were recorded in the consolidated statement of income.

(h) A portion of the loan portfolio is secured by guarantees received from clients, which are principally conformed by mortgages, stand-by letters, financial instruments, and industrial and commercial pledges.

(i) Interests accrued on the loan portfolio are determined considering the current interest rates prevailing in the markets where the Bank and its Subsidiaries operate.

Interests, commissions and expenses over loans or installments which are past due, refinanced, under legal collection, or classified in the "Doubtful" or "Loss" categories, are recorded as "Past due interest" and are recognized as income in the income statements when effectively collected. The amounts, which were not recognized as income, amounted to S/.278.6 million and S/.188.3 million as of December 31, 2013 and 2012, respectively.

(j) As of December 31, 2013 and 2012, the direct gross loan portfolio classified by maturity, based on the remaining period to repayment date is as follows:

	2013 S/.(000)	2012 S/.(000)
Outstanding loans -		
Up to 1 month	6,156,607	5,779,520
From 1 to 3 months	6,827,187	5,471,432
From 3 months to 1 year	14,581,522	10,920,640
From 1 to 3 years	13,120,294	11,506,292
From 3 to 5 years	7,536,410	6,738,104
More than 5 years	12,342,505	11,210,683
Past due loans -		
Up to 4 months	600,307	375,742
More than 4 months	505,564	254,161
Loans under legal collection	329,871	314,629
Total	62,000,267	52,571,203

7. Property, furniture and equipment, net

(a) The movement of property, furniture and equipment and accumulated depreciation for the years ended December 31, 2013, 2012 and 2011 is as follows:

	Land S/.(000)	Buildings and other constructions S/.(000)	Installations S/.(000)	Furniture and fixtures S/.(000)	Computer hardware S/.(000)	Equipment and vehicles S/.(000)	Work in progress and in transit units S/.(000)	2013 S/.(000)	2012 S/.(000)	2011 S/.(000)
Cost -										
Balance as of January 1	153,582	845,991	604,148	328,225	374,546	144,501	92,442	2,543,435	2,354,930	2,451,681
Additions	110,877	4,130	28,408	24,622	36,428	12,935	254,830	472,230	292,733	285,580
Sales	-	-	-	(15)	(16,050)	-	-	(16,065)	(66,896)	(3,704)
Transfers	-	48,307	59,459	17,296	13,654	464	(139,180)	-	-	-
Write-downs and other	-	(119)	(3,023)	(7,075)	(6,532)	(2,828)	-	(19,577)	(37,332)	(378,627)
Balance as of December 31	264,459	898,309	688,992	363,053	402,046	155,072	208,092	2,980,023	2,543,435	2,354,930
Accumulated depreciation -										
Balance as of January 1	-	411,314	346,951	203,745	272,102	72,719	-	1,306,831	1,218,270	1,454,524
Depreciation of the year	-	25,104	58,309	19,033	46,789	13,562	-	162,797	155,213	143,383
Sales	-	-	-	(6)	(15,960)	-	-	(15,966)	(32,738)	(2,788)
Write-downs and transfers	-	(90)	(2,537)	(6,525)	(6,326)	(1,621)	-	(17,099)	(33,914)	(376,849)
Balance as of December 31	-	436,328	402,723	216,247	296,605	84,660	-	1,436,563	1,306,831	1,218,270
Net book value	264,459	461,981	286,269	146,806	105,441	70,412	208,092	1,543,460	1,236,604	1,136,660

(b) Banks in Peru are not allowed to pledge their fixed assets.

(c) During 2013 and 2012, the Bank, as part of its annual investment plan in infrastructure, capitalized disbursements related mainly to the purchase, construction and implementation of new agencies and the conditioniry and restyling of a vaviety of agencies and administrative offices.

(d) As of December 31, 2013 and 2012, the Bank and its Subsidiaries maintain fully depreciated assets for approximately S/.887.3 million and S/.755.6 million, respectively.

(e) The Bank and its Subsidiaries maintain insurance over their main assets, according to policies established by Management.

(f) Management periodically reviews the fixed assets' residual value, their useful live and the selected depreciation method to ensure that they are consistent with their economic benefits and live expectations. In Management's opinion, there is no evidence of impairment of property, furniture and equipment as of December 31, 2013 and 2012.

8. Other assets, net and other liabilities

(a) These items are made up as follows:

	2013 S/.(000)	2012 S/.(000)
Other assets, net		
Financial instruments		
Derivatives receivable (b)	437,849	393,654
Accounts receivable, net (h)	199,056	306,510
Indexed certificates (c)	55,064	83,678
Operations in process (e)	20,347	53,200
	712,316	837,042
Non-financial instruments		
Value added tax credit	573,469	697,770
Finite live intangible assets, net (d)	459,260	438,280
Deferred income tax, Note 13(a)	313,956	311,854
Goodwill – Edyficar, Note 3(m)	144,841	144,841
Deferred expenses	111,278	68,038
Income tax prepayments, net	102,976	202,877
Realizable, received in payment and seized assets, net (f)	10,672	34,173
Other	15,468	14,214
	1,731,920	1,912,047
Total	2,444,236	2,749,089
Other liabilities		
Financial instruments		
Derivatives payable (b)	340,355	295,370
Accounts payable (h)	335,591	366,661
Salaries and other personnel expenses payable	284,103	331,426
Allowance for indirect loan losses, Note 6 (f)	122,306	115,989
Share based payments, Note 16(a) and (b)	70,359	52,968
Operations in process (e)	42,504	72,311
	1,195,218	1,234,725
Non-financial instruments		
Deferred income tax, Note 13(a)	141,335	186,198
Provision for sundry risks (g)	114,432	95,794
Tax payable	41,549	44,039
Deposit insurance fund	22,733	20,071
Other	5,595	239
	325,644	346,341
Total	1,520,862	1,581,066

(b) The risk in derivatives contracts arises from the possibility that the counterparty does not fulfill the terms and conditions agreed, and that the reference rates, in which the transaction was made, changes.

The table below presents, as of December 31, 2013 and 2012 the fair value of the derivative financial instruments, recorded as an asset or a liability, together with their notional amounts. The gross notional amount is the amount of a derivative's underlying asset and is the basis upon which changes in fair value of derivatives are measured, Note 18(d).

		2013				2012				2013 and 2012
	Note	Assets S/.(000)	Liabilities S/.(000)	Notional amount S/.(000)	Maturity	Assets S/.(000)	Liabilities S/.(000)	Notional amount S/.(000)	Maturity	Hedged Instrument
Derivatives held for trading (i) -										
Forward exchange contracts		165,305	117,607	13,475,895	Between January 2014 and January 2016	179,228	130,165	13,384,519	Between January 2013 and October 2014	
Interest rate swaps		57,067	42,288	3,913,659	Between March 2014 and August 2024	76,264	73,855	2,991,020	Between March 2013 and December 2022	
Currency swaps		85,267	130,658	3,550,232	Between January 2014 and December 2023	68,167	43,169	1,429,061	Between March 2013 and September 2022	
Foreign currency options		7,304	24,321	1,333,669	Between January and December 2014	1,103	1,078	242,985	Between January and July 2013	
		314,943	314,874	22,273,455		324,762	248,267	18,047,585		
Derivatives held as hedges -										
Cash flow hedge (ii) -										
Interest rate swaps (IRS)	11(b)(i)	1,155	2,115	838,500	Between March 2014 and September 2016	-	7,073	977,500	Between April 2013 and March 2014	Due to banks
Interest rate swaps (IRS)	5(n)	25,496	-	559,000	Between March 2019 and August 2020	-	1,688	510,000	Between March 2019 and August 2020	Repurchase agreements
Interest rate swaps (IRS)	11(c)	-	6,628	297,533	Between January 2014 and March 2016	-	12,408	390,000	Between January 2013 and March 2016	Debts to related parties
Cross currency swaps (CCS)	11(c)	32,602	-	335,852	October 2014	40,582	-	328,580	October 2014	Debts to related parties
Cross currency swaps (CCS)	5(e)	30,775	5,716	353,771	Between October 2014 and August 2020	-	7,652	318,308	Between October 2014 and August 2020	Investments available for sale
Cross currency swaps (CCS)	6(g)	-	-	-		-	535	9,752	Between January 2013 and November 2020	Loan portfolio
Cross currency swaps and interest rate swaps (CCS and IRS)	12(a)	3,470	2,202	91,423	Between March 2014 and March 2015	28,310	5,172	153,301	Between March 2013 and March 2015	Bonds issued
Fair value hedge -										
Interest rate swaps (IRS)	5(j)	29,408	8,820	924,440	Between March 2014 and September 2023	-	12,575	136,463	Between May 2013 and June 2019	Investments available for sale
		122,906	25,481	3,400,519		68,892	47,103	2,823,904		
		437,849	340,355	25,673,974		393,654	295,370	20,871,489		

(i) Derivatives held for trading are mainly negotiated to satisfy clients' needs. On the other hand, the Bank and its Subsidiaries may also take positions with the expectation of profiting from favorable movements in prices and rates. Also, this caption includes any derivatives which do not comply SBS hedging requirements. The fair value of the derivates held for trading, classified by maturity is as follows:

	As of December 31, 2013						As of December 31, 2012					
	Up to 3 months S/.(000)	From 3 months to 1 year S/.(000)	From 1 to 3 years S/.(000)	From 3 to 5 years S/.(000)	Over 5 years S/.(000)	Total S/.(000)	Up to 3 months S/.(000)	From 3 months to 1 year S/.(000)	From 1 to 3 years S/.(000)	From 3 to 5 years S/.(000)	Over 5 years S/.(000)	Total S/.(000)
Forward exchange contracts	74,914	88,201	2,190	-	-	165,305	126,202	46,504	6,522	-	-	179,228
Interest rate swaps	-	480	1,936	31,941	22,710	57,067	-	231	5,021	41,223	29,789	76,264
Currency swaps	190	12,209	40,634	2,074	30,160	85,267	4,682	2,841	50,327	2,067	8,250	68,167
Foreign currency options	3,104	4,200	-	-	-	7,304	854	249	-	-	-	1,103
Total assets	78,208	105,090	44,760	34,015	52,870	314,943	131,738	49,825	61,870	43,290	38,039	324,762

	As of December 31, 2013						As of December 31, 2012					
	Up to 3 months S/.(000)	From 3 months to 1 year S/.(000)	From 1 to 3 years S/.(000)	From 3 to 5 years S/.(000)	Over 5 years S/.(000)	Total S/.(000)	Up to 3 months S/.(000)	From 3 months to 1 year S/.(000)	From 1 to 3 years S/.(000)	From 3 to 5 years S/.(000)	Over 5 years S/.(000)	Total S/.(000)
Forward exchange contracts	93,183	22,318	2,106	-	-	117,607	50,646	78,347	1,172	-	-	130,165
Interest rate swaps	-	948	3,267	28,472	9,601	42,288	48	238	7,314	40,362	25,893	73,855
Currency swaps	67	8,098	25,953	46,374	50,166	130,658	-	46	31,361	2,220	9,542	43,169
Foreign currency options	21,775	2,546	-	-	-	24,321	762	316	-	-	-	1,078
Total liabilities	115,025	33,910	31,326	74,846	59,767	314,874	51,456	78,947	39,847	42,582	35,435	248,267

(ii) The Bank and its Subsidiaries are exposed to movements in future cash flows on assets and liabilities in foreign currency or which bear interest at variable rates. The Bank and its Subsidiaries use derivate financial instruments as cash flow hedges to cover these risks, according to Note 3(g).

A summary indicating the periods when the current cash flow hedges are expected to occur and affect the consolidated statement of income, net of the deffered income tax is as follows:

	As of December 31, 2013				
	Up to 1 year S/.(000)	From 1 to 3 years S/.(000)	From 3 to 5 years S/.(000)	More than 5 years S/.(000)	Total S/.(000)
Cash outflows (liabilities)	(1,186,262)	(654,236)	(42,484)	(678,522)	(2,561,504)
Consolidated statement of income	(15,392)	(7,139)	11,864	37,778	27,111

	As of December 31, 2012				
	Up to 1 year S/.(000)	From 1 to 3 years S/.(000)	From 3 to 5 years S/.(000)	More than 5 years S/.(000)	Total S/.(000)
Cash outflows (liabilities)	(931,236)	(1,254,763)	(62,079)	(697,682)	(2,945,760)
Consolidated statement of income	(14,627)	(27,597)	(3,796)	15,079	(30,941)

As of December 31, 2013, the net unrealized loss from the cash flow hedges which is included as other comprehensive income in the caption "cash flow hedges reserves" and results from the current hedges (unrealized loss for approximately S/.27.1 million) and the hedge designated jointly through a CCS and IRS, which were terminated in October 2009 (unrealized gain for approximately S/.18.5 million), which is being recognized in the consolidated income statements during the remaining term of the underlying financial instrument (October 2022). Likewise, the transfer of the net unrealized gain and/or loss on cash flow hedges to the consolidated statement of income is presented in Note 14(d).

(c) In connection with the liabilities that result from Credicorp's stock appreciation rights (SARs), Note 16(a), the Bank signed several contracts with Citigroup Global Markets Holdings Inc., Citigroup Capital Limited, Citigroup Capital Market Inc (hereinafter "Citigroup") and Credit Agricole Corporate and Investment Bank (hereinafter "Calyon").

These contracts consist of the purchase of certificates indexed to the performance of Credicorp (BAP) shares, in the form of "warrants" issued by Citigroup and Calyon, with the same number of Credicorp shares. These certificates will be settled totally or partially at any moment exclusively in cash with maturity until 2014.

As of December 31, 2013 and 2012, the Bank and its Subsidiaries have acquired 144,914 and 214,914 certificates, respectively, at a total cost of US$9.9 million and US$13.5 million, respectively (US$68.63 and US$63.0 per certificate on average, respectively). During 2013 and 2012, the Bank and its Subsidiaries settled 70,000 and 141,000 certificates, respectively.

According to SBS standards, the difference between cost and estimated market value; as well as the result obtained from the liquidation of the indexed certificates, are recorded in the consolidated income statement in the captions "Other non-financial income" and "Other operating expenses", see Note 22.

(d) The movement of intangible assets for the years ended December 31, 2013, 2012 and 2011 is as follows:

Description	Brand name, Note 3(l) S/.(000)	Rights of use (ii) S/.(000)	Client relationship S/.(000)	Software and other developments S/.(000)	Intangibles in process S/.(000)	2013 S/.(000)	2012 S/.(000)	2011 S/.(000)
Cost -								
Balance as of January 1	37,504	55,740	18,735	706,284	108,031	926,294	813,603	687,279
Additions (i)	-	-	-	48,492	102,862	151,354	117,654	129,175
Transfers	-	-	-	105,391	(105,391)	-	-	-
Split, Note 2(b)	-	-	-	-	-	-	(2,621)	-
Withdrawals and others	-	-	-	(4,318)	-	(4,318)	(2,342)	(2,851)
Balance as of December 31	37,504	55,740	18,735	855,849	105,502	1,073,330	926,294	813,603
Accumulated amortization -								
Balance as of January 1	23,753	14,864	11,866	437,531	-	488,014	373,048	270,032
Amortization of the year	7,501	11,148	3,747	104,525	-	126,921	118,870	105,859
Split, Note 2(b)	-	-	-	-	-	-	(1,568)	-
Withdrawals and others	-	-	-	(865)	-	(865)	(2,336)	(2,843)
Balance as of December 31	31,254	26,012	15,613	541,191	-	614,070	488,014	373,048
Net book value	6,250	29,728	3,122	314,658	105,502	459,260	438,280	440,555

(i) During 2013, the Bank capitalized disbursements related to the implementation and development of several IT projects (DSYO Outsourcing, financial data model, Basel III Mir, among others). During 2012, the Bank capitalized disbursements mainly related to the implementation and development of several IT projects (Implementation of treasury solutions, windows system, CRM for wholesale banking, basic information of clients).

(ii) In July 2010, the Bank signed a contract with Telefónica Móviles S.A. by which both parties agreed that the Bank is the exclusive financial institution for the issuance of the co-branded "Movistar BCP" card, which is a payment instrument issued by the Banks and bears certain benefits established by both parties and stipulated in the contract, whose terms is for five years starting at the launching of the card, August 2011.

(iii) As of December 31, 2013 and 2012, the Bank and its Subsidiaries have fully amortized intangibles assets that are still in use for approximately S/.309.2 million and S/.201.3 million, respectively.

(iv) Management periodically reviews the intangibles' residual value, their useful life and the selected amortization method to ensure that they are consistent with their economic benefits and life expectations. In Management's opinion, there is no evidence of impairtment on intangibles as of December 31, 2013 and 2012.

(e) Operations in process include deposits received, loans disbursed and/or collected, funds transferred and other similar types of transactions, which are made at the end of the month which are reclassified to their final balance sheet account in the following month. The regularization of these transactions do not affect the Bank and its Subsidiaries' consolidated net income.

(f) As of December 31, 2013 and 2012, the balance includes S/.7.9 million and S/.28.6 million, respectively, corresponding to assets acquired with the specific purpose of granting leasing loans.

In Management's opinion, the allowance of realizable assets, received in payment and seized assets recorded as of December 31, 2013 and 2012, complies with SBS regulations in force on those dates.

(g) As of December 31, 2013 and 2012, the provision for sundry risks comprises the estimated losses due to legal procedures against the Bank and its Subsidiaries, due to operational risk and other similar obligations that were recorded based on Management and its internal legal advisors' best estimates. In Management's and its internal legal advisor's opinion, additional significant liabilities will not result to those already recorded by the Bank and its Subsidiaries.

(h) Other receivables and payables correspond mainly to sales and purchases, respectively, of fixed assets, rendered services to Visanet and to the Bank's subsidiaries, and trading and available for sale securities arising from the last days of the month, which have been settled during the early days of January.

9. Assets classified as held for sale and liabilities directly associated

(a) As of December 31, 2012, these items include balances of Correval's operation, as follows:

	2012 S/.(000)
Assets classified as held for sale	
Receivables from reverse repurchase agreements and security borrowing, Note 3(v)	2,788,432
Investments at fair value through profit or loss and available for sale, net	166,899
Brand name, net	35,902
Client relationships, net	28,055
Fund manager contracts, net	69,276
Goodwill	104,133
Other assets	5,910
Total	3,198,607

	2012
	S/.(000)
Liabilities directly associated with assets classified as held for sale	
Payables from repurchase agreements and security lending, Note 3(v)	2,580,548
Financial liabilities designated at fair value trough profit or loss, Note 3(v)	204,214
Deferred income tax	44,887
Other liabilities	69,740
Total	2,899,389

The results of Correval's operations for the period between January 1, 2013 and June 28, 2013 (transfer date) and for the period between April 27, 2012 (acquisition date) and December 31, 2012, are shown below:

	2013	2012
	S/.(000)	S/.(000)
Income and expenses		
Revenue	104,247	61,869
Expenses	(93,979)	(48,709)
Income before income tax	10,268	13,160
Income tax	(3,403)	(3,459)
Net income	6,865	9,701

(b) On the other hand, as indicated in Note 2(a), the acquisition agreement of Correval includes put and call options over the non-controlling interests in such entity. These options have not been recorded in the consolidated financial statements of the Bank and its Subsidiaries as of December 31, 2012, considering that they were also part of the rights and obligations to be transferred to Credicorp Capital Ltd. Also, BCP and Credicorp Ltd. signed an agreement to transfer the contractual position on December 2012 in which BCP transferred to Credicorp Ltd. its joint liability on the obligations related to the put and call options over the non controlling interests, "written non-controlling interests puts and calls" instead of transfering to Credicorp Capital Ltd. as previoesly detailed. The transfer of the joint liability and the accounting record of the puts and calls options were informed to the SBS. As of December 31, 2012, the present value of the put options amounts to approximately US$59.2 million.

(c) The acquisition of Correval was recorded using the acquisition method, as required by IFRS 3 "Business Combinations", reflecting the assets and liabilities acquired at their estimated market values (fair value) at the acquisition date, including the identified intangible assets unrecorded in Correval's financial statements at that date.

The book values and fair values of assets and liabilities identified in Correval as of the acquisition date were as follow:

	Book value S/.(000)	Recognition of fair value S/.(000)	Fair value of acquired entity S/.(000)
Assets -			
Receivables from reverse repurchase agreements and security borrowing	1,074,150	-	1,074,150
Investments at fair value trough profit or loss and available-for-sale investments, net	122,715	-	122,715
Brand name	-	40,152	40,152
Client relationships	-	31,490	31,490
Fund manager contract	-	71,863	71,863
Other assets	54,793	-	54,793
Liabilites -			
Payables from repurchase agreements and security lending	904,477	-	904,477
Financial liabilities designated at fair value through profit or loss	164,979	-	164,979
Other liabilities	73,271	-	73,271
Liabilities for deferred income tax	-	47,356	47,356
Total identifiable net assets at fair value	108,931	96,149	205,080
Non-controlling interest	-	(118,292)	(118,292)
Goodwill from acquisitions	-	104,133	104,133
Net acquired assets	108,931	81,990	190,921

The fair values of the identifiable intangible assets as of the acquisition date were determined using the income approach and based on the present value of the profits attributable to the asset or costs avoided as a result of owning the asset.

The following methods based on the income approach were used by Management to estimate fair values of identifiable intangible assets at the date of acquisition:

- For the valuation of brand name, the "Relief from Royalty" method was applied, which estimates the cash flows that the entity saves for royalty payments by owning a brand.

- For the valuation of client relationship and fund manager contract, the "Multi-Period-Excess-Earnings" method was applied, which calculates the residual cash flow after deducting intangible asset returns for all assets that contribute to the cash flow. These assets are called contribution charges.

In Management's opinion, these methods are generally accepted for the measurement of identifiable intangible assets in a business combination process.

The non-controlling interest as of the acquisition date was measured at fair value; which has been estimated considering the consideration paid and a discount for lack of control.

10. Deposits and obligations

(a) As of December 31, 2013 and 2012, this caption includes:

	2013 S/.(000)	2012 S/.(000)
Non-interest bearing deposits and obligations -		
In Peru	14,788,024	17,195,713
In other countries	2,418,491	1,994,341
	17,206,515	19,190,054
Interest bearing deposits and obligations -		
In Peru	44,291,611	35,931,036
In other countries	3,049,230	2,895,642
	47,340,841	38,826,678
	64,547,356	58,016,732
Interest payable for deposits and obligations	199,725	161,582
Total	64,747,081	58,178,314

The Bank and its Subsidiaries have established a policy to pay interests on demand deposits and savings deposits according to a sliding interest rate scale, based on the average balance maintained in those accounts. Additionally, according to such policy, it was established that accounts having balances lower than a determined amount for each type of account, do not bear interest.

Interest rates applied to the different deposits and obligations accounts are determined by the Bank and its Subsidiaries considering current interest rates in the markets where they develop their operations.

(b) As of December 31, 2013 and 2012, the balance of deposits and obligations by product is as follows:

	2013 S/.(000)	2012 S/.(000)
Demand deposits	20,771,926	19,289,681
Saving deposits	17,764,196	15,515,531
Time deposits (d)	18,812,511	17,096,859
Severance indemnity deposits	6,719,031	5,687,427
Negotiable certificates	479,692	427,234
Total	64,547,356	58,016,732

(c) As of December 31, 2013 and 2012, approximately S/.21,663.6 million and S/.19,278.1 million, respectively of the deposits and obligations balances, are covered by the "Fondo de Seguro de Depósitos" (Deposit Insurance Fund). At those dates, the "Fondo de Seguro de Depósitos" covered up to S/.92,625.0 and S/.91,216.0, respectively.

(d) The balance of time deposits classified by maturity is as follows:

	2013 S/.(000)	2012 S/.(000)
Up to 3 months	15,050,806	12,791,172
From 3 months to 1 year	2,529,130	3,332,551
From 1 to 3 years	657,460	544,770
From 3 to 5 years	575,115	428,366
Total	18,812,511	17,096,859

11. Due to banks, correspondents and other entities

(a) This item is made up as follows:

	2013 S/.(000)	2012 S/.(000)
By type -		
Due to banks and correspondents with foreign financial institutions (b)	4,961,305	5,255,330
Due to related parties (c)	2,827,208	3,062,010
Promotional credit lines (d)	1,296,654	819,504
	9,085,167	9,136,844
Interest payable	38,614	42,489
Total	9,123,781	9,179,333

(b) As of December 31, 2013 and 2012, it includes loans to finance foreign trade operation and for working capital. This item is made up as follow:

Entities	2013 S/.(000)	2012 S/.(000)
Syndicated loan (i)	834,989	971,808
Corporación Andina de Fomento – CAF	572,000	216,750
Standard Chartered Bank	504,547	331,582
Wells Fargo Bank N.A.	419,250	153,000
China Development Bank	417,435	380,261
Banco de la Nación del Perú	349,999	120,000
Citibank N.A.	306,975	268,745
Cobank	241,275	296,662
Commerzbank AG	200,089	-
Bank of New York Mellon	167,700	252,450
Deutsche Bank AG	155,322	393,110
International Finance Corporation	112,000	-
Mercantil Commerzbank Miami	111,521	-
Bank of America N.A.	46,395	280,500
Toronto Dominion Bank	-	249,900
Sumitomo Mitsui Banking Corporation	-	229,500
Banco Latinoamericano de Comercio Exterior	-	153,000
JP Morgan Chase Bank	-	331,673
Others	521,808	626,389
Total	4,961,305	5,255,330

(i) As of December 31, 2013, the balance includes two syndicated loans obtained from foreign financial entities in March 2013 and March 2011 amounting to US$150.0 million (equivalent to S/.419.2 million) each loan, with maturities in September 2016 and March 2014, respectively (two syndicated loans amounting to US$150 million, equivalent to S/.382.5 million and US$233.3 million, equivalent to S/.595.0 million, obtained in March 2011 and October 2010, respectively, and with maturities in March 2014 and October 2013, respectively, as of December 31, 2012), with interest payments each semester at Libor 6M+1.75 percent for both loans. Likewise, as of December 31, 2013, the syndicated loans, which amounted to S/.838.5 million, were hedged through IRS with the same notional and maturities (S/.977.5 million as of December 31, 2012), see Note 8(b); as a result, the loans were economically converted to fix interest rate.

As of December 31, 2013, the loans have maturities between January 2014 and March 2024 (Between January 2013 and Febrery 2019 as of December 31, 2012) and accrued annual interests at rates that ranged between 0.54 and 8.00 percent (between 0.68 and 10.00 percent as of December 31, 2012).

(c) As of December 31, 2013, due to related parties included: (i) loans at variable interest rates received from CCR Inc. and Atlantic Security Bank (ASB), amounting to US$858.7 million, equivalent to S/.2,399.1 million and US$33.0 million, equivalent to S/.92.2 million, respectively; and ii) a promissory note in favor of BCP Emisiones Latam 1 S.A. amounting to 2.7 million Unidades de Fomento Chilenas – UF, equivalent to S/.335.9 million (US$1,016.4 million, equivalent to S/.2,591.9 million, US$55.5 million, equivalent to S/.141.5 million and 2.7 million Unidades de Fomento Chilenas-UF, equivalent to S/.328.6 million, respectively, as of December 31, 2012). The debts with CCR Inc. generate interest at a rate of Libor 1M.

The debts with CCR Inc., Atlantic Securitic Bank and the promissory note in favour of BCP Emisiones Latam 1 S.A. bear interest at Libor 1M rate, fixed-weight rate of 5.1 percent and fixed rate of 3.47 percent, respectively.

As of December 31, 2013, part of the cash flows of the loans at variable interest rates have been hedged through interest rate swaps (IRS), for a notional amount of S/.297.5 million (S/.390.0 million as of December 31, 2012); see Note 8(b); through such IRS, the loans were economically converted to fixed rate.

In addition, as of December 31, 2013 and 2012, the promissory note in favor of BCP Emisiones Latam 1 S.A., subject to exchange rate risk, has been hedged, as mentioned in Note 3(g), through cross currency swaps (CCS) for the same notional amounts and the same maturities, see Note 8(b); through such CCS, this liability was economically converted to U.S. Dollars.

(d) Promotional credit lines represent loans received mainly from Corporación Financiera de Desarrollo (COFIDE) and Fondo de Cooperación para el Desarrollo Social (FONCODES) to promote the development of Peru. As of December 31, 2013, their annual interest rates ranged between 5.50 and 7.75 percent (between 6.00 and 7.75 percent as of December 31, 2012). These liabilities are secured by a loan portfolio for up to the amount of the credit line used.

(e) As of December 31, 2013 and 2012, the balance of this caption, classified by maturity, is as follows:

	2013 S/.(000)	2012 S/.(000)
Up to 3 months	1,557,470	1,796,610
From 3 months to 1 year	2,329,815	2,003,493
From 1 to 3 years	2,339,155	2,419,821
From 3 to 5 years	988,090	1,487,876
More than 5 years	1,870,637	1,429,044
Total	9,085,167	9,136,844

(f) Some due to banks, correspondents and foreign financial institutions include standard covenants concerning the fulfillment of financial ratios, specific agreements on how to use the funds received, the financial conditions that the Bank and its Subsidiaries must maintain, as well as other administrative matters. In Management's opinion, these specific agreements have been complied by the Bank and its Subsidiaries as of December 31, 2013 and 2012.

12. **Bonds and notes issued**

(a) This item is made up as follow:

	Weighted annual interest rate	Interest payment	Maturity	Issued amount (000)	2013 S/.(000)	2012 S/.(000)
Local issuances	%					
Corporate bonds						
First program						
Tenth issuance Series B	8.00	Quarterly	March 2013	S/.10,000	-	10,000
Second program						
First issuance (Series A and B)	6.83	Semi-annual	Between December 2014 and March 2015	S/.275,000	112,500	204,167
First issuance (Series A) – Edyficar	5.47	Semi-annual	April 2015	S/.60,000	60,000	60,000
Second issuance (Series A) – Edyficar	5.50	Semi-annual	January 2016	S/.70,000	70,000	70,000
Third issuance (Series A and B)	7.73	Quarterly	Between June and July 2018	S/.200,000	200,000	200,000
Third program						
First issuance (Series A) - Edyficar	5.28	Semi-annual	November 2016	S/.62,108	62,108	-
Fourth program						
Fourth issuance (Series A, B, C and D)	6.41	Semi-annual	Between July and December 2014	S/.183,414	183,414	183,414
Fifth issuance (Series A)	5.31	Semi-annual	September 2013	S/.50,000	-	50,000
Eighth issuance (Series A)	3.75	Semi-annual	January 2014	US$91,000	254,345	232,050
Nineth issuance (Series A)	6.22	Semi-annual	November 2016	S/.128,000	127,909	127,880
Tenth issuance (Series A)	7.25	Semi-annual	December 2021	S/.150,000	149,850	149,837
Tenth issuance (Series B and C)	5.41	Semi-annual	Between October and November 2022	S/.400,000	399,355	399,299
					1,619,481	1,686,647
Subordinated bonds						
First program						
First issuance (Series A)	6.22	Semi-annual	May 2027	S/.15,000	15,000	15,000
First issuance (Series A) – Edyficar	8.16	Semi-annual	October 2021	S/.40,000	40,000	40,000
Second issuance (Series A) – Edyficar	8.13	Semi-annual	December 2021	S/.30,000	30,000	30,000
Fourth issuance (Series A) – Edyficar	6.19	Semi-annual	December 2022	S/.40,000	40,000	40,000
Fourth issuance (Series A, B, C and D)	7.65	Quarterly	Between February and May 2016	US$113,822	318,133	290,246
Second program						
First issuance (Series A and B)	5.75	Semi-annual	Between September and October 2013	US$25,000	-	21,250
Issuance 1- Banco de Credito Bolivia	6.25	Annual	August 2028	BS70,000	28,813	-
					471,946	436,496
Leasing bonds - First program						
Sixth issuance (Series A)	8.72	Quarterly	August 2018	S/.100,000	100,000	100,000
Total local issuances					2,191,427	2,223,143

	Weighted annual interest rate	Interest payment	Maturity	Issued amount (000)	2013 S/.(000)	2012 S/.(000)
International issuances						
Senior bonds – (i)	4.25	Semi-annual	April 2023	US$350,000	1,005,173	-
Senior bonds – (ii) (viii)	Between 4.25 and 4.75	Semi-annual	Between March 2016 and April 2023	US$700,000	1,949,125	1,777,434
Senior bonds – (ii)	5.38	Semi-annual	September 2020	US$800,000	2,222,347	2,025,713
Subordinated bonds – (iii)	6.13	Semi-annual	April 2027	US$520,000	1,444,300	887,439
Subordinated bonds – (iv)	6.88	Semi-annual	September 2026	US$350,000	958,540	886,669
Negotiable certificate of deposit – (v)	7.45	Semi-annual	October 2022	S/.483,280	480,934	462,274
Junior subordinated bonds – (vi)	9.75	Semi-annual	November 2069	US$250,000	689,016	627,006
Subordinated negotiable certificates of deposit - (vii)	6.88	Semi-annual	Between November 2021 and September 2026	US$129,080	335,188	304,059
Total international issuances					9,084,623	6,970,594
Total local and international issuances					11,276,050	9,193,737
Interest payable					153,031	131,696
Total					11,429,081	9,325,433

Leasing bonds are collateralized by the assets financed by the Bank.

As of December 31, 2013 and 2012, the Bank and its Subsidiaries through CCS and IRS hedged corporate bonds issued in Nuevos Soles for a notional amount of S/.91.4 million and S/.153.3 million, respectively, subject to exchange rate and variable interest rate risk, see Note 8(b). As a result corporate bonds were economically converted to U.S. Dollars at fixed rate.

International issuances are listed in the Luxembourg Stock Exchange. Likewise, local and international issuances maintain certain financial and operative covenants, which in Management's opinion, the Bank and its Subsidiaries have complied with as of the dates of the consolidated statements of financial position.

(i) BCP can redeem in whole or in a part these notes at any time, with the penalty of the payment of an interest rate equivalent to the American Treasury plus 50 basis points. Payment of principal will take place at the date of maturity or redemption.

(ii) BCP can redeem in whole or in a part these notes at any time, with the penalty of the payment of an interest rate equivalent to the American Treasury plus 40 basis points. Payment of principal will take the place at the date of maturity or redemption.

(iii) Starting April 24, 2022, the interest rate becomes a variable rate of Libor 3 months plus 704.3 basis points. Between April 24, 2017 and April 24, 2022, BCP may redeem all or part of the subordinated notes with the penalty of the payment of an interest equivalent to the American Treasury plus 50 basis points. Additionally, from April 25, 2022 or at any later date of coupon payment, BCP can redeem all or part of the notes without penalty. Payment of principal will take place at the date of maturity or redemption.

In April 2013, the Bank, through its branch located in Panamá, extended the issuance of its subordinated bonds for an amount of US$170.0 million in international market, with the same terms of the issuance offered in April 2012 for an amount of US$350.0 million.

(iv) Starting September 16, 2021, the interest rate becomes a variable rate of Libor 3 months plus 770.8 basis points. Between September 16, 2016 and September 15, 2021, BCP may redeem all or part of the notes, with the penalty of the payment of an interest equivalent to the American Treasury plus 50 basis points. Additionally, from September 16, 2021 or at any later date of coupon payment, BCP can redeem all or part of the notes without penalty. Payment of principal will take place at the date of maturity or redemption.

(v) In October 2017, the interest rate becomes a variable rate determined as the average of at least three valuations over the internal rate of return of sovereign bonds issued by the Peruvian Government (with maturity on 2037), plus 150 basis points, with semiannual payments. From that date, BCP can redeem 100 percent of the certificates, without penalty. From that date and at any later date of coupon payment, BCP can redeem all the notes without penalty. Payment of principal will take place at the date of maturity (October 2022) or redemption.

(vi) In November 2019, interest rate becomes a variable rate of Libor 3 months plus 816.7 basis points. From that date or at any later date of coupon payment, BCP can redeem all the bonds without penalty. Payment of principal will take place at the date of maturity or redemption.

(vii) In November 2016, the interest rate becomes a variable rate of Libor plus 279 basis points. From that date or at any later date of coupon payment BCP can redeem all the certificates without penalty. Payment of principal will take place at the date of maturity or redemption.

(viii) In April 2013, the Bank offered an exchange to the senior notes holders, whereby notes were partially replaced with new notes with the same terms of senior notes described in (i).

(b) Bonds and notes issued classified by maturity are shown below:

	2013 S/.(000)	2012 S/.(000)
Up to 3 months	254,345	10,000
From 3 months to 1 year	233,414	71,250
From 1 to 3 years	1,716,142	678,647
From 3 to 5 years	300,000	2,265,680
More than 5 years	8,772,149	6,168,160
Total	11,276,050	9,193,737

13. Deferred income tax

(a) These items are made up as follows:

	2013 S/.(000)	2012 S/.(000)
Net deferred income tax asset		
Deferred assets		
Allowance for loan losses	298,667	257,298
Provision for sundry expenses	32,877	28,401
Provision for sundry risks	16,023	14,060
Share-based compensation rights provision	9,073	10,400
Allowance for seized assets	6,197	6,775
Unrealized loss on hedge derivatives valuation	4,233	11,758
Leasing operations, net	1,930	31,417
Past due interests	1,678	1,805
Others	11,431	10,313
Deferred liabilities -		
Buildings depreciation	(30,202)	(20,890)
Unrealized gain on available-for-sale investments valuation	(10,378)	(12,139)
Indexed certificates valuation	(9,511)	(14,739)
Unrealized gain on hedge derivatives valuation	(8,664)	(603)
Exchange difference	(5,309)	(4,687)
Acquired intangibles	(2,812)	(6,186)
Others	(1,277)	(1,129)
Total	313,956	311,854

Net deferred income tax liabilities		
Deferred liabilities		
Unrealized gain on available-for-sale investments valuation in BCI Chile	(141,335)	(186,198)
Total	(141,335)	(186,198)

(b) The composition of the amounts presented in the consolidated statements of income for the years ended December 31, 2013 and 2012, are shown below:

	2013 S/.(000)	2012 S/.(000)
Current	667,185	622,949
Deferred	(16,547)	(71,804)
	650,638	551,145

(c) Reconciliation of the effective tax rate to the statutory tax rate for the years 2013 and 2012 is as follows:

	2013 %	2012 %
Income before income tax	100.00	100.00
Theoretical expense	30.00	30.00
Effect on taxable income		
Non-taxable financial revenue	(8.33)	(6.78)
Effect of non-deductible expenses		
Non-deductible financial expenses	1.70	1.13
Other non-deductible expenses	3.39	1.87
Income tax, current and deferred	26.76	26.22

14. Equity

(a) Capital stock –

As of December 31, 2013, the Bank's capital stock comprises 3,752.6 million of fully subscribed and paid common shares (3,102.9 million and 2,557.7 millions shares, as of December 31, 2012 and 2011, respectively) with a nominal value of one Peruvian Nuevo Sol.

As of December 31, 2013 and 2012, Credicorp Ltd. and Grupo Crédito S.A. hold 12.73 percent and 84.93 percent, respectively, of the Bank's capital stock.

The General Shareholders Meeting held on August 21, 2012, approved the split of an equity block in favor of Credicorp Capital Perú S.A.A. and a reduction of capital stock by approximately S/.85.0 million, decreasing an equivalent number of shares, Note 2(b). The split and reduction took place on November 1, 2012.

The General Shareholders Meetings held on March 26, 2013 and March 30, 2012, approved the capitalization of 2012 and 2011 retained earnings for an amount of S/.649.7 million and S/.630.2 million, respectively.

(b) Legal reserve –
Pursuant to legislation in force, the Bank must reach a legal reserve of at least 35 percent of its paid-in capital. This reserve is to be funded through an annual appropiation of at least 10 percent of its net income. As of December 31, 2013, the Bank has covered such legal request.

The General Shareholders Meeting held on August 21, 2012, approved the split of an equity block in favor of BCP Capital S.A.A. and a reduction of legal reserves by S/.29.8 million, see Note 2(b). The split and reduction took place on November 1, 2012.

The General Shareholders Meeting, held on March 26, 2013 and March 30, 2012 , approved the increase of the legal reserve in approximately S/.227.4 and S/.220.6 million, from the 2012 and 2011 income, respectively.

The Bank' Subsidiaries established in Peru and Bolivia must also record legal reserves in their individual financial statements, which percentages varies depending on applicable laws and economic activity. As of December 31, 2013, 2012 and 2011, the Subsidiaries' reported legal reserves amounted to approximately S/.104.2 million, S/.80.4 million and S/.78.5 million, respectively.

(c) Special reserve –
The special reserve has been funded through the appropriation of accumulated results.

The General Shareholders Meetings held on March 31, 2011, approved an increase of the special reserve for approximately S/.674.9 million, through the appropiation of 2010 income.

(d) Unrealized results –

The caption "Unrealized results" includes the net unrealized gain (loss) from available-for-sale investments and from derivatives instruments used as cash flow hedge. The movement of the unrealized results during 2013 and 2012, net of deferred income tax is as follows:

	Unrealized results of:			
	Available-for-sale investment reserve S/.(000)	Derivative cash flow hedges reserves S/.(000)	Translation results S/.(000)	Total S/.(000)
Balances as of January 1, 2011	427,217	15,599	-	442,816
Net unrealized loss from available-for-sale investments	(144,556)	-	-	(144,556)
Transfer of realized gain from available-for-sale investments to the income statement, net of realized loss	(39,206)	-	-	(39,206)
Net unrealized loss on cash flow hedge	-	(25,555)	-	(25,555)
Transfer of realized loss from cash flow hedge to the income statement, net of realized gain	-	4,924	-	4,924
Foreign currency translation	-	-	(14,675)	(14,675)
Deferred income tax	66,629	4,764	-	71,393
Adjustment of deferred workers' profit sharing, Note 3(a)(ii)(ii.d)	1,070	(1,312)	-	(242)
Balances as of December 31, 2011	311,154	(1,580)	(14,675)	294,899
Net unrealized gain from available-for-sale investments	216,352	-	-	216,352
Transfer of realized gain from available-for-sale investments to the income statement, net of			-	
realized loss	(60,982)	-		(60,982)
Net unrealized gain on cash flow hedge	-	11,084	-	11,084
Transfer of realized gain from cash flow hedge to the income statement, net of realized loss	-	(16,087)	-	(16,087)
Split of an equity block, Note 2(b)	(23,257)	-	-	(23,257)
Foreign currency translation	-	-	(29,218)	(29,218)
Deferred income tax	(45,848)	(1,085)	-	(46,933)
Balances as of December 31, 2012	397,419	(7,668)	(43,893)	345,858
Net unrealized loss from available-for-sale investments	(114,716)	-	-	(114,716)
Transfer of realized gain from available-for-sale investments to the income statement, net of			-	
realized loss	(10,482)	-		(10,482)
Net unrealized gain on cash flow hedge	-	59,940	-	59,940
Transfer of realized loss from cash flow hedge to the income statement, net of realized gain	-	8,922	-	8,922
Foreign currency translation	-	-	52,202	52,202
Deferred income tax	46,625	(15,586)	-	31,039
Balances as of December 31, 2013	318,846	45,608	8,309	372,763

As of December 31, 2013, the Bank and its Subsidiaries maintain a net deferred income tax liability for S/.154.2 million, related to the unrealized gains and losses of investments available-for-sale and cash flow hedges (S/.185.7 million, as of December 31, 2012).

(e) Components of other comprehensive income

The consolidated statement of comprehensive income includes other comprehensive income from available-for-sale investments and from derivatives financial instruments used as cash flow hedges; its movement is as follows:

	2013 S/.(000)	2012 S/.(000)	2011 S/.(000)
Available-for-sale investments:			
Unrealized (loss) gain from available-for-sale investments	(68,091)	170,504	(76,857)
Transfer of realized gain from investments available-for-sale to the consolidated statements of income, net of realized loss	(10,482)	(60,982)	(39,206)
Sub total	(78,573)	109,522	(116,063)
Non-controlling interest	157	(210)	175
Income tax	(46,625)	45,848	(66,629)
	(125,041)	155,160	(182,517)
Cash flow hedges:			
Net unrealized gain (loss) from cash flow hedges	44,354	9,999	(22,103)
Transfer of net realized loss (gain) from cash flow hedges to the consolidated statements of income	8,922	(16,087)	4,924
Sub total	53,276	(6,088)	(17,179)
Non-controlling interest	-	-	-
Income tax	15,586	1,085	4,764
	68,862	(5,003)	(12,415)
Foreign currency translation reserve:			
Exchange differences on translation of foreign operations	52,202	(29,218)	(14,675)
Non-controlling interest	155	(4,649)	(599)
	52,357	(33,867)	(15,274)

(f) Dividend distribution –

The General Shareholders Meetings held on March 26, 2013, March 30, 2012 and March 31, 2011, agreed to distribute dividends for approximately S/.620.6 million, S/.588.3 million and S/.514.1 million from the 2012, 2011 and 2010 net income, respectively.

Under current legislation, there is no restriction for overseas remittance of dividends or repatriation of foreign investment. Individual persons and corporations not domiciled in Peru must pay an additional tax of 4.1 percent on dividends received, which must be retained and paid by the entity that distributes the dividends.

(g) Equity for legal purposes (Regulatory capital) –

According to Legislative Decree N°1028, regulatory capital must be equal to or more than 10 percent of total risk weighted assets and contingent operations, represented by the sum of: the regulatory capital requirement for market risk multiplied by 10, the regulatory capital requirement for operational risk multiplied by 10 and assets and contingent credits weighted by credit risk.

As of December 31, 2013 and 2012, pursuant to legislative Decree N° 1028 and amendments, the Bank maintains the following amounts related to weighted assets and contingent credits by total risk and regulatory capital (basic and supplementary), in millions of Nuevos Soles:

	2013	2012
Total risk weighted assets and credits	74,379.37	60,662.81
Regulatory capital	10,753.97	8,929.24
Regulatory capital – basic	7,193.79	6,132.27
Regulatory capital – supplementary	3,560.18	2,796.97
Global regulatory capital ratio	14.46%	14.72%

As of December 31, 2013 and 2012, the Bank and its Subsidiaries have fulfilled the requirements of Resolutions N°2115-2009, N°6328-2009 and N°14354-2009, Regulations for the Requirement of Regulatory Capital by Operational Risk, Market Risk and Credit Risk Regulations, respectively, and amendments. Those resolutions establish, mainly, the methodology to be applied by financial entities in order to calculate assets and credits weighted for each type of risk.

On July 20, 2011, the SBS issued Resolution N°8425–2011 requiring an additional regulatory capital, which is the summatory of each of the following components: economic cycle risk, concentration risk, market concentration risk, interest rates risk and others. Likewise, it established a gradual adoption period of five years starting in July 2012. As of December 2013, the level of adoption established by SBS is 55 percent, as a result, the additional required estimated regulatory capital amounts to appoximately S/.1,260.7 million (S/.834.7 million equivalent to an adaptation level of 40 percent, which was established by SBS as of December 31, 2012).

In Management's opinión, the Bank and its Subsidiaries are carrying out the requirements established by the resolution mentioned above.

Resolution SBS N°11823-2010, "Regulations on consolidated supervision of financial and mixed conglomerates" establishes that the economic group subject to consolidation must have a regulatory equity destined to cover the risks arising from the operations and activities of the bank, which shall not be lower than the minimum equity required the group subject to consolidation. As of December 31, 2013 and 2012, the minimum requirement amounted to US$4,222.0 million, equivalent to S/.11,800.4 million and US$3,367.7 million, equivalent to S/.8,587.6 million, respectively. As of December 31, 2013 and 2012, the regulatory equity of the financial group subject to consolidation amounted to US$ 4,420.3 million, equivalent to S/.12,354.9 million and US$3,660.7 million, equivalent to S/.9,334.5 million, respectively.

15. Tax situation

(a) The Bank and its Subsidiaries are subject to corporate taxation on income of the country where they are established. As of December 31, 2013 and 2012, the statutory income tax rate was 30 and 25 percent on taxable income for the Subsidiaries established in Peru and Bolivia, respectively.

Enterprises and individuals not domiciled in Peru must pay a tax of 4.1 percent on dividends received from enterprises domiciled in Peru.

(b) Since 2011, the Income Tax Law was amended by Law No. 29645, stating that interest and other income generated by foreign loans granted to the Peruvian National Public Sector, must also be included as an item exempted from the Income Tax.

Moreover, Law No. 29663, subsequently amended by Law No. 29757, established that it is considered Peruvian source of income those obtained through the indirect sale of capital stock or representatives shares of capital stock of companies domiciled in Peru.

For that purpose, it must be considered that there is an indirect sale when capital stock or representatives shares of capital stock of a legal entity not domiciled in Peru is sold and; at the same time, said entity is owner, directly or through one or more entities, of capital stock or representatives shares of capital stock of an entity domiciled in Peru, provided that certain conditions are met. In this regard, it also defines the circumstances in which the issuer is jointly liable.

Finally, through Law No. 29966, the exemption of the value added tax over the interest resulting from securities issued trough public offer by legal entities established in Peru, as long as the issuance is made in accordance to the Securities Market Law, approved by Legislative Decree N°861, or by the Investment Fund Law, approved by legislative Decree No. 862, was extended until December 31, 2015.

However, through amendments introduced by Promotion of Stock Exchange Law (Law No. 30050), starting July 2013, interests earned by securities issued through public or private auctions are not considered for income tax purposes, as well as, interests earned by securities (non-issued by public auction) that were acquired through an exchange market.

(c) For income tax and value added tax purposes, the transfer prices agreed in transactions between related parties and with entities located in tax havens, require the presentation of supporting documentation and information on the valuation methods and criteria applied for the agreed price. Based on the analysis of the Bank and its Subsidiaries operations, Management and its internal legal advisors consider that no significant contingencies will result for the Bank and its Subsidiaries as a consequence of the application of such provisions for fiscal year 2013 and 2012.

From amendments introduced by Legislative Decree No.1116, starting August 2012, transfer prices standars are not considered for value added tax purposes.

(d) The Peruvian Tax Authority is entitled to review and, if applicable, amend the annual income tax returns of the Bank and its subsidiaries established in Peru up to four years after their submission.

The income tax returns which are pending to be reviewed by the Tax Authority are the following:

Banco de Crédito del Perú	2009-2013
Banco de Crédito de Bolivia	2009-2013
Empresa Financiera Edyficar	2009-2013

The Peruvian Tax Authority is conducting a review of the 2008 income tax return of the Bank. The Bolivian Tax Authority is conducting a review of the 2007 and 2008 income tax returns of Banco de Credito de Bolivia.

Since tax regulations are subject to interpretation by the Tax Authorities it is not possible to determine up to date whether the reviews will generate additional liabilities for the Bank and its Subsidiaries. Therefore, any unpaid tax, penalties or interests that might result from said reviews will be expensed in the year in which they are determined. Nevertheless, Management of the Bank and its Subsidiaries and their legal advisors consider that any additional tax assessments would not have a significant impact on the 2013 and 2012 consolidated financial statements.

16. Share-based payments

(a) Stock appreciation rights of Credicorp Ltd. -

As indicated in Note 3(p), the Bank and its Subsidiaries appreciation rights granted in the form of options over Credicorp's stock (SARs) to certain executives who had at least one year working for the Bank and its Subsidiaries. The SARs expire up to 2014.

As of December 31, 2013 and 2012, the number of SARs issued and not exercised and their prices are as follows:

Year of issuance	Number of outstanding SARs issued as of December 31, 2013	Number of vested SARs as of December 31		Exercise price	
		2013	2012	2013 US$	2012 US$
2005	-	-	5,000	-	12.10
2006	35,000	35,000	40,000	19.82	21.42
2007	27,294	27,294	30,450	19.82	21.42
2008	33,538	33,538	32,618	19.82	21.42
	95,832	95,832	108,068		

Management has estimated the SARs' fair value as of December 31, 2013 and 2012, using a binomial option pricing model, with assumptions obtained from the relevant available market information. The key assumptions used are as follows:

Key assumptions	2013	2012
Expected volatility	30.17%	37.23%
Risk free interest rate	1.19%	3.08%
Expected lifetime	0.25 years	1.20 years
Quoted price of Credicorp shares	US$132.73	US$146.56

The movements of the SAR's for the years ended December 31, 2013 and 2012, are as follows:

	2013			2012		
	Outstanding SARs	Vested SARs		Outstanding SARs	Vested SARs	
	Number	Number	Amount S/.(000)	Number	Number	Amount S/.(000)
Balances as of January 1	108,068	108,068	34,668	211,480	211,480	51,498
Granted and vested	-	-	-	-	-	-
Exercised	(22,251)	(22,251)	(7,978)	(103,412)	(103,412)	(33,586)
Write-downs				-	-	-
Increase (decrease) in fair value	-	-	3,706	-	-	16,756
Balance as of December 31	85,817	85,817	30,396	108,068	108,068	34,668

As of December 31, 2013, the liability recorded for this plan and the income tax assumed by the Bank and its Subsidiaries (equivalent to 30 percent of the amount paid) amount to S/.30.4 million and S/.9.0 million, respectively (S/.34.7 million and S/.10.4 million, respectively, as of December 31, 2012) which are included in "Share-base payments" and "Tax payable", respectively, in the caption "Other liabilities" of the consolidated statements of financial position, Note 8(a).

Additionally, the valuation of the plan at such date resulted in a loss, net of income tax assumed by the Bank and its Subsidiaries, amounting to S/.0.6 million (gain, net of income tax for S/.23.3 million as of December 31, 2012), which has been recorded in the caption "Salaries and employee's benefits" of the consolidated statements of income; Note 23.

The Bank and its Subsidiaries have signed several contracts with Citigroup and Calyon whereby certificates linked to the yield of Credicorp's shares were acquired, Note 8(c).

(b) Payments through Credicorp shares

As indicated in Note 3(p), in March or April of each year, the Bank and its Subsidiaries grant Credicorp shares ("stock awards") to certain executives, which are settled through delivery of Credicorp shares ("share-based payment plan settled in equity instruments"). The delivered rights vest in three years starting the grant date. In order to execute the plan, at the date the plan is communicated, all shares required to settle the plan are purchased and legally delivered to the beneficiaries. However, they are held as restricted until their vesting.

As indicated in Note 3(p), until 2011 the expense recognized for this plan was the amount disbursed to purchase the shares that were legally delivered to the beneficiaries, plus the related income tax assumed by the Bank and its Subsidiaries. The expense was recorded at the moment the shares were purchased.

For the year ended December 31, 2011, the Bank and its Subsidiaries purchased and legally delivered 134,338 shares; the expense recorded amounted to S/.42.5 million, which is presented in the caption “Salaries and employee benefits” of the consolidated statements of income, Note 23.

During 2013 and 2012, the Bank and its Subsidiaries have legally delivered 85,904 and 108,859 Credicorp Ltd. Shares, respectively, of which 158,477 and 108,859 are as pending delivery as December 31, 2013 and 2012, respectively.

Due to the change in accounting treatment, described in Note 3(p), during 2012, the 2012 plan resulted in an expense amounting to S/.24.9 million (including taxes for S/.6.0 million), during 2013, the 2013 and 2012 plan resulted in an expense amounting to S/.42.2 million (including taxes for S/.10.1 million), such expenses are included in the caption “Salaries and employees’ benefits” of the consolidated statements of income, Note 23.

As of December 31, 2013, the liability recorded for this plan amounts to S/.40.0 million (S/.18.3 million for the 2012 plan, as of December 31, 2012), which is included as "Share-based payments" in the caption "Other liabilities, net" of the consolidated statememts of financial position, Note 8(a).

Although shares were legally delivered to the beneficiaries, they remain as “restricted investment” in the caption “Off-balance sheet accounts” of the consolidated statememts of financial position until they vest and are also presented as investments available-for-sale. Also, the first third of shares related to 2012 plan (36,286 shares) was legally delivered in April 2013.

17. Commitments and contingencies

(a) Commitments –

- The Bank's Panamanian Branch holds several agreements with a foreign related party, CCR Inc., whereby it guarantees the collection of future inflows from electronic messages sent to the Bank through the Society for Worldwide Interbank Financial Telecommunications ("SWIFT") and utilized the network to instruct correspondent banks to make a payment of a certain amount to a non-financial institution which qualifies as a beneficiary. For these transactions the related party obtained several loans, which are secured by the above mentioned future inflows; the amounts of the loans received are the following:

Year of issuance	Loan amount US$ (million)	Maturity
2006 – Series A	16.2	2016
2008 – Series A and B	98.5	2015
2010 – Series B	30.2	2016
2010 – Series C	238.7	2017
2010 – Series D	24.0	2014
2012 – Series A and B	149.2	2017
2012 – Series C	313.0	2022
	869.8	

As of December 31, 2013 and 2012, the funds obtained by CCR Inc. were transferred to the Panamanian branch trough loans, see Note 11(c).

- On November 2009, a contract with a foreign related party was entered into, whereby it is guaranteed, through a promissory note signed by the Bank, the payment of principal to the holders of bonds issued in Unidades de Fomento Chilenas – UF through the Santiago de Chile Stock Exchange, by the foreign related party. The bonds issued, named "Bonos Desmaterializados al Portador – Serie A", amounted to 2.7 million Unidades de Fomento Chilenas – UF, equivalent to S/.335.9 million and S/.328.6 million as of December 31, 2013 and 2012, respectively, with maturity on October 2014, see Note 11(c).

The loans obtained and the bonds issued by the related parties include covenants which, in Management's opinion, have been fulfilled as of December 31, 2013 and 2012.

(b) Contingencies –

As of December 31, 2013 and 2012, the Bank and its Subsidiaries have several pending legal claims, related to their normal course of business. According to Management and its internal legal advisors no additional liabilities will result from these legal claims; therefore, Management has not considered necessary to record an additional allowance for these contingencies, Note 8(g).

18. Off-balance sheet accounts

(a) This item is made up as follows:

	2013 S/.(000)	2012 S/.(000)
Contingent operations (indirect loans) (b) -		
Guarantees and stand-by letters of credit	11,230,734	9,982,046
Import and export letters of credit	1,645,162	1,488,381
Due from bank acceptances	189,187	256,959
	13,065,083	11,727,386
Responsibilities under credit line agreements (c)	11,771,285	10,210,169
Other contingent operations	12,891	135,093
Total contingent operations	24,849,259	22,072,648

(b) In the normal course of its business, the Bank and its Subsidiaries perform contingent operations. These operations expose them to credit risk in addition to the amounts recognized in the consolidated statements of financial position. The Bank's exposure to losses under commitments to extend credit, provide export and import letters of credit and guarantees (indirect loans) is represented by the contractual amounts specified in the related contracts.

The Bank and its Subsidiaries apply the same credit policies in making commitments and conditional obligations as they do for on-balance sheet instruments, including the requirement to obtain collateral to support off-balance sheet financial instruments when it is deemed necessary. Collateral held varies, but it may include deposits held in financial institutions, securities or other assets.

Because most of the contingent transactions are expected to expire without any performance being required, the total committed amounts do not necessarily represent future cash requirements.

Export and import letters of credit are mainly issued as credit enhancements for overseas trade transactions. The related credit risk is reduced by the participation of third parties.

Due from bank on acceptances represent collection rights for the Bank and it's Subsidiaries that arise at the time of negotiation of the letters of credit; a collection right from the local importer (in the case of imports) or a collection right from the correspondent bank (in the case of exports).

(c) Responsibilities under credit lines agreements do not correspond to commitments to grant credits and include lines of credit of consumer credit, micro-business, small business, medium business and corporate, that are cancellable upon notification to the client.

(d) As of December 31, 2013 and 2012, transactions with derivatives are recorded off-balance sheet at its notional and expressed in the committed currency. This item is made up as follows:

	2013 S/.(000)	2012 S/.(000)
Derivative instruments, Note 9(c) -		
Derivatives held for trading -		
Foreign currency forward contracts on Nuevo Sol, see Note 28.3(b)(ii):		
Foreign currency purchases	7,181,380	6,036,249
Foreign currency sales	5,527,818	6,864,577
Foreign currency forward contracts on currencies, other than Nuevo Sol	766,697	483,693
Interest rate swap contracts	3,913,659	2,991,020
Currency swap contracts, see Note 28.3(b)(ii):		
Foreign currency delivery/ Nuevo Sol reception	1,409,076	677,753
Nuevo Sol delivery/ Foreign currency reception	1,655,126	510,009
Foreign currency delivery/ Foreign currency reception	486,030	241,299
Foreign currency options	1,333,669	242,985
Derivatives held as hedge -		
Interest rate swap contracts	2,619,473	2,013,963
Cross currency swap contracts on Nuevo Sol, see Note 28.3 (b)(ii)		
Foreign currency delivery/ Nuevo Sol reception	238,036	226,923
Cross currency and interest rate swap contracts in respect with Nuevo Sol, see Note 28.3(b)(ii)	91,423	153,301
Cross currency swap contracts on currencies other than Nuevo Sol	451,587	429,717
	25,673,974	20,871,489

19. Financial income and expenses

These items are made up as follows:

	2013 S/.(000)	2012 S/.(000)	2011 S/.(000)
Financial income			
Interest from loan portfolio	6,029,470	4,998,967	4,109,775
Interest from trading, available-for-sale and held-to-maturity investments, net	448,149	431,980	345,793
Interest from cash and due from banks and inter-bank funds	88,344	103,298	115,700
Net fluctuation from derivative financial instruments position – swaps	-	56,040	45,355
Commissions on loan portfolio and other transactions	10,947	23,998	41,389
Other	6,686	5,906	29,272
	6,583,596	5,620,189	4,687,284
Financial expenses			
Interest and commissions on deposits and obligations	(726,005)	(622,448)	(511,006)
Interest on bonds and subordinated notes issued	(684,293)	(572,929)	(468,956)
Interest on due to banks and correspondents and other entities	(393,517)	(350,653)	(321,510)
Deposit Insurance Fund fee	(89,494)	(79,831)	(67,891)
Net result from hedging derivatives instruments	(59,670)	(16,087)	(21,080)
Net fluctuation from derivative financial instruments position – swaps	(49,977)	-	-
Net fluctuation from derivative financial instruments position – forwards and options	(2,084)	(24,166)	(499)
Other	(26,466)	(33,218)	(38,318)
	(2,031,506)	(1,699,332)	(1,429,260)
Gross financial margin	4,552,090	3,920,857	3,258,024

20. Banking services commissions, net

This item is made up as follows:

	2013 S/.(000)	2012 S/.(000)	2011 S/.(000)
Banking services commissions			
Transfer and collection services	560,104	511,506	438,322
Maintenance of accounts	350,321	243,335	206,108
Credit and debit card services	177,536	158,965	119,938
Commissions from parties affiliated to the credit/debit card network	205,811	192,191	164,113
Commissions from contingent operations	161,482	150,032	132,297
Trust services (asset management)	1,895	66,702	86,049
Commissions from Credipago	129,987	105,439	79,857
Fees from consulting and technical studies	83,314	54,351	64,178
Withholding and collection services	44,342	40,566	43,421
Insurance commissions	68,254	57,783	42,745
Brokerage services	221	13,510	25,418
Checks issuances	10,321	10,913	9,639
Fees related to leasing transactions	3,611	6,142	6,342
Other	120,071	125,261	134,047
	1,917,270	1,736,696	1,552,474
Expenses related to banking services commissions			
Credit and debit card services	(95,074)	(71,145)	(59,979)
Expenses related with assets under leasing contracts	(6,140)	(6,469)	(6,770)
Credit/debit card network	(16,788)	(11,693)	(10,040)
Check issuances	(4,389)	(2,418)	(6,903)
Contingent expenses	(2,279)	(2,080)	(1,344)
Other	(36,937)	(19,492)	(21,247)
	(161,607)	(113,297)	(106,283)
Balance, net	1,755,663	1,623,399	1,446,191

21. Net gain on securities

This item is made up as follows:

	2013 S/.(000)	2012 S/.(000)	2011 S/.(000)
Net gain from purchase and sale of securities	10,010	60,982	40,761
Participation in income of investments in associates	9,030	11,804	14,142
Net gain from valuation of investments at fair value through profit or loss (trading)	(98,798)	29,887	7,723
Other, net	1,004	1,963	(944)
Total	(78,754)	104,636	61,682

22. Other non-financial income and other operating expenses

These items are made up as follows:

	2013 S/.(000)	2012 S/.(000)	2011 S/.(000)
Other non-financial income			
Net gain from sales of seized assets	9,905	8,243	12,950
Technical support – Outsourcing	31,250	21,489	11,743
Recovery of previous years interest and allowances	2,187	6,940	7,559
Gain from indexed certificates, Note 8(c)	-	30,236	-
Other	38,006	43,762	47,990
Total	81,348	110,670	80,242
Other operating expenses			
Loss from indexed certificates, Note 8(c)	(5,353)	-	(50,318)
Provision for legal claims	(35,163)	(24,801)	(21,804)
Provision for uncollectable receivables	(23,114)	(14,489)	(14,703)
Expenses related to assets acquired in connection with leasing operations	(7,121)	(3,287)	(2,614)
Loan waiver	(5,903)	(4,938)	(1,527)
Maintenance of seized assets	(1,378)	(1,514)	(1,276)
Other	(44,338)	(16,041)	(6,339)
Total	(122,370)	(65,070)	(98,581)

23. Salaries and employees' benefits

This item is made up as follows:

	2013 S/.(000)	2012 S/.(000)	2011 S/.(000)
Salaries	834,540	747,455	651,610
Vacations, medical assistance and others	282,442	310,245	231,452
Employees' bonds	107,464	125,668	118,204
Legal gratifications	138,450	135,571	117,667
Workers' profit sharing	111,742	93,944	88,105
Social security	109,115	93,564	80,734
Severance indemnities	80,499	72,125	62,144
Share-based payment plans			
SARs (first plan), Note 16(a)	589	23,336	(34,517)
Shares (second plan), Note 16(b)	42,167	24,855	42,455
Total	1,707,008	1,626,763	1,357,854
Number of employees	22,657	22,330	18,616

24. Earnings per share

As of December 31, 2013, 2012 and 2011, the weighted average of outstanding shares was calculated as follows:

	Outstanding shares (in thousands)	Shares for the calculation (in thousands)	Effective days before year end	Weighted outstanding average of shares (in thousands)
2011				
Balances as of January 1, 2011	2,557,738	2,557,738	365	2,557,738
Capitalization of income in 2012	-	630,159	365	630,159
Capitalization of income in 2013	-	649,720	365	649,720
Balances as of December 31, 2011	2,557,738	3,837,617		3,837,617
2012				
Balances as of January 1, 2012	2,557,738	2,557,738	365	2,557,738
Capitalization of income in 2012	630,159	630,159	365	630,159
Reduction due to split of an equity block, Note 2(b)	(85,000)	(85,000)	61	(14,205)
Capitalization of income in 2013	-	649,720	365	649,720
Balances as of December 31, 2012	3,102,897	3,752,617		3,823,412
2013				
Balances as of January 1, 2013	3,102,897	3,102,897	365	3,102,897
Capitalization of income in 2013	649,720	649,720	365	649,720
Balances as of December 31, 2013	3,752,617	3,752,617		3,752,617

25. Financial information by geographical area

As of December 31, 2012 and 2011, segment information by geographical area is as follows (amounts expressed in millions of Nuevos Soles):

	2013					2012				
	Total income (*)	Gross financial margin	Depreciation and amortization	Property, furniture and equipment, net	Total assets	Total income (*)	Gross financial margin	Depreciation and amortization	Property, furniture and equipment, net	Total assets
Peru	7,825	4,278	279	1,504	80,970	6,885	3,680	264	1,202	73,904
Panama	674	67	-	-	11,068	671	74	-	-	11,730
Bolivia	337	190	10	39	4,687	267	153	10	35	3,589
United States of America	28	17	-	-	1,219	25	14	-	-	1,174
	8,864	4,552	289	1,543	97,944	7,848	3,921	274	1,237	90,397

(*) Includes the total financial and non-financial income.

Due to the transfer process explained in Note 2(a), the financial information of the Colombian geographical segment is presented in Note 9.

26. Transactions with related parties

(a) During the years 2013 and 2012, the Bank and its Subsidiaries have acquired bonds, loans granted, supplied and received several services, correspondent relationships and other operations with Credicorp' Subsidiaries, which balances are shown below:

	2013 S/.(000)	2012 S/.(000)
Assets -		
Cash and due from banks	3,651	28,475
Loans, net	197,863	100,932
Investments available-for-sale (stock the Credicorp' shares)		
Note 6(a) and 17(b)	65,250	36,192
Other assets	42,099	32,376
Liabilities -		
Deposits and obligations	403,655	477,118
Due to banks, correspondents and other entities	2,838,405	3,079,127
Bonds and subordinated notes issued	226,814	210,853
Other liabilities	8,282	22,843
Off-balance sheet	198,169	143,130
Contingent operations		
Income -		
Financial income	14,349	5,584
Financial expenses	162,216	149,332
Other income	266,465	167,477
expenses operating	88,086	50,756

Loans and other contingent credits (indirect loans) with related entities, not Credicorp's Subsidiaries, are as follows:

	2013 S/.(000)	2012 S/.(000)
Direct loans	1,025,938	1,143,299
Indirect loans	141,631	134,018
Derivatives, market value	357	4,673
Deposits	273,448	605,906

Likewise, as of December 31, 2013 and 2012, the Bank and its Subsidiaries hold debt or equity instruments, presented as investments available-for-sale and investments at fair value through profit or loss, issued by related entities for an amount of S/.4.7 million and S/.4.5 million, respectively.

The Bank has contracted insurance coverage with El Pacífico-Peruano Suiza Compañia de Seguros y Reaseguros (PPS), a Credicorp subsidiary; the related premiums amounted to S/.58.0 million in 2013 (S/.52.2 million in 2012); the accrued part is recorded in the caption "Administrative expenses" of the consolidated statements of income.

The Bank receives fees from Pacífico Vida S.A, a Credicorp subsidiary, for selling life insurance coverage through its offices to customers who have saving accounts; fees received amounted to approximately S/.8.4 million and S/.8.2 million in 2013 and 2012, respectively.

According to Peruvian legislation, loans to related parties cannot be granted on terms more favorable than those that would have been offered to the general public. Management considers that the Bank and its Subsidiaries have complied with all legal requirements for transactions with related parties. Loans granted to related parties are secured by guarantees and collaterals. Loans granted to related parties as of December 31, 2013, have maturities between January 2014 and July 2021 and accrued interest at interest rates that ranged between 0.6 and 33.1 percent (maturities between January 2013 and August 2022 and interest rates between 1.3 and 35.7 percent, as of December 31, 2012). As of December 31, 2013 and 2012, the Bank and its Subsidiaries have an allowance for loans granted to related parties for S/.0.6 million and S/.1.8 million, respectively.

(b) As of December 31, 2013 and 2012, the Bank and its subsidiaries have participations in different mutual funds and hedge funds managed by certain Credifondo said participations are classified as trading securities or Investments available–for-sale. The detail is the following:

	2013 S/.(000)	2012 S/.(000)
Trading and available-for-sale investments -		
Mutual funds - Credifondo U.S. Dollars	47,054	51,568
Mutual funds - Credifondo Bolivianos	28,675	10,841
Mutual funds - Credifondo Nuevos Soles	16,804	62,995
Total	92,533	125,404

(c) Loans to employees and their families -

The Bank and its Subsidiaries grant loans to their employees and families in terms that depend on the different types of loans granted to third parties. Loans granted to employees and their families are mainly mortgage loans and are included under the caption "Loans, net" of the consolidated statements of financial position. Generally, interest rates applied are lower than market interests rates; however, others terms are similar to those prevailing in the market. As of December 31, 2013 and 2012, the balance of loans and other facilities granted to employees, family members, directors and key executives of the Bank and its Subsidiaries amounted to S/.740.0 million and S/.628.5 million, respectively.

(d) The Bank's key executive's compensation for the years 2013 and 2012, considering all payments made, is as follows:

	2013	2012
	S/.(000)	S/.(000)
Salaries	15,776	15,068
Directors compensation	4,798	4,171
Total	20,574	19,239

Also, key executives compensation includes share based payments as explained in more detail in Note 16. The valuation of SARs granted in 2013 and 2012 resulted in an expense amounting to S/.2.6 million and S/.14.1 million, respectively. During 2013, there were not exectud SARs (approximately S/.69.6 million of SARs were executed, wich corresponded to vested SARs in prior years). Additionally, S/.11.2 million and S/.11.7 million, stock awards vested in the years 2013 and 2012, respectively. The related income tax is assumed by the Bank.

27. Financial instruments classification

The following are the carrying amounts of the financial assets and liabilities captions in the consolidated statements of financial position, by categories as defined under IAS 39:

	As of December 31, 2013							As of December 31, 2012						
	Financial assets and liabilities designated at fair value							Financial assets and liabilities designated at fair value						
	Held for trading or hedging	At inception	Loans and receivables	Available-for-sale investments	Investments held-to-maturity	Liabilities at amortized cost	Total	Held for trading or hedging	At inception	Loans and receivables	Available-for-sale investments	Investments held-to-maturity	Liabilities at amortized cost	Total
	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)
Assets														
Cash and due from banks	-	-	21,309,023	-	-	-	21,309,023	-	-	19,825,667	-	-	-	19,825,667
Interbank funds	-	-	139,463	-	-	-	139,463	-	-	44,486	-	-	-	44,486
Investments at fair value through profit or loss and available for sale	1,217,955	-	-	10,485,097	-	-	11,703,052	182,798	-	-	11,354,033	-	-	11,536,831
Investments held-to-maturity	-	-	-	-	676,976	-	676,976	-	-	-	-	662,142	-	662,142
Loans, net	-	-	60,085,666	-	-	-	60,085,666	-	-	51,104,503	-	-	-	51,104,503
Other assets, net, Note 8(a)	437,849	55,064	219,403	-	-	-	712,316	393,654	83,678	359,710	-	-	-	837,042
	1,655,804	55,064	81,753,555	10,485,097	676,976	-	94,626,496	576,452	83,678	71,334,366	11,354,033	662,142	-	84,010,671
Liabilities														
Deposits and obligations	-	-	-	-	-	64,747,081	64,747,081	-	-	-	-	-	58,178,314	58,178,314
Interbank funds	-	-	-	-	-	476,104	476,104	-	-	-	-	-	299,974	299,974
Payables from repurchase agreements	-	-	-	-	-	2,433,811	2,433,811	-	-	-	-	-	1,667,637	1,667,637
Due to banks, correspondents and other entities	-	-	-	-	-	9,123,781	9,123,781	-	-	-	-	-	9,179,333	9,179,333
Bonds and Subordinated notes issued	-	-	-	-	-	11,429,081	11,429,081	-	-	-	-	-	9,325,433	9,325,433
Other liabilities, Note 8(a)	340,355	-	-	-	-	854,863	1,195,218	295,370	-	-	-	-	939,355	1,234,725
	340,355	-	-	-	-	89,064,721	89,405,076	295,370	-	-	-	-	79,590,046	79,885,416

28. **Financial risk management**

The Bank and its Subsidiaries activities involve principally the use of financial instruments, including derivatives. The Bank and its subsidiaries accept deposits from customers at both fixed and floating rates, for various periods, and seek to earn above-average interest margins by investing these funds in high-quality assets. The Bank and its subsidiaries seek to increase these margins by consolidating short-term funds and lending for longer periods at higher rates, while maintaining sufficient liquidity to meet all claims that might fall due.

The Bank and its Subsidiaries also seek to raise its interest margins by obtaining above-average market margins, net of allowances, through lending to commercial and retail borrowers with a range of credit products. Such exposures involve not just on-balance sheet loans and advances; the Bank and its subsidiaries also enter into guarantees and other commitments such as letters of credit and performance.

The Bank and its Subsidiaries also trade in financial instruments where it takes positions in traded and over-the-counter instruments, including derivatives, to take advantage of short-term market movements in equities, bonds, currencies and interest rates.

In this sense, risk is inherent in the Bank and its Subsidiaries activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Bank and its Subsidiaries continuing profitability and each individual within the Bank and its subsidiaries is accountable for the risk exposures relating to his or her responsibilities. The Bank and its Subsidiaries are exposed to operating risk, credit risk, liquidity risk and market risk, the latter being subdivided into trading and non-trading risks.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. They are monitored through the Bank and its Subsidiaries strategic planning process.

(a) Risk management structure -

The Bank and its Subsidiaries Board of Directors and of each Subsidiary is ultimately responsible for identifying and controlling risks; however, there are separate independent bodies in the major subsidiaries responsible for managing and monitoring risks, as further explained bellow:

(i) Board of Directors

The Board of Directors of each major Subsidiary is responsible for the overall risk management approach and for the approval of the policies and strategies currently in place. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments.

(ii) Risk Management Committee

The Risk Management Committee of each major Subsidiary is responsible for the strategy used for mitigating risks as well as setting forth the overall principles, policies and limits for the different types of risks; it is also responsible for monitoring fundamental risk issues and manages and monitors the relevant risk decisions.

In addition, in order to effectively manage all the risks, the Risk Management Committee is divided into the following tactical committees which report on a monthly basis all changes or issues in the managed risks:

Credit Risk Committee -

The Credit Risk Committee is responsible for reviewing the tolerance level, limits of exposure, the objective, guidelines and policies for managing credit risk, the delegation of authority and the supervision and establishment of autonomy for taking credit risks and the metrics for measuring the performance incorporating new risk variables. Also, it is responsible for approving the methodologies, models, parameters, scenarios, processes, stress tests and manuals to identify, measure, treat, monitor, control and report all the market risks to which the Bank and its Subsidiaries are exposed. Furthermore, it proposes the approval of any change to the functions described above and reports any finding to the Risk Management Committee.

The Credit Risk Committee is mainly composed by the Chief Risk Executive, the Manager of the Credit Division and the Manager of the Risk Management Area.

Treasury and ALM Risk Committee -

The Treasury and ALM Risk Committee is responsible of reviewing the tolerance level, limits of exposure, the objective, guidelines and policies for managing market risks, the delegation of authority and the supervision and establishment of autonomy for taking market risks, and the metrics for measuring performance incorporating risk variables. Also, it is responsible for approving the methodologies, models, parameters, processes and manuals to identify, measure, treat, monitor, control and report all the market risks to which the Bank and its Subsidiaries are exposed. Furthermore, it proposes the approval of any changes of the functions described above and reports any finding to the Risk Management Committee.

The Treasury and ALM Risk Committee is mainly composed by the Chief Risk Executive, the Manager of the Risk Management Area, the Manager of the Treasury Risk Area and the Manager of the Treasury Division.

Operational Risk Committee -

The Operational Risk Committee is responsible for reviewing the tolerance level, limits of exposure, the objective, guidelines and policies for managing operational risks and the mechanisms for implementing corrective actions. Also, it is responsible for approving: (i) the standard methodology for measuring operational risks, (ii) the taxonomy of operational risks and controls and (iii) all the critical processes of the Bank and its subsidiaries. Furthermore, it proposes the approval of any changes to the functions described above and reports any finding to the Risk Management Committee.

The Credit Risk Committee is mainly composed by the Chief Risk Executive, the Manager of the Risk Management Area, the Manager of the Operational Risk Management Department, the Manager of the Internal Audit Division.

(iii) Chief Risk Office

The Chief Risk Office is responsible for implementing policies, procedures, methodologies and actions to identify, measure, monitor, mitigate, report and control the different types of risks to which the Bank and its Subsidiaries are exposed. Also, it participates in the design and definition of the strategic plans of the business units to ensure that they are framed within the risk appetite metrics approved by the Board of Directors.

The Chief Risk Office is divided into the following areas:

Risk Management Area

The Risk Management Area is responsible for ensuring that policies and risk management policies established by the Board of Directors are complied with and monitored. The Risk Management Area is composed by the Credit Risk Management Department, Market Risk Management Department, and the Operational Risk Management Department.

Treasury Risk Area

The Treasury Risk Area is responsible for planning, coordinating and monitoring the compliance of the Treasury Division with risk measurement methodologies and limits approved by the Risk Management Committee. Also, it is responsible to assess the effectiveness of hedge derivatives and the valuation of investments.

Credit Risk Division

The Credit Risk Division established the overall credit policies for each operation in which the Bank and its Subsidiaries decide to participate. These policies are set forth based on the guidelines established by the Board of Directors and following the statutory financial laws and regulations in force. Its main activities are: (i) establishing the client credit standards and guidelines (evaluation, authorization and control) in order to follow the guidelines established by the Board of Directors and General Management, as well as those established by the SBS to reviewing and authorizing of credit applications, up to the limit established and within the scope of its responsibilities; and (ii) submitting to upper hierarchies those credit applications that exceed the established limits in order to monitor credit-granting activities within the different autonomous entities, among others.

Consumer and Micro-business Risk Area
The Consumer and Micro-business Risk Area is responsible for ensuring the quality of the retail loans portfolio and developing credit standards in line with the guidelines and risk levels defined by the Board of Directors.

(iv) Treasury Division
Treasury Division is responsible for managing the Bank and its Subsidiaries assets and liabilities and the overall financial structure. It is also primarily responsible for the Bank and its Subsidiaries management of funding and liquidity risks; as well as the investment and derivative portfolios, assuming the related liquidity, interest rate and exchange rate risks under the policies and limits currently effective.

(v) Internal Audit Division
Risk management processes throughout the Bank and its Subsidiaries are monitored by the internal audit function, which examines both the adequacy of the procedures and the compliance of them. Internal Audit discusses the results of all assessments with Management, and reports its findings and recommendations to Bank and its Subsidiaries Audit Committee and Board of Directors.

(vi) General Managment
The General Manager is reponsible for implementing an appropriate comprehensive risk management. Conduct and coordinate the efforts of the diverse Central Managements, looking after the establishment of an appropriate balance between risk and return. Also, organize and align all the business units of the Bank and its Subsidiaries.

(b) Risk measurement and reporting systems -
Monitoring and controlling risks are primarily performed based on limits established by the Bank and its Subsidiaries. These limits reflect the business strategy and market environment of the Bank and its Subsidiaries as well as the level of risk that the Management is willing to accept. In addition, the Bank and its Subsidiaries monitor and measure the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

Information compiled from all the Bank and its Subsidiaries is examined and processed in order to analyze, control and identify early any risks. This information is presented and explained to the Board of Directors, the Risk Management Committee, the Audit Committee, and all relevant members of the Bank and its Subsidiaries. The report includes aggregate credit exposure, credit metric forecasts, hold limit exceptions, VaR (Value at Risk), liquidity ratios and risk profile changes. Management assesses the fair value of the investments and the appropriateness of the allowance for credit losses periodically.

(c) Risk mitigation -

As part of its overall risk management, the Bank and its Subsidiaries use derivatives and other instruments to manage exposures resulting from changes in interest rates, foreign currencies, equity risk and credit risk.

The risk profile is assessed before entering into hedge transactions, which are authorized by the appropriate level of seniority within the Bank and its Subsidiaries. The effectiveness of hedges is assessed by the Treasury Risk Area. The effectiveness of all the hedge relationships is monitored monthly. In situations of ineffectiveness, the Bank and its Subsidiaries enter into a new hedge relationship to mitigate risk on a continuous basis.

The Bank and its Subsidiaries actively use collateral to reduce its credit risks.

(d) Excessive risk concentration -

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic, political or other conditions. Concentrations indicate the relative sensitivity of the Bank and its Subsidiaries performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, the Bank and its Subsidiaries policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

28.1 Credit risk -

(a) The Bank and its Subsidiaries take on exposure to credit risk, which is the risk that counterparty causes a financial loss by failing to discharge an obligation. Credit risk is the most important risk for the Bank and its Subsidiaries business; therefore, Management carefully manages its exposure to credit risk. Credit exposures arise principally in lending activities that lead to loans and receivables from security borrowings, and investment activities that bring debt securities and other bills into the Bank and its subsidiaries asset portfolio. There is also credit risk in off-balance sheet financial instruments, such as contingent credits (indirect loans), which expose the Bank and its Subsidiaries to similar risks to loans (direct loans); they are both mitigated by the same control processes and policies. Likewise, credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values.

The Bank and its Subsidiaries structure the levels of credit risk they undertake by placing limits on the amount of risk accepted in relation to one borrower or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to frequent reviews. Limits in the level of credit risk by product, industry sector and by geographic segment are approved by the Board of Directors.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and principal repayment obligations and by changing these lending limits where appropriate. Some other specific control and mitigation measures are outlined below:

(i) Collateral

The Bank and its Subsidiaries use a range of policies and practices to mitigate credit risk. The most traditional of these is taking of collateral for loans granted. The Bank and its Subsidiaries implement guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The main types of collateral obtained are as follows:

- For reverse repurchase agreements and security borrowings, collaterals are securities and cash.

- For loans and advances, collaterals include, among others, mortgages over residential properties; liens over business assets such as premises, inventory and accounts receivable; and liens over financial instruments such as debt securities and equities. Likewise, collaterals are used for longer-term finance and lending to corporate entities.

- Loans to micro entrepreneurs are generally unsecured. In addition, in order to minimize credit loss, the Bank and its subsidiaries seek additional collateral from the counterparty as soon as impairment indicators arise.

Collaterals are classified in self-liquidating preferred, highly liquid preferred and preferred in accordance with SBS Resolution No 11356-2008, see more detail in Note 3(e).

Collateral held as security for financial assets other than loans is determined by the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of assets back securities and similar instruments, which are secured by portfolios of financial instruments.

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the market value of collateral obtained during its review of the adequacy of the allowance for impairment losses. It is a Bank and its Subsidiaries policy to dispose off repossessed properties in an orderly manner. The proceeds are used to reduce or repay the outstanding claim. In general, the Bank and its Subsidiaries do not use repossessed properties for its own business.

(ii) Derivatives

The Bank and its Subsidiaries maintain strict control limits on net open derivative positions (for example, the difference between purchase and sale contracts), by both amount and term. The subject amount to credit risk is limited to the current fair value of instruments that are favorable to the Bank and its Subsidiaries (for example, an asset when fair value is positive), which in relation to derivatives is only a small fraction of the contract, or notional amount used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments.

Settlement risk arises in any situation where a payment in cash, securities or equity is made in the expectation of a corresponding receipt in cash, securities or equity. Daily settlement limits are established for each counterparty in order to cover the aggregate of all settlement risk arising from the Bank and its Subsidiaries market transactions on any single day.

(iii) Credit-related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit have the same credit risk as loans. Documentary and commercial letters of credit - which are written undertakings by the Bank and its Subsidiaries on behalf of a customer authorizing a third party to draw drafts on the Bank and its Subsidiaries up to a stipulated amount under specific terms and conditions - are collateralized by the underlying shipments of goods to which they relate and therefore have less risk than a direct loan. The Bank and its Subsidiaries have not mandatory commitments to extend credit.

In order to manage credit risk, as part of the Bank and its Subsidiaries risk management structure, see Note 28(a), there is a Credit Risk Management Department whose major functions are implementing methodologies and statistical models for measuring credit risk exposures, developing and applying methodologies for the calculation of risk-ratings, both at the corporate and business unit levels, performing analysis of credit concentrations, verifying that credit exposures are within the established limits and suggesting global risk exposures by economic sector, time term, among others.

At the same time, the Bank and its Subsidiaries has a Credit Division, which establishes the overall credit policies for each and all the businesses in which the Bank and its Subsidiaries decides to take part in Note 28(a)(iii).

(b) The maximum exposure to credit risk as of December 31, 2013 and 2012, before the effect of mitigation through any collateral, is the book value of each class of financial assets indicated in Note 27 and the contingent credits detailed in Note 18(a).

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Bank and its subsidiaries resulting from both its loan portfolio and investments based on the following:

- 97 percent of the gross loan portfolio is categorized in the top two grades of the internal rating system as of December 31, 2013 (97.5percent as of December 31, 2012);

- 100 percents of the loan portafolio is considered neither past due nor impaired as of December 31,2013 and 2012.

- 85.2 percent of the investments have at least investment credit rating (BBB- or higher) or are debt securities issued by BCRP (unrated) as of December 31, 2013 (87.9 percent as of December 31, 2012);

- 16.1 percent and 65.4 percent of the cash and due from banks represent amounts deposited in the Bank and its Subsidiaries or in the BCRP, respectively, as of December 31, 2013 (11.80 percent and 79.8 percent, respectively, as of December 31, 2012).

(c) Credit risk management for loans -
The Bank and its subsidiaries classifie their loan portfolio into one of five risk categories, depending upon the degree of risk of non-payment of each borrower. The categories used are: (i) normal - A, (ii) potential problems - B, (iii) substandard - C, (iv) doubtful - D and (v) loss - E, which have the following characteristics:

Normal (Class A): Non-retail borrowers are classified into this category, when their financial situation is liquid, their debt-to-equity ratio is low and their ability to generate benefits and cash flows allow to fulfill thir obligations timely. On the other hand, retail and motgage borrowers are included into this category when payments are current or up to 8 days pat due and are current or up to 30 days past due.

Potential problems (Class B): Non-retail borrowers are classified into this category, when their financial situation is solid, their debt-to-equity ratio is moderate and their cash flows are sufficient to pay off notional and interest, however, such cahs flows could fall off in the following twelve months. On the other hand, retail and motgage borrowers are included into this category when payments are between 9 and 30 days late and 31 and 60 days late, respectively.
Substandard (Class C): Non-retail borrowers are classified into this category, when their financial situation is weak and their cash flows do not allow to pay off neither notional nor interest and payments are between 60 and 120 days late. On the other hand, retail and motgage borrowers

are included into this category when payments are between 31 and 60 days late and 61 and 120 days late, respectively.

Doubtful (Class D): Non-retail borrowers are classified into this category, when the financial situation does not allow them to pay off neither notional nor interest, their debt-to-equity ratio is high and they are forced to sell their significant assets or payments are between 120 and 365 days late. On the other hand, retail and mortgage borrowers are included into this category when payments are between 61 and 120 days late and 121 and 365 days late, respectively.

Loss (Class E): Non-retail borrowers are classified into this category, when the financial situation does not allow them to deal with refinancing agreements the entity is not in operation or is in liquidation or payments are more than 365 days late. On the other hand, retail and mortgage borrowers are included into this category when payments are more than 120 days late and more than 365 days late, respectively.

Regarding the assessment of loan portfolies, the Bank and its Subsidiaries classified borrowers into the risk categories estabished by SBS and according to the classification criteria set out for each loan type, that is, for the borrowers belonging to the commercial, small and micro-business, consumer and mortgage portfolio. The classification of borrowers into their corresponding categories is determined by following the criteria set out by SBS Resolution No. 11356-2008 "Regulation for the evaluation and classification of the borrower and the requirement of provisions", Note 3(e).

When a loan is uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary legal procedures have been completed and the write-off have been approved by the Board of Directors, in accordance with the SBS Resolution No. 11356-2008. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in the consolidated statements of income.

The following is a summary of the direct loans classified in three major groups:

i) Loans neither past due nor impaired, comprising those direct loans having presently no delinquency characteristics and related to clients ranked as normal or potential problems; ii) Past due but not impaired loans, comprising past due loans of clients classified as normal or with potential problems and iii) Impaired loans, or those past due loans of clients classified as substandard, doubtful or loss; presented net of the provision for loan losses for each of the loan classifications:

	As of December 31, 2013						As of December 31, 2012					
	Commercial loans S/.(000)	Residential mortgage loans S/.(000)	Micro-business loans S/.(000)	Consumer loans S/.(000)	Total S/.(000)	%	Commercial loans S/.(000)	Residential mortgage loans S/.(000)	Micro-business loans S/.(000)	Consumer loans S/.(000)	Total S/.(000)	%
Neither past due nor impaired -												
Normal	33,319,390	10,228,935	6,987,407	7,757,056	58,292,788	98	27,921,117	8,553,651	6,561,482	6,814,572	49,850,822	98
Potential problem	867,123	126,075	181,207	190,071	1,364,476	2	656,809	81,573	157,031	166,134	1,061,547	2
Past due but not impaired -												
Normal	6,278	252	-	-	6,530	-	378	226	-	-	604	-
Potential problem	124,359	3,423	547	-	128,329	1	59,623	2,338	478	9	62,448	-
Impaired -												
Substandard	191,185	103,348	170,733	207,811	673,077	1	81,290	68,832	143,213	181,383	474,718	1
Doubtful	156,002	114,164	200,290	308,563	779,019	1	83,319	77,527	148,124	283,059	592,029	1
Loss	139,727	154,577	318,211	143,533	756,048	1	86,769	103,844	222,131	116,291	529,035	1
Gross	34,804,064	10,730,774	7,858,395	8,607,034	62,000,267	104	28,889,305	8,887,991	7,232,459	7,561,448	52,571,203	103
Less: Allowance for loan losses	901,863	242,443	561,049	570,123	2,275,478	4	952,464	204,357	144,289	498,018	1,799,128	3
Total, net	33,902,201	10,488,331	7,297,346	8,036,911	59,724,789	100	27,936,841	8,683,634	7,088,170	7,063,430	50,772,075	100

As of December 31, 2013 and 2012, renegotiated loans amounted to approximately S/.359.6 million and S/.362.6 million, respectively, of which S/.90.1 million and S/.101.2 million, respectively, are classified as neither past due nor impaired, S/.17.5 and S/.35.3 million past due but not impaired, and S/.252.0 and S/226.1 million impaired but not past due, respectively.

The breakdown of the gross amount of impaired loans by class, along with the fair value of related collateral and the amounts of their allowance for loan losses is as follows:

	As of December 31, 2013					As of December 31, 2012				
	Commercial loans S/.(000)	Residential mortgage loans S/.(000)	Micro-business loans S/.(000)	Consumer loans S/.(000)	Total S/.(000)	Commercial loans S/.(000)	Residential mortgage loans S/.(000)	Micro-business loans S/.(000)	Consumer loans S/.(000)	Total S/.(000)
Impaired loans	486,914	372,089	689,234	659,907	2,208,144	251,378	250,203	513,468	580,733	1,595,782
Fair value of collateral	443,924	319,267	167,101	86,133	1,016,425	257,283	234,286	125,806	47,941	665,316
Allowance for loan losses	195,238	164,719	423,547	399,313	1,182,817	109,064	108,416	305,479	331,922	854,881

(d) Credit risk management on investments in trading securities, available-for-sale and held-to-maturity -

The Bank and its subsidiaries evaluates the credit risk identified of each of the financial instruments in these categories, considering the risk rating granted to them by a risk rating agency. For investments traded in Peru, the risk ratings used are those provided by the three most prestigious Peruvian rating agencies (authorized by the Peruvian government regulator) and for investments traded abroad, the risk-ratings used are those provided by the three most prestigious international rating agencies.

The following table shows the analysis of the risk-rating of investments at fair value through profit or loss (trading) available-for-sale and held-to-maturity, provided by the institutions referred to above:

	As of December 31, 2013		As of December 31, 2012	
	S/.(000)	%	S/.(000)	%
Instruments rated in Peru:				
AAA	322,986	2.6	386,514	3.2
AA- to AA+	156,260	1.3	162,079	1.3
A- to A+	4,339	-	19,286	0.2
BB- a BB+	2,467	-	-	-
Unrated				
BCRP certificates of deposit	6,297,209	50.9	7,559,462	62.0
Listed and non-listed securities	38,838	0.3	82,634	0.7
Mutual funds	53,451	0.4	20,549	0.2
Subtotal	6,875,550	55.5	8,230,524	67.5
Instruments rated abroad:				
AAA	17,082	0.1	-	-
AA- to AA+	57,525	0.5	298	-
A- to A+	244,499	2.0	267,341	2.2
BBB- to BBB+	3,547,300	28.7	2,276,319	18.6
BB- to BB+	53,223	0.4	39,396	0.3
B- a B+	37,731	0.3	-	-
Unrated				
Listed and non-listed securities	765,563	6.2	682,604	5.6
Central Bank of Bolivia certificates of deposit	365,376	3.0	436,027	3.6
Participation in RAL's funds	351,546	2.8	200,815	1.6
Mutual funds	36,462	0.3	31,648	0.3
Other instruments	28,271	0.2	34,001	0.3
Subtotal	5,504,578	44.5	3,968,449	32.5
Total	12,380,028	100.0	12,198,973	100.0

(e) Concentration of financial instruments exposed to credit risk:

As of December 31, 2013 and 2012, financial instruments with exposure to credit risk were distributed considering the following economic sectors:

	2013						2012					
	Designated at fair value through profit for loss						Designated at fair value through profit for loss					
	Held for trading and hedging S/.(000)	At inception S/.(000)	Loans and receivables S/.(000)	Investments available-for-sale S/.(000)	Investments held-to-maturity S/.(000)	Total S/.(000)	Held for trading and hedging S/.(000)	At inception S/.(000)	Loans and receivables S/.(000)	Investments available-for-sale S/.(000)	Investments held-to-maturity S/.(000)	Total S/.(000)
Central Reserve Bank of Perú	972,823	-	15,634,276	5,324,385	-	21,931,484	-	-	16,106,647	7,559,462	-	23,666,109
Financial services	470,879	55,064	7,697,368	1,766,944	-	9,990,255	395,175	83,678	6,134,985	1,586,854	-	8,200,692
Manufacturing	2,697	-	7,827,824	32,798	-	7,863,319	1,470	-	7,328,489	44,596	-	7,374,555
Micro-business loans	-	-	7,297,346	-	-	7,297,346	1	-	7,088,170	-	-	7,088,171
Commerce	1,950	-	5,945,241	15,636	-	5,962,827	6,694	-	4,103,017	25,988	-	4,135,699
Electricity, gas and water	50,060	-	2,886,357	788,744	-	3,725,161	52,039	-	3,266,311	573,543	-	3,891,893
Government and public administration	108,470	-	40,645	2,424,747	676,976	3,250,838	62,753	-	38,700	1,452,172	662,142	2,215,767
Leaseholds and real estate activities	1,351	-	3,285,569	2,467	-	3,289,387	2,356	-	2,873,864	16,430	-	2,892,650
Communications, storage and transportation	14,147	-	2,130,463	27,487	-	2,172,097	9,655	-	1,589,654	-	-	1,599,309
Mining	3,483	-	2,696,447	72,418	-	2,772,348	6,935	-	1,788,650	55,051	-	1,850,636
Community services	-	-	2,441,341	-	-	2,441,341	66	-	2,056,988	-	-	2,057,054
Construction	8,090	-	1,018,496	19,059	-	1,045,645	29	-	983,795	26,900	-	1,010,724
Agriculture	4,505	-	1,117,349	10,412	-	1,132,266	1,871	-	-	11,124	-	12,995
Education, health and other services	1,665	-	803,271	-	-	804,936	208	-	752,337	1,913	-	754,458
Insurance	50	-	56,048	-	-	56,098	-	-	21,256	-	-	21,256
Fishing	471	-	434,648	-	-	435,119	2,210	-	307,698	-	-	309,908
Other	15,163	-	1,103,058	-	-	1,118,221	34,990	-	1,146,741	-	-	1,181,731
Sub - Total	1,655,804	55,064	62,415,747	10,485,097	676,976	75,288,688	576,452	83,678	55,587,302	11,354,033	662,142	68,263,607
Residental montage loans	-	-	10,730,774	-	-	10,730,774	-	-	8,683,634	-	-	8,683,634
Revolving and non-revolving loans	-	-	8,607,034	-	-	8,607,034	-	-	7,063,430	-	-	7,063,430
Total	1,655,804	55,064	81,753,555	10,485,097	676,976	94,626,496	576,452	83,678	71,334,366	11,354,033	662,142	84,010,671

As of December 31, 2013 and 2012, the financial instruments with exposure to credit risk were distributed by the following geographical areas:

	2013					
	Designated at fair value through profit or loss					
	Held for trading and hedging S/.(000)	At inception S/.(000)	Loans and receivables S/.(000)	Investments available-for-sale S/.(000)	Investments held-to-maturity S/.(000)	Total S/.(000)
Peru	1,302,889	-	76,244,320	7,678,603	391,733	85,617,545
Bolivia	71	-	3,404,896	857,198	-	4,262,165
United States of America	136,865	29,570	1,004,818	234,735	-	1,405,988
Chile	7,940	-	34,146	852,841	-	894,927
Panama	-	-	657,779	57,604	-	715,383
Colombia	170	-	106,432	472,208	135,102	713,912
Brazil	19,382	-	27,747	206,654	117,504	371,287
Canada	6,279	-	28,535	-	-	34,814
Mexico	22,077	-	17,491	47,862	32,637	120,067
Europe:						
United Kingdom	149,727	-	1,453	-	-	151,180
France	4,403	25,494	-	-	-	29,897
Spain	-	-	8,240	-	-	8,240
Switzerland	-	-	908	5,742	-	6,650
Holland	-	-	118	-	-	118
Other Europe	534	-	38,783	-	-	39,317
Other	5,467	-	177,889	71,650	-	255,006
Total	1,655,804	55,064	81,753,555	10,485,097	676,976	94,626,496

	2012					
	Designated at fair value through profit or loss					
	Held for trading and hedging S/.(000)	At inception S/.(000)	Loans and receivables S/.(000)	Investments available-for-sale S/.(000)	Investments held-to-maturity S/.(000)	Total S/.(000)
Peru	183,663	-	66,441,604	8,927,910	391,267	75,944,444
Bolivia	-	-	2,763,832	692,981	-	3,456,813
United States of America	175,045	31,289	978,600	229,726	-	1,414,660
Chile	2,250	-	7,758	803,903	-	813,911
Colombia	86,103	-	193,497	358,156	127,896	765,652
Panama	-	-	609,680	-	-	609,680
Brazil	-	-	50,658	181,107	111,906	343,671
Mexico	-	-	22,833	37,703	31,073	91,609
Canada	948	-	5,681	-	-	6,629
Europe:						
United Kingdom	85,603	-	1,346	-	-	86,949
Switzerland	8,749	52,389	-	-	-	61,138
France	-	-	5,565	-	-	5,565
Spain	-	-	842	-	-	842
Holland	-	-	69	-	-	69
Other Europe	8,369	-	35,690	-	-	44,059
Other	25,722	-	216,711	122,547	-	364,980
Total	576,452	83,678	71,334,366	11,354,033	662,142	84,010,671

28.2. Liquidity risk -

The Bank and its Subsidiaries are exposed to daily calls on, among others, their available cash resources from overnight deposits, current accounts, maturing deposits, loans draw-downs, guarantees and other calls. Likewise, the Management of the Bank and its Subsidiaries set limits on the minimum amount of high quality liquid asstes to meet such calls and on the minimum level of inter-bank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demands.

The process used for matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Bank and its Subsidiaries. It is unusual for banks to be completely matched, as transacted business is often based on uncertain terms and of different types. An unmatched position potentially enhances profitability, but also increases the risk of losses.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature are important factors in assessing the liquidity of the Bank and its Subsidiaries and their exposure to changes in interest rates and exchange rates.

In the notes to the consolidated financial statements an analysis of the relevant liabilities of the Bank and its Subsidiaries based on contractual maturity are included.

The table below presents the cash flows payable by the Bank and its Subsidiaries by remaining contractual maturities (including future interest payments) at the date of the consolidated statements of financial position. The amounts disclosed in the table are the contractual undiscounted cash flows:

	As of December 31, 2013						As of December 31, 2012					
	Up to a month S/.(000)	From 1 to 3 months S/.(000)	From 3 to 12 months S/.(000)	From 1 to 5 years S/.(000)	Over 5 years S/.(000)	Total S/.(000)	Up to a month S/.(000)	From 1 to 3 months S/.(000)	From 3 to 12 months S/.(000)	From 1 to 5 years S/.(000)	Over 5 years S/.(000)	Total S/.(000)
Financial liabilities by type -												
Deposits and obligations	20,979,204	4,482,262	33,166,571	5,762,679	807,129	65,197,845	21,583,768	4,511,646	8,322,488	21,208,633	3,731,989	59,358,524
Payables from repurchase agreements	950,691	6,462	353,143	843,969	349,375	2,503,640	-	256,301	216,199	719,497	533,419	1,725,416
Due to banks, correspondents and other entities	351,478	1,247,298	3,442,969	4,045,584	2,421,338	11,521,667	1,486,764	1,214,709	1,960,304	4,410,196	2,384,226	11,456,199
Bonds and subordinated notes issued	302,699	165,292	778,169	4,842,458	9,850,338	15,938,956	25,628	193,434	534,427	5,163,980	7,162,463	13,079,932
Other liabilities	950,691	28,683	5,496	4,838	-	989,708	877,390	14,878	22,312	44,625	-	959,205
Total liabilities	23,534,763	5,929,997	37,746,348	15,499,528	13,428,180	96,151,816	23,973,550	6,190,968	11,055,730	31,546,931	13,812,097	86,579,276
Derivatives financial liabilities (*) -												
Contractual amounts receivable (Inflow)	11,598	472,753	304,826	309,762	25,903	1,124,842	10,250	34,974	757,991	973,484	145,598	1,922,297
Contractual amounts payable (outflow)	12,170	477,077	316,650	319,011	28,465	1,153,373	11,033	38,511	773,197	999,565	151,565	1,973,871
Total liabilities	572	4,324	11,824	9,249	2,562	28,531	783	3,537	15,206	26,081	5,967	51,574

(*) Included derivatives contracts designated as hedge accounting.

The table below shows the contractual maturity of the Bank and its Subsidiaries contingent credits at the date of the consolidated statements of financial position:

	As of December 31, 2013						As of December 31, 2012					
	Up to a month S/.(000)	From 1 to 3 months S/.(000)	From 3 to 12 months S/.(000)	From 1 to 5 years S/.(000)	Over 5 years S/.(000)	Total S/.(000)	Up to a month S/.(000)	From 1 to 3 months S/.(000)	From 1 to 12 months S/.(000)	From 1 to 5 years S/.(000)	Over 5 years S/.(000)	Total S/.(000)
Contingent credits (indirect loans)	1,213,764	3,774,998	5,740,092	1,689,004	647,225	13,065,083	1,198,588	3,445,424	4,482,419	1,906,788	694,167	11,727,386

The Banks and its Subsidiaries expect that not all of the contingent liabilities or commitments will be drawn before expiration of the commitments.

28.3. Market risk -

The Bank and its Subsidiaries take on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices and the level of volatility of prices such as interest rates, foreign exchange rates, commodities and equity prices; all of which are exposed to general and specific market movements. Due to the nature of the Bank and its subsidiaries current activities, commodity price risk is not applicable.

The Bank and its Subsidiaries separate exposures to market risk into two groups: (i) those that arise from value fluctuation of trading portfolios due to movements of market rates or prices (Trading Book) and (ii) those that arise from changes in the structural positions of non-trading portfolios due to movements of the interest rates, prices and foreign exchange ratios (ALM Book).

Trading portfolio includes liquid positions arising from market-making transactions, in which the Bank and its Subsidiaries act as a principal with the clients or with the market. Portfolios which do not qualify as trading portfolios, include: (a) relative illiquid positions, mainly deposits and loans, and (b) non-trading investments (available-for-sale).

The risks that trading portfolios and foreing exchange risk of the estructured monetary position are managed through Value at Risk (VaR) historical simulation techniques because volatility on the market value of such positions has impact in the consolidated statements of income; while non-trading portfolios are managed using Asset and Liability Management (ALM).

(a) Trading Book –

The trading book is characterized for having liquid positions in equities, bonds, foreign currencies and derivatives, arising from market-making transactions where the Bank and its subsidiaries act as a principal with the clients or with the market. This portfolio includes investments and derivatives classified by Management as held for trading.

(i) Value at Risk (VaR) -

The Bank and its Subsidiaries apply the VaR approach to their trading portfolio to estimate the market risk of positions held and the maximum losses that are expected, based upon a number of assumptions for various changes in market conditions, as well as it is applied to estimate the foreing exchange risk of the estructured monetary possition.

Daily calculation of VaR is a statistically-based estimate of the potential loss on the current portfolio from adverse market movements.

The VaR expresses the “maximum” amount the Bank and its Subsidiaries might lose, but only to a certain level of confidence (99 percent). There is therefore a specified statistical probability (1 percent) that actual loss could be greater than the VaR estimate. The VaR model assumes a certain “holding period” until positions can be closed (1 - 10 days).

The time horizon used to calculate VaR is one day; however, the one-day VAR is amplified to a 10-day time frame and calculated multiplying the one-day VaR times the square root of 10. This adjustment assumes that the changes in the portfolio in the following days have a normal distribution identical and independent. Thus, the result is multiplied by an adjustment factor of non-normality.

The assessment of past movements has been based on historical one-year data and 41 market risk factors, which are composed as follows: 16 market curves, 9 stock prices, 15 foreing exchange and one volatility series. The Bank and its subsidiaries apply these historical changes in rates directly to its current positions (a method known as historical simulation). Management believes that market risk factors incorporated into the VaR model are adequate to measure the market and foreing exchange risk of the trading book and the structured monetary position, respectively, are exposed.

The use of this approach does not prevent losses outside of these limits in the event of more significant market movements. Losses exceeding the VaR figure should occur, on average under normal market conditions, not more than once every hundred days.

VaR limits have been established to control and keep track of all the risks taken. These risks arise from the size of the positions and/or the volatility of the risk factors embedded in each financial instrument. Regular reports are prepared for the Treasury and ALM Risk Committee, the Risk Management Committee and Senior Management.

As of December 31, 2013 and 2012, the Bank and its Subsidiaries VaR by type of asset is as follows:

	2013 S/.(000)	2012 S/.(000)
Equity investments	9,450	3,483
Debt Investments	6,846	7,066
Swaps	22,868	4,377
Forwards	10,049	3,154
Options	1,607	208
Structured monetary position	60,184	22,496
Diversification effect	(39,882)	(22,936)
Consolidated VaR by asset type	**71,122**	**17,848**

As of December 31, 2013 and 2012, the Bank and its Subsidiaries VaR by risk type is as follows:

	2013 S/.(000)	2012 S/.(000)
Interest rate risk	26,932	6,939
Price risk	9,450	3,483
Volatility risk	67	4
Exchange rate risk	65,447	23,584
Diversification effect	(30,774)	(16,162)
Consolidated VaR by risk type	**71,122**	**17,848**

(b) ALM Book –

Non-trading portfolios which comprise the ALM Book are exposed to different sensitivities that can bring about a deterioration in the value of the assets compared to its liabilities and hence to a reduction of its net worth.

(i) Interest rate risk -

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. Cash flows interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Bank and its Subsidiaries take on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flows risks. Interest margins may increase as a result of such changes but may also be reduced in the event that unexpected movements arise.

The Board of Directors sets limits on the level of mismatch of interest rate re-pricing that may be undertaken, which is monitored by the Bank and its Subsidiaries Chief Risk Office.

Re-pricing gap -

Gap analysis comprises aggregating re-pricing timeframes into buckets and checking if each bucket nets to zero. Different bucketing schemes might be used. An interest rate gap is simply a positive or negative net re-pricing timeframe for one of the buckets.

The table below summarizes the Bank and its Subsidiaries' exposure to interest rate risks. It includes the Bank and its Subsidiaries' financial instruments at carrying amounts, categorized by the earlier of contractual re-pricing or maturity dates:

	As of December 31, 2013						
	Up to 1 month S/.(000)	1 to 3 months S/.(000)	3 to 12 months S/.(000)	1 to 5 years S/.(000)	More than 5 years S/.(000)	Non-interest bearing S/.(000)	Total S/.(000)
Assets							
Cash, due from banks and interbank fund	15,053,072	275,831	143,464	-	-	5,976,119	21,448,486
Loans, net	7,124,287	15,775,252	11,599,824	16,183,354	9,402,949	-	60,085,666
Investments	1,982,354	2,078,016	3,590,526	1,329,565	1,677,027	1,722,540	12,380,028
Other assets	-	-	-	-	-	4,029,034	4,029,034
Total assets	24,159,713	18,129,099	15,333,814	17,512,919	11,079,976	11,727,693	97,943,214
Liabilities							
Deposits and obligations	20,332,643	4,165,017	22,492,996	5,555,735	359,446	11,841,244	64,747,081
Interbank fund	429,463	1,615	7,679	37,347	-	-	476,104
Payables from repurchase agreements	950,691	-	300,000	833,745	349,375	-	2,433,811
Due to banks, correspondents and other entities	372,561	2,253,021	3,714,712	1,167,635	791,295	824,557	9,123,781
Bonds and subordinated notes issued	253,551	20,727	252,952	2,462,081	8,397,170	42,600	11,429,081
Other liabilities	-	-	-	-	-	1,520,862	1,520,862
Equity	-	-	-	-	-	8,212,494	8,212,494
Total liabilities and equity	22,338,909	6,440,380	26,768,339	10,056,543	9,897,286	22,441,757	97,943,214
Off-balance sheet items							
Derivatives assets	498,085	1,893,908	755,907	14,583	238,036	-	3,400,519
Derivatives liabilities	11,147	500,955	511,484	930,416	1,446,517	-	3,400,519
	486,938	1,392,953	244,423	(915,833)	(1,208,481)	-	-
Marginal gap	2,307,742	13,081,672	(11,190,102)	6,540,543	(25,791)	(10,714,064)	-
Accumulated gap	2,307,742	15,389,414	4,199,312	10,739,855	10,714,064	-	-

	As of December 31, 2012						
	Up to 1 month S/.(000)	1 to 3 months S/.(000)	3 to 12 months S/.(000)	1 to 5 years S/.(000)	More than 5 years S/.(000)	Non-interest bearing S/.(000)	Total S/.(000)
Assets							
Cash, due from banks and interbank fund	13,547,065	67,893	98,387	41,585	-	6,115,223	19,870,153
Loans, net	6,395,274	9,914,588	11,950,292	17,468,704	5,375,645	-	51,104,503
Investments	818,129	2,786,665	4,339,661	1,848,517	1,252,466	1,153,535	12,198,973
Other assets	-	-	-	-	-	7,223,570	7,223,570
Total assets	20,760,468	12,769,146	16,388,340	19,358,806	6,628,111	14,492,328	90,397,199
Liabilities							
Deposits and obligations	19,798,547	4,714,134	8,212,082	20,424,008	2,772,100	2,257,443	58,178,314
Interbank fund	270,587	1,018	4,838	23,531	-	-	299,974
Payables from repurchase agreements	-	-	300,000	833,745	506,072	27,820	1,667,637
Due to banks, correspondents and other entities	1,340,624	2,570,666	2,641,997	1,949,806	638,716	37,524	9,179,333
Bonds and subordinated notes issued	-	37,069	135,122	3,348,933	5,782,235	22,074	9,325,433
Other liabilities	-	-	-	-	-	4,480,455	4,480,455
Equity	-	-	-	-	-	7,266,053	7,266,053
Total liabilities and equity	21,409,758	7,322,887	11,294,039	26,580,023	9,699,123	14,091,369	90,397,199
Off-balance sheet items							
Derivatives assets	706,536	866,868	458,218	602,653	189,629	-	2,823,904
Derivatives liabilities	336,487	589,953	506,823	1,032,526	358,115	-	2,823,904
	370,049	276,915	(48,605)	(429,873)	(168,486)	-	-
Marginal gap	(279,241)	5,723,174	5,045,696	(7,651,090)	(3,239,498)	400,959	-
Accumulated gap	(279,241)	5,443,933	10,489,629	2,838,539	(400,959)	-	-

Sensitivity to changes in interest rates –
The following table presents the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the Bank and its Subsidiaries consolidated statements of income and consolidated statements of comprehensive income; before income tax.

The sensitivity of the consolidated statements of income is the effect of the assumed changes in interest rates on the net interest income before income tax for one year, based on the floating rate of non-trading financial assets and financial liabilities held at December 31, 2013 and 2012, including the effect of derivatives instruments. The sensitivity in the consolidated statement of comprehensive income is calculated by revaluing interest rate from fixed income available-for-sale and held to maturity financial assets, before income tax, including the effect of any associated hedges, and derivatives instruments designated as cash flow hedges, as of December 31, 2013 and 2012 for the effects of the assumed changes in interest rates:

	As of December 31, 2013					
Currency	**Changes in basis points**		**Sensitivity of net income** S/.(000)		**Sensitivity of comprehensive income** S/.(000)	
U.S. Dollar	+/-	50	+/-	50,489	-/+	45,629
U.S. Dollar	+/-	75	+/-	75,733	-/+	68,444
U.S. Dollar	+/-	100	+/-	100,978	-/+	91,258
U.S. Dollar	+/-	150	+/-	151,466	-/+	136,887
Peruvian Currency	+/-	50	-/+	2,950	-/+	59,320
Peruvian Currency	+/-	75	-/+	4,425	-/+	88,980
Peruvian Currency	+/-	100	-/+	5,900	-/+	119,233
Peruvian Currency	+/-	150	-/+	8,850	-/+	178,849

	As of December 31, 2012					
Currency	**Changes in basis points**		**Sensitivity of net income** S/.(000)		**Sensitivity of comprehensive income** S/.(000)	
U.S. Dollar	+/-	50	+/-	37,093	-/+	13,937
U.S. Dollar	+/-	75	+/-	55,639	-/+	20,905
U.S. Dollar	+/-	100	+/-	74,185	-/+	27,874
U.S. Dollar	+/-	150	+/-	111,278	-/+	41,810
Peruvian Currency	+/-	50	-/+	6,187	-/+	38,693
Peruvian Currency	+/-	75	-/+	9,280	-/+	58,040
Peruvian Currency	+/-	100	-/+	12,373	-/+	77,387
Peruvian Currency	+/-	150	-/+	18,560	-/+	116,080

The interest rate sensitivities set out in the table above are illustrative only and are based on simplified scenarios. The figures represent the effect of the pro-forma movements in the net interest income based on the projected yield curve scenarios and the Bank and its Subsidiaries current interest rate risk profile. This effect, however, does not incorporate actions that would be taken by Management to mitigate the impact of this interest rate risk.

In addition, the Bank and its Subsidiaries seek proactively to change the interest rate risk profile to minimize losses and optimize net revenues. The projections above also assume that interest rate of all maturities move by the same amount and, therefore, do not reflect the potential impact on net interest income of some rates changing while others remain unchanged. The projections consider other simplifying assumptions too, including that all positions run to maturity.

Equity securities and mutual funds, classified as available-for-sale investments, are not considered as part of the investment securities for interest rate sensitivity calculation purposes; however, a 10, 25 and 30 percent of changes in market prices is conducted to these price-sensitivity securities and the effect on expected unrealized gain or loss in comprehensive income, before income tax, as of December 31, 2013 and 2012 is presented below:

Market price sensitivity	**Changes in market prices** %	**2013** S/.(000)	**2012** S/.(000)
Equity securities	+/-10	69,417	70,812
Equity securities	+/-25	173,543	177,031
Equity securities	+/-30	208,252	212,437
Mutual funds	+/-10	8,991	5,220
Mutual funds	+/-25	22,478	13,049
Mutual funds	+/-30	26,974	15,659

(ii) Foreign exchange risk -

The Bank and its Subsidiaries are exposed to foreign currency exchange rates on their financial position and cash flows. Management sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily.

The foreign currency transactions are made at the free market exchange rates.

As of December 31, 2013, the weighted average market exchange rate published by the SBS for transactions in U.S. Dollars was S/.2.794 for buying and S/.2.796 for selling (S/.2.549 for buying and S/.2.551 for selling, as of December 31, 2012). As of December 31, 2013, the exchange rate established by the SBS to record assets and liabilities in foreign currencies was S/.2.795 for each U.S. Dollar and S/.0.407436 for each Boliviano (S/.2.550 for each U.S. Dollar, S/.0.366379 for each Boliviano and S/.0.001443 for each Colombian peso, as of December 31, 2012).

As of December 31, 2013 and 2012, the Bank and its Subsidiaries assets and liabilities by currencies were as follows:

	2013		2012	
	U.S. Dollars US$(000)	Other currencies US$(000)	U.S. Dollars US$(000)	Other currencies US$(000)
Monetary assets -				
Cash, due from banks and interbank fund	5,540,456	215,397	4,837,784	160,540
Investments at fair value through profit or loss and available-for-sale, net	1,266,162	246,802	1,112,515	259,646
Investments held-to-maturity	144,334	-	150,099	-
Loans, net	10,198,375	888,735	10,632,720	684,030
Other assets	667,939	77,574	38,333	981,767
Assets classified as held for sale	-	-	-	1,254,355
	17,817,266	1,428,508	16,771,451	3,340,338
Monetary liabilities -				
Deposits and obligations	(10,576,930)	(1,133,918)	(9,550,941)	(898,485)
Payables from repurchase agreements	(423,679)	-	(525,418)	(10,910)
Due to bank, correspondents and other entities	(2,410,637)	(121,066)	(3,068,397)	(129,714)
Bonds and subordinated notes issued	(3,335,013)	(10,309)	(2,806,750)	-
Other liabilities	(233,441)	(31,535)	(248,981)	(26,364)
Liabilities directly associated with the assets classified as held for sale	-	-	-	(1,137,015)
	(16,979,700)	(1,296,828)	(16,200,487)	(2,202,488)
Net forward position overbought (oversold), Note 18(d)	588,046	3,568	(319,576)	(5,258)
Net currency swap position, Note 18(d)	97,694	(9,662)	(65,782)	-
Net cross currency and interest rates swap position, Note 18(d)	(26,298)	78,753	(60,418)	89,289
Foreign currency options, net	3,380	-	(5,954)	-
Net monetary position	1,500,388	204,339	119,234	1,221,881

As of December 31, 2013, the Bank and its Subsidiaries have contingents operations (indirect loans) in foreing currency for approximately US$3,242.6 million, equivalent to approximately S/.9,063.1 million (approximately US$3,204.2 million, equivalent to approximately S/.8,170.7 million, as of December 31, 2012), see Note 18.

The Bank and its Subsidiaries manage foreign exchange risk by monitoring and controlling the position values due to changes in exchange rates. The Bank and its Subsidiaries measure their performance in peruvian currency, so if the net foreign exchange position (e.g. U.S. Dollar) is an asset, any depreciation of the peruvian currency with respect to this currency would affect positively the Bank and its Subsidiaries consolidated statements of financial position. The current position in a foreign currency comprises exchange rate-linked assets and liabilities in that currency. An institution's open position in individual currencies comprises assets, liabilities and off-balance sheet items denominated in the respective foreign currency for which the institution itself bears the risk; any appreciation/depreciation of the foreign exchange would affect the consolidated statements of income.

The Bank and its Subsidiaries net foreign exchange balance is the sum of its positive open non-peruvian currency positions (net long position) less the sum of its negative open non-peruvian currency positions (net short position); and any devaluation/revaluation of the foreign exchange position would affect the consolidated statements of income. A currency mismatch would leave the Bank and its Subsidiaries consolidated statements of financial position vulnerable to a fluctuation of the foreign currency (exchange rate shock).

The table below shows the sensitivity analysis of the U.S. Dollar, the currency to which the Bank and its Subsidiaries had significant exposure as of December 31, 2013 and 2012 on its non-trading monetary assets and liabilities and its forecast cash flows. The analysis calculates the effect of a reasonably possible movement of the currency rate against the peruvian currency, with all other variables held constant on the consolidated statements of income, before income tax. A negative amount in the table reflects a potential net reduction in consolidated statements of income, while a positive amount reflects a net potential increase:

Sensitivity Analysis	Change in currency rates	2013	2012
	%	S/.(000)	S/.(000)
Devaluation -			
U.S. Dollar	5	(199,694)	(14,478)
U.S. Dollar	10	(381,235)	(27,641)
Revaluation -			
U.S. Dollar	5	220,715	16,002
U.S. Dollar	10	465,954	33,783

28.4. Fair values -

(a) Financial instruments recorded at fair value and fair values hierarchy –

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value as of December 31, 2013 and 2012 hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the statement of financial position:

As of December 31, 2013	Note	**Level 1** S/.(000)	**Level 2** S/.(000)	**Level 3** S/.(000)	**Total** S/.(000)
Financial assets					
Derivative financial instruments:					
Forward exchange contracts		-	165,305	-	165,305
Interest rate swaps		-	113,126	-	113,126
Cross currency swaps		-	66,847	-	66,847
Currency swaps		-	85,267	-	85,267
Options		-	7,304	-	7,304
	8(b)	-	437,849	-	437,849
Investments at fair value through profit or loss (trading)	5(a)	506,725	711,230	-	1,217,955
Indexed certificates	8(a)	-	55,064	-	55,064
Investments available-for-sale					
Debt securities					
BCRP Certificates of deposit		-	5,324,385	-	5,324,385
Corporate, leasing and subordinated bonds		888,246	674,893	-	1,563,139
Government's treasury bonds		867,950	839,876	-	1,707,826
Other instruments		34,003	1,161,572	-	1,195,575
Equity securities		691,000	3,172	-	694,172
	5(a)	2,481,199	8,003,898	-	10,485,097
Total financial assets		2,987,924	9,208,041	-	12,195,965
Financial liabilities					
Derivative financial instruments:					
Forward exchange contracts		-	117,607	-	117,607
Interest rate swaps		-	61,882	-	61,882
Cross Currency Swaps		-	5,887	-	5,887
Currency swaps		-	130,658	-	130,658
Options		-	24,321	-	24,321
Total financial liabilities	8(b)	-	340,355	-	340,355

As of December 31, 2012	Note	Level 1 S/.(000)	Level 2 S/.(000)	Level 3 S/.(000)	Total S/.(000)
Financial assets					
Derivative financial instruments:					
Forward exchange contracts		-	179,228	-	179,228
Interest rate swaps		-	76,264	-	76,264
Cross currency swaps		-	68,892	-	68,892
Currency swaps		-	68,167	-	68,167
Options		-	1,103	-	1,103
	8(b)	-	393,654	-	393,654
Investments at fair value through profit or loss (trading)	5(a)	182,798	-	-	182,798
Indixed certificates	8(a)	-	83,678	-	83,678
Investments available-for-sale					
Debt securities					
BCRP Certificates of deposit		-	7,559,462	-	7,559,462
Corporate, leasing and subordinated bonds		440,648	684,323	-	1,124,971
Government's treasury bonds		9,228	231,594	-	240,822
Other instruments		566,337	1,154,317	-	1,720,654
Equity securities		705,031	3,093	-	708,124
	5(a)	1,721,244	9,632,789	-	11,354,033
Total financial assets		1,904,042	10,110,121	-	12,014,163
Financial liabilities					
Derivative financial instruments:					
Forward exchange contracts		-	130,165	-	130,165
Interest rate swaps		-	112,771	-	112,771
Currency swaps		-	43,169	-	43,169
Cross currency swaps		-	8,187	-	8,187
Options		-	1,078	-	1,078
Total financial liabilities	8(b)	-	295,370	-	295,370

Financial instruments included in the Level 1 category are those that are measured on the basis of quotations obtained in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Financial instruments included in the Level 2 category are those that are measured on the basis of observed markets factors. This category includes instruments valued using: quoted prices for similar instruments, either in active or less active markets and other valuation techniques (models) where all significant inputs are directly or indirectly observable based on market data.

Following is a description of how fair value is determined for the main Bank and its Subsidiaries financial instruments where valuation techniques were used with inputs based on market data which incorporate the Bank and its Subsidiaries's estimates on the assumptions that market participants would use for measuring these financial instruments:

- Valuation of derivatives financial instruments
  Interest rate swaps, currency swaps and forward exchange contracts are valuated by using valuation techniques where inputs are based on market data. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs, including the credit quality of counterparties, foreign exchange, forward rates and interest rate curves. Options are valued using well-known, widely accepted valuation models.

- Valuation of debt securities available for sale
  Valuation of BCRP certificates of deposit, corporate, leasing, subordinated bonds and Government's treasury bonds are estimated calculating their Net Present Values (NPV) through discounted cash flows, using appropriate and relevant zero coupon rate curves to discount cash flows in its respective currency and considering observable current market transactions. Other debt instruments are valuated using valuation techniques based on assumptions supported by prices from observable current market transactions, obtained via pricing services. Nevertheless, when prices have not been determined in an active market, fair values are based on broker quotes and assets that are valued using models whereby the majority of assumptions are market observable.

(b) Financial instruments not measured at fair value -

Set out below is the disclosure of the comparison between the carrying amounts and fair values of the financial instruments, which are not measured at fair value, presented in the consolidated statements of financial position by level of the fair value hierarchy:

	As of December 31, 2013					As of December 31, 2012				
	Level 1 S/.(000)	Level 2 S/.(000)	Level 3 S/.(000)	Fair value S/.(000)	Book value S/.(000)	Level 1 S/.(000)	Level 2 S/.(000)	Level 3 S/.(000)	Fair value S/.(000)	Book value S/.(000)
Assets										
Cash and due from banks	-	21,309,023	-	21,309,023	21,309,023	-	19,825,667	-	19,825,667	19,825,667
Interbank funds	-	139,463	-	139,463	139,463	-	44,486	-	44,486	44,486
Investments held-to-maturity	640,436	-	-	640,436	676,976	669,543	-	-	669,543	662,142
Loans, net	-	60,085,666	-	60,085,666	60,085,666	-	51,104,503	-	51,104,503	51,104,503
Other assets	-	219,403	-	219,403	219,403	-	359,710	-	359,710	359,710
Total	640,436	81,753,555	-	82,393,991	82,430,531	669,543	71,334,366	-	72,003,909	71,996,508
Liabilities										
Deposits and obligations	-	64,747,081	-	64,747,081	64,747,081	-	58,178,314	-	58,178,314	58,178,314
Interbank funds	-	476,104	-	476,104	476,104	-	299,974	-	299,974	299,974
Payables from repurchase agreements	-	2,433,811	-	2,433,811	2,433,811	-	1,667,637	-	1,667,637	1,667,637
Due to banks, correspondents and other entities	-	10,553,716	-	10,553,716	9,123,781	-	9,364,079	-	9,364,079	9,179,333
Bonds and subordinated notes issued	-	11,849,868	-	11,849,868	11,429,081	-	10,020,996	-	10,020,996	9,325,433
Other liabilities	-	876,190	-	876,190	876,190	-	939,355	-	939,355	939,355
Total	-	90,936,770	-	90,936,770	89,086,048	-	80,470,355	-	80,470,355	79,590,046

The methodologies and assumptions used to determine fair values depend on the terms and risk characteristics of the various financial instruments and include the following:

(i) Assets for which fair values approximate their carrying value - For financial assets and financial liabilities that are liquid or having a short term maturity (less than three months) it is assumed that the carrying amounts approximate to their fair values. This assumption is also applied to demand deposits, savings accounts without a specific maturity and variable rate financial instruments.

(ii) Financial instruments at fixed rate – The fair value of the financial liabilities at fixed rate and at amortized cost is determinated by comparing the market interest rate at the moment of their initial recognition to the current market rates related to similar financial instruments. In the case of listed debt, the fair value is determinated on the basis of the quoted market prices. The fair value of the loan portafolio and deposits and obligation, according to SBS Multiple Official Letter N°1575-2014, correspond to its book value.

29. Subsequent events

On February 8, 2014, Empresa Financiera Edyficar S.A., a Bank's subsidiary, signed an agreement with Grupo ACP CORP. S.A.A. to acquire 60.68 percent of Mibanco, Banco de la Microempresa S.A., a local bank oriented to micro and small entities sector, for an amount of approximately US$179.5 million.

Payment shall be made no later than March 28, 2014, however, this period will be automatically extended for two (2) additional months if both parties do not obtain, at such date, the approval of the sale by SBS.

As of December 31, 2013, Mibanco's assets, liabilities, equity and net income, published by SBS (unaudited), amounted to US$2,138.0 million, US$1,903.1 million, US$234.9 million and US$12.6 million, respectively.

30. Explanation added for translation into English

The accompanying translated consolidated financial statements were originally issued in Spanish and are presented on the basis of accounting principles generally accepted in Peru for financial entities, as described in Note 3. Certain accounting practices applied by the Bank and its Subsidiaries that conform to generally accepted accounting principles in Peru for financial entities may not conform in a significant manner with generally accepted accounting principles applied in other countries. In the event of a discrepancy, the Spanish language version prevails.

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