



PACIFICO
COMPROMETIDOS DE VERDAD

Pacífico Insurance Group

Management Report

2007



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Main indicators*

	2005	2006	2007
Profitability			
Net profit	7.0	53.3	12.5
Net profit per share (US\$ per share)	0.28	2.10	0.46
Return on average equity ⁽¹⁾	3.9%	25.4%	5.6%
Return on average assets ⁽¹⁾	0.9%	5.8%	1.1%
Operating ratios (%)			
Technical results / Total premiums	5.5%	9.3%	3.3%
Equity / total asset	21.9%	23.8%	17.2%
Increase in technical reserves	23.5%	16.2%	16.9%
Combined ratio ⁽²⁾	106.3%	104.4%	115.4%
Net claims / earned net premiums ⁽²⁾	76.1%	69.6%	80.1%
Expenses and commissions / earned net premiums ⁽²⁾	30.2%	34.8%	35.3%
Operating expenses / earned net premiums	21.5%	23.6%	22.8%
Operating expenses / average assets ⁽¹⁾	6.2%	6.7%	6.4%
Balance (end of period, US\$ million)			
Assets	834	996	1,198
Investments in securities and real properties	639	776	868
Technical reserves	546	629	818
Net shareholders' Equity	183	237	206
Other data			
Number of shares, net (in million)	25.4	25.4	27.1**
Number of employees	1,194	1,467	2,243

* Non audited number according to the International Financial Reporting Standards IFRS.

** Capitalization approved in 2007 shareholder's meeting

1 Averages calculated averaging the initial balance and the final balance from each period.

2 It does not include Pacifico Vida

The Peruvian insurance market

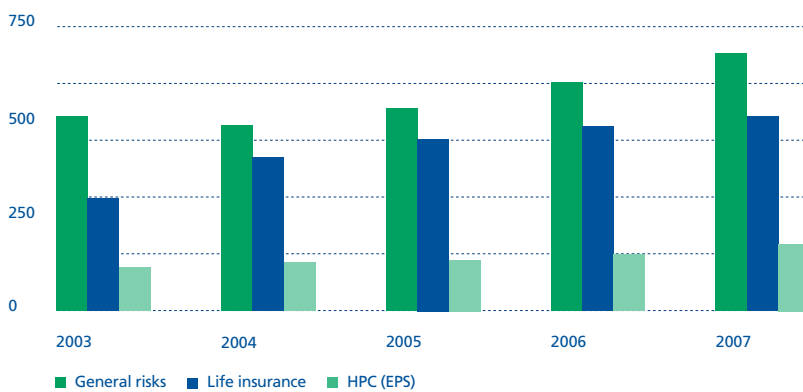
Despite a very positive economic situation, where the majority of sectors achieved highly reassuring results, the insurance industry, and in particular General Insurance, recorded a very difficult year as a result of the earthquake in August and terrible losses in Dishonesty, Technical sector and Automobile, which resulted in the increase of withheld loss ratio (General, Accidents, Health and Life) from 50% in December 2006 to 59.9% in December 2007.

In terms of production, the total insurance premiums in December 2007 amounted to US\$ 1,198.7 million; 10% increase compared to the same period the year before. Premiums from General Insurance, Accidents and Health increased 13.2% and amounted to US\$ 676.6 million, while premiums from life, pension and life annuity insurance amounted to US\$ 522.1 million, that is, an increase of 6.2% compared to the year before.

Moreover, contributions to health care by December 2007 increased in 18.6% amounting to US\$ 169 million.

The total, including general insurance, personal accidents, life and contributions to health amounted to US\$ 1,367.7 million in December 2007, which is equivalent to an increase of 11% compared to the same period the year before.

Premiums and contributions evolution (US\$ million)



Source: Superintendence of Banking and Insurance (SBI) and Superintendence of Health Care Providers (SHCP).

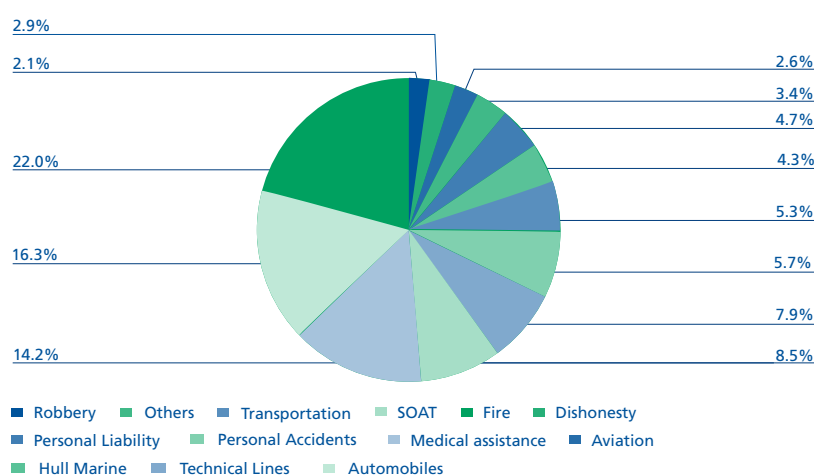
Preparation: Internal.

In the area of General Insurance, between 2006 and 2007, premiums for Technical Insurance increased 28.4%, in Liability, 38%; in Transportation, 21.9%; and in Fire 8.7%. The above was the result of a fast economy, especially in the construction, manufacturing and trade sectors.

Moreover, Automobiles premiums increased 25.7% thanks to a rising vehicle market with record sales of new units.

It is worth mentioning that among the sectors that showed market reduction was the Aviation sector, which fell 14.5% as a result of rate reduction, especially so as to negotiate better coverage for the Armed Forces fleets.

Distribution of net premiums for General Insurance, Accidents and Health, as of December 2007 (%)

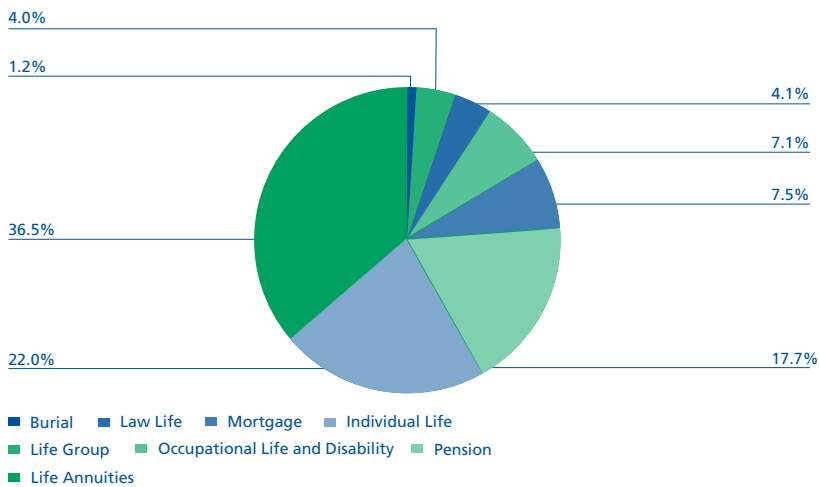


Source: SBI.
Preparation: Internal.

Premiums for Traffic Accident Obligatory Insurance (SOAT) decreased 5.5%, which can be explained, to great extent, by the issuance of certificates by regional funds and the fact that they are not regulated by the SBI. That is why they are not taken into account as part of premium revenues recorded by the regulating organism.

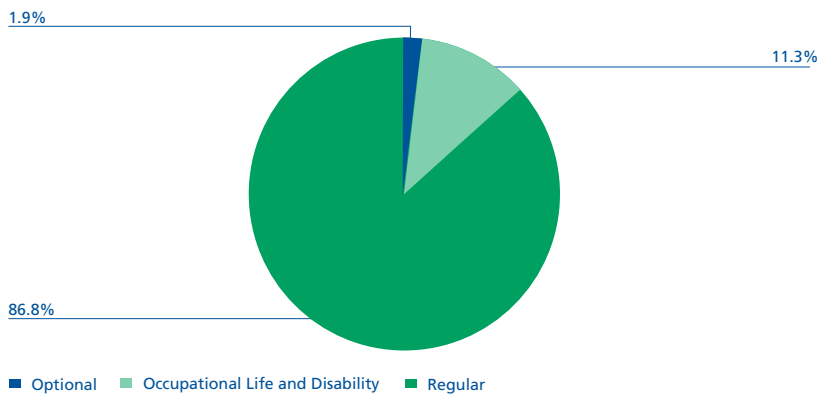
Net premiums earned by the system (General, Accidents, Health and Life) increased 13.9% essentially due to greater demand of property insurance for companies as a result of a fast economy and an important vehicle insurance growth. It is worth mentioning that the August 15 earthquake in the southern part of the country gave rise to more reinstatement premiums paid to international underwriters. The effect of the latter was an increase of over two points in the risk ceding rate to premium, which reached 23.6% by December 2007.

Distribution of net premiums from Life Insurance as of December 2007 (%)



Source: SBI.
Preparation: Internal.

Distribution of contributions to Health Insurance – HCP as of December 2007 (%)



Source: SHCP.
Preparation: Internal.

The Technical Result Rate on Withheld Premiums went down to -4% in December 2007 due to greater casualties recorded, mainly due to the August earthquake.

Regarding insured compensation, withheld claims in General Insurance was 70.2%, which increased compared to 53.6% in December 2006. The increase was especially due to increase in claims for earthquake coverage and increase in Dishonesty, Technical, Automobiles and SOAT insurance.

Moreover, the Rate of General Expenses to Earned Net Premiums of system (General, Accidents, Health and Life) increased to 28.9%. First, there was an increase of 26.6% in management expenses mostly through third-party services and, on the other hand, the basis for comparing - earned net premiums - have gone down because there are more reinstatement premiums paid for reinsurance contracts in General Insurance due to the earthquake and considerable claims in Fire and Technical insurance, which resulted in a significant adjustment in earned net premiums.

The Peruvian insurance system financial income experienced an increase of 71.4% thanks to investment portfolio increase as a result of the increase in General and Life Insurance, the favorable effect of a valuation of investments in dollars, and also greater income generated by investments in domestic currency.

Financial results

Pacifico Seguros

The year 2007 has been marked by the effects of a devastating earthquake that affected the southern part of the county, and left irreparable loss of hundreds of human lives as well as economic losses estimated to be between 0.2% and 0.3% of the national product.

In this context, Pacifico Seguros still had a good growth year, and according to the International Financial Reporting Standards (or IFRS) earned an income in the amount of US\$ 240.4 million compared to US\$ 178.4 million recorded in 2006, that is, a considerable increase of 34.7%. This important result was achieved mainly thanks to the correct application of the strategy of penetration into the personal insurance such as vehicle, SOAT, medical care, personal and house accidents. Thus, between the years 2005 and 2007, participation of these types of insurance within Pacifico Insurance total production increased from 34.9% to 39.6%.

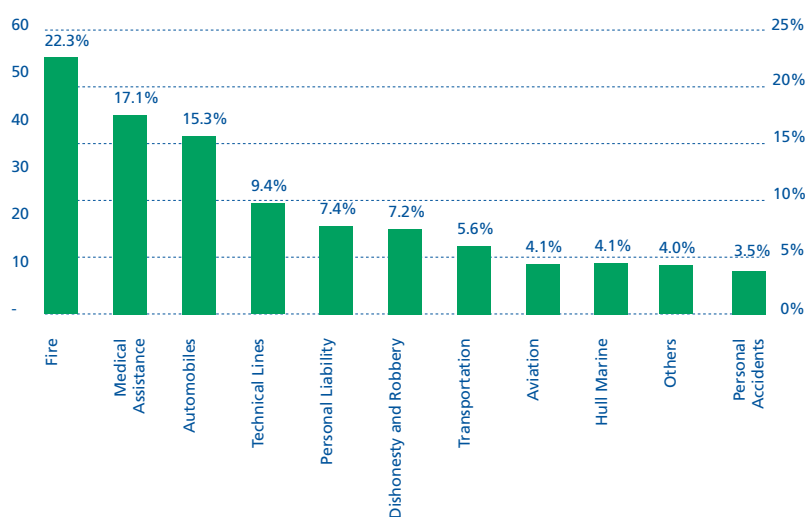
During the year 2007, insurance sales for the personal insurance policies mentioned above increased to 39.4%. This approach towards the penetration into personal insurance policies will outline the company's growth strategy in the next years. Its underlying objective will be to obtain less unstable and more predictable incomes and lower our retention for severe risks where the international market is specialized and offers greater coverage.

We set out to improve our service capacity for brokers specialized in individuals and small and medium businesses aiming at offering competitive product and of easy access for our insured clients. Thanks to various steps taken that include introducing new products and developing a new integration platform in the Web, we have been able to increase our participation through this important channel from 15% (two years ago) to approximately 23% in 2007.

In turn, our retail channel – defined as the sale of insurance policies through strategic alliances with banks, product and service distribution companies, self-services, among others – experienced an important increase in sales of 55% in 2007. This result was possible to achieve thanks to the introduction of new products of massive nature, and to nationwide distribution chains.

Additionally to nature effects, the insurance industry in our country experienced in 2007 the establishment of two new international insurance companies and an increase in reinsurance offer in the international market at prices that have fallen 10% to 15% for two years in a row. This competitive atmosphere has determined the reduction in companies' margins. Thus, according to official statistics in December 2007, gross loss ratio for General Insurance increased from 46.9% in 2006 to 82.3% in 2007, and retained loss ratio increased from 53.6% to 70.2%.

Pacifico portfolio distribution for General Risks as of December 2007 (Total premiums / Integration, US\$ million / % Integration)

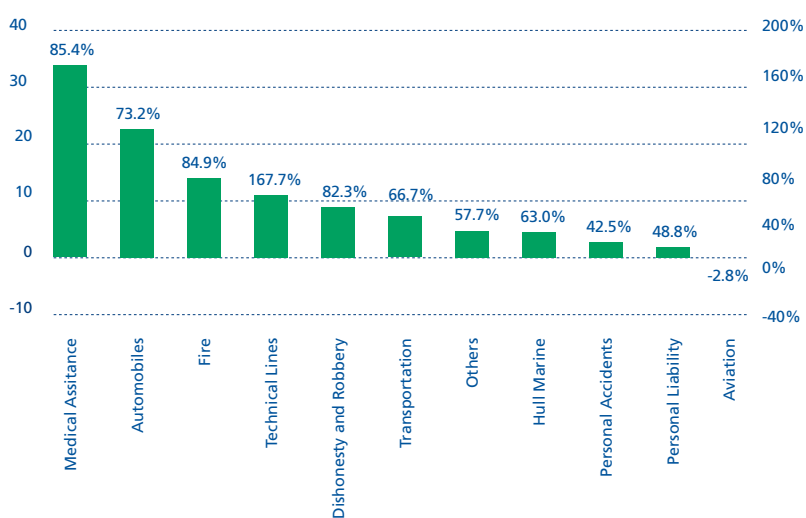


Source: Pacifico.
Preparation: Internal.

In December 2007 our participation in the general insurance market was 35.5%, 5.7 points above our participation for the same period the year before, for direct insurance as well as approved reinsurance expressed in American dollars.

Our portfolio's net earned loss ratio was 80.2%, which was an increase compared to 64.1% earned in 2006 mainly due to the 15 August earthquake that affected the southern part of the country and to important claims in Fire and Technical insurances.

Pacifico distribution of the General Risks portfolio, as of December 2007 (*Net claims / Earned net loss ratio, US\$ million*)



Source: Pacifico.
Preparation: Internal.

After beginning to get into the individual insurance, the ratio for technical expenses and commissions on earned net premiums reached 18.9% compared to 16.6% obtained in 2006. This slight increase should be considered as acquisition expenses to enter new channels, which will result in better results for the following years.

The ratio of Expenses to Net Earned Premium was 28.9%, which is below 30.1% obtained in 2006. Even though we have made a progress in expense control in the context of premium production growth, we are aware that we have to reduce our general expenses around 17% in order to improve our profitability and be able to compete in the international insurance market.

Pacifico Seguros Generales net profit in 2007 was US\$ 12.5 million. It must be pointed out that under the domestic currency accounting principals, the net profit was S/. 17.1 million. The above can be explained considering the 6.3% appreciation of the new sol, which had a negative impact on assets held in dollars to cover our technical obligations, and various adjustment made due to different accounting system under local regulation compared to international accounting standards.

As part of its restructuring process, the company changed its investment policy aiming at using better investment risk management tools and practices worldwide and adopted the

recommendations made in Solvencia II and Basilea II to have better terms and currencies match between our assets and liabilities (mainly obligations with our insured clients).

Our US\$ 28.9 million financial profitability in 2007 was basically attributable to the management of our variable income portfolio and to the portfolio investment income realization. Moreover, we benefited from the positive contribution of our branches Pacifico Life and Pacifico Health – HCP (EPS in Spanish) that brought in financial income in the amount of US\$ 12.3 million.

In accordance with the Sarbanes-Oxley Act, applicable to Pacifico Insurance as a Credicorp Ltd. subsidiary (a company listed in the NYSE), during that period the company continued with the challenge of adjusting internal management and reporting process to suitably handle operational risks and present reliable financial statements comparable to international reporting standards. Furthermore, we updated and consolidated our business continuity plan aiming at avoiding any service interruptions and minimizing financial losses for the Company. In this sense, in 2007 Pacifico started submitting its financial information in compliance with the IFRS7.

In this sense, it is our great pleasure to inform our shareholders and clients that our company has met its objectives and now is one of the few local companies that have reached these control and reporting standards.

The results of our company's risk rating under the standards established by the SBI kept us in category I. In this sense, both Apoyo Clasificadora de Riesgo (risk rating company), associated to Fitch Ratings, and Equilibrium Clasificadora de Riesgo confirmed Pacifico Insurance as category "A" in the Peruvian insurance market.

Furthermore, an important acknowledgement of these positive developments in Pacifico is level of investment made by Fitch. Pacifico Peruano Suiza (PPS) and Pacifico Vida (Pacifico Life or PV) were assigned the BBB- rating based on its effective restructure, strong capitalization, liquidity above average and solid market participation and franchise in Peru.

Pacifico Seguros Investment distribution as of 31 December 2007

Investments	December 31 2007	
	US\$ thousands	%
Stocks	52,266	28.7%
Real property	32,593	17.9%
Trading securities	82,931	45.5%
Time Deposits	14,629	8.0%
	182,419	100.0%

Fuente: Pacifico.
Elaboración: Propia.

Pacifico Vida

In December 2007, the total volume of premiums was US\$ 136.7 millions, 16.6% higher than the year before, which allows keeping a 25.8% market share for life insurances.

The Individual Life Insurance line of business experienced a 24% premium increase by contrast with the year before, which is mainly due to greater productivity from each one of our consultants and to the intensification of our sales force and launching of new products. We trust this increase continues over time. To this end, we are enrolling more consultants that will enable us to improve persistence and productivity. Moreover, the increase in individual life insurance is also being consolidated by the growth in our Part Time, Brokers and banks channels, which we have developed with greater force in the latter months of 2007 and is, unquestionably, contributing to this good performance.

Pacifico Vida maintains its leadership position in the individual life insurance market with 33.4% participation by December 2007.

The life annuities line of business experience a decrease of 12.3% of income basically due to voluntary adjustments in the survival tables since 2006 and to the end of the early retirement rule. Nevertheless, thanks to its conservative investment policy, Pacifico Vida slightly improved its market participation increasing from 17.7% to 19.1% in December 2007.

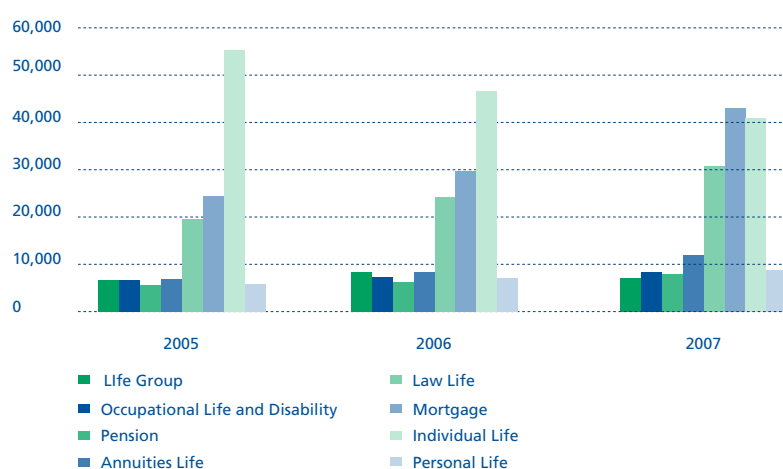
We continued managing disability and survivorship insurance of Prima AFP members, and the number of members has increased as a result of the AFP Union Vida merge. Thus, the pension insurance line increased 28.8% compared to the same period the year before. With regard to market participation, we are in the first place with 30% in December 2007.

Regarding accumulated levels, the Life Group insurance (Life Collective, Law and Occupational Life and Disability Insurance) which represents 18% of the income, increased 40% compared with the year before, especially in Life Collective Insurance, and Occupational Life and Disability Insurance. This increase was mainly due to the individualization of our double insurance with BCP, which resulted in a significant increase in the Life Group insurance. With regard to market participation, we are in the second place with 24% in December 2007.

Credit Life Insurance has experienced a 46% increase compared with the year before. Without a doubt, the vigorous growth of the country's credit market contributed to the good performance of this line of business (credit cards and mortgage loans). Moreover, new business deals were made with companies such as Ripley, which has contributed to this growth.

In the Personal Accidents line of business, although it is not a significant line of business for the year income (5% total income), it is experiencing a significant growth compared with the year before (25%). It is worth mentioning that this line of business is commercialized through our agency channels –line in the Life Individual Insurance line of business- banks and other alternative channels, which have enable an accelerated growth in 2007.

Premium evolution - Pacifico Vida (US\$ thousands)



Source: SBI.
Preparation: Internal.

Diversification of distribution channels is still in process of consolidation. Thus, apart from the companies in the financial system we are selling insurance services through department stores and public service companies.

We are committed to continue being in the lead improving the products we sell through our alternative channels thanks to the implementation of strategic plans. Furthermore, we are convinced that these plans are the means that will complement market growth.

With regard to investment management, the changing of the duration of the public debt resulted in significant returns, which added to the good performance of investment portfolios resulted in net financial incomes that represented 31.8% of the company's income. The increase in investment income (24% with regard to the year before) has allowed the net earnings to improve and increase our equity value, as in years before.

Furthermore, the value of the investment portfolios increased in 2007. Said assets include domestic and international financial instruments issued by level 1 entities of the highest credit quality. Thus, the quality of our investments allows us to guarantee the payment of future commitments with our clients. Moreover, said portfolios are invested in different terms based on the expected date of payment of our insurance.

Based on our financial strength as an insurance company, in August Fitch Ratings gave us an Investment Grade Rating or Insurance Financial Strength rating.

This rating identifies Pacifico Vida as a trustful and safe company under international standards with capacity to fulfill its commitments and obligations. This rating is only given to a distinguished group of companies.

In December 2007, Pacifico Vida earned a net of US\$ 25 million before minority participation, which represents 18.3% of total premiums and 36.1% of return on equity. The company will continue focusing on markets and segments that represent proper returns for our shareholders.

Pacifico Salud EPS

Pacifico Salud recorded a total of US\$ 95.1 million in contributions by December 2007 and grew 17.9% with respect to the year before.

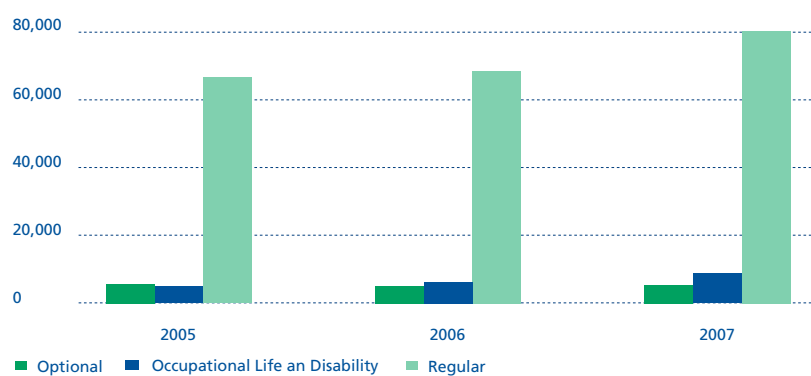
This amount of businesses allowed us a 53.9% participation in the Health Care Providers (EPS in Spanish) market by December 2007, which added to Pacifico Insurance participation in medical care, and consolidated us as leaders in the health private insurance business with a 49.6% total market participation.

Furthermore, Pacifico Salud EPS recorded 80.1% of net earned loss ratio by December 2007, which is higher than the 77.3% net earned loss ratio recorded for the same period the year before as a result of a drop in prices due to competition from two new companies and higher levels of unreported claim reserves in compliance with financial reporting international rules.

During the year our objectives aimed at consolidating the results of the business portfolio and improve service quality offered to our customers through various customer service networks.

Pacifico Salud EPS reported US\$ 2.7 million net profit, under IRFS, by December 2007 compared to US\$ 3.7 million in the year before, which can be explained mainly by the increase of the loss ratio, significant decrease in prices due to a competitive dynamics and greater administrative expenses.

Contribution evolution - Pacifico Salud EPS (US\$ thousands)



Source: SHCP.
Preparation: Internal.

Facing an ever growing market, we have consolidated commercial and supporting efforts with general insurance businesses so as to be prepared as a corporation to face market growth, with the support of the quality of the service we provide, the aggregated value of our products and comparative advantages we can offer.

Consolidated Balance Sheet

Assets	2006 US\$(000)	2007 US\$(000)
Cash and banks	78,012	46,160
New investments	728,934	821,278
Real property, furniture and equipment, net	46,986	46,497
Receivables and other assets	142,274	284,008
Total assets	996,205	1,197,943
Liabilities and net shareholders' equity		
Technical reserves	629,405	817,510
Accounts payable and other liabilities	76,872	115,255
Total liabilities	706,277	932,765
Net shareholders' equity	289,928	265,178
Capital stock	71,665	78,531
Unrealized income	61,984	65,669
Results of exercise	53,343	12,457
Other real accounts	49,713	49,446
Minority interests	53,223	59,075
Total liabilities and net shareholders' equity	996,205	1,197,943

As of 31 December 2006 and 2007

Profit and Loss Statement

	2006 US\$(000)	2007 US\$(000)
Total premiums	372,599	467,238
Ceded premiums	63,493	97,372
Adjustment of reserves	50,020	62,593
Earned net premiums	259,086	307,273
Net claims	186,522	238,600
Net commissions	26,902	31,291
Income and technical expenses	(10,910)	(21,929)
Technical results	34,752	15,453
Financial incomes, net	89,395	76,834
General expenses and provisions	61,239	69,917
Results by shifting	1,591	3,941
Employee participation and income tax	5,412	4,331
Income before minority interest	59,087	21,979
Minority interest	5,744	9,522
Consolidated net profit	53,343	12,457
Contribution to Credicorp	14,538	9,435

For the years ended December 31, 2006 and 2007

Board of Directors

Chairman

Dionisio Romero Seminario

Vice chairman

Dionisio Romero Paoletti

Directors

Eduardo Hochschild Beeck
Maximiano Lemaitre del Campo
Reynaldo Llosa Barber
José Miguel Morales Dasso
Raimundo Morales Dasso
Luis Nicolini Bernucci
José Antonio Onrubia Holder
Carlos Palacios Rey
Ricardo Rizo Patrón de la Piedra
Luis Enrique Romero Belismelis