Banco de Crédito BCP

2009 Annual Report

Getting ready

for healthy growth

Banco de Crédito BCP

Letter from the Chairman of the Board

On behalf of the Board of Directors of Banco de Crédito BCP, which I am honored to preside for the first time, it is a pleasure for me to present the Annual Report of our company for the year 2009.

Hello, for the first time

Following the severe international financial crisis, which became evident as from the second half of 2008, the recessive impact on the world economic activity hit the Peruvian market harder than expected, bringing the economic growth figures to barely 0.9% for 2009. As expected, this fact had a strong impact on the growth of our company's operations.

Consolidated net income reached $ 397.4 million

The results

Despite the atmosphere of crisis and financial turmoil we lived in 2009, I am greatly pleased to inform you that this was a good year for BCP, bearing in mind the circumstances in which the business performed. Net consolidated earnings reached US$ 397.4 million, in accordance with international accounting principles, and represented an average return on equity of 26.6%. This result reflected in a downturn of earnings of only 6.2% with respect to the previous year, a peak year in the history of BCP. When applying local accounting standards, these earnings are affected, in addition, by the translation losses due to the devaluation of the U.S. currency, thus resulting in net earnings of S/. 924.5 million.

This result of BCP was favored by some income accounts that helped compensate the greater costs of the business. The financial margin rose by 10.4% and banking fees by 9.3%. Among other revenues, the most notorious was the gain obtained from the sale of securities, which included positions in sovereign bonds and exhibited a 147.9% year-on-year increase, contributing with about an additional US$ 60 million of extraordinary revenues. The financial margin increase is a real accomplishment in this situation marked by business contraction, as it is achieved through the outstanding management of the funding sources, combined with a sound commercial management of the credit business.

With regard to the growth of our loans, these were greatly affected by the contraction in business activity, which was buffered, in turn, by the sustained demand for credit in the retail segment throughout the year, resulting in the not inconsiderable growth of 10.8% over the previous year. At this point, it is worth mentioning that notwithstanding the strong slowdown of economic activity and owing to the sound risk management, the quality of this portfolio was only moderately deteriorated, with past-due loans accounting for only 1.6% of the total portfolio at the end of 2009, below the figure originally expected in a crisis scenario, although higher than the 0.8% recorded in 2008. This deterioration reflected on the strong increase in provisions, which required the establishment of US$ 165.1 million in provisions, more than triple the provisions made in 2008.

Meanwhile, operating expenses rose 15.6% due to the accelerated expansion of our physical, human and technological infrastructure during the last two years before 2009. This represents a high operating burden, increased by the 8.0% revaluation of the local currency, as well as by the depreciation and amortization of significant investments that will contribute to improving the efficiency of the organization in several fronts, to be evidenced in the coming years.

In 2009 we continued investing in sophisticating and expanding the largest banking network of the country, with 4,131 access points for our clients: 334 agencies, 996 ATMs and 2,801 BCP Agents. In addition, we have increased our investment to improve the provision of technological support to our operations, for an effective use of all the information available towards achieving greater commercial efficacy and increasing the efficiency of our 15,000 employees.

Another important step was the successful purchase of Financiera Edyficar, a company engaged in the microfinance sector, which shows the commitment of our organization with the development of the financial market and bank penetration. We are convinced of the importance of credit access in an emerging economy as ours and, hence, of the opportunity this step means for both our clients and our business.

We believe that with these investments and the execution of the strategic plans, which should increase both business efficiency and risk control, we are prepared to face sound and sustained growth and accompany the development of the Peruvian economy.

Banco de Crédito BCP Bolivia

The year 2009 was also satisfactory from the perspective of results for our subsidiary in Bolivia, which obtained net earnings of US$ 30.4 million. However, these results reflect a 29.1% fall in earnings and contribution to BCP as a result of the changes in the regulatory environment and the relatively little economic and investment activity in the country.

Dividends and capitalization

In meeting held on February 24, 2010, the Board of Directors proposed to submite fot approval of the Annual General Meeting of Shareholders the distribution of cash dividends of US$ 0.267 per share, which represents 64% of the produced earnings. Accordingly, the retained earnings of the Bank amount to 36% this year, of which S/. 329.5 million will be capitalized to strengthen the operating capital of the company with a view to the substantial growth we expect.
In this respect, I must mention that an achievement of utmost importance for our organization was the issuance by BCP in November 2009 of US$ 250 million in Hybrid Bonds at 60 years in the international market, which in addition to providing long-term funding, will strengthen our operating capital as they are considered part of the equity of the corporation due to their long maturities and subordination characteristics. This issue constitutes a milestone in the history not only of our company but also of Peru, as it is the first issue of a Peruvian company with such long maturities, furthermore undertaken in a market that is just emerging from a massive financial crisis. The success and 4 to 1 oversubscription achieved by this issue show the great expectations of the markets with regard to the future of our economy and of our business.

Perspectives

Having been able as a country to handle the worst financial and economic crisis of recent times, coming out of it with flying colors and being among the only four countries worldwide that showed a positive evolution of their economic activity, fills us with great pride and optimism. The soundness of the foreign and fiscal accounts, the magnitude of the accumulated international reserves and the high solvency level of the financial system were key to successfully face the problems derived from the international situation and will continue to be essential to pull through in times of recovery, still somewhat volatile and uncertain.

Likewise, BCP is now ready to resume the growth we all expect. Our capital, technical and professional solvency is high, we enjoy the loyalty and confidence of our customers and we can count on highly talented employees, committed to the success of our company. We have prepared ourselves to grow and we will continue along that line, as the growth we seek has a very broad horizon.

I do not wish to end this report without expressing on behalf of the Board of Directors and of myself, our gratitude to you, the Shareholders, for your trust; to our more than three million customers for their loyalty; and to all our employees for their contribution to the development of our company.

Thank you very much,

Dionisio Romero Paoletti
Chairman of the Board of Directors

Letter from the Chief Executive Officer

Sustained growth is undoubtedly the goal that contributes the most to the value creation process, which is the primary mandate of our administration. However, it is probably also the most difficult goal to achieve, especially in a globalized world, where no one is beyond the economic cycles that govern the development of world economy. Still, we are currently in a privileged situation in Peru, since after many years of efforts engaged in the construction of a healthy economy, we find ourselves in a stage of clear development, where the country's potential is made evident through strong investments and the development of our local markets.

The last years previous to the recent international crisis were marked by strong growth and elated optimism regarding our future. Therefore, this crisis that caused a significant slowdown of our economy had, in a way, a positive side to it, as it made us think about that future growth and about how we can… and how we must make sure that it is not something frugal, temporary… and rather turn it into something sustainable.

Thus, 2009 was a year of rethinking, analyzing, assessing, questioning and other actions that describe our tasks aimed at defining the future development of our business. We could also describe it as the year when we took the time and space to examine our strategies and prepare our organization for that growth which we are convinced will happen in the next years. Peru is just beginning to recover time lost… reinventing itself, and we at BCP, go along with the country.

Getting ready for sustained growth implies being in shape to win the race, strengthening our structures and training each role player in this race, seeking the exact coordination of all our movements in the search for maximum efficiency. Permanent training, warming up prior to the race and preparing our strategy for competition are tasks probably as important as researching and getting acquainted with the area where we will compete and smoothing out the obstacles, using the tools required

to protect ourselves and move forward as fast as we can… There lies the key to our goals.

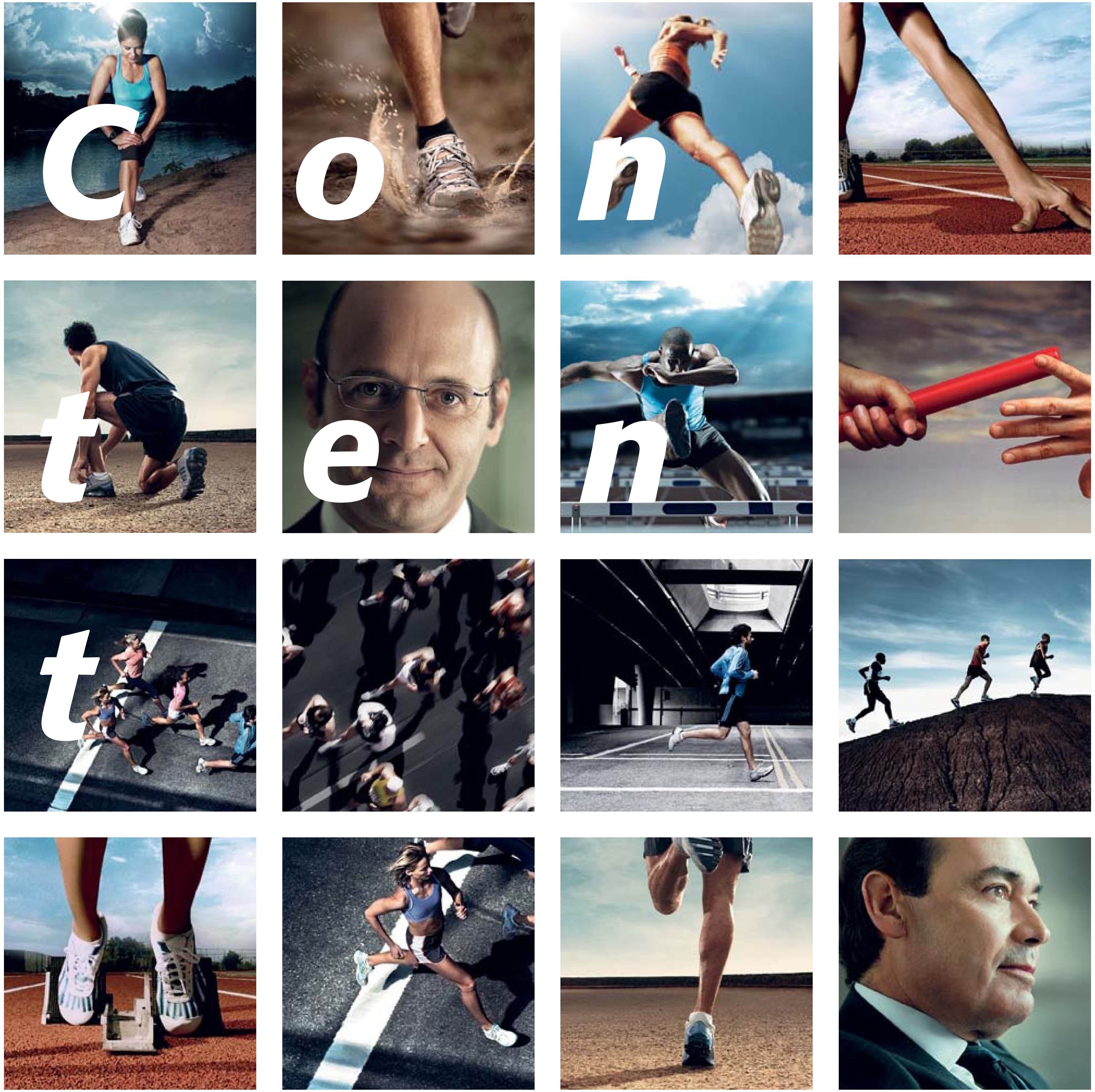
As in sports, we feel that during 2009 we have been precisely in that preparation stage… reviewing our game strategy, warming up, stretching our muscles, strengthening our structures, removing obstacles, covering vulnerable zones and setting goals… always focused on our objective: sustained growth, but above all, on efficient growth with measured and controlled risk… that is healthy growth.

This year our annual report seeks to convey this message, hence the parallel with sports, an illustrative and attractive way to describe what we have done and are still doing: getting ready for healthy growth…

Thank you very much,

Walter Bayly
Chief Executive Officer

Content



Mission

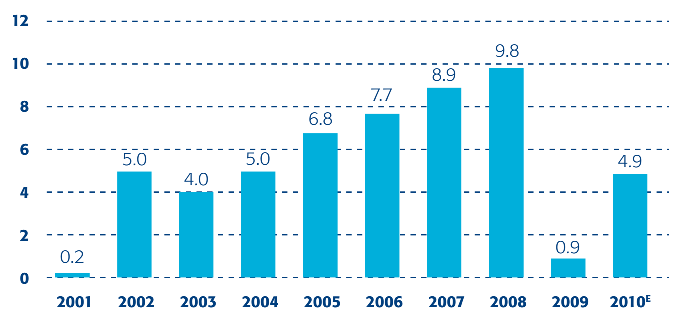
To serve our client.

Vision

To be a simple, transactional, profitable bank, with highly skilled and motivated personnel

Economic Environment

Gross National Product *(Annual Variations, %)*

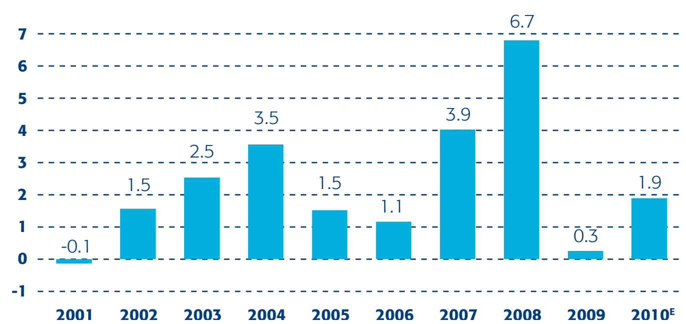


E: BCP Estimates
Source: INEI

1 Growth

As a result of the international crisis, Peru's economic growth in 2009 was the lowest in the past 8 years. The components most affected were private investment (especially inventory variation) and exports.

Inflation (%)

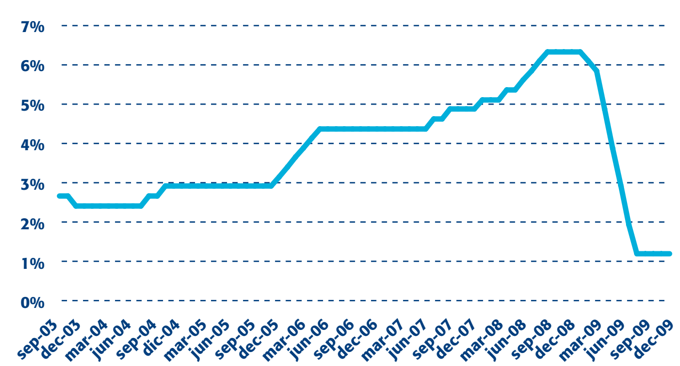


E: BCP Estimates
Source: INEI

2 Inflation

Within a context of modest growth of the demand and adjustment of international prices (especially of oil) following the great increase in 2008, inflation in 2009 was only 0.25%, the lowest since 2002.

Reference Rate (%)

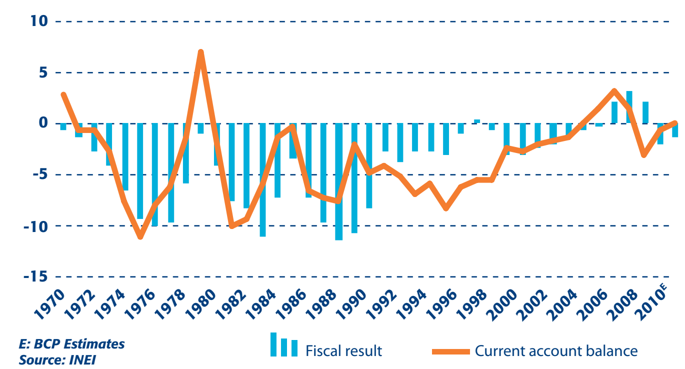


Source: INEI

3 Reference Rate

In order to assist in the recovery of the economy, the Central Bank reduced the reference rate from 6.50% at the beginning of the year, to 1.25% at the closing of 2009. This is the lowest historical rate and such level would be maintained at least throughout the first half of 2010.

Fiscal result and Current account balance *(GDP percentage)*

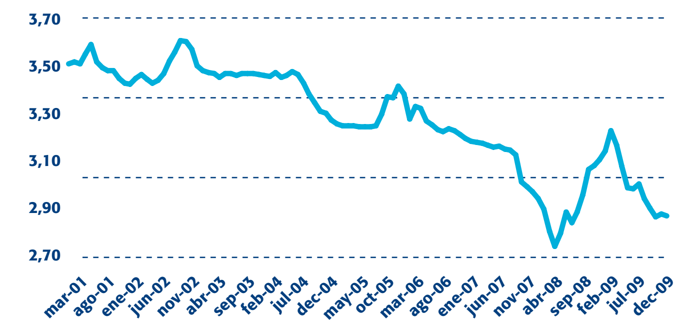


E: BCP Estimates
Source: INEI

4 Fiscal Result Current and Account Balance

The adjustment of international prices and the weak world economy scenario had an influence in the generation of fiscal and current account deficit during 2009. However, both are completely financeable and their magnitude is moderate when considering the country's history.

Exchange rate *(buy-sale average, monthly average)*



Source: INEI

5 Exchange rate

The feeling of intensification of the crisis motivated the flight-to-quality and gave rise to the depreciation of currencies in emerging markets in the first months of 2009. Peru was no exception, however, now it is rather followed by a weakening process of the dollar globally and a downtrend of the exchange rate.

Outlook 2010

While it is estimated that the worse part of the international recession is over, the expected recovery is rather slow. Furthermore, this process would be headed by the emerging countries, as there are still doubts about the strength of the growth of the leading world economies, heavily influenced by fiscal and monetary incentive programs of limited duration.

In particular, the key issue is the generation of employment in the United States, as this reflects in consumption, which represents 70% of the American economy and, hence, 15% of the world economy. However, this occurs at a pace slower than expected, given the behavior of the leading economic activity indicators, which contributes to uncertainty. Moreover, even if the unemployment rate would stop growing (it is around 10.0%, but at the beginning of the crisis was at 4.5%) it would take years for the market to go back to where it was before the recession.

Considering a world economy growth of little more than 3.0%, it is estimated that the Peruvian economy will grow 4.9% in 2010. This growth would still be led by the construction sector, not only driven by the continuous growth of public investment, but also by the recovery of the private component, basically non-residential (such as mining projects and shopping malls). Other dynamic sectors would be services, in response to the recovery of internal demand, and manufacturing, which would respond to the improvement of world economy. On the other hand, it is estimated that the supply sector (agricultural and livestock and fishing) will evidence a more modest growth given the climate anomalies perceived, even if the occurrence of the El Niño Phenomenon would not materialize. On the expenditure side, public investment would continue being the most dynamic component of the demand, due to the local and regional elections that will take place this year, to which effect the respective governments seeking reelection may use the resources budgeted but not allocated last year. Furthermore, it is estimated that private investment and exports will gradually recover, although, regarding the first named in particular, we must bear in mind that in the years previous to presidential elections it usually suffers a negative impact waiting to see how the election outlook evolves.

At the end of the year inflation would be in line with the middle of the target range (2.0% +/- 1.0%), as a result of the steady recovery of internal demand and the moderate increase of the international prices of commodities. While the local price of fuels evidenced recent increases (which may have an impact on the underlying inflation to the extent they reflect in services such as transportation) inflation expectations are moderate. Nevertheless, especially during the first quarter of the year, a slight upturn may be observed in the annual inflation rate, though not in the underlying inflation, as the climate conditions would have an effect in the availability of certain food products.

Furthermore, it is assumed that the Central Bank will keep an eye on the evolution of the above-mentioned economic indicators to determine the moment to reverse its current expansive monetary policy, which, given the currently foreseen scenario would occur by mid-year. This decision would also take into account the exchange rate, which is expected to show a downtrend during the first half of the year, somewhat more pronounced than during the second half. This evolution would be mainly influenced by the perception of the dollar in the world, although some factors would contribute to volatility, as for example the uncertainty about the recovery of the world economy, the purchases by the BCR, the diversification in the composition of the international reserves, the presence and intensity of the El Niño Phenomenon, the possible upgrade in the debt rating of Peru and the political uncertainty.

Corporate Strategy

We decided to face the strong slowdown of our economy with optimism, but also with great professionalism and specific actions.

Getting ready for healthy growth

The world financial crisis, originated towards the end of 2008, impacted markets worldwide during 2009, affecting both the most developed economies and those of countries such as Peru, which thanks to its steady economic growth managed to set firm foot already in the global capital map.

The situation demanded an analysis: After a great battle it is always convenient to withdraw, perform multiple assessments in the different levels, discover new strengths, detect weaknesses and redesign or streamline strategies. This analysis began with key questionings:

What was really our situation when the crisis erupted? How should we face it? How should we react to the challenges of the market? What should our positioning be while the leading world economies get on their feet again? We thus decided to face the strong slowdown of our economy with optimism, but also with great professionalism and specific actions. Our goal in 2009 was to get ready for healthy and sustained growth.

The analysis enabled us to identify the three mainstays on which we should rest our corporate strategy.

Three complementary and interactive lines of action that will lead each individual effort of each segment, product or development to success and, in turn, to contribute to the sustained evolution we seek.

These three mainstays are:

1. Efficiency

It begins with the evaluation of how we have been working, and rethinking, if necessary, our processes and systems in an effort to achieve more with less or with the same. To that effect, we are applying the Lean method, which as the word itself describes, means learning to work "fat free." Lean means eliminating every step that may not be absolutely necessary, shortening our paths and obtaining results with less effort. Pure efficiency that we are applying to our network of offices, operating and risk assessment systems, supply procurement, sales processes and others.

2. Risks

To protect the quality of our assets is one way to keep ourselves healthy. To take care of our operating risk assessment will help us succeed in long-distance races without tripping or slipping. We will thus have a better trained body ready for action, alert and prepared to face the possible obstacles in the route. By covering ourselves as best as possible from market risks, we take care of the track where we run, minimizing the possibility that we may jog along rough zones or hurdled tracks. We will always encounter risks in all strategies and segments of our business. The objective is to get acquainted with them way in advance so as to be able to handle them and control them.

3. Growth

This is the ultimate goal: Efficiency will bring about growth and good risk management will make it healthy. By including the concept of growth as one of the mainstays of our strategies we seek to tune them up and boost them towards achieving an additional development to that of the market, for instance, and we will increase our share in those segments offering more opportunities. The key is to always seek how and where to keep growing, though at the same time, keep good control over implicit risks. An example of that was the implementation of a plan designed for the SME segment: We acquired Financiera Edyficar to grow in the line of microfinances. This step stemmed from a strategy mostly focused in seeking the best ways to progress in a determined market, in order to make the most of our strengths and, at the same time, recognize our weaknesses.

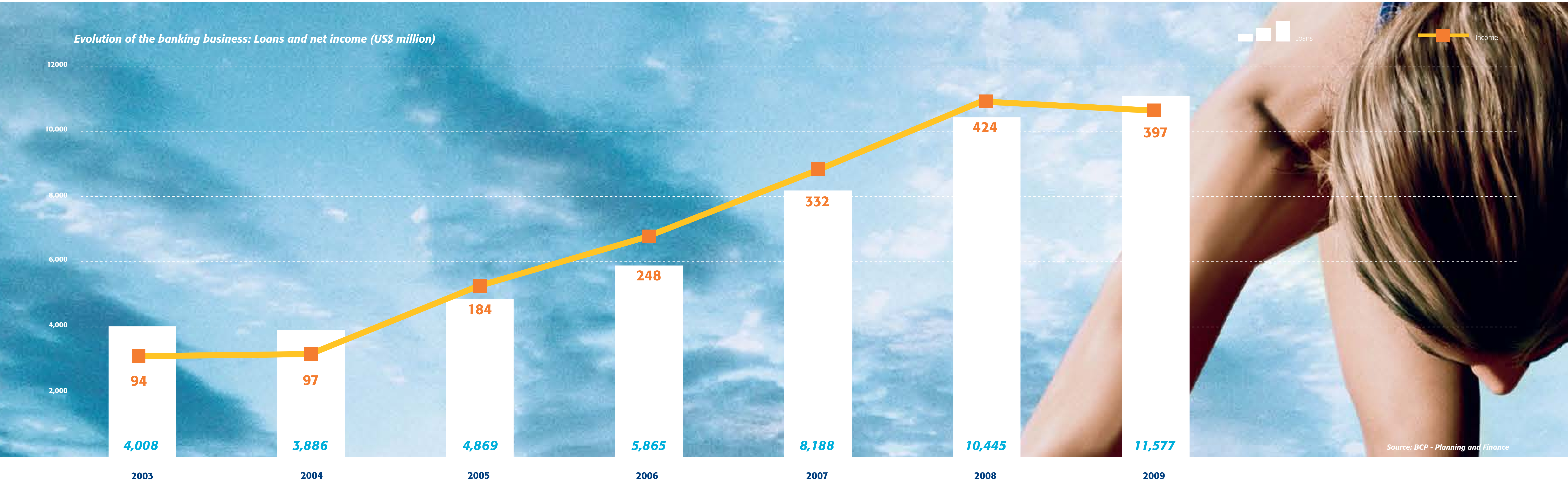
At BCP we count on our country's ability to keep moving up in the world, as it has the macroeconomic foundations for that. As an organization, we are committed to the pursuit of healthy and sustained growth that may provide support to the expansion of our markets. All of this, offering greater accessibility and creativity in the design of products and services, and promoting the development of our clients by offering them access to credit.

A Graphic View of our Performance

Key Figures and Indicators

Indicator	2007	2008	2009
Profitability			
Net earnings (US$ million)	332	424	397
Net earnings per share (US$ per share)	0.26	0.19	0.18
Return on average equity (%)	31.7	32.8	26.6
Return on average assets (%)	2.4	2.4	2.1
Operating Ratios (%)			
Operating expenses over total income [2,3]	51.3	50.3	51.9
Operating expenses over average assets, [1,2]	3.4	3.3	3.5
Balance (year end, in US$ million)			
Assets	14,987	18,298	19,241
Net loans	7,978	10,222	11,224
Deposits	11,179	14,235	14,462
Net equity	1,133	1,395	1,672
Capitalization (number of times)			
Total assets over equity	13.2	13.1	11.5
BIS ratio, [4]	11.9 %	11.5 %	14.5 %
Portfolio quality (%)			
Overdue loans over total loans	0.7	0.8	1.6
Provisions over overdue loans	351.8	271.9	192.3
Other data			
Number of shares, net (in millions)	1,287	1,508	2,228
Average price per share (in S/.)	10.2	9.4	9.1
Number of employees	12,667	15,971	15,501

1. Average determined taking the final balance amounts of each quarter.
2. Operating expenses include remunerations (without including the complementary profit sharing plan), administrative expenses, depreciation and administration.
3. Total income includes net revenues from interests, revenues from fees and earnings from exchange operations.
4. The 2009 ratio is calculated using the Basel II method established by the Superintendence of Banking, Insurance and Pension Funds (SBS).



Main performance indicators

Net income

In 2009, the BCP business performed in a scenario marked by the contraction of credit demand, as a result of the strong slowdown of the Peruvian economy originated by the recession of the international markets. Within this context, BCP recorded net earnings amounting to US$ 397.4 million in 2009, which represented a 6.2% downturn with regard to the US$ 423.5 million in 2008.

However, it is important to point out the favorable performance achieved in some important business headings, such as:

i. The 7.4% expansion in the operating income caused by the 10.4% growth of the net revenues from interests that resulted from adequate financial management and of the 9.3% increase in the banking service fees, an income expansion achieved notwithstanding the difficult market scenarios, the business slowdown and the lower interest rates.

ii. The greater earnings from the sale of securities (+ 147.9%) resulting from the sound treasury management, which identified an opportunity in the purchase-sale of sovereign and global bonds.

iii. Translation profits of US$ 7.7 million in contrast with the loss of US$ 12.2 million in the previous year.

The foregoing enabled the bank to mitigate significantly the strong 222% increase in the provisions and the 15.6% increase in operating expenses. It is worth mentioning that the greater operating expenses are mostly explained by the strong expansion of the bank's network in the previous 2 years, and the initial cost of the initiatives implemented throughout the year towards improving long-term efficiency. The higher operating expenses were exacerbated by the 8.0% appreciation of the Nuevo Sol against the U.S. dollar over the year, given that a good part of the operating expenses are denominated in local currency.

BCP loans managed to keep their upward trend and reached US$ 11,577 million as at the closing of 2009, representing an annual growth of 10.8% and 7.4% in real terms (net of the revaluation effect of the local currency portfolio). This expansion was achieved mainly with the recovery of the financing activity during the last months of the year.

Operating performance

As at the closing of 2009, BCP recorded an operating margin of US$ 512.6 million, 2.7% below the US$ 526.7 million recorded in 2008. This was due to the 15.6% increase in operating expenses, an expansion greater than the 7.4% growth of operating income.

These greater operating income is mostly explained by the 10.4% growth of net interest income, and by the 9.3% increase in banking service fees.

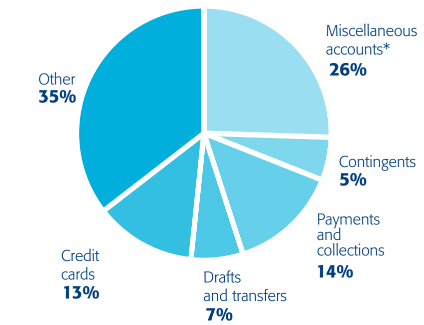
In turn, the favorable evolution of the net interest income is largely the result of the significant increase of 10.2% in the income from interest on loans, achieved mainly due to the dynamics of constant growth of the local currency portfolio of our Retail Banking segment, which was strengthened during the last quarter by the expansion of Wholesale lending. The foregoing enabled us to mitigate the contraction of income from interests on investments and deposits, caused by the low 2009 returns as a result of the strong reduction of interest rates experienced as central banks attempted to reactivate the depressed international markets. The flipside of this was the 26.5% reduction in interest expenses, which reflected the adequate financial management that led to lower funding costs that explains as well the greater financial margin. The latter also helped compensate the greater interests on new bonds issuances at BCP that included approximately US$ 2.0 additional million per month in interest expenses resulting from the hybrid bonds placed in November 2009.

Meanwhile, the growth evidenced by banking service fees was the result of increased income from Corporate Finances, credit cards, savings accounts, collections and payments and foreign trade.

With regard to operating expenses, the increase observed in 2009 was a consequence of the greater administrative expenses (+15.9%) and of the salary increases (+34.3%) accounts denominated mostly in nuevos soles; hence, its evolution included the effect of local currency revaluation. However, the greater operating burden was mainly related to the expansion of the network of agencies during 2008, which reflected completely in the expenses as from 2009. Another factor that explains this increase is the cost of the initiatives undertaken during the year in the search for greater operating efficiency in the medium term.

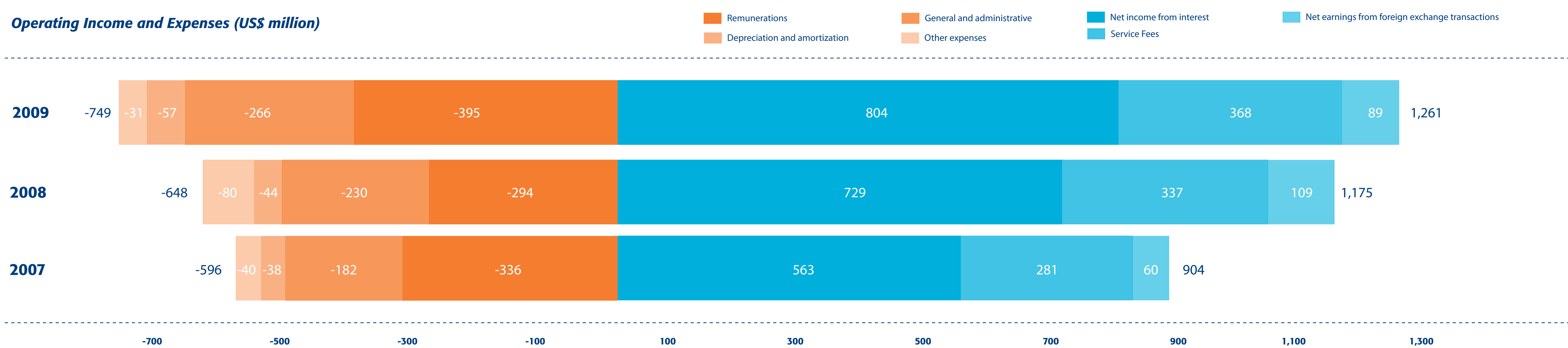
As a result, the efficiency index of BCP showed a slight impairment: It moved from the 50.3% obtained in 2008 to 51.9% in 2009.

Fee composition by banking service (%)



** Saving accounts, current accounts and debit card*
Source: Source: BCP - Planning and Finance

Operating Income and Expenses (US$ million)



Source: BCP- Planning and Finance

Assets and Loans

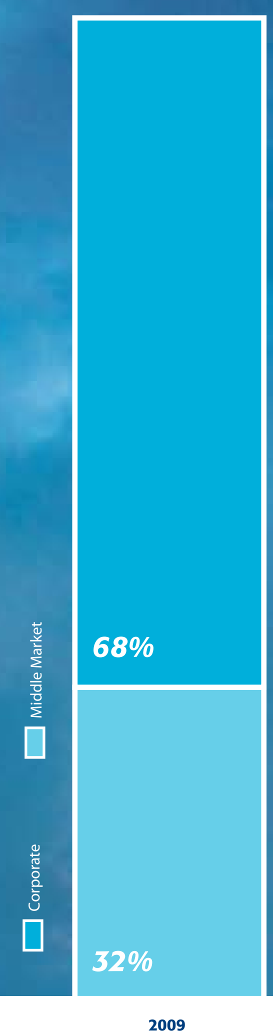
By the end of 2009, the assets of BCP amounted to US$ 19,241 million and represented a 5.1% increase with regard to the 2008 level.

Net loans, which represent the main component of the assets of BCP, registered a 9.8% increase for the year. This growth was mainly an effect of the dynamism experienced in the local currency portfolio, which grew 24.0% in 2009 and reflected the satisfactory results of the expansion strategy of the Retail Banking Business. This was also evidenced in the composition of the loans portfolio, where the participation of Retail Banking increased to 40% at the end of 2009 versus the 38% recorded in 2008.

By the end of December, BCP registered a 33.4% market share in loans, which consolidated its leading position and increased the 2008 results of 31.8% achieved at the closing of that year. This is rather remarkable to the extent it was accomplished within a context marked by the low growth of loans during most of the year and by the strong competition in all of the segments.

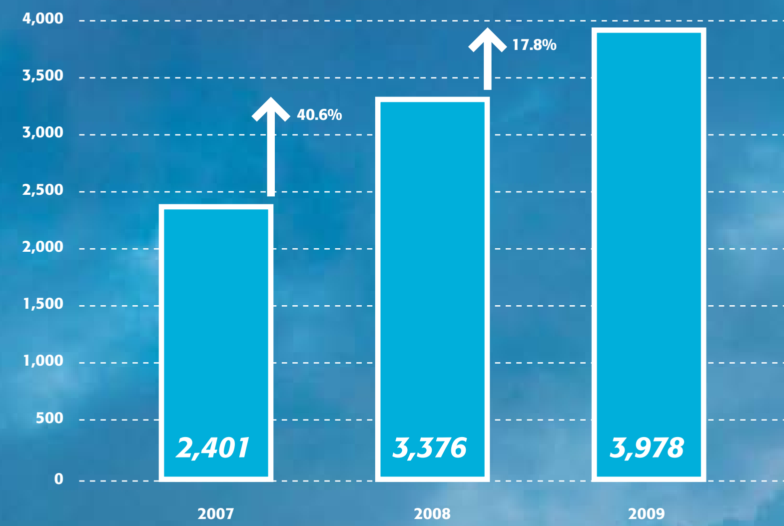
Meanwhile, Investments, another important account in the assets, shrunk 9.7% with respect to the previous year-end level, especially due to the sale of the sovereign and global bonds position.

Composition of the Wholesale Banking portfolio (%)

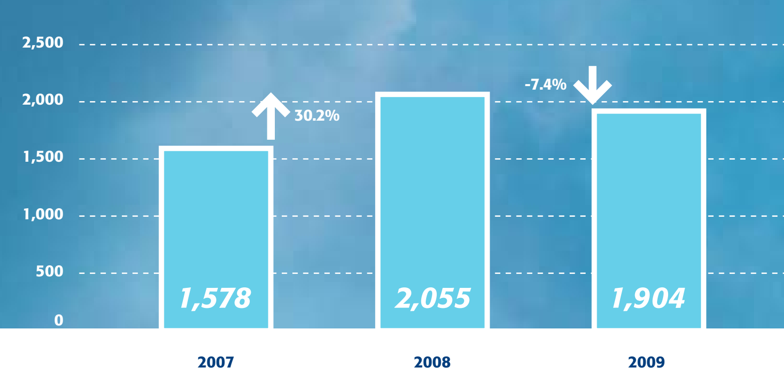


Source: BCP - Planning and Finance

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



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



Wholesale Banking

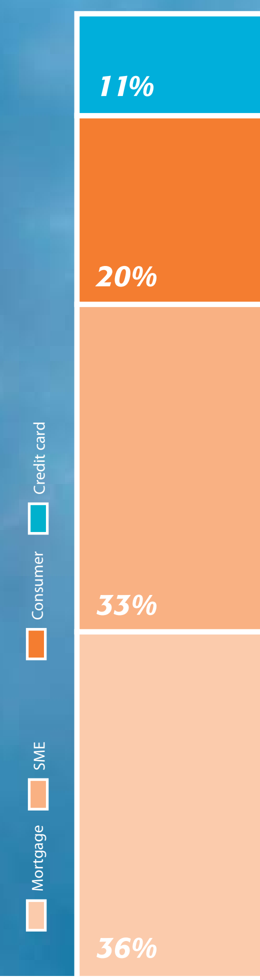
In 2009, the average daily loans balance of Wholesale Banking expanded 8.3%, a rather satisfactory performance considering that the business performed most of the year in a scenario marked by postponed investment plans and by reduced inventories on the side of the companies, owing to the strong slowdown of the Peruvian economy.

The 17.8% growth of the Corporate Banking portfolio, measured in its average daily balance, explains the evolution of loans of this area as a result of investment financing. On the contrary, the Middle Market Banking portfolio fell 7.4% in 2009 due to the fact that the reactivation of its activity arrived somewhat late and insofar as the re-segmentation of clients required some transfers to Corporate Banking.

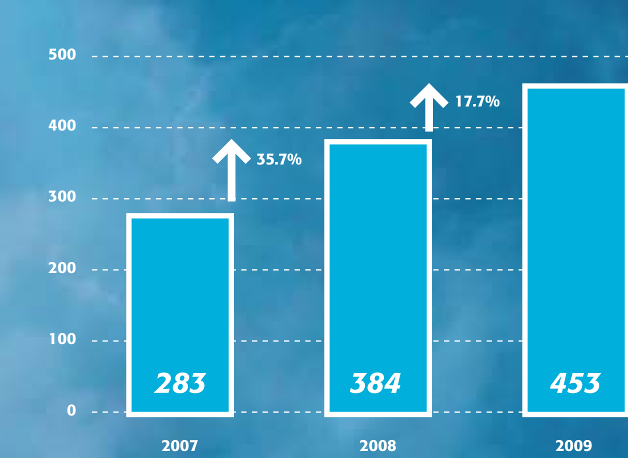
It is worth considering that the greater loan volumes in Wholesale Banking represented a real expansion, insofar as the effect of the local currency revaluation was not significant, as 74% of its portfolio was denominated in foreign currency.

BCP kept its leading position in the market with a market share in loans of 40.0%, which in turn represented a 44.9% and 33.3% share in Corporate Banking and Business Banking, respectively, as at the closing of 2009.

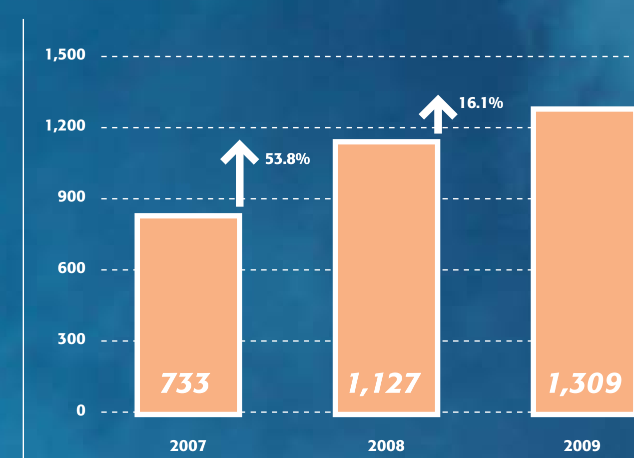
Composition of the Retail Banking portfolio (%)



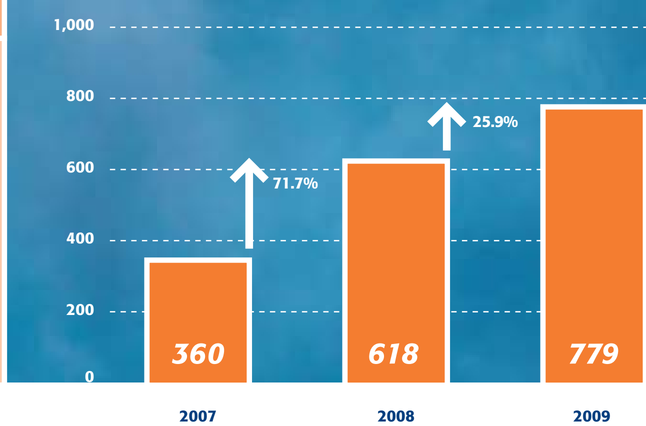
Credit card * (US$ million)



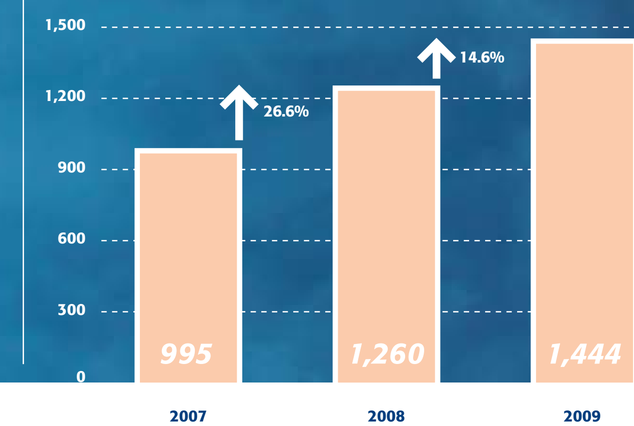
SME * (US$ million)



Consumer * (US$ million)



Mortgage * (US$ million)



Source: BCP - Planning and Finance * Average daily balance

Retail Banking

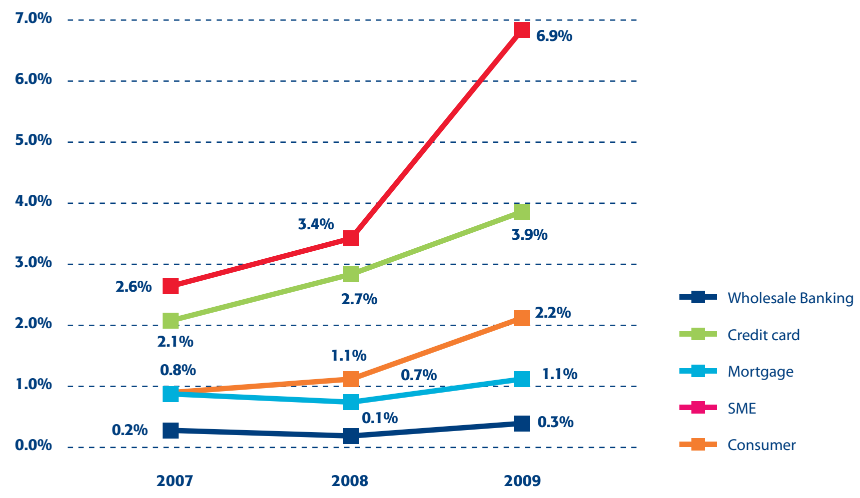
Retail Banking registered a quite favorable performance that was reflected in the annual 17.5% growth of the average daily loans balance, as a result of the expansion achieved in all segments: Credit card (+ 17.7%) consumer loans (+ 25.9%) SME (+ 16.1%) and mortgage loans (+ 14.6%). These growth figures, however, included the effect of the local currency revaluation, as 55% of this portfolio was denominated in nuevos soles.

The expansion of the Retail Banking business was based on the innovation of products to meet the needs of the different groups of people, as well as on an improved value proposal of traditional products and the growth of the network of access points available for the customers.

As part of the strategy to place itself in a leading position in all the Retail Banking segments and of its commitment to promote bank penetration among the population, BCP acquired Financiera Edyficar, which enabled us to consolidate our leadership in the microcredits segment with a market share of 20.1% at the end of 2009.

Portfolio Quality and Coverage

Past-due loans (PDL) ratio by segment (%)



Source: BCP - Planning and Finance

At the end of 2009, the default rate at BCP reached 1.59%, an evolution beyond the 0.79% recorded at the closing of 2008, which is explained by both the growth of the overdue portfolio and the low growth of loans.

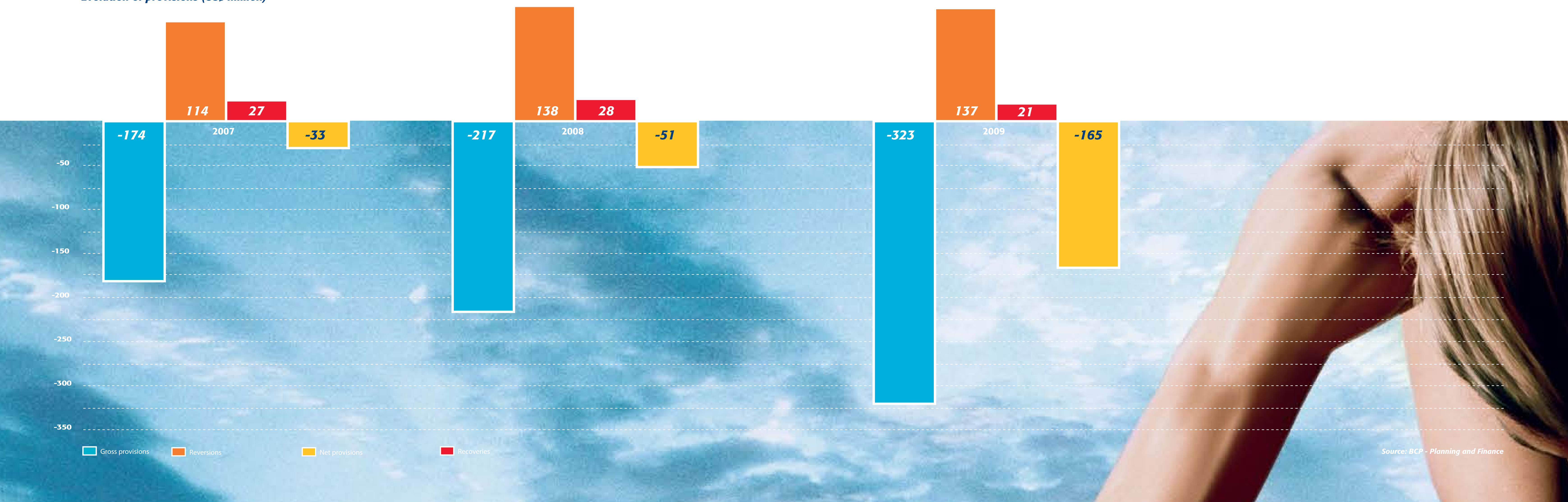
However, it is worth mentioning that the portfolio quality was not a matter of great concern insofar as the default ratio remained at a relatively low level and increased mostly during the first half of 2009, pushed by the slowdown of the Peruvian economy and the effects of the international crisis on certain sectors of the economy. During the second half of the year, a slowdown was observed in the growth of the overdue portfolio that was more evident towards the last quarter.

Wholesale Banking registered a low PDL ratio (0.3%), which reflected the good quality of the portfolio and the sound risk analysis and administration in this area.

In the case of Retail Banking, the segment that presented the greatest impairment was the SME sector, with a default ratio of 6.9% by the end of 2009, followed by credit cards, with 3.9% and consumer loans with 2.2%. However, the mortgage loans segment registered a 1.1% rate as at the end of the year, below the level of the Bank and of the system.

The evolution of the overdue portfolio explains the 222% increase during 2009 in the provisions for loans, as a result of the greater requirement from Retail Banking. Thus, the coverage ratio rose to 192.3% by the end of the reported period.

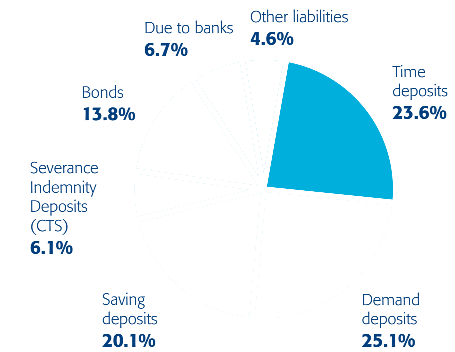
Evolution of provisions (US$ million)



Source: BCP - Planning and Finance

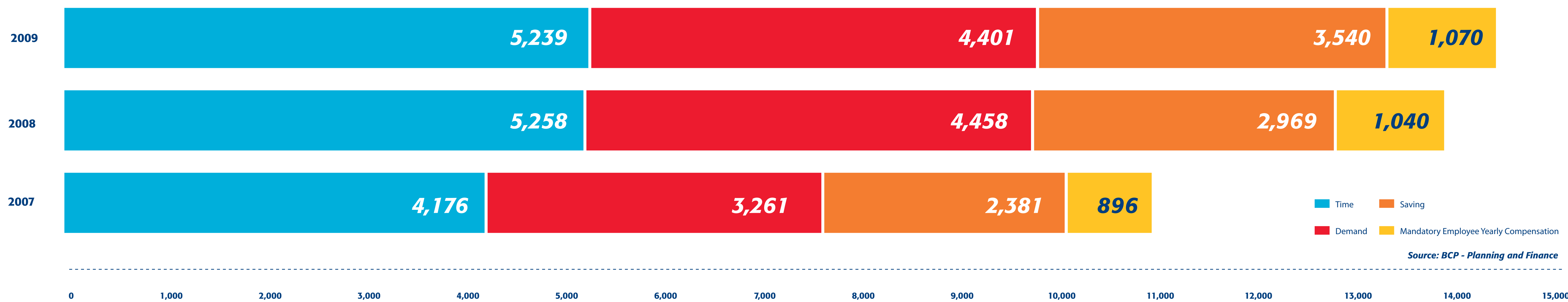
Liabilities and Deposits

Composition of Liabilities (%)



Source: BCP- Planning and Finance

Composition of the deposits (US$ million)



Source: BCP - Planning and Finance

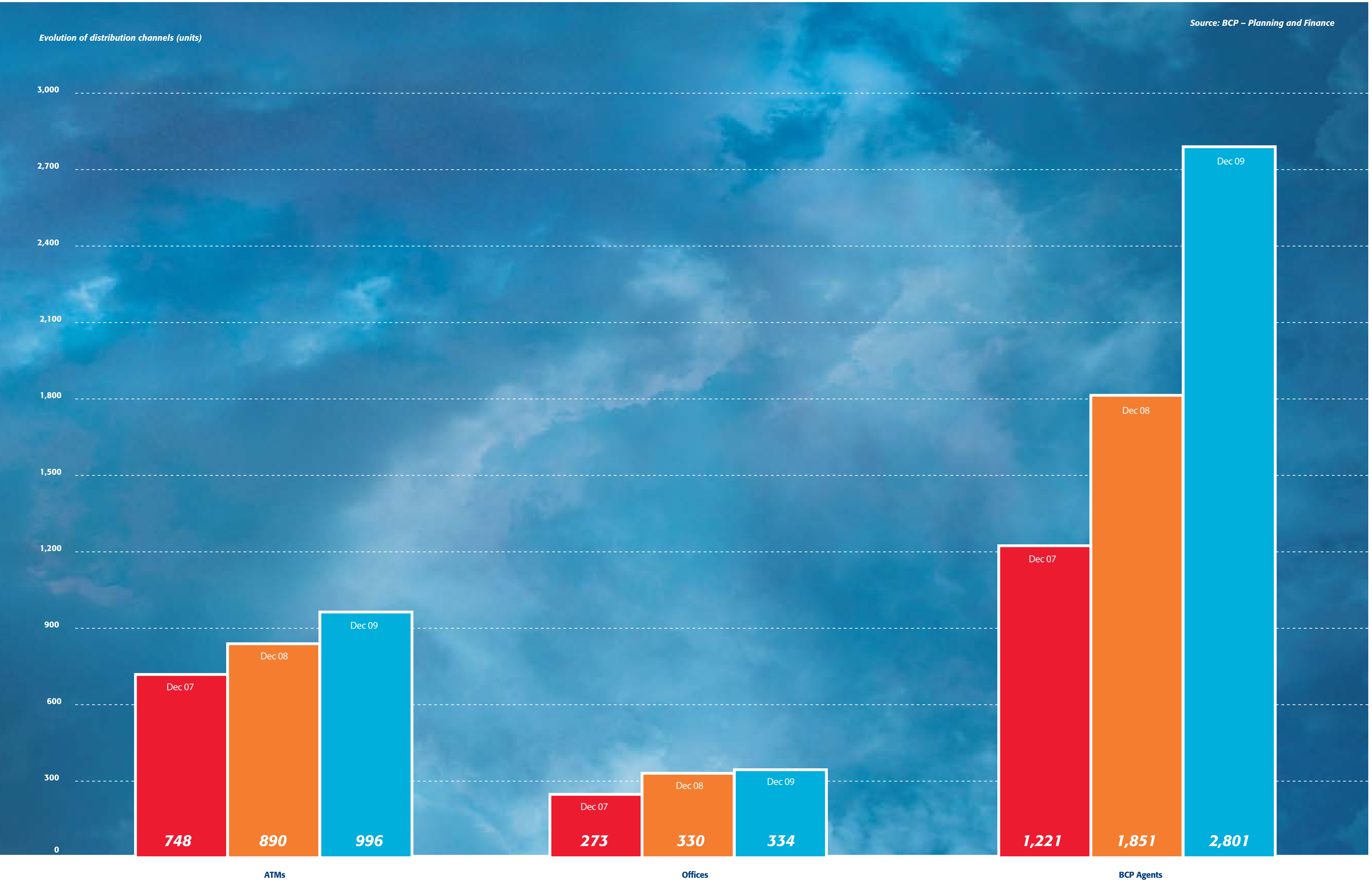
Total liabilities of BCP amounted to US$ 17,568 million as at the closing of 2009 and represented a 3.9% increase with respect to the previous year level.

Deposits continued accounting for the main financing source, with a 74.9% participation in the overall funding and a 3.8% growth in 2009. The expansion of this line was mostly caused by the greater savings (+ 19.2%) and the increase in time deposits (+ 2.8%). As at the end of the year, BCP kept its leading position in the system, with a 34.2% share in deposits.

The bonds account had greater relevance within the funding structure and at year end accounted for 13.8% of the total funds of the Bank. Two successful issues were launched in 2009 in the form of debt and capital that set precedents.

A first issue of US$ 107 million in bonds at five years in the Chilean market, with the demand exceeding the offer as it caught the interest of pension fund administration companies, mutual funds and Banks. This issue enabled us not only to diversify our funding sources, but also to gain access to a very favorable 5.44% rate.

The second issue, which marked a milestone in the history of BCP, corresponded to the successful placement of hybrid bonds, an instrument with characteristics of an equity title, so that they may be considered to calculate the regulatory capital of the organization. The issue involved US$ 250 million at 60 years, at a coupon rate of 9.75% per year, with a demand that surpassed more than four times the notes offer. The purpose of this issue was to strengthen the regulatory capital, an important aspect within the strategy of BCP, to adequately absorb the financial growth expected on account of both, bank penetration and expansion of the economy.



Distribution Channels

Another significant aspect for the long-term growth strategy and closely related to the commitment of the Bank with the efforts to increase bank penetration is the network of distribution channels. Thus, in 2009 the Bank continued with the expansion plan of alternative and cost-efficient channels, such as the BCP Agents and automated tellers, highly important elements to promote bank penetration, which grew 51.3% and 11.9% respectively during the year. With these, the Bank consolidated a network of 4,131 points of contact, which enabled it to be closer to its current clients and to the population that still has no access to the financial system.

It must be mentioned that the volume of transactions increased 18.3% during 2009, being the most notorious the growth of operations transacted in alternative channels. This behavior was quite favorable to BCP as it showed the first results of the incentive strategy towards using cost-efficient channels such as automated tellers, BCP agents, online banking and telecredit, instead of the bank tellers.

Achievements

We met our goals and laid the basis for healthy growth.

Wholesale *Banking*

We were able to keep on serving our clients throughout the crisis year and we maintained our leading position in the market

Wholesale Banking

Despite the difficult environment caused by the international crisis, we had the ability to continue to serve our customers and maintain our market leadership.

n°1 *in the market, with a **40.4%** share in loans.*

US$ 1,000 million *disbursed in investment projects.*

Corporate Banking and Corporate Finance

The world crisis produced the contraction of the banking business, which caused many corporations to incur in liquidity problems. Notwithstanding the world liquidity crunch, BCP was able to keep the pace and meet the requirements of all its corporate clients in both their current needs (working capital, imports and inventories) and the financing of important investment projects. Thus, throughout the year BCP was present in the structuring and financing of the main transactions in the market.

The challenges faced in 2009 enabled us to prove that we have a sound risk assessment process, made evident by the low default rate of our loans portfolio. Therefore, we have several important achievements, among which the following stand out:

N° 1 in the Corporate market, with a **46%** share in loans.
N° 1 in the capitals market, with a **48%** share in structuring and placement of issues.
0% default.
+ 218% in fees from Corporate Finance.

During 2009 we executed:

- The greatest leasing granted by one single financial institution in the Peruvian history: **US$ 162 millones** to Cemento Andino for the expansion of the Condorcocha Plant.
- The greatest leaseback operation in our local market's history: **US$ 120 millones** to Votorantim Cajamarquilla and the expansion of its zinc refinery.
- The largest structuring and bond placement in the Peruvian capitals market of the past five years: **US$ 200 millones** in corporate bonds of Peru LNG.

Middle Market Banking

In 2009, we focused on strengthening our long-term commercial relationships. Thus, we continued providing advice and support to clients in the sectors most affected by the crisis. Furthermore, we were able to respond in a more agile way to the sophistication of our clients, which was evidenced in the greater use of financing through electronic means. We thus continue to be the leading bank and consolidated our position in a competitive scenario.

n°1 *in the market, with a **33.3%** share in loans.*

+32.3% *in net revenues from interests on loans due to the better funding obtained.*

+35.4% *in fees from collection and payment services.*

+47.4% *in cash management loans.*

1,100 *clients advised for better decision making in times of uncertainty.*

Retail Banking

The acquisition of Edyficar showed our commitment with bank penetration and with the development of our country.

Retail Banking

Despite the economic and financial system hardships, Retail Banking evidenced a steady growth of its portfolio, and managed to compensate during the first half of the year the substantial contraction of the Corporate and Middle Market Banking loans volume.

This dynamism was reflected in all its indicators as we highlight further below. Moreover, while the default levels were influenced by the economic contraction, they were moderately impaired and remained in manageable levels as observed earlier.

Retail Banking kept its dynamism despite the strong slowdown of the economic activity of the country. Our results:

+ 10%
in number of clients

+ 18%
in loan balances

+ 10%
managed acount balances

We obtained

US$ 256 million

in contribution margin.

The approach

Our Retail Banking area focuses on approaching our clients through a distribution network that may enable us to keep as close contact as possible and on the innovation of our products, designed to meet the needs of our clients. Only with the right product we will be able to achieve the expected growth.

Thus, the innovation of our products was critical for the growth achieved, as we responded to the needs of our clients, enabling them to work with the financial system in an easier and more attractive and desirable manner.

We renewed our Alliance with **LAN** for five more years. 48% of the purchases made with our cards accumulate LANPASS kilometers.

Cell-Phone Banking
In 2008 we were the first bank to launch this channel. In 2009, 25,000 clients used it.

First BCP account
Promoted bank penetration by exempting it from most of the fees.

Freedom Card
Aimed at young people, capturing 5% of the target market in only four months.

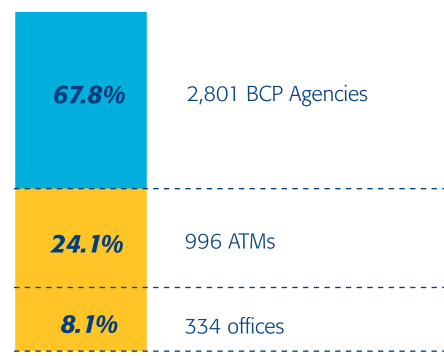
Advance of salaries
It strengthened the value proposal for clients receiving their salaries through BCP.

Bank penetration

The enormous growth potential that Retail Banking offers is no doubt directly related to the bank penetration potential of our market. The penetration levels of the Peruvian financial system are low under all standards, hence it is crucial to develop products while we implement at the same time channels to simplify credit access for the population.

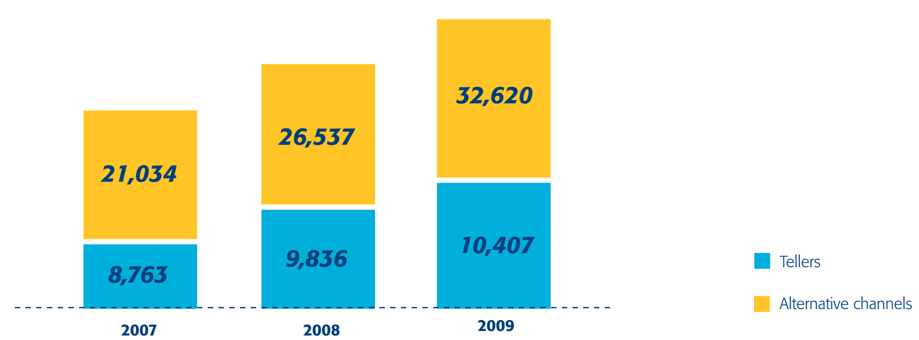
Economically Active Population (PEA) registering bank usage: 4.9 million

Accordingly, we kept on with our investments for the development of our distribution channels, modifying their approach and focusing towards more cost-efficient channels. Thus, we consolidated as the largest distribution network in Peru:



BCP Agent consolidated its standing as an alternative **alternative distribution channel,** evidencing 180% growth in the monthly average of transactions served. However, there are also other alternative channels being developed, which increases more than **20%** the participation of such alternative channels (BCP Agent, Telemarketing, Telephone Banking, Online Banking and Automated Tellers) in the sale of products of the bank.

Average number of monthly transactions – tellers and alternative channels (thousands)



15,300

SME entrepreneurs received training through eight events in Lima and around the country.

Edyficar

One of the objectives of Retail Banking is the development of microcredit. This is certainly one of the determining factors in the bank penetration process, to which BCP is committed. Hence the relevance of the purchase of Financiera Edyficar, which contributes not only with a certain volume of loans in the microcredit market, but also with a successful business and bank usage model that we intend to encourage.

Through this acquisition, BCP consolidates its commitment to support bank penetration and the development of the country, as well as to grant credit access to lower income clients. Accordingly, the purchase of Edyficar represents for BCP:

More than
220,000
clients from the SME sector,

95 access
points of Edyficar, and

Being
number 1
in the market, with a 20.1% share in loans to SMEs.

Asset Management

We consolidated our leadership and the trust of our clients and we were able to keep high return levels in the funds under our management.

In 2009, we successfully completed the reorganization of the Central Asset Management Office of BCP, thus consolidating a functional structure focused in generating the greatest value for our clients. Some important steps towards achieving this objective were the shifting of our Private Banking focus towards a comprehensive advisory approach (credit and investments) through its two offices, and the creation of a discretional investment management service.

In turn, the strengthening of our analysis units through the creation of the Strategy and Investments & Economic Studies Management Office reinforced and enriched our insight of the market and enabled us to propose successful investment strategies. We were thus able to keep high return levels in the different funds under our management.

We consolidated our leadership and the confidence of our clients, which was reflected in our selection to manage the infrastructure trust by the Association of Pension Fund Administration Companies for the management of no less than US$ 300 million in investments.

Credifondo *(subsidiary of BCP)*

In 2009, Credifondo registered a 60.3% growth (US$ 768.6 million) in assets under management and closed December with a balance of US$ 2,042 million. This enabled us to keep our leading position in the industry, as we managed 42.0% of the overall market, 21.0% more than our closest competitor. With regard to the return levels recorded in 2009, in 8 of the 10 funds we still ranked first or second in their respective segments.

n°1 *with 42.0% and 38.9% market share in funds under management and number of clients respectively.*

Credibolsa *(subsidiary of BCP)*

Credibolsa kept its leading position in the securities market in 2009 and channeled operations with securities in the amount of US$ 1,992 million, ranking first and taking up 24.9% of the market. Furthermore, in the fixed income segment, it participated in the purchase/sale of bonds and other instruments in the amount of US$ 1,081 million, also ranking first in this segment, with a market share that reached 50.8%. It is worth mentioning that Credibolsa negotiated during 2009 US$ 85 million in reporting operations. Thus, the total traded by Credibolsa reached US$ 3,158 million, accounting for a 27.7% share of the overall amount traded.

In the primary issues market, Credibolsa also headed the market and issued instruments in local currency for an amount of S/.388 million and in foreign currency, for an amount of US$ 543 million, achieving a global participation of 46%. Among the main placements we made we may mention the largest one of the last four years with Peru LNG in the amount of US$ 200 million and the Kallpa Generación issue for US$ 172 million.

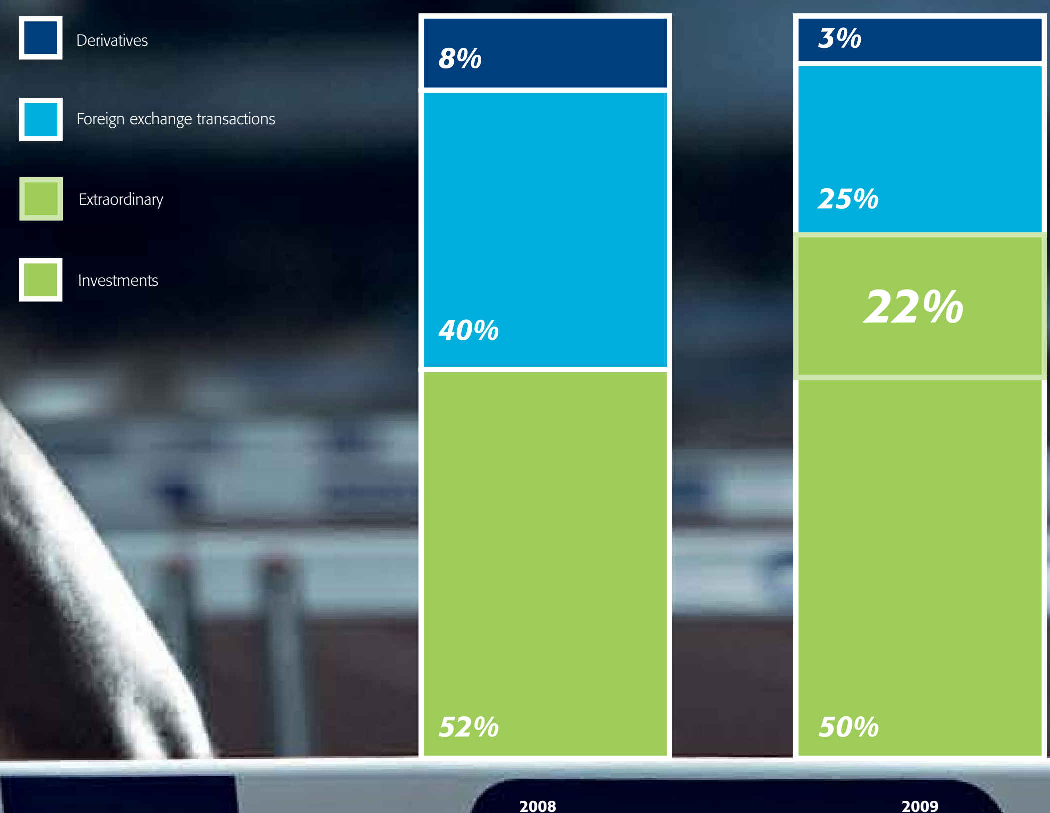
n°1 *with a 28.9% share in the securities market.*

Treasury and Financial Management

Our sound financial management enabled us to strengthen our capital and optimize our funding structure.

In this year of financial turmoil, our treasury played a unique role becoming a relevant generator of income that helped mitigate the impact of the greater provisioning required on the Bank's results. The contribution of these extraordinary revenues represented 22% of the overall Treasury revenues.

Composition of Treasury's income (%)



Source BCP - Central Management and Financial Planning

Additionally, the ALCO (Assets and Liabilities Committee) had a determining participation in the management of assets, liabilities and investments, as well as in the funding decisions of the organization, which produced significant accomplishments:

Issuing of Hybrid Bonds at 60 years for an amount of US$ 250 million

Strengthening of our capital

In November 2009, BCP issued bonds at 60 years maturity in the international market, for an amount of US$ 250 million, the demand of which reached US$ 1,000 million, mostly from institutional investors and individuals from Europe, the United States of America, Asia and Peru. This is probably one of the most relevant achievements of the year, not only because our organization obtained financing for future growth – thus reducing its cost of capital – but also because the operation set a milestone in the financial history of the country, as it was the first time that a Peruvian company launched an issue of this nature in the international market.

Issuing of Bonds in Chile for an amount of US$ 107 million

Optimization of the funding structure

With the issuing of US$ 107 million in bonds, BCP became the first Peruvian financial institution conducting an operation like this in Chile and the first international bank issuing in the Chilean market. Thus, BCP set a milestone in the financial history of both, Peru and of Chile.

Efficiency

The satisfaction of our clients through the improvement of operating efficiency is a priority for BCP.

Lean Project

Aimed at increasing the satisfaction of clients, BCP based the enhancement of bussines-origination processes in the "Lean" methodology.

In 2009, the redesign of our processes occurred in three "waves":

New agency model

The new model seeks to offer better service to our clients in our BCP offices, and turn them into commercial points rather than transactional centers.

The most relevant progress we must mention of this first wave in 2009 includes:

- 41 offices operate under the new model.
- The waiting time at BCP offices was cut down by 48%.
- The productivity of the teller promoters increased 20%.
- 6% of the transactions at tellers migrated to electronic channels.

It is expected that by April 2011, 279 offices out of a total of 334 will work under the new model.

Post-sales and cash management

In this stage, the purpose was to improve the post-sale service and the cash logistics management.

Post-sales:

In an initial process review, efforts focused on improving the claims attention service. Then they extended to the review of the services that handle the applications that take place in connection with clients who already have one of our products, such as applications for changes in cards and credits, changes in clients' details, copies of credit cards and others.

The main achievements in this process review include:

- Reduction of claim response time from 9 to 2 days.
- Productivity in responding to applications increased 160% in average.

Cash management:

The purpose was to seek efficiency in the cash logistics management at BCP. That is, all the expenses required for the best and proper handling of cash in the offices and in the vault, which include expenses for the transportation of cash, in addition to the processing and supplying of cash at the automated tellers.

Among the most relevant achievements in this stage, we have:

- The cash transportation expenses (remittance and pick up) were reduced 24%, while those for cash processing were reduced 57%. In a few words, the office logistics expenses were cut 29%.
- The capacity expansion of the automated tellers in neutral points enabled us to reduce the supply frequency. Thus, the expenses in this respect were reduced 25%.
- Optimization in vault handling enabled us to cut expenses in carrier custody by 23%.

Commercial loans, mortgage loans and leasing:

The "origination" process of each of these products was analyzed, that is, from the moment the client submits a loan application until the loan is disbursed. Thus, the work structure to handle these loan applications was reviewed, as well as customer service, the information provided to the client, the celerity of the service and others, in order to propose systems that may enable us to serve our clients in a more agile and satisfactory manner and improve the sales process.

The main achievements of this third stage are:

Commercial loans:
- Renewal cycle time was reduced: 47% - Corporate Banking, 14% - Middle Market Banking and 15% - Business Banking.
- Productivity in the Risks area increased: 53% - Corporate Banking, 24% - Middle Market Banking and 24% - Business Banking.

Mortgage loans:
- The cycle time from the loan approval to final disbursement was reduced from 47 days to 14 business days in 75% of the cases.

Leasing:
- 83% of the operations disbursed was executed during the first 15 days. Before the implementation of the project this process took more than 21 days.

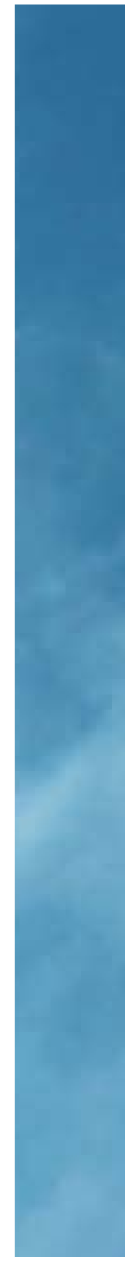
"MAS" Project

Another project that seeks to improve the efficiency of our organization focuses on the support systems. The management of the Systems unit needs to be efficient as it assists in establishing priorities between requirements, optimizing resources and above all, understanding the needs of the users in order to add value to the business.

Thus, the System Action Enhancement (MAS from its name in Spanish – Mejorando la Acción de Sistemas) of the Systems and Organization Division (DSyO from its name in Spanish) operates under the following guidelines:

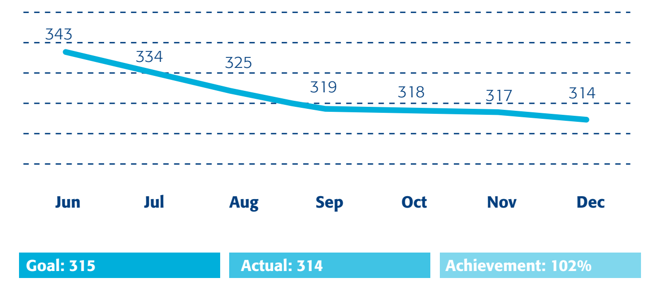
- Shorten distances with the users, understand the needs of the business and translate them so that we may provide the technology required to meet them.
- Improve the follow up and measuring of our projects and the use of our resources.
- Not to compromise the operating stability achieved.

As from the second half of the year, indicators were defined in line with the strategy of BCP, which managed to ensure the creation of value and simplify following up the management and performance of the MAS Project. Thus, the most relevant achievements of this program in 2009 may be seen through these indicators:



We keep better control of the DSyO operating costs:

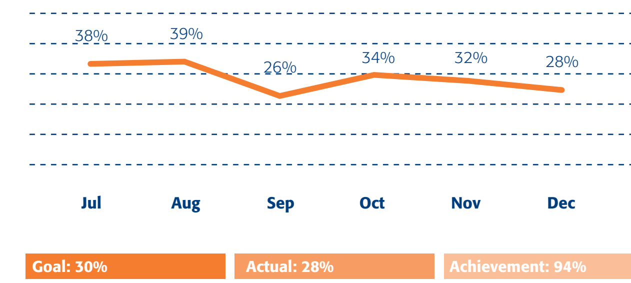
DSyO expenses per executed transaction
(S/. per a thousand transactions)



Source: BCP – Systems and Organization Division

We achieved more efficient and agile processes that enabled us to increase the satisfaction of our users and reduce the time-to-market:

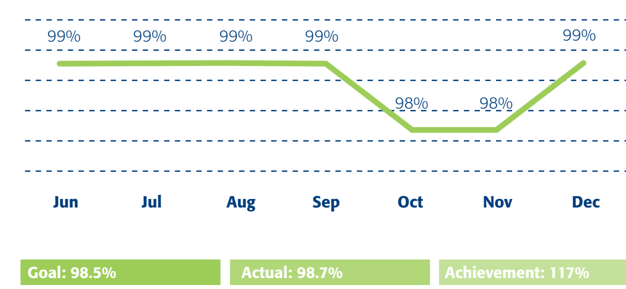
Reduction of the Time-to-market *(%)*



Source: BCP – Systems and Organization Division

We maintained high operating stability:

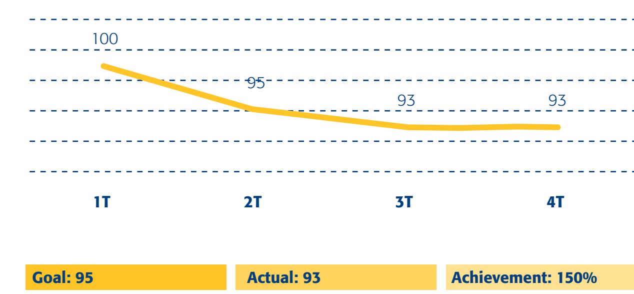
Operating stability *(%)*



Source: BCP – Systems and Organization Division

In 2009 we reduced the technological complexity index of the systems of BCP, which enables us to handle the reduction (and/or quantification) of the applications or new orders that do not add value to the business:

Complexity Index *(units)*



Source: BCP – Systems and Organization Division

Despite the financial crisis, default levels remained under control and registered a 1.59% overdue portfolio rate as at the closing of 2009. While this reflects impairment with respect to the previous year, at the same time turns out to be comparable to the average of the system and quite favorable when compared to the region. This is the result of sound lending policies and improvements in risk monitoring implemented during the year.

In this respect, progress reported by the Risk Division includes:

- In the search for efficiency, a reorganization process was undertaken in the risk areas, as well as a comprehensive analysis of the lending process in Wholesale Banking, towards offering better quality service to our clients. This led to a **38% reduction in the response time** Corporate Banking clients and 14% reduction for Middle Market Banking clients.
- **A scoring system was implemented for loan approval in the SME segment**, as well as risk-based line and price systems, which makes us the first bank in Peru to use statistic tools in the assessment of this segment of clients.
- Following a thorough examination and certification process, the SBS approved BCP for the application of the **Alternative Standard Method (ASA)** for the calculation of the equity requirement for Operational Risk. We thus confirm that our operational risk management model is in line with the best International practices and in addition, it complies with the requirements of the current Basel II regulations.

Furthermore, the most relevant achievements in the year include:

- The management of our Special Accounts recoveries area, which achieved **US$ 69 million,** recovery, compensating a good part of the portfolio impairment generated by the crisis in the Peruvian market.
- The enhancement of processes through the introduction of a tool developed to determine prices adjusted to risk, aimed at Wholesale Banking clients.
- The design and implementation of the **"Comprehensive Training Program for Credit Officers: Triple A",** the first comprehensive training program in the Bank, through which 129 officers from the risk and business areas received training and were able to share experiences and align criteria, in order to promote a corporate risk management culture.

Risks

Sound lending policies and adequate risk monitoring enabled us to control default levels.

Despite the meager growth experienced by the Bolivian market, as a result of the significant stagnation of investment activities in the country and the regulatory changes introduced by the Government, BCP Bolivia had a satisfactory year and contributed positively as subsidiary of BCP.

In 2009, BCP Bolivia obtained a score above its target under the Malcolm Baldrige management model. Furthermore, as part of our commitment with the community and its development, we launched the "BCP Pilot" social responsibility program for companies, with the support of the Ministry of Education and Municipal Governments. We also launched the "BCP Planet" program that promotes the rational use of natural resources.

The achievements of BCP Bolivia for the year include:

•Default rate < 2%
•Coverage > 250%
•Savings > 10% of overhead and administrative expenses

• More than 300 SME clients trained owing to an agreement entered into with the Private University of Bolivia (UPB)
• The best bank of Bolivia for the fourth year in a row, according to Global Finance.
• MAYA Award to the financial institution offering the highest quality service.
• Our clients awarded us a 75/100 score in service quality.
• First bank to implement the biometric system for increased security of our clients in teller service.

BCP Bolivia

BCP Bolivia achieved satisfactory profitability and contributed positively as subsidiary of BCP.

Peruvian Association of Advertising Agencies (APAP) Gold, financial services category, Pigeons campaign

National Association of Advertisers (ANDA) Outstanding achievement award to the best advertiser in the last 25 years.

Ojo de Iberoamérica award to the best advertiser in Peru. Bronze, best TV commercial, Pigeons campaign.

"Peru's most valuable brand"

Study conducted by Interbrand

"The company where most of the students attending the fair would like to work".

Job Fair of the University of Lima

"Part of the group of organizations that offer the best pre-professional experience".

Consortium of Universities: U. Pacífico, U. Lima, U. Católica, U. Cayetano Heredia.

RPP Group, Dial de Oro, Gold in the Financial Services category, First Account Campaign

Ghiis Jáa Association. 2009 Environmental Responsibility Award.

Peruvian Association of Advertising Agencies (APAP) Gold, financial services category, Lamp campaign.

Financial Statements

Banco de Credito del Perú and Subsidiaries
Consolidated balance sheets (Proforma - Unaudited)
As of December 31, 2009 and 2008

	Exhibit	2009	2008
		US$(000)	US$(000)
Assets			
Cash and due from banks:	*1*		
Non-interest bearing		929,482	1,052,908
Interest bearing		2,804,708	2,476,814
		3,734,190	3,529,722
Investments:			
Trading securities	2	70,774	36,084
Investments available-for-sale	3	3,037,001	3,405,393
		3,107,775	3,441,477
Loans, net:	*4*		
Loans, net of unearned income		11,577,303	10,444,723
Allowance for loan losses		(353,348)	(223,161)
		11,223,955	10,221,562
Financial assets designated at fair value through profit or loss		206,138	204,660
Property, furniture and equipment, net		272,638	261,967
Due from customers on acceptances		96,423	232,580
Assets seized, net		11,233	11,454
Intangible assets and goodwill, net		167,536	68,530
Other assets	5	420,771	326,445
Total assets		***19,240,659***	***18,298,397***

	Exhibit	2009	2008
		US$(000)	US$(000)
Liabilities and Equity			
Deposits and obligations:	*6*		
Non-interest bearing		3,256,854	3,128,662
Interest bearing		11,204,800	11,106,079
		14,461,654	14,234,741
Financial liabilities designated at fair value through profit or loss		104,334	162,344
Due to banks and correspondents	7	1,278,245	1,179,863
Bankers' acceptances outstanding		96,423	232,580
Bonds and subordinated notes issued	8	1,229,201	795,295
Other liabilities	5	398,637	298,081
Total liabilities		***17,568,494***	***16,902,904***
Shareholder's equity			
Capital stock		667,250	439,474
Reserves		388,275	388,062
Unrealized gain		106,708	33,203
Retained earnings		509,932	534,754
Total shareholder's equity		***1,672,165***	***1,395,493***
Total liabilities and shareholder's equity		***19,240,659***	***18,298,397***

Banco de Credito del Perú and Subsidiaries
Consolidated income statements
(Proforma - Unaudited)
For the years ended December 31, 2009 and 2008

	2009	2008
	US$(000)	US$(000)
Interest and dividends income		
Interest on loans	1,057,384	959,490
Interest on deposits in banks	13,775	66,774
Interest from trading securities and investments available-for-sale	104,454	206,356
Other interest income	34,991	49,183
Total interest and dividends income	**1,210,604**	**1,281,803**
Interest expense		
Interest on deposits and obligations	(269,361)	(389,969)
Interest on bonds and subordinated notes issued	(67,929)	(54,262)
Interest on due to banks and correspondents and borrowed funds	(27,925)	(66,542)
Other interest expense	(41,272)	(42,446)
Total interest expense	**(406,487)**	**(553,219)**
Net interest income and dividends	**804,117**	**728,584**
Provision for loan losses	(165,104)	(51,275)
Net interest income after provision for loan losses	**639,013**	**677,309**
Other income		
Banking services commissions	368,067	336,844
Net gain on foreign exchange transactions	89,017	109,032
Net gain on sales of securities	101,349	40,881
Other	52,270	27,417
Total other income	**610,703**	**514,174**
Other expenses		
Salaries and employees benefits	(394,994)	(294,115)
Administrative expenses	(266,363)	(229,862)
Depreciation and amortization	(56,587)	(43,526)
Provision for assets seized	(64)	(1,067)
Other	(30,562)	(79,161)
Total other expenses	**(748,570)**	**(647,731)**
Income before translation result and income tax	**501,146**	**543,752**
Translation result	7,654	(12,244)
Income tax	(111,421)	(107,979)
Net income	**397,379**	**423,529**
Basic and diluted earnings per share (2,228,288 shares)	**0.18**	**0.19**

Banco de Credito and Subsidiaries
December 31, 2009 and 2008

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

	2009	2008
Net income in Soles according to SBS Standards	**924,501**	**1,334,546**
Average exchange rate	2.890	2.941
Expressed net income in dollars to exchange rate SBS	**319,897**	**453,773**
Translation result from monetary accounts in nuevos soles	87,387	(16,809)
Translation result from monetary accounts in US dollars	7,654	(12,244)
Effect on exchange rate by non monetary items	(26,723)	(6,258)
Adjustments that would be required to determine the net income under NIIF's instead of under SBS standards	9,164	5,067
Net income in US dollars according to International Financial Reporting Standards	**397,379**	**423,529**

Banco de Crédito and Subsidiaries.
Complementary exhibits to the information pro forma, Unaudited

1. Cash and due from banks
This item is made up as follows:

	2009	2008
	US$(000)	US$(000)
Cash and clearing	678,384	625,830
Deposits in Peruvian Central Bank - BCRP	2,107,635	1,952,952
Deposits in banks	946,571	948,519
	3,732,590	3,527,301
Accrued interest	***1,600***	***2,421***
Total	***3,734,190***	***3,529,722***

2. Trading securities
This item is made up as follows

	2009	2008
	US$(000)	US$(000)
Shares -		
Listed equity securities	5	161
Bonds and similar instruments -		
Peruvian treasury bonds	53,132	11,885
Corporate and leasing bonds	122	583
Participation in mutual funds	13,762	21,471
BCRP deposit certificates	3,010	0
Other	0	1,710
	70,026	35,649
Accrued interest	***743***	***274***
Total	***70,774***	***36,084***

3. Investments available-for-sale

a) This item is made up as follows:

	2009				2008			
	Amortized Cost	Unrealized gross amount		Estimated market value	Amortized Cost	Unrealized gross amount		Estimated market value
		Gains	Losses			Gains	Losses	
	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)
Fixed maturity -								
BCRP deposit certificates	1,545,343	386	(24)	1,545,705	2,196,165	2,938	(2,818)	2,196,285
Corporate, leasing and subordinated bonds	358,467	6,177	(452)	364,192	125,452	4,566	(4,293)	125,725
Government treasury bonds	561,956	37,624	(27)	599,553	530,915	33,579	(2,245)	562,249
Participation in mutual funds	123,402	707	-	124,109	81,276	2,095	(478)	82,893
Central Banks of Bolivia deposit certificates	111,102	793	-	111,895	217,516	115	(81)	217,550
Participation in RAL's funds	83,898	-	-	83,898	73,268	-	-	73,268
Bonds from international financial institutions	52,108	1,845	-	53,953	34,799	116	(587)	34,328
Other	7,361	109	(1)	7,469	7,624	-	(267)	7,357
	2,843,637	47,641	(504)	2,890,774	3,267,015	43,409	(10,769)	3,299,655
Shares -								
Listed securities	40,599	77,229	-	117,828	30,062	52,338	(97)	82,303
Non-listed securities	3,013	32	(196)	2,849	2,697	-	-	2,697
	43,612	77,261	(196)	120,677	32,759	52,338	(97)	85,000
	2,887,249	124,902	(700)	3,011,451	3,299,774	95,747	(10,866)	3,384,655
Accrued interest				**25,550**				**20,738**
Total				**3,037,001**				**3,405,393**

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

	2009		2008	
	Amortized Cost	Market Value	Amortized Cost	Market Value
	US$(000)	US$(000)	US$(000)	US$(000)
Up to 3 months	1,297,611	1,299,546	1,861,291	1,862,261
From 3 months to 1 year	840,656	842,453	804,149	803,414
From 1 to 3 years	183,631	186,207	94,352	95,684
From 3 to 5 years	373,293	408,061	97,965	100,506
Over 5 years	148,446	154,507	409,258	437,790
Without maturity (shares)	43,612	120,677	32,759	85,000
Total	**2,887,249**	**3,011,451**	**3,299,774**	**3,384,655**

4. Loans, net

(a) This item is made up as follows:

	2009	2008
	US$(000)	US$(000)
Direct loans		
Loans	7,913,975	7,209,368
Leasing receivables	2,004,673	1,808,446
Credit card receivables	1,059,433	854,968
Discount notes	349,126	368,648
Factoring receivables	163,443	124,537
Advances and overdrafts	46,997	102,403
Refinanced and restructured loans	59,459	55,179
Past due and under legal collection loans	183,791	82,068
	11,780,897	10,605,617
Add (less) -		
Accrued interest	79,275	89,020
Unearned interest	(282,869)	(249,914)
Allowance for loan losses	(353,348)	(223,161)
Total direct loans, net	***11,223,955***	***10,221,562***
Indirect loans	***2,412,125***	***1,963,110***

(b) As of December 31, 2009 and 2008, direct loan portfolio is distributed among the following economic sectors:

	2009		2008	
	US$(000)	%	US$(000)	%
Sectors				
Manufacturing	2,519,973	21.4	2,495,420	23.5
Mortgage loans	1,752,460	14.9	1,390,060	13.1
Commerce	1,290,555	11.0	1,305,836	12.3
Consumer loans	1,471,055	12.5	1,164,670	11.0
Electricity, gas and water	782,289	6.6	546,005	5.1
Micro-business	739,157	6.3	606,168	5.7
Leaseholds and real estate activities	486,472	4.1	482,711	4.6
Mining	684,841	5.8	662,999	6.3
Communications, storage and transportation	553,442	4.7	640,524	6.0
Agriculture	246,813	2.1	207,733	2.0
Financial services	294,729	2.5	323,917	3.1
Construction	172,403	1.5	226,917	2.1
Fishing	118,106	1.0	74,367	0.7
Education, health and other services	156,092	1.3	128,022	1.2
Other	512,510	4.3	350,268	3.3
Total	***11,780,897***	***100.0***	***10,605,617***	***100.0***

(c) As of December 31, 2009 and 2008, the credit risk classification of the loan portfolio is as follows:

2009						
Risk Category	***Direct credits***		***Indirect credits***		***Total***	
	US$(000)	%	US$(000)	%	US$(000)	%
Normal	10,995,579	93.3	2,371,722	98.3	13,367,301	94.2
Potential problems	432,567	3.7	34,814	1.4	467,381	3.3
Substandard	112,074	1.0	2,123	0.1	114,197	0.8
Doubtful	139,389	1.2	3,131	0.1	142,520	1.0
Loss	101,288	0.8	335	0.0	101,623	0.7
	11,780,897	100.0	2,412,125	100.0	14,193,022	100.0

2008						
Risk Category	***Direct credits***		***Indirect credits***		***Total***	
	US$(000)	%	US$(000)	%	US$(000)	%
Normal	10,141,599	95.6	1,937,887	98.7	12,079,486	96.1
Potential problems	264,735	2.5	21,628	1.1	286,363	2.3
Substandard	70,356	0.7	1,657	0.1	72,013	0.6
Doubtful	79,545	0.8	1,178	0.1	80,723	0.6
Loss	49,381	0.4	760	0.0	50,142	0.4
	10,605,617	100.0	1,963,110	100.0	12,568,727	100.0

5. Other assets and other liabilities

This item is made up as follows:

	2009	2008
	US$(000)	US$(000)
Other assets -		
Financial instruments:		
Accounts receivable	40,212	46,630
Operations in process	35,461	18,953
Value added tax	152,512	124,880
Income tax prepayments, net	47,306	13,743
	275,491	204,206
Non-financial instruments:		
Deferred expenses	51,259	22,455
Deferred income tax asset	70,901	62,494
Deferred workers' profit sharing	11,584	10,060
Investment in related companies	7,068	7,240
Other	4,468	19,990
	145,280	122,239
Total	***420,771***	***326,445***
Other liabilities -		
Financial instruments:		
Tax, payroll salaries and other personnel expenses	136,073	113,817
Accounts payable	106,345	67,007
Operations in process	51,187	41,839
Contributions	3,527	-
Allowance for indirect loan losses.	26,132	23,726
	323,264	246,389
Non-financial instruments:		
Deferred income tax liability	44,624	33,922
Transfers received in process	-	2,896
Provision for sundry risks	25,655	10,939
Deposit insurance fund	5,094	3,935
	75,373	51,692
Total	***398,637***	***298,081***

6. Deposits and obligations

(a) This item is made up as follows:

	2009	2008
	US$(000)	US$(000)
Non-interest bearing deposits and obligations -		
In Perú	2,694,532	2,724,717
In other countries	562,322	403,945
	3,256,854	3,128,662
Interest bearing deposits and obligations -		
In Perú	8,805,021	8,712,457
In other countries	2,345,207	2,320,056
	11,150,228	11,032,513
	14,407,082	14,161,175
Interest payable	***54,572***	***73,566***
Total	***14,461,654***	***14,234,741***

(b) As of December 31, 2009 and 2008, deposits and obligations are classified by type as follows:

	2009	2008
	US$(000)	US$(000)
Time deposits	5,239,159	5,257,655
Demand deposits	4,401,488	4,458,300
Saving deposits	3,539,917	2,968,842
Severance indemnity deposits	1,069,506	1,039,887
Client - Repurchase agreements	35,000	294,030
Bank and Deposit negotiable certificates	122,012	142,461
Total	***14,407,082***	***14,161,175***

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

	2009	2008
	US$(000)	US$(000)
Up to 3 months	3,073,774	2,548,163
From 3 months to 1 year	884,180	1,372,824
From 1 to 3 years	124,056	105,241
From 3 to 5 years	61,010	51,833
More than 5 years	1,096,139	1,179,594
Total	***5,239,159***	***5,257,655***

7. Due to banks and correspondents

This item is made up as follows:

As 31 December 2009 and 2008 this item includes:

	2009	2008
	US$(000)	US$(000)
International funds and others	1,161,882	1,016,803
Promotional credit lines	81,550	109,730
Inter-bank funds	29,031	39,217
	1,272,463	1,165,750
Interest payable	**5,782**	**14,113**
Total	**1,278,245**	**1,179,863**

8. Bonds and subordinated notes issued

(a) This item is made up as follows:

	Weighted average annual interest rate %			US$(000)	US$(000)
Bonds -	**2009**	**2008**	**Maturity**	**2009**	**2008**
Corporate bonds	6.74	6.91	Between September 2010 and July 2018	331,695	229,494
Leasing bonds	7.11	6.87	Between February 2010 and August 2018	188,861	219,129
Mortgage bonds	7.67	7.69	Between January 2011 and April 2012	10,613	15,868
Subordinated bonds	7.35	6.71	Between October 2010 and May 2027	156,454	61,074
Total				**687,623**	**525,565**

Subordinated Notes Issued		
	US$(000)	US$(000)
Subordinated negotiable certificates of deposits	120,000	120,000
Subordinated notes	158,341	141,774
Junior Subordinated notes	250,000	-
Total	**1,215,964**	**787,339**
Interest payable	13,237	7,956
Total bonds and subordinated notes issued	**1,229,201**	**795,295**

(b) The bonds and subordinate bonds issued as of December 31, 2009 and 2008, classified by maturity are shown below:

	2009	2008
	US$(000)	US$(000)
Up to 3 months	26,077	1,716
From 3 months to 1 year	74,978	64,257
From 1 to 3 years	192,173	238,294
From 3 to 5 years	164,656	75,398
Over 5 years	758,080	407,674
	1,215,964	787,339

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, 2009 and 2008 together with the Report of Independent Auditors

Ernst & Young

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, 2009 and 2008

Content

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

Independent auditor's report

To the shareholders and Board of Directors 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 balance sheets as of December 31, 2009 and 2008, and the consolidated statements of income, changes in shareholders' equity and cash flows for each of the three years ended December 31, 2009, 2008 and 2007, 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 the consolidated financial statements of Banco de Crédito del Perú and Subsidiaries in accordance with accounting principles prescribed by the Superintendencia de Banca, Seguros y AFP (SBS) for Peruvian financial entities. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 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

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

Independent auditor's report (continued)

internal control relevant to the Bank'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 Bank'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.

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, 2009 and 2008, and the consolidated results of its operations and its consolidated cash flows for each of the three years ended December 31, 2009, 2008 and 2007; in accordance with accounting principles prescribed by the Superintendencia de Banca, Seguros y AFP (SBS) for Peruvian financial entities.

Lima, Peru,
February 22, 2010

Medina, Zaldívar, Paredes y Asociados

Countersigned by:

Cristian Emmerich
C.P.C.C. Register No.19-289

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

Banco de Crédito del Perú and Subsidiaries

Consolidated balance sheets

As of December 31, 2009 and 2008

	Note	2009 S/(000)	2008 S/(000)
Assets			
Cash and due from banks:	5		
Cash and clearing		1,960,535	1,962,928
Deposits in Peruvian Central Bank		6,091,065	6,132,268
Deposits in local and foreign banks		2,518,831	2,890,521
Accrued interest on cash and due from banks		4,616	7,480
		10,575,047	10,993,197
Interbank funds		216,754	90,123
Trading and available-for-sale investments, net	6	8,944,193	9,657,200
Loans, net	7	32,416,078	32,047,997
Investments in associates, net		29,855	33,835
Property, furniture and equipment, net	8	898,223	843,336
Other assets, net:			
Financial instruments at fair value	9	594,304	620,472
Other, net	9	1,654,784	1,209,000
Total assets		55,329,238	55,495,160
Off-balance sheet accounts -	18		
Contingent operations		22,470,697	20,425,840
Other		268,058,535	254,182,743
Total		290,529,232	274,608,583

	Note	2009 S/(000)	2008 S/(000)
[redacted]			
Deposits and obligations	10	41,811,886	43,780,574
Interbank funds		83,902	123,243
Due to banks and correspondents	11	3,610,227	3,581,527
Bonds and subordinated notes issued	12	3,552,392	2,497,227
Other liabilities, net	9	1,441,555	1,412,657
Total liabilities		50,499,962	51,395,228
[redacted]	14		
Capital stock		2,228,288	1,508,288
Legal reserve		546,519	546,519
Special reserve		782,538	781,865
Unrealized gains (losses)		347,430	(71,286)
Retained earnings		924,501	1,334,546
[redacted]		4,829,276	4,099,932
Total liabilities and s[redacted]		55,329,238	55,495,160
Off-balance sheet accounts -	18		
Contingent operations		22,470,697	20,425,840
Other		268,058,535	254,182,743
Total		290,529,232	274,608,583

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

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

Banco de Crédito del Perú and Subsidiaries

Consolidated income statements

For the years ended December 31, 2009, 2008 and 2007

	Note	2009 S/(000)	2008 S/(000)	2007 S/(000)
Financial income and expenses				
Financial income	19	3,716,174	3,806,220	2,883,881
Financial expenses	19	(1,257,112)	(1,642,574)	(1,138,649)
Gross financial margin		2,459,062	2,163,646	1,745,232
Provision for loan losses, net	20	(517,892)	(272,463)	(185,142)
		1,941,170	1,891,183	1,560,090
Loss (gain) for exchange difference		(252,547)	49,435	(38,932)
Net financial margin		1,688,623	1,940,618	1,521,158
Non - financial income				
Commissions from banking services, net	21	1,088,567	990,698	883,586
Net gain on securities	22	254,964	74,955	57,526
Net gain on foreign exchange transactions		202,528	324,420	184,667
Other non - financial income	23	272,114	234,586	364,138
		1,818,173	1,624,659	1,489,917
Operating expenses				
[redacted]	24	(1,148,069)	(831,247)	(1,016,326)
Administrative expenses		(713,459)	(622,785)	(510,093)
Depreciation and amortization	8(a) and 9(d)	(181,740)	(137,827)	(128,707)
Provision for seized assets	9(f)	(4,033)	(7,343)	(11,596)
Taxes and contributions		(84,722)	(61,197)	(54,600)
Goodwill amortization		-	(980)	(5,880)
Other operating expenses	23	(71,865)	(230,220)	(62,127)
		(2,203,888)	(1,891,599)	(1,789,329)
[redacted] income tax		1,302,908	1,673,678	1,221,746
Workers' [redacted]	13(b)	(49,265)	(41,557)	(40,746)
Income tax	13(b)	(329,142)	(297,575)	(297,562)
Net income		924,501	1,334,546	883,438
Basic and diluted earnings per share (in Nuevos Soles)		0.4149	0.5989	0.3965
Weighted average number of outstanding shares, adjusted by stock splits (in thousands)	25	2,228,288	2,228,288	2,228,288

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

[illegible]

For the years ended December 31, 2009, 2008 and 2007

	Number of outstanding shares (in thousands)	Capital stock S/(000)	Legal reserve S/(000)	Special reserve S/(000)	Unrealized gains (losses) S/(000)	Retained earnings S/(000)	Total S/(000)
Balances as of January 1, 2007	1,286,528	1,286,528	546,519	366,258	-	661,574	2,860,879
Transfer to special reserve, note 14(c)	-	-	-	125,092	-	(125,092)	-
Cash dividends, note 14(e)	-	-	-	-	-	(536,482)	(536,482)
Net income	-	-	-	-	-	883,438	883,438
Balances as of December 31, 2007	1,286,528	1,286,528	546,519	491,350	-	883,438	3,207,835
Capitalization of income, note 14(a)	221,760	221,760	-	-	-	(221,760)	-
Transfer to special reserve, note 14(c)	-	-	-	290,515	-	(290,515)	-
Cash dividends, note 14(e)	-	-	-	-	-	(371,163)	(371,163)
Net unrealized loss on cash flow hedges, note 14(d)	-	-	-	-	(71,286)	-	(71,286)
Net income	-	-	-	-	-	1,334,546	1,334,546
Balances as of December 31, 2008	1,508,288	1,508,288	546,519	781,865	(71,286)	1,334,546	4,099,932
Capitalization of income, note 14(a)	720,000	720,000	-	-	-	(720,000)	-
Transfer to special reserve, note 14(c)	-	-	-	673	-	(673)	-
Cash dividends, note 14(e)	-	-	-	-	-	(613,873)	(613,873)
Net unrealized gain on available-for-sale investments, note 14(d)	-	-	-	-	317,190	-	317,190
Net unrealized gain on cash flow hedges, note 14(d)	-	-	-	-	101,526	-	101,526
Net income	-	-	-	-	-	924,501	924,501
Balances as of December 31, 2009	2,228,288	2,228,288	546,519	782,538	347,430	924,501	4,829,276

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 cash flows statements

For the years ended December 31, 2009, 2008 and 2007

	2009 S/(000)	2008 S/(000)	2007 S/(000)
Cash flows from operating activities			
Net income	924,501	1,334,546	883,438
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for loan losses, net of recoveries	517,892	272,463	185,142
Depreciation and amortization	181,740	137,827	128,707
Goodwill amortization	-	980	5,880
[illegible]	(5,206)	(40,664)	(35,924)
Provision for seized assets	4,033	7,343	11,596
(Gain) loss from valuation of indexed certificates	(98,244)	190,994	(207,819)
Loss (gain) from share-based compensation plan	158,447	(86,898)	253,455
Net gain from sale of securities	(254,964)	(74,955)	(57,526)
Net gain from sale of seized assets	(17,257)	(41,641)	(39,710)
Changes in asset and liability accounts:			
Other assets	(128,560)	61,211	(526,997)
Other liabilities	(178,704)	(232,867)	189,661
Net cash provided by operating activities	1,103,678	1,528,339	789,903

Consolidated statements of cash flows (continued)

	2009 S/(000)	2008 S/(000)	2007 S/(000)
Cash flows from investing activities			
Gain on sales of property, furniture and equipment	13,424	5,600	5,115
Gain on sales of seized assets	15,780	65,660	65,021
Acquisition of Edyficar, net of cash received	(263,147)	-	-
Purchase of intangible assets	(121,823)	(97,496)	(79,036)
Purchase of property, furniture and equipment	(162,891)	(270,823)	(152,435)
Net cash used in investing activities	(518,657)	(297,059)	(161,335)
Cash flows from financing activities			
Net (decrease) increase of deposits and obligations	(2,078,664)	10,896,687	5,995,106
Net sale (purchase) of trading securities	1,378,727	(529,842)	(3,019,496)
Net sale (purchase) of investments in associates	11,940	(21,093)	(9,100)
Net (decrease) increase of due to banks and correspondents and inter-bank funds	(404,651)	(558,183)	2,871,872
Net increase of bonds and subordinated notes issued	1,011,601	336,943	455,739
Net increase of loan portfolio	(308,251)	(8,393,897)	(5,972,536)
Cash paid for purchase of loan portfolio	-	-	(11,602)
Cash dividends	(613,873)	(371,163)	(536,482)
Net cash (used in) provided by financing activities	(1,003,171)	1,359,452	(226,499)
Net (decrease) increase in cash and cash equivalents	(418,150)	2,593,323	402,069
Cash and cash equivalents at the beginning of year	10,993,197	8,399,874	7,997,805
Cash and cash equivalents at the end of year	10,575,047	10,993,197	8,399,874
Supplementary cash flow information			
Cash paid during the year for:			
Interests	1,344,624	1,402,722	1,087,145
Income tax	394,856	385,660	239,834

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, 2009 and 2008

1. Operations

[illegible] subsidiary of Credicorp Ltd. (a holding incorporated in Bermuda in 1995), which owns 97.41 percent of its capital stock as of December 31, 2009 and 2008.

[illegible] 31, 2009, the Bank and its Subsidiaries had 334 branches and agencies in Peru and 2 branches abroad (330 branches and agencies in Peru and 2 branches abroad as of December 31, 2008).

[illegible] ancial and Insurance Systems and Organic of the SBS [illegible] (Peruvian banking and insurance authority) to operate as a universal bank, in accordance with prevailing Peruvian legislation. The Bank is authorized to receive third-party deposits and invest them, together with its own capital, in loan placements and securities acquisitions; likewise, the Bank may grant guarantees and letters of credit, engage in any type of financing transaction or banking service and other activities as allowed by the Banking Law. Likewise, the Bank may engage in underwriting and brokerage activities and may establish and manage mutual funds, among other similar activities, provided that those activities are carried out by Subsidiaries organized for such purposes.

hich the Bank has more than 50 percent of direct or indirect participation. The main financial data of the Bank 8, before eliminations for consolidation purposes, is as follows:

Entity	Activity and country	Percentage of participation		Assets		Liabilities		Equity		Net income (loss)	
		2009 %	2008 %	2009 S/(000)	2008 S/(000)	2009 S/(000)	2008 S/(000)	2009 S/(000)	2008 S/(000)	2009 S/(000)	2008 S/(000)
Banco de Crédito del Perú	Banking, Peru	-	-	52,491,066	52,940,426	47,661,790	48,840,494	4,829,276	4,099,932	924,501	1,334,546
Banco de Crédito de Bolivia and Subsidiaries	Banking and financial, Bolivia	95.92	95.92	3,167,512	2,946,248	2,864,157	2,611,122	303,355	335,126	82,148	138,082
Empresa Financiera Edyficar S.A., nota 2	Financial micro-credits, Peru	99.78	-	780,057	-	685,163	-	94,894	-	2,931	-
Inversiones BCP S.A.	Holding, Chile	99.99	99.99	322,260	125,455	48,927	21,038	273,333	104,417	7,074	13,868
Credito Leasing S.A. (*)	Financial leasing, Peru	-	100.00	-	772,904	-	696,993	-	75,911	-	9,321
Solución Financiera de Crédito del Perú S.A.	Financial, Peru	100.00	100.00	173,994	112,060	145,827	86,854	28,167	25,206	2,961	1,379
Credifondo S.A. - Sociedad Administradora de Fondos	Mutual funds management, Peru	100.00	100.00	85,928	88,542	13,134	3,947	72,794	84,595	31,345	33,566
Credibolsa - Sociedad Agente de Bolsa S.A.	Brokerage, Peru	100.00	100.00	46,821	34,565	11,888	11,219	34,933	23,346	1,370	14,094
Creditítulos Sociedad Titulizadora S.A.	Securitization management, Peru	100.00	100.00	10,143	4,254	669	259	9,474	3,995	792	223
Inmobiliaria BCP S.A.	Real estate, Peru	100.00	100.00	6,676	2,773	237	145	6,439	2,628	1,521	1,435

(*) On July 1, 2009, the Bank merged with Credito Leasing S.A. (herinafter Credileasing, a financial entity Subsidiary of the Bank, engaged in granting financial leases [illegible] obligations. Credileasing dissolved without being liquidated. As of July 1, 2009, the Bank owned 100% of the capital stock of Credileasing.

The main financial data of Credileasing at the merge date (July 1, 2009) was as follows:

	S/(000)
Assets	597,608
Liabilities	523,624
Equity	73,984
Net income	2,505

The consolidated financial statements as of December 31, 2008 and for the year then ended were approved by the General Shareholders Meeting dated March 31, 2009. The accompanying consolidated financial statements as of December 31, 2009, were approved by the Audit Committee and Management on February 22, 2010, and will be submitted for their final approval by the Board of Directors and the [illegible] opinion, the accompanying consolidated financial statements will be approved by the Board of Directors and the General Shareholders Meeting without modifications.

2. **Acquisition of Empresa Financiera Edyficar S.A.**

On October 14, 2009, the Bank acquired from the Cooperative for Assistance and Relief Everywhere Inc. (CARE) - Perú, all the shares that this entity owned of Empresa Financiera Edyficar S.A. (hereinafter [illegible], which represented 77.12, percent of its capital stock and; in accordance with current legal requirements, made a Public Offering, aimed to the minority shareholders´ in order to acquire the remaining 22.67 percent. At the end of both processes, the Bank owns 99.78 percent of Edyficar. The total amount paid for the acquisition amounted to US$96.1 million (equivalent approximately to S/274.0 million), including related direct acquisition costs.

[illegible] purchase method, reflecting the assets and liabilities acquired at their estimated fair values at the acquisition date, including intangible assets not recorded in Edyficar balance sheet at the acquisition date, such as the brand name and client relationships, as well as the resulting goodwill and considering [illegible] fair values for identified assets and liabilities at the acquisition date were as follows:

	Book value of the acquired entity S/(000)	Fair value adjustments S/(000)	Fair value of the acquired entity S/(000)
Assets-			
Cash and due from banks	10,857	-	10,857
Loans, net	621,886	(29,691)	592,195
Property, furniture and equipment, net	27,001	-	27,001
Brand name	-	37,504	37,504
Client relationships	-	18,735	18,735
Other assets	30,159	9,417	39,576
Goodwill, note 9(a)	-	144,841	144,841
Liabilities -			
Deposits and obligations	109,976	-	109,976
Due to Banks and correspondents	394,010	-	394,010
Bonds and subordinated notes issued	43,564	-	43,564
Other liabilities	27,821	21,334	49,155
Net acquired assets	114,532	159,472	274,004

3. Significant accounting policies

In the preparation and presentation of the accompanying consolidated financial statements, the Bank and [illegible] [illegible]ember 31, 2009 and 2008. Significant accounting principles and practices used in the preparation of the Bank and [illegible]

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

(i) Basis for presentation and use of estimates -

[illegible] 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 and in force in Peru as of December 31, 2009 and 2008, see paragraph (x.2) below.

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

Notes to the consolidated financial statements (continued)

[illegible] the country of their incorporation and their balances are translated into Nuevos Soles for consolidation purposes using the exchange rates prevailing as of the date of each balance sheet. The resulting translation differences are recognized in the consolidated income statements. On the other hand, the subsidiaries and branches financial statements were standardized to the SBS accounting rules, as applicable.

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 life and recoverable amount of property, furniture and equipment and intangible assets, the provision for seized assets, the valuation of the brand name, client relationships and goodwill and the valuation of the derivative financial instruments. The accounting criteria used for each of these items is described in this note.

(ii) Accounting changes -

Principles applicable since 2009

As described in note 3(h) below, SBS Resolution N° 10639-2008 and its modifications [illegible]ification, valuation and provisions of investments of entities [illegible]-2004, and modified the related Accounting Manual. SBS Resolution N°10639-2008 has the purpose of aligning certain aspects of the SBS accounting practices with the international practices contained in IAS 39 [illegible] SBS requirements, the application of this regulation was carried out prospectively, starting March 1, 2009 and; as of December 31, 2009, the main effects of its adoption are presented in notes 3(h), (i) and 6(a) to the consolidated financial statements.

Principles applicable since 2008

Through SBS Resolution N°11356-2008, issued on November 19, 2008, the SBS approved [illegible]-2003 and its modifications. This regulation will come into force starting on July 1, 2010, see note (x.1) below; except for the part related to the pro-cyclical provisioning requirement, which is in force since December 1, 2008. The purpose of this pro-cyclical provisioning requirement is to increase the generic provisions for loans classified as normal, especially consumer loans, applying an established factor, see note 7(e) below. Since September 1, 2009, the SBS deactivated the pro-cyclical factor due to that, at that date, the indicators considered for the application of the pro-cyclical provision indicated its deactivation. As of December 31, 2008, in accordance to the SBS Resolution, the Bank constituted an additional provision that amounted to S/175.5 millions, which is part of the total provision for loans classified as [illegible] amounting approximately to S/454.4 millions at that date.

Likewise, on August 26, 2008, the SBS issued Resolution N° 6941-[illegible] Standards for Retail Borrowers with High Leverage Levels", allowing a term up to December 31, 2008 for its implementation and replacing Resolution N° 1237-2006 and its modification. This regulation established the requirement of provisions for revolving credit lines not used by micro-business and consumer loans, in case the financial institutions do not fulfill certain control conditions established by said resolution. In Management´s opinion and in application of the criteria established in said resolution, the Bank and its Subsidiaries do not require to constitute any additional provision to the one recorded as of December 2009 and 2008.

(b) Consolidation -

Subsidiaries are all entities (including special purpose entities) over which the Bank has 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. The consolidated financial statements include the financial statements of the entities described in note 1, which are part of [illegible]

All inter-company transactions, balances and unrealized surpluses and deficits between companies of the BCP Group have been eliminated in the consolidation process. The minority interest resulting from the consolidation process is not significant and, for such reason, is not presented as a separate caption in the consolidated financial statements.

The individual accounting records of the companies that comprise BCP Group comply with the information requirements established by the SBS and by the legal regulators of the countries where they are located; their financial statements, which are included in annual reports and other public financial information, are presented in accordance with those requirements.

The accounting records of the subsidiaries and branches established abroad are maintained in the local currency of each country. For consolidation purposes, their balances have been translated into Nuevos Soles, the reporting currency, by using the exchange rate prevailing as of the date of each balance sheet and all translation differences have been recorded in the consolidated income [illegible]

(c) Financial instruments -

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

Financial assets and liabilities carried in the consolidated balance sheet correspond to cash and due from banks, interbank funds, investments (trading, available-for-sale and in associates), financial instruments at fair value through profit and loss, loans, accounts receivable (presented in [illegible] 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 revenues and expenses -

Financial revenues and expenses for interests are recognized on an accrual basis over the related contract period for the transaction and the interest rates determined based on negotiations 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 [illegible] 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.

Interest revenues include income on fixed income securities and trading securities, as well as discount and premium recognition on financial instruments.

Dividends are recognized as income when they are declared.

Commissions on financial services are recognized as income when collected, except for commissions related to the issuance of credit cards, which are recorded on an accrual basis.

Other revenues and expenses are recorded on an accrued 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 (off-balance sheet) are recorded when documents supporting such facilities are issued. Loans with [illegible] payment terms are considered refinanced or restructured.

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 net investment.

As of December 31, 2009 and 2008, the allowance for loan losses was determined following guidelines established by SBS Resolution N°808-2003 and, according to the explanation made in note 3(a)(ii), considering SBS Resolution N°11356-[illegible] Classification [illegible]-2008 [illegible] Retailer D[illegible] with such guidelines, Management periodically executes reviews and analysis of the loan portfolio, classifying it in one of the following categories: normal, potential problems, substandard, doubtful or loss, depending on the non-payment risk grade of each debtor.

For commercial loans, the classification to each of the categories mentioned above considers, [illegible] 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 another financial institution; plus other relevant factors. For micro-business, consumer and residential mortgage loans, the classification is based, mainly, on how long payments are overdue.

The calculation of the allowance is made according to the classification assigned and using specific percentages, which vary depending on whether the loans are secured or not by self-liquidating preferred guarantees (mainly cash deposits and rights on credit certificates); highly liquid preferred guarantees (like treasury bonds issued by the Peruvian Government, securities included in the Lima Stock Exchange Selective Index, among others) or preferred guarantees (primary pledge on financial instruments, machinery or property, agriculture or mining pledge, insurance on

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

Notes to the consolidated financial statements (continued)

export credits, among others); considered at their net realizable value as determined by an independent appraiser. In case a loan has a substitute responsibility of an entity of the financial or insurance system (credits affected to substitution of counterparty), the calculation of the allowance is made considering the guara[illegible]

Likewise, when calculating the allowance for clients classified as doubtful or loss for more than 36 and 24 months, respectively, the value of any collateral is disregarded and the required allowance is calculated as if such loans were not secured by any collateral.

The allowance for direct loans is presented as an asset deduction, while the allowance for indirect [illegible]

In the case of debtors operating in countries where 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, 2009, the Bank has recorded an allowance for loan losses that exceeds the minimum amount required by the SBS, with the aim of covering additional risks that are identified in the loan portfolio for approximately S/31.9 million (S/14.6 million as of December 31, 2008). This allowance complies with SBS requirements. Additionally, as of December 31, 2009, the Bank maintains pro-cyclical allowances recorded until the date in which this allowance was required (August 31, 2009), see paragraph (a)(ii), amounted to S/162.3 million; which at that date was not reassigned.

(f) Foreign currency transactions -

Assets and liabilities denominated in foreign currency are recorded by applying to the foreign currency amount the exchange rate prevailing at the transaction date and are expressed in Peruvian currency at the end of each month using the exchange rates established by the SBS, as explained in note 4. Exchange gains or losses generated from the restatement of foreign currency transactions at the exchange rates prevailing as of the dates of the consolidated balance sheets are recorded in the consolidated income statement.

(g) Derivative financial instruments -

Derivate financial instruments are recorded in accordance with accounting criteria established by the SBS Resolution N° 1737-[illegible] [illegible]ulation for Trading and Accounting of Derivatives for [illegible]

Trading -

Derivate financial instruments are initially recognized in the consolidated balance sheet at cost, thereafter, they are recognized at fair value. Fair values are obtained based on market exchange and interest rates. Gains and losses arising from changes in fair values are recorded in the consolidated income statement.

In the case of foreign currency forwards, interest rate and currency swaps and options, they are recorded at their estimated fair value, with an asset or liability being recognized in the consolidated balance sheet, as applicable, and the corresponding gain or loss being recognized in the consolidated income statement. In addition, forwards, swaps and options are recorded as off-balance sheet accounts at their notional amount, note 18(d).

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.

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Notes to the consolidated financial statements (continued)

For cash flow hedges, the effective portion of gain or loss over the hedge instrument is recognized [illegible] 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 hedged instrument is recorded in the corresponding caption of the consolidated income statement.

For fair value hedges, the changes in the fair value of the hedged derivative are recognized in the consolidated income statement. Changes in the 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 in the moment in which the hedge does not fulfill the hedging accounting criteria, the hedge relationship is prospectively terminated and; the balances recorded in the consolidated balance sheet are transferred to the consolidated income statement in the term in which the hedged item is kept.

As of December 31, 2009 and 2008, following SBS permission, the Bank and its Subsidiaries maintain derivative financial instruments designated as hedging operations considering the functional currency of Credicorp, U.S. dollar, see note 9(c).

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 of the host instrument and measured at fair value with changes in fair value recognized in the 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, 2009 and 2008, in accordance with SBS Resolution N°1737-2006, the Bank has Certificates Indexed to Credicorp 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 fair value through profit and loss. Therefore, the separation of the embedded derivative is not required, notes 9(b).

(h) Trading, available-for-sale, and held-to-maturity investments -

As of December 31, 2008 and until February 28, 2009, the initial recording and the subsequent measurement of trading, available for sale and held to maturity investments was carried out in accordance with the SBS Resolution N°1914-2004 - [illegible] initially recorded its investments at their acquisition cost and afterwards at their valuation criteria, which was the following:

- Trading - Are investments maintained for sale in the short term and updated daily at their market value through individual valuation, recognizing gains and losses generated in the consolidated income statement.

- Available-for-sale - Are investments that are not maintained for sale in the short term and are not to be held until their maturity. These investments were valued based on the global portfolio at the lower of their average acquisition cost or estimated fair value. The allowances recorded for these investments did not affect the results of the period; they were recorded in a specific equity account until the sale of the investments took place. When sold, the unrealized losses, previously recognized reducing equity, were included in the result of the year. In the same way, when the Bank estimated that the unrealized losses recorded were due to other than temporary impairment circumstances, such amount was recorded affecting the results of the year.

  Interest income from these investments is recognized when accrued and dividends when declared.

  In the case of debt securities, financial entities had to update their book value every month through the accrual of capital discounts or premiums.

- Held-to-maturity - Are investments that Management decides to maintain until their maturity. They were recorded at their acquisition cost, which was individually adjusted [illegible] cost and results of the period, the accrual of interest and the amortization of any premium or discount generated in their acquisition were included. As of December 31, 2009 and 2008, the Bank does not maintain securities held to maturity.

  An allowance is [illegible] similar to the treatment for direct loans. This allowance affects directly the consolidated results of the year.

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Notes to the consolidated financial statements (continued)

The consolidated financial results are not affected by fluctuations in the market prices of securities classified in this category, except when a significant reduction of prices occurs.

As explained in paragraph 3(a)(ii), since March 1, 2009 and as of December 31, 2009, initial recognition and subsequent measurement of trading, available-for-sale and held to maturity investments, is carried out according to SBS Resolution N°10639-[illegible] modifications to the initial recognition and subsequent measurement of investments. Modifications were recorded prospectively, as required by said Resolution and were as follows:

- Initial accounting recognition of investments at fair value through profit or loss is at fair value, without considering the transaction costs. In the case of other categories of investments, they are recorded at fair value, including the transaction costs directly attributable to their acquisitions.

- Valuation of available-for-sale investments is at fair value. Therefore, as of March 31, 2009, the Bank and its Subsidiaries recorded in the equity [illegible] accumulated unrealized gains or losses resulting from the initial valuation at fair value of the available-for-sale investments at that date. The gains or losses originated by changes in fair value of investments in this category are recognized directly in equity, unless a permanent impairment in its value exists. When an instrument is realized or sold, the gains or losses previously recognized as part of equity are recognized as profit or loss.

- In the case of debt securities, before their valuation at fair value, the amortized cost should be updated applying the effective interest rate, and from the obtained amortized cost, unrealized gains or losses due to changes in fair value should be recognized.

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

- The Bank and its Subsidiaries should evaluate, at each consolidated balance sheet date, if there is evidence of any instrument classified as available-for-sale or held to maturity that could present an impairment; which should be recognized as profit or loss, even though the investment has not been retired or sold.

Both, SBS Resolution N°1914-2009 and SBS Resolution N°10639-2008, consider that if the SBS deems necessary to require the constitution of an additional provision for any class of investment, such provision must be determined by the SBS, based on each individual investment, and recorded in the consolidated income statement.

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

(i) [illegible] -

Since 2009, when SBS Resolution N°10639-2008 (note 3(a)(ii)) came into force, this category includes equity securities acquired with the purpose of having equity participation, control and/or significant influence in other entities or institutions. As of December 31, 2008, this category included long term investments made in companies considered of interest for the Bank and its Subsidiaries; therefore, the Bank and its Subsidiaries reclassified all its permanent investments considered of interest in which they did not have control or significant influence to the caption [illegible]-for-[illegible]

The amount reclassified at the effective date of the new regulation amounted to approximately S/116.0 million, of which S/113.2 million corresponded to the investment in Banco de Crédito e Inversiones Chile – BCI Chile (BCI) maintained by Inversiones BCP S.A. As of December 31, 2008, these investments were presented at cost.

Investments in associates were initially recognized at their fair value including the transaction costs directly attributable to their acquisition; after their initial recognition, these investments are recorded using the equity participation method. In the case of investments quoted or listed on security exchanges, when their market value shows a decreasing trend due to non-temporary circumstances, the Bank and its Subsidiaries must record a provision; nevertheless, the SBS using its criteria, can require the recognition of an additional provision.

(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. Maintenance and repair costs are charged to the consolidated income statement and significant renewals and improvements are capitalized when: a) it is probable that future economic benefits will flow from the renewal or improvement; and, b) their cost can be valuated fairly. Cost, 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 useful life assigned and the selected depreciation method is periodically reviewed to ensure that they are consistent with the economic benefit and useful life expectations of property, furniture and equipment items.

(k) Seized assets, assets received as payments 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; assets not granted in leasing operations are recorded at cost or market value, the lower.

Seized assets (which include assets from terminated leasing contract due to non-payment) are initially recorded at the value assigned to them troughs 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 monthly provision equivalent to one twelfth of the book value of the asset (net of the 20 percent provision) will be provided starting from the first month of seizure or recovery, until reaching a provision of one hundred percent of the seized or recovered value.

- Real estate - After three and a half years, uniform monthly provisions must be provided for at the end of each month over the net book value obtained in the eighteenth or twelfth month, depending on whether the SBS extension term approval was obtained or not, respectively, until reaching a provision of one hundred percent of the seized or recovered value.

An update of the market value of seized assets (which should be determined by an independent appraiser and not older than 1 year) is required and necessarily implies the constitution of an impairment provision, when the net realization value is lower than its net book value. If the net realization value is higher than the net book value, the increased value can not be recognized for accounting purposes.

(l) Intangible assets -

[illegible] comprise principally acquisitions and developments of software used by the Bank and its Subsidiaries in their operations and are registered at cost; as well as intangible assets identified in the acquisition of Edyficar, note 2, which were recognized on the consolidated balance sheet at [illegible] -period Excess Earning [illegible]

The estimated useful lives of the Bank and its [illegible]

	Years
Brand name	5
Client relationships	5
Software	5
Other	5

The useful life and the amortization method are reviewed periodically to ensure that they are consistent with the anticipated pattern of economic benefits from intangible assets.

(m) Goodwill -

Goodwill is recorded using the purchase method. This means recognizing identifiable assets (including intangible assets not previously recognized) and liabilities (including contingent liabilities and excluding future restructurations) of the acquired entity at fair value.

Any excess between the acquisition cost over the fair value of the net identifiable assets, tangibles and intangibles, is recognized as goodwill. If the acquisition cost is lower than the fair value of the net identifiable assets, the lower acquisition value is recognized directly in the consolidated income statement.

[illegible] balance sheet, results from the difference between the estimated fair value of the net assets acquired from the minority shareholders of Solución Financiera de Crédito del Perú S.A. and the amount paid for such assets on March 2003. Goodwill was amortized using the straight line method over its estimated useful life (5 years); therefore, as of December 31, 2009 and 2008, said goodwill is fully amortized.

As of December 31, 2009, goodwill results from the difference between the estimated fair value of Edyficar net assets and the amount paid for such assets, note 2. According to the coordinations made with the SBS, this goodwill is measured at 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 paragraph (q) below.

(n) Bonds and subordinated notes issued -

Include the liability from the issuance of different types of bonds and subordinated notes, which are recorded at their face value, recognizing the accrued interest in the consolidated results of the year. Discounts granted or premiums generated in their [illegible] and are amortized during the term of each bond.

(o) [illegible]

[illegible] profit sharing are computed based on taxable income determined for tax purposes, which is based on income tax principles that differ from accounting principles used by [illegible] fit sharing are in accordance with IAS 12.

[illegible] 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 that arise from the manner in which the Bank and its Subsidiaries expect to recover or eliminate the carrying amount of its assets and liabilities at the consolidated balance sheets 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 balance sheet, 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 recognized in the accounting records.

In accordance with the accounting standard, the Bank and its Subsidiaries determines its deferred [illegible]-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 a share-based payment plan which, until 2008, consisted of options granted in the form of stock appreciation rights (SARs) over a number of Credicorp 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 a benefit the difference between the market price at the moment in which the rights/options are exercised and the settlement price agreed, note 16. The related expense is recorded considering the accrued services at the date of the consolidated balance sheet, multiplied by the difference between the estimated market price of the rights/options at the date of the consolidated balance sheet and the settlement price. The market price of the rights/options is estimated using the binomial model, following IFRS 2 • Share-based payments.

When the price or the terms of the plan are modified, the effect of the modifications is recognized as gain or loss in the consolidated income statement.

Since 2009, the Bank and its Subsidiaries implemented a new shared-based payment plan, granting a number of Credicorp shares to certain executives who have at least one year of service. In connection to this plan, the Bank and its Subsidiaries acquired all the shares granted to its executives, which are being held as restricted by the Bank and its Subsidiaries for a 3 year term; shares are fully liberated in favor of the executives 1/3 each year. Following SBS Official Letter N°9771-2009, dated March 24, 2009, the Bank and its Subsidiaries have recorded as an expense the acquisition cost of the shares granted.

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

Notes to the consolidated financial statements (continued)

(q) Impairment -

When changes or certain events indicate that the value of an asset could not be recovered, the Bank and its Subsidiaries review the value of property, furniture and equipment, goodwill and intangible assets 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 statements for each caption mentioned above. The recoverable value is the higher between the net sale price and its value in use. The net sale price is in use 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 life. The recoverable amounts are estimated for each asset or, if not possible, for each cash generating unit.

(r) Fiduciary activities -

Assets and revenues from fiduciary operations in which there is a commitment to return such assets to a client and in which the Bank and its Subsidiaries participate as a trustee, have been excluded from these consolidated financial statements, because the Bank and its Subsidiaries are not owners of such assets and they do not assume the risk and rewards that arise from their [illegible]-balance sheet [illegible] included in t[illegible]

(s) Provisions -

Provisions are only recognized when the Bank and its Subsidiaries have a present (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 balance sheet date. When the effect of the time value of money is significant, the amount recorded as a provision is same as 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 computed based on the weighted average number of shares outstanding at the consolidated balance sheets dates. Additional shares that should be 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; such shares are considered as if they had always been issued.

As of December 31, 2009 and 2008, the Bank and its Subsidiaries do not have financial instruments with dilutive effects; therefore, basic and diluted earnings per share are the same.

(v) Sale and repurchase agreements -

[illegible]ented in the consolidated financial statements as pledged assets when the transfer is made with an agreement to repurchase the collateral and legal ownership of the investments has not been transferred; therefore the liability with the counterparty is incl[illegible] sheets. The difference between the sale and the repurchase price is treated as interest, which is accrued during the term of the agreement using the effective interest method.

On the other hand, when legal ownership of an investment is transferred, which could happen even if there is an agreement to repurchase the transferred investment (repos), it is derecognized from the captio[illegible] and available-for-[illegible]stment subject to the [illegible] e of the investment is lower than the committed amount).

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

Notes to the consolidated financial statements (continued)

(w) Cash and cash equivalents -

Cash and cash equivalents presented in the consolidated statements of cash flows correspond to deposits with less than a three-month maturity as of the acquisition date, including funds deposited in central banks and overnight deposits.

(x) New accounting rules -

(x.1) Accounting regulations issued by the SBS that do not apply for the year ended December 31, 2009 -

SBS Regulation N°11356-2008 approved in November 2008, see paragraph (a)(ii) above, [illegible] main changes introduced by this rule are:

- Establish new types of loan portfolio classification, increasing the existing four categories to eight, which va[illegible] the amount of the loan.

- Establish credit conversion factors over indirect loans to determine [illegible] depending on the credit type, which will be the base to calculate the required provision.

Because SBS Regulations apply prospectively, the adoption of the indicated regulation will not have any impact in the financial situation and results presented in the consolidated financial statement of the Bank and its Subsidiaries as of December 31, 2009 and 2008.

(x.2) International financial reporting standards -

Up to the date of these consolidated financial statements, the National Accounting Standards Board (CNC, for its Spanish acronym) has approved the application of IFRS 1 to 8, IAS 1 to 41, SIC 7 to 32 and IFRIC 1 to 14; which application is mandatory in Peru, except for financial entities when the SBS had issued specific accounting regulations.

In addition, starting January 1, 2009, the CNC has approved the following standards issued [illegible] segments [illegible] Minimum [illegible]

However, because all the mentioned standards only apply in a supplementary manner to the SBS accounting regulations, they did not have or will have any significant effect in the preparation of the accompanying consolidated financial statements, unless the SBS adopts them in the future through the modification of the Accounting Manual for Financial Entities or the issuance of specific regulations. The Bank and its Subsidiaries have not estimated the effects, if any, in its consolidated financial statements if the mentioned regulations were adopted by the SBS.

On the other hand, the following IFRS and IFRIC have been issued at an international level as of December 31, 2009; but are not yet approved by the CNC or the SBS; for this reason, they are not applicable to the Bank and its [illegible] Management has not estimated their effects, if any, in the consolidated financial statements or in its consolidated operations.

- [illegible] beginning on or after January 1, 2009.

- [illegible]

- [illegible] January 1, 2013.

- [illegible] Eligible Hedged [illegible]

- [illegible] periods beginning on or after October 1, 2008.

- [illegible] beginning on or after July 1, 2009.

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

Notes to the consolidated financial statements (continued)

- [illegible] on or after July 1, 2009.

- [illegible] - within the scope of the project to modify the IFRS, in May 2008 the IASB published and approved modifications to 35 different international standards, covering a wide-range of accounting issues. Modifications are divided in two categories: 1) modifications related to the presentation, recognition and measurement, with accounting implications, and 2) modifications related to terms and reduction of international standards, which are not expected to have any significant effect, if any, in accounting aspects.

Likewise, in April 2009, the IASB issued and approved improvements to 12 different international standards, covering a wide-range of accounting issues. This improvement project is an annual project which makes necessary but non-urgent amendments.

(y) Financial statements as of December 31, 2008 -

Previous years comparative amounts have been reclassified to make them comparable with the current year presentation. As a result of the adoption of SBS Resolution N° 10639-2008, the in[illegible] mainly BCI, for comparative purposes were [illegible]-for-[illegible] -mount reclassified, which corresponds to the cost of those investments, amounted to S/124.5 million.

Management considers that this reclassification permits a better presentation of the consolidated financial statements of the Bank and its Subsidiaries.

4. Foreign currency transactions and exposure to exchange risk

Transactions in foreign currency are completed using exchange rates prevailing in the market.

As of December 31, 2009, the weighted average market exchange rate published by the SBS for transactions in US Dollars was S/2.888 for buying and S/2.891 or selling (S/3.137 and S/3.142 as of December 31, 2008, respectively). As of December 31, 2009, the exchange rate established by the SBS to record assets and liabilities in foreign currencies was S/2.890 for each US Dollar and S/0.415 for each Bolivian Peso (S/3.140 and S/0.451, as of December 31, 2008, respectively). A detail of the Bank and [illegible]

	2009		2008	
	U.S. Dollars US$(000)	**Other Currencies** US$(000)	**U.S. Dollars** US$(000)	**Other Currencies** US$(000)
Assets				
Cash and due from banks and interbank funds	2,995,252	240,523	2,951,045	71,470
Trading and available-for-sale investments, net	742,309	737,906	1,797,530	245,528
Loans, net	6,641,265	190,641	6,825,405	93,338
Other assets	282,693	5,073	154,388	6,709
	10,661,519	1,174,143	11,728,368	417,045
Liabilities				
Deposits and obligations	(8,445,288)	(536,179)	(8,905,439)	(332,241)
Due to banks, correspondents and interbank funds	(1,037,142)	(113,066)	(1,044,994)	(23)
Bonds and subordinated notes issued	(659,808)	-	(319,660)	-
Other liabilities	(327,987)	(32,278)	(221,587)	(23,671)
	(10,470,225)	(681,523)	(10,491,680)	(355,935)
Net forward operations – net short (long) position	265,112	(66,475)	(678,940)	(55,972)
Net currency swap position	(142,015)	(41,583)	15,775	-
Net cross currency and interest rates swap position	77,620	(206,669)	(293,034)	-
Options, net	(3,711)	-	-	-
Net asset position	388,300	177,893	280,489	5,138

The derivatives net short (long) position as of December 31, 2009, corresponds to foreign currency forward purchase and sale operations in respect of the Nuevos Soles for reference values of approximately US$1,260.5 and US$1,061.9 million equivalent to S/3.642.8 and S/3.068.9 million, respectively, (US$886.0 and US$1,620.8 million equivalent to S/2,781.9 and S/5,089.5 million, respectively as of December 31, 2008); likewise, as of December 31, 2009, the Bank and its Subsidiaries purchase foreign currency forward and sale operations in respect to currencies different to Nuevo Sol for a reference value of approximately US$339.6 million, equivalent to S/1,050.1 million, note 9(c).

The net currency swap position as of December 31, 2009, corresponds to operations involving Nuevos Soles exchanged for other currencies and vice versa, and have reference values of approximately US$126.0 million and US$309.6 million, equivalent to S/364.1 million and S/894.6 million respectively (US$114.6 million and US$98.8 million, equivalent to S/359.9. million and S/310.4. million, respectively as of December 31, 2008), note 9(c).

The net cross currency and interest rate swap position as of December 31, 2009, corresponds to exchanges of principal and interest in which U.S. Dollars are received and delivered, for reference values of approximately US$318.3 and US$240.7 million, equivalent to S/920.0 and S/695.6 million, respectively. These operations include the delivery of currencies different to the U.S. Dollar for a net value of approximately US$206.7 million. As of December 31, 2008, U.S. Dollar were delivered for a reference value of approximately US$293.0 million, equivalent to S/920.1 million, note 9(c).

As of December 31, 2009, the foreign currency options correspond to agreements that grant the right (but not the obligation) to buy or sell foreign currencies for a reference value of US$24.4 million, equivalent to S/70.4 million. Likewise, the options, according to its respective deltas at that date, amounted to approximately US$3.7 million, equivalent to S/10.7 million, note 9(c).

As of December 31, 2009, the Bank and its Subsidiaries have contingent operations in foreign currency for approximately US$1,939.8 million, equivalent to approximately S/5,605.9 million (approximately US$1,728 million, equivalent to approximately S/5,431 million, as of December 31, 2008), note 18.

In prior years, the devaluation (revaluation) of the Nuevo Sol with respect to the US Dollar and inflation, in accordance with the National Wholesale Price Index published by the Instituto Nacional de Estadística e Informática (National Institute of Statistics and Informatics), are as follows:

Year	Devaluation (revaluation) %	Inflation %
2005	4.5	3.6
2006	(6.8)	1.1
2007	(6.3)	3.9
2008	4.8	6.7
2009	(8.0)	0.3

5. Cash and due from banks

As of December 31, 2009, cash and due from banks includes approximately US$2,247.9 million and S/1,032.1 million (US$2,086.4 million and S/1,263.6 million as of December 31, 2008) which represent the legal reserve that the Bank and its Subsidiaries must maintain related to its obligations with the public. These funds 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.

Reserve funds kept in BCRP do not earn interest, except for the part of the mandatory reserve in foreign currency that exceeds the minimum legal reserve. As of December 31, 2009, this excess amounts to approximately US$1,790.8 million, equivalent to approximately S/5,175.4 million, and earns interest in US Dollars at an annual rate of 0.14 percent (US$1,601.6 million equivalent to approximately S/5,029.0 million, and earned interest in US Dollars at an annual rate of 0.40 percent as of December 31, 2008).

Deposits in local and foreign banks correspond to balances in Nuevos Soles and U.S. Dollars, as well as minor amounts in other currencies. All deposits are unrestricted and earn interests at market rates. As of December 31, 2009 and 2008, the Bank and its Subsidiaries do not have significant deposits in any specific financial institution.

6. Trading and available-for-sale investments, net

(a) This item is made up as follows:

	2009				2008
		Unrealized gross amount			
	Amortized cost S/(000)	Gains (*) S/(000)	Losses (*) S/(000)	Estimated fair value S/(000)	Book value S/(000)
Trading securities					
Peruvian Treasury bonds (b)	-	-	-	137,599	31,017
Local Mutual funds participations	-	-	-	39,745	67,009
Peruvian Sovereign bonds (b)	-	-	-	15,953	6,302
BCRP certificates of deposits (c)	-	-	-	8,699	-
Corporate and leasing bonds (d)	-	-	-	351	1,828
Other	-	-	-	-	6,284
	-	-	-	202,347	112,440
Investments available-for-sale					
BCRP certificates of deposit (c)	4,466,042	1,115	(70)	4,467,087	5,971,363
Peruvian Treasury bonds (b)	1,058,835	95,690	-	1,154,525	1,059,774
Corporate and leasing bonds (d)	1,035,970	17,851	(1,306)	1,052,515	394,969
Treasury bonds of foreign governments (e)	449,949	2,859	(79)	452,729	172,253
Mutual funds participations	357,114	1,327	-	358,441	255,648
Treasury notes from the Central Bank of Bolivia (f)	321,084	2,293	-	323,377	683,001
Listed equity security BCI Chile, note 3(y)	117,150	205,006	-	322,156	124,450
[illegible]	242,466	-	-	242,466	230,061
Bonds of international financial entities (h)	150,593	5,332	-	155,925	109,269
Peruvian Sovereign bonds (b)	116,729	10,186	-	126,915	435,047
Securitization instruments	19,813	311	-	20,124	23,419
Listed equity securities (CAVALI BVL)	183	18,187	-	18,370	28,104
Non - listed equity securities	3,281	43	(550)	2,774	3,557
	8,339,209	360,200	(2,005)	8,697,404	9,490,915
Allowance for available-for-sale investments (*)				-	(12,131)
Balance of trading and available-for-sale investments, net				8,899,751	9,591,224
Accrued interest				44,442	65,976
Total				8,944,193	9,657,200

(*) In application of SBS Resolution N°10639-2008, the Bank and its Subsidiaries recorded the accumulated unrealized gains and losses resulting from the valuation of available-for-sale investments to its respective fair values at the date said Resolution became effective (March 1, 2009); likewise, the balance of the allowance recorded at that date was assigned to each specific investment, reducing their respective cost. As of December 31, 2008, the unrealized gains and losses were not recorded, they were disclosed in notes to the consolidated financial statements, see paragraph (k) below.

(b) The Peruvian Treasury bonds correspond to global bonds issued in U.S Dollar and Euros by the Peruvian Government. As of December 31, 2009, these bonds accrued interest at annual rates that range between 4.08 and 5.27 percent (between 6.19 and 7.65 percent as of December 31, 2008), with maturities between October 2014 and December 2015 (between February 2012 and March 2037, as of December 31, 2008).

Sovereign bonds are issued in Nuevos Soles by the Peruvian Government. As of December 31, 2009, these bonds accrued interest at annual rates that range between 1.06 and 5.89 percent (between 3.27 and 7.64 percent as of December 31, 2008), with maturities between March 2010 and August 2020 (between March 2010 and August 2026 as of December 31, 2008).

(c) BCRP negotiable certificates of deposit are negotiable financial instruments issued in public auctions at discount, denominated in Nuevos Soles and negotiated in the Peruvian secondary market. As of December 31, 2009, these certificates accrued annual interest rates that range between 1.13 and 1.39 percent (between 6.55 and 7.06 percent as of December 31, 2008), with maturities between January 2010 and July 2010 (between January 2009 and April 2010 as of December 31, 2008).

As of December 31, 2008, this amount includes S/3,354 million corresponding to BCRP certificates readjusted to Nuevos Soles vs. U.S. Dollar exchange rate. These certificates accrued interests at annual rates that ranged between 0.34 and 1.55 percent, with maturities during 2009. As of December 31, 2009, the Bank does not have this type of instruments.

(d) The Bank and its Subsidiaries maintain corporate and leasing bonds mainly issued by Peruvian entities; with maturities between January 2010 and May 2030 as of December 31, 2009 (between January 2009 and July 2035, as of December 31, 2008). These bonds accrued interests at annual rates that range between 0.67 and 6.46 percent for bonds issued in Nuevos Soles (between 4.56 and 8.72 percent as of December 31, 2008) and between 0.44 and 8.54 percent for bonds issued in U.S. Dollars (between 4.73 and 11.0 percent as of December 31, 2008).

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Notes to the consolidated financial statements (continued)

(e) As of December 31, 2009, mainly includes US$74.1 million (equivalent to S/214.1 million) and US$64.3 million (equivalent to S/185.8 million) issued by the Colombian Government in U.S. Dollar and Pesos Colombianos, respectively and US$17.8 million (equivalent to S/51.4 million) issued by the Brazilian Government in U.S. Dollar (approximately US$54.9 million, equivalent to S/172.3 million, issued by the Colombian Government, as of December 31, 2008). Such bonds have maturities between March 2010 and January 2012 (between February 2009 and January 2017 as of December 31, 2008) and accrued interest at annual rates that ranged between 0.78 and 5.44 percent (between 2.85 and 6.78 percent, as of December 31, 2008).

(f) Treasury notes from the Central Bank of Bolivia are issued at discount and are denominated in Bolivian Pesos. As of December 31, 2009, these notes accrued interest at annual rates that range between 1.5 and 11.77 percent (between 0.2 and 11.45 percent as of December 31, 2008), with maturities in a current period (between January 2009 and July 2009 as of December 31, 2009).

As of December 31, 2009, the Bank and its Subsidiaries have repurchase agreement operations with their clients; these operations were in Pesos Bolivianos and over these treasury notes for an amount of S/101.2 million. The repurchase agreement operations accrued interest at effective market rates in Bolivia and their maturity is on February 2010.

(g) [illegible] are issued in Bolivian Pesos and comprises 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; RAL Fund accrued interest at annual average rates of 8.58 and 5.48 percent as of December 31, 2009 and 2008, respectively.

(h) As of December 31, 2009, comprises US$41.3 million, (equivalent to S/119.4 million), and US$12.7 million (equivalent to S/36.7 million) corresponding to debt instruments issued in US Dollars by Corporación Andina de Fomento - CAF and Fondo Latinoamericano de Reservas, respectively, (US$32.8 million, equivalent to S/103.0 million, issued by CAF and S/6.3 million issued by Corporación Financiera de Desarrollo - COFIDE, respectively, as of December 31, 2008). As of December 31, 2009, such bonds have maturities between January 2011 and June 2019 (between January 2009 and November 2011 as of December 31, 2008) and accrued annual interest rates that ranged between 1.64 and 6.08 percent (between 3.38 and 3.54 percent, as of December 31, 2008).

(i) As of December 31, 2008, the Bank and its Subsidiaries maintained repurchase agreement operations (repos) in Nuevos Soles over BCRP negotiable certificates of deposits, where legal ownership of the related investment was transferred to the counter party; these investments accrued effective annual interest rates that ranged between 6.75 and 7.00 percent and matured in 2009. These operations were recorded following SBS rules, note 3(v); thus, the commitment to [illegible] Subsidiaries do not have repos operations in which legal ownership has been transferred.

(j) As of December 31, 2009, the Bank, as allowed by the SBS, maintains cash flow hedges and fair value hedges over investments available for sale for a notional amount of S/205.7 million and S/1,079.0 million, respectively, see note 9(c).

(k) As of December 31, 2009, according to SBS Resolution N°10639-2008, the available-for-sale investments are recorded at their fair value, as detailed in note 3(h). As of December 31, 2008, such investments were registered at cost. The reconciliation between their book value and their fair value, at that date, is as follow:

	S/(000)
Book value, net of allowance	9,478,784
Unrealized gains	254,380
Unrealized losses	(39,718)
Estimated market value	9,693,446

As of December 31, 2009 and 2008, Management estimated the fair value of its trading and available-for-sale investments using market price quotations available in the market or, if a price was not available, 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 as of December 31, 2009 and 2008, are of temporary nature. The Bank and its Subsidiaries have decided and have the ability to maintain these investments until the recovery of their fair value, which can occur at their maturity.

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Notes to the consolidated financial statements (continued)

(l) As of December 31, 2009 and 2008, trading and available-for-sale investments classified by their maturity date are as follows:

	2009 S/(000)	2008 S/(000)
Up to 3 months	3,163,335	4,736,051
From 3 months to 1 year	2,434,773	2,466,296
From 1 to 3 years	538,255	296,301
From 3 to 5 years	1,316,926	302,632
More than 5 years	462,513	1,322,391
Without maturity (shares)	983,949	479,684
Total	8,899,751	9,603,355

7. Loans, net

(a) This item is made up as follows:

	2009 S/(000)	2008 S/(000)
Direct loans		
Loans	22,871,389	22,637,415
Leasing receivables	5,793,505	5,678,520
Credit cards	3,061,762	2,684,599
Discounted notes	1,008,973	1,157,555
Factoring receivables	472,350	391,046
Advances and overdrafts	135,822	321,544
Refinanced and restructured loans	171,837	173,262
Past due and under legal collection loans	504,777	246,866
	34,020,415	33,290,807
Add (less)		
Accrued interest from performing loans	229,105	279,522
Deferred interest on discounted notes and leasing receivables	(816,204)	(782,852)
Allowance for loan losses (f)	(1,017,238)	(739,480)
Total direct loans	32,416,078	32,047,997
Indirect loans, note 18(a)	7,249,668	6,164,166

(b) As of December 31, 2009 and 2008, 51 percent of the commercial direct loan portfolio was concentrated in 475 and 487 clients, respectively.

(c) As of December 31, 2009 and 2008, the distribution of the loan portfolio by economic sector is as follows:

	2009		2008	
	S/(000)	%	S/(000)	%
Manufacturing	7,278,960	21.4	7,833,579	23.5
Mortgage loans	5,064,608	14.9	4,659,854	14.0
Consumer loans	4,251,349	12.5	3,657,975	11.0
Commerce	3,729,648	11.0	4,095,918	12.3
Electricity, gas and water	2,260,815	6.6	1,710,740	5.1
Micro-business loans	2,115,471	6.2	1,942,957	5.8
Mining	1,979,189	5.8	2,081,616	6.3
Communications, storage and transportation	1,599,449	4.7	2,011,562	6.0
Leaseholds and real estate activities	1,405,467	4.1	1,515,018	4.6
Community services	981,065	2.9	812,233	2.4
Financial services	851,768	2.5	720,572	2.2
Agriculture	711,938	2.1	650,807	2.0
Construction	498,171	1.5	712,102	2.1
Education, health and other services	451,106	1.3	366,766	1.1
Fishing	341,325	1.0	233,514	0.7
Other	500,086	1.5	285,594	0.9
Total	34,020,415	100	33,290,807	100

(d) As of December 31, 2009 and 2008, the Bank and its Subsidiaries loan portfolio credit risk classification according to SBS standards, is as follows:

Risk category	2009						2008					
	Direct loans		Indirect loans		Total		Direct loans		Indirect loans		Total	
	S/(000)	%	S/(000)	%	S/(000)	%	S/(000)	%	S/(000)	%	S/(000)	%
Normal	31,777,222	93.4	7,128,124	98.3	38,905,346	94.3	31,768,209	95.4	6,073,461	98.5	37,841,670	95.9
Potential problems	1,250,120	3.7	104,726	1.5	1,354,846	3.3	903,651	2.7	77,720	1.3	981,371	2.5
Substandard	323,569	1.0	6,388	0.1	329,957	0.8	222,758	0.7	5,987	0.1	228,745	0.6
Doubtful	391,339	1.1	9,423	0.1	400,762	1.0	245,435	0.7	4,254	0.1	249,689	0.6
Loss	278,165	0.8	1,007	0.0	279,172	0.6	150,754	0.5	2,744	0.0	153,498	0.4
	34,020,415	100	7,249,668	100	41,270,083	100	33,290,807	100	6,164,166	100	39,454,973	100

(e) Financial entities in Peru should constitute their allowance for loan losses based on the aforementioned credit risk classification and using the following percentages:

(i) Normal category, which includes a pro-cyclical component for the period between December 2008 and August 2009, note 3(a)(ii) -

Loans types	Fixed-rate	Pro-cyclical component	Total
	%	%	%
Commercial	0.70	0.45	1.15
Commercial with highly liquid preferred guarantees	0.70	0.30	1.00
Micro-business	1.00	0.50	1.50
Mortgage	0.70	0.40	1.10
Mortgage with highly liquid preferred guarantees	0.70	0.30	1.00
Revolving consumer loan	1.00	1.50	2.50
Non revolving consumer loan	1.00	1.00	2.00
Non revolving consumer loan under eligible agreements	1.00	0.30	1.30

(ii) Other categories; depending upon 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, see note 3(e), the provision requirement depends on the credit risk classification of the respective counterparty, regardless of the debtor credit risk classification, using the percentages indicated above.

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

Notes to the consolidated financial statements (continued)

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

	2009 S/(000)	2008 S/(000)
Balance as of January 1st	813,978	698,899
Net provision, note 20	516,334	270,267
Acquisition of Edyficar, note 2	56,153	-
Loan portfolio written-off	(266,613)	(140,620)
Exchange rate and other	(39,918)	(14,568)
Balance as of December 31(*)	1,079,934	813,978

(*) The movement in the allowance for loan losses includes direct and indirect loans allowance for approximately S/1,017.2 and S/62.7 million, respectively, as of December 31, 2009 (approximately S/739.5 and S/74.5 million, respectively, as of December 31, 2008). The allowance for indirect loan [illegible]

[illegible]ance for loan losses recorded as of December 31, 2009 and 2008, has been established in accordance with SBS regulations in force as of those dates, note 3(e).

(g) The loan portfolio is secured by guarantees received from clients, which are a principally in the form of mortgages, stand-by letters, financial instruments, and industrial and commercial pledges.

(h) Interest accrued on the loan portfolio is determined considering current interest rates prevailing in the markets where BCP Group operates.

(i) As of December 31, 2009 and 2008, the gross direct loan portfolio has the following maturity schedule:

	2009 S/(000)	2008 S/(000)
Outstanding loans -		
Up to 1 month	4,715,298	5,895,670
From 1 to 3 months	5,358,774	5,491,728
From 3 months to 1 year	8,035,935	8,116,794
From 1 to 3 years	5,968,839	5,286,952
From 3 to 5 years	3,531,343	3,141,984
More than 5 years	5,905,449	5,110,813
Past due loans -		
Up to 4 months	204,041	109,269
More than 4 months	171,469	61,220
Loans under legal collection	129,267	76,377
Total	34,020,415	33,290,807

8. Property, furniture and equipment, net

(a) The movement of property, furniture and equipment and accumulated depreciation for the years ended December 31, 2009 and 2008, 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)	2009 S/(000)	2008 S/(000)
Cost -									
Balance as of January 1st	70,637	633,901	367,207	217,828	665,712	99,448	51,532	2,106,265	1,884,438
Additions	4,113	7,127	3,000	13,023	53,250	4,181	78,197	162,891	270,823
Acquisition of Edyficar, note 2	5,701	7,644	4,561	7,681	7,644	5,095	-	38,326	-
Sales	(67)	(180)	(54)	(724)	(642)	(15,295)	-	(16,962)	(42,865)
Transfers	-	2,674	35,718	2,194	2,302	1,901	(44,789)	-	-
Write-downs and other	(4,209)	(46)	(624)	(1,794)	(54,818)	(23)	3,839	(57,675)	(6,131)
Balance as of December 31	76,175	651,120	409,808	238,208	673,448	95,307	88,779	2,232,845	2,106,265
Accumulated depreciation -									
Balance as of January 1st	-	318,656	212,682	168,880	522,616	40,095	-	1,262,929	1,207,672
Depreciation of the year	-	19,607	27,204	9,084	61,116	8,345	-	125,356	100,941
Acquisition of Edyficar, note 2	-	581	973	2,141	5,246	2,384	-	11,325	-
Sales	-	(123)	(54)	(698)	(619)	(7,817)	-	(9,311)	(39,993)
Write-downs and transfers	-	(6)	(537)	(1,994)	(53,023)	(117)	-	(55,677)	(5,691)
Reclassifications	-	6,068	(3,530)	298	(1,172)	(1,664)	-	-	-
Balance as of December 31	-	344,783	236,738	177,711	534,164	41,226	-	1,334,622	1,262,929
Net book value	76,175	306,337	173,070	60,497	139,284	54,081	88,779	898,223	843,336

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

(c) ▪ ▪ nsure that they are consistent with their economic benefits and life expectations. In ence of impairment of property, furniture and equipment as of December 31, 2009 and 2008.

9. Other assets and other liabilities

(a) These items are made up as follows:

	2009 S/(000)	2008 S/(000)
Other assets, net		
Financial instruments at fair value -		
Indexed certificates (b)	313,218	386,398
Derivatives receivable (c)	281,086	234,074
	594,304	620,472
Other, net-		
VAT credits	440,760	396,843
Intangible assets, net (d)	319,583	192,968
[illegible]	264,622	223,672
Goodwill, note 2	144,841	-
Income tax prepayments, net	143,144	43,150
Accounts receivable	124,353	149,903
Deferred expenses	76,312	72,055
Operations in process (e)	66,643	64,514
Seized assets and realizable assets, net (f)	50,170	38,253
Terminated leasing contracts receivable, net of allowance	10,460	5,106
Repurchase agreements with transfer of legal ownership, note 3(v) y 6(i)	-	7,573
Other	13,896	14,963
	1,654,784	1,209,000
Total	2,249,088	1,829,472

	2009 S/(000)	2008 S/(000)
Other liabilities, net		
Payroll taxes, salaries and other personnel expenses payable	384,967	360,230
Derivatives payable (c)	300,706	487,264
Accounts payable	295,278	238,244
Operations in process (e)	135,738	108,934
Provision for sundry risks (g)	124,031	92,938
[illegible] 13(a)	108,704	24,863
Allowance for indirect loan losses, note 7(f)	62,696	74,498
Deposit Insurance Fund	13,661	12,356
Minority interest	12,631	5,634
Income tax, net of prepayments	882	3,788
Other	2,261	3,908
Total	1,441,555	1,412,657

(b) In connection with the liabilities that result from Credicorp[illegible] stock appreciation rights (SARs), (note 16), the Bank signed several contracts with Citigroup Global Markets Holdings Inc., Citigroup Capital Limited, Citigroup Capital Market Inc (hereinafte[illegible]

These contracts consist of the purchase of certificates indexed to the performance of Credicorp [illegible]lyon, with the same number of Credicorp Ltd. shares. These certificates will be settled exclusively in cash with a maturity of 5 years, with the possibility of being settled totally or partially at any moment before their total or partial maturity.

As of December 31, 2009 and 2008, the Bank and its Subsidiaries has acquired 1,389,846 and 2,357,523 certificates, respectively, at a total cost of US$82.9 million and US$120.3 million, respectively, equivalent to US$59.6 and US$51.0 per certificate on average, respectively. At those dates, the estimated market value amounted to US$108.4 million and US$123.1 million, respectively (US$78.0 and US$52.2 per certificate on average, as of December 31, 2009 and 2008, respectively). As of December 31, 2009, following SBS rules, the gain resulting from the difference between cost and estimated market value amounting to approximately S/64.6 million [illegible] income (loss of S/191.0 million [illegible]

Likewise, during 2009, the Bank settled 1,750,677 of these certificates. At the time of their settlement the gain registered in the consolidated statement of income, resulting from its measurement, amounted to S/33.6 million; on the other hand, during 2009 the Bank acquired 780,000 new certificates.

(c) The table below presents the fair value of the derivative financial instruments, recorded as an asset or a liability, together with their notional amounts. The notional amount, recorded gross, is [illegible] derivatives are measured, note 18(d).

	Note	2009 Assets S/(000)	Liabilities S/(000)	Notional amount S/(000)	Related instrument
Derivatives held for trading (i) -					
Forward exchange contracts		113,619	55,073	7,556,097	-
Interest rate swaps		84,508	91,346	1,825,341	-
Currency swaps		41,168	34,751	1,258,648	-
Options		572	465	70,441	-
Derivatives held as hedges -					
Cash flow hedge (ii) -					
Forward Exchange contracts	6(j)	-	39,108	205,709	Investments available-for-sale
Interest rate swaps	10(a)	4,929	4,665	913,301	Deposits
Interest rate swaps	11(c)	-	32,932	1,184,900	Due to banks
Cross currency swaps	11(c)	5,020	-	322,258	Due to banks
Cross currency swaps	12(a)(i)	68	306	45,763	Bonds issued
Cross currency swap and interest rate swaps (iii)	12(a)(i)	22,429	8,251	327,617	Bonds issued
Fair value hedge (iv) -					
Cross currency swaps	6(j)	7,121	33,657	919,960	Investments available-for-sale
Interest rate swaps	6(j)	1,652	152	159,087	Investments available-for-sale
		281,086	300,706	14,789,122	

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Notes to the consolidated financial statements (continued)

	Note	2008 Assets S/(000)	Liabilities S/(000)	Notional amount S/(000)	Related instruments
Derivatives held for trading (i) -					
Forward exchange contracts		88,833	137,368	7,871,447	-
Interest rate swaps		103,362	119,888	2,402,810	-
Currency swaps		41,849	40,190	670,288	-
Derivatives held as hedges -					
Cash flow hedge (ii) -					
Interest rate swaps	10(a)	-	14,313	558,609	Deposits
Interest rate swaps	11(c)	-	40,940	1,287,403	Due to banks
Cross currency swap	12(a)(i)	-	9,004	49,258	Bonds issued
Cross currency swap and interest rate swaps (iii)	12(a)(i)	30	60,882	355,958	Bonds issued
Fair value hedge (v) -					
Cross currency swap	12(a)(iv)	-	64,679	514,912	Subordinated notes
		234,074	487,264	13,710,685	

(i) The derivative trading activities mainly relate to transactions with customers. The Bank and its Subsidiaries may also take positions with the expectation of profiting from favorable movements in prices, rates or indexes. Also included under this caption are any derivatives which do not meet SBS hedging requirements.

(ii) The Bank and its Subsidiaries are exposed to movements in future interest cash flows on non-trading assets and liabilities which bear interest at variable rates. The Bank and its Subsidiaries uses cross currency swaps (CCS), interest rate swaps (IRS) and forward exchange contracts as cash flow hedges of these interest rate risks. A schedule indicating as of December 31, 2009 the periods when the hedged cash flows are expected to occur and when they are expected to affect the consolidated income statement is as follows:

	Up to 1 year S/(000)	From 1 to 3 years S/(000)	From 3 to 5 years S/(000)	Over 5 years S/(000)
Cash outflows (liabilities)	(1,176,492)	(1,200,021)	(850,814)	(166,368)
Consolidated income statement	(107,794)	(20,422)	102,769	5,364

As of December 31, 2009, the net unrealized gain arising from the cash flow hedges, which are included [illegible] "Unrealized gains (losses)" [illegible]mounted to S/30.2 million (net loss for S/71.3 million as of December 31, 2008), see note 14(a). Likewise, the transfer of net gain on cash flow hedges to the consolidated income statement is presented in note 14(d).

(iii) On December 2007 and during the first months of 2008, the Bank entered into three CCS contracts related with the fluctuation of interest and exchange rates of three fixed-rate corporate bonds issued (see note 12). These contracts, as indicated by the SBS, were initially designated as fair value hedges.

During 2008, the Bank entered into three IRS contracts aimed at mitigating the inherent risks in having a variable interest rate (Libor) for the hedged corporate bonds indicated in the previous paragraph; fixing their respective interest rates in U.S. Dollars. Therefore, following SBS regulations, the combined CCS and IRS were redesignated as cash flow hedges from the date of entering into the IRS contracts.

(iv) The Bank maintains CCS and IRS which, as indicated by the SBS, have been designated as fair value hedge of certain assets. CCS reduce the exposure to changes in the fair value of fixed rate global bonds denominated in Euros and issued by the Peruvian Government, related to changes in the currency exchange and interest rates. IRS reduce the exposure to changes in the fair value of fixed bonds in US$ issued by the Peruvian Government, private issues and international financial entities related to changes in the interest rates, see note 6(j).

(v) On January 2008, the Bank entered into a CCS contract which, as allowed by the SBS, was initially designated as fair value hedge of subordinated notes issued (see note 12(a)(iv)), aimed at hedging from changes in the interest and currency exchange rates.

On January 2009, the Bank entered into an IRS contract aimed to mitigate the inherent risks of maintaining a variable interest rate (Libor) in the hedged subordinated notes issued with the previous mentioned CCS; fixing their respective interest rates.

In this sense, and in accordance to a SBS permission, the combined CCS and IRS were redesignated as cash flow hedges of the respective subordinated notes from the date of entering into the IRS contracts.

Subsequently, on October 2009, the Group discontinued prospectively the combined cash flow hedge of CCS and IRS through the [illegible] of these instruments. The cumulative gain from the fair value of these hedging instruments amounting to S/16.9 and S/22.4 million, respectively, previously recognized in the consolidated statements of changes in equity, is being recognized in the consolidated income statement during the remaining term of the underlying liability (subordinated notes).

Notes to the consolidated financial statements (continued)

(d) The movement of intangible assets for the years ended December 31, 2009 and 2008 is as follows:

Description	Brand name S/(000)	Client relationship S/(000)	Software S/(000)	Other developments S/(000)	Intangibles in process S/(000)	2009 S/(000)	2008 S/(000)
Cost -							
Balance as of January 1st	-	-	138,328	176,145	11,843	326,316	231,771
Additions (i)	-	-	25,306	352	96,165	121,823	97,496
Acquisition of Edyficar, note 2	37,504	18,735	8,413	-	-	64,652	-
Transfers	-	-	11	59,017	(59,028)	-	-
Write-downs and other	-	-	(3,256)	(2,391)	-	(5,647)	(2,951)
Balance as of December 31	37,504	18,735	168,802	233,123	48,980	507,144	326,316
Accumulated amortization -							
Balance as of January 1st	-	-	58,400	74,948	-	133,348	99,413
Amortization of the year	1,250	645	25,451	29,038	-	56,384	36,886
Acquisition of Edyficar, note 2	-	-	3,302	-	-	3,302	-
Write-downs and other	-	-	(2,802)	(2,671)	-	(5,473)	(2,951)
Balance as of December 31	1,250	645	84,351	101,315	-	187,561	133,348
Net book value	36,254	18,090	84,451	131,808	48,980	319,583	192,968

(i) During the year ended December 31, 2009 and 2008, the Bank has capitalized disbursements related to the implementation and development of sundry computer systems (mainly SAP-ERP).

Notes to the consolidated financial statements (continued)

(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 and not reclassified to their final consolidated balance sheet accounts until the first days of the following month. These transactions do not affect [illegible] net income.

(f) The movement of this caption for the years ended December 31, 2009 and 2008, is as follows:

	Realizable Assets S/(000)	Seized assets S/(000)	2009 S/(000)	2008 S/(000)
Balance as of December 31	39,551	54,219	93,770	91,794
Provision -				
Balance as of January 1st	-	53,541	53,541	103,510
Provision	-	4,033	4,033	7,343
Sales	-	(13,974)	(13,974)	(57,312)
Balance as of December 31	-	43,600	43,600	53,541
Net book value	39,551	10,619	50,170	38,253

During the years 2009 and 2008, the Bank and its Subsidiaries sold seized assets for approximately S/24.9 and S/65.6 million, respectively, generating a net gain of approximately S/17.3 and S/41.6 [illegible] financial [illegible] dated income statements, note 23.

[illegible] of December 31, 2009 and 2008, complies with SBS regulations as of such dates.

(g) As of December 31, 2009 and 2008, comprises the allowance related to the estimated losses due to legal procedures against the Bank and its Subsidiaries, estimated losses due to operational risk and other similar obligations that were recorded based on Management [illegible] estimates.

10. Deposits and obligations

(a) This item is made up as follows:

	2009 S/(000)	2008 S/(000)
Non-interest bearing deposits and obligations -		
In Peru	11,105,864	8,229,933
In other countries	1,726,262	1,568,408
	12,832,126	9,798,341
Interest bearing deposits and obligations -		
In Peru	22,035,217	26,484,262
In other countries	6,786,831	7,266,973
	28,822,048	33,751,235
	41,654,174	43,549,576
Interest payable	157,712	230,998
Total	41,811,886	43,780,574

The Bank and its Subsidiaries have established a policy to pay interests on demand deposits and savings accounts 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 the accounts having balances that were lower than a specified 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 interest rates prevailing in the markets where they develop their operations.

As of December 31, 2009, the Bank has hedged time deposits with variable interest rates through interest rate swaps for a notional amount of S/913.3 million (S/558.6 million, as of December 31, 2008); as a result, these time deposits were economically converted to fixed rate, see note 9(c).

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Notes to the consolidated financial statements (continued)

(b) As of December 31, 2009 and 2008, the balance of deposits and obligations is made up as follows:

	2009 S/(000)	2008 S/(000)
Time deposits	15,141,171	16,498,333
Demand deposits	12,730,974	14,009,450
Saving accounts	10,230,460	9,322,212
Severance indemnities deposits	3,097,803	3,272,257
Bank certificates in foreign currency	352,616	447,324
Repurchase agreements with clients, note 6(f)	101,150	-
Total	41,654,174	43,549,576

(c) As of December 31, 2009 and 2008, approximately S/12,423.9 and S/12,736.0 million of the total deposits and obligations balances. [illegible] Depó[illegible], 2009 and 2008, [illegible] ed to S/82,073.0 and S/87,580.0, respectively.

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

	2009 S/(000)	2008 S/(000)
Up to 3 months	8,886,052	7,991,125
From 3 months to 1 year	2,554,791	4,310,269
From 1 to 3 years	358,509	330,259
From 3 to 5 year	176,281	162,756
More than 5 years	3,165,538	3,703,924
Total	15,141,171	16,498,333

As of December 31, 2009 and 2008, the amounts over 5 years correspond mainly to time deposits received from a subsidiary of Credicorp Ltd., see note 17(a).

11. Due to banks and correspondents

(a) This item is made up as follows:

	2009 S/(000)	2008 S/(000)
By type -		
Promotional credit lines (b) - COFIDE	235,161	344,553
Due to banks and correspondents with foreign financial institutions (c)	3,358,357	3,192,764
	3,593,518	3,537,317
Interest payable	16,709	44,210
Total	3,610,227	3,581,527
By term -		
Short-term debt	2,392,518	1,843,255
Long-term debt	1,201,000	1,694,062
Total	3,593,518	3,537,317

(b) Promotional credit lines represent loans granted to BCP mainly by Corporación Financiera de Desarrollo (COFIDE) to promote the social development in Peru. As of December 31, 2009, their annual interest rates ranged between 6.25 and 7.75 percent (between 6.20 and 7.75 percent as of December 31, 2008). These credit lines are secured by a loan portfolio amounting to US$81.4 million and US$109.7 million, equivalent approximately to S/235.1 million and S/344.5 million as of December 31, 2009 and 2008, respectively. These loans include covenants specifying the use of the funds, financial conditions that the borrower must maintain and other administrative matters. [illegible] on, such covenants are being fulfilled by the Bank as of December 31, 2009 and 2008.

(c) As of December 31, 2009, due to banks and correspondents with foreign financial institutions comprise mainly loans to fund foreign trade operations and working capital, granted by 46 foreign entities (37 as of December 31, 2008); of which 7 represent approximately 49.1 percent of the balance (6 represent approximately 48.6 percent of the balance as of December 31, 2008).

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Notes to the consolidated financial statements (continued)

As of December 31, 2009 and 2008, the balance included a syndicated loan obtained from several foreign financial entities on March 2008, amounting to US$410 million (equivalent to S/1,184.9 million and S/1,287.4 million, respectively), with maturity on March 2011 and interest payments every six months at Libor + 0.70 percent during the first year, Libor + 0.75 percent for the second year and Libor + 0.85 percent for the third and final year. The syndicated loan has been hedged using interest rate swaps for a nominal value equal to the principal and the same maturity schedule, see note 9(c). In addition, as of December 31, 2009, the balance includes a promissory note to a foreign related entity, amounting to 2.7 million Chilean Unidades de Fomento - UF (equivalent to S/322.3 million), with maturity in 2014, see note 17(a). This debt, subject to exchange risk, has been hedged, as allowed by the SBS, through CCS, see note 9(c).

Some of the loan agreements include standard covenants requiring the Bank to comply with financial ratios, use of funds and other administrative matters, which, i[illegible] not limit the [illegible] normal operations and has fully complied with as of the consolidated balance sheets dates, following international banking practices.

As of December 31, 2009, due to bank and correspondents with foreign financial entities accrued annual interests at rates that ranged between 0.73 and 12.00 percent (between 3.11 and 7.77 percent as of December 31, 2008).

(d) As of December 31, 2009 and 2008, the balance of this caption, classified by maturity, is as follows:

	2009 S/(000)	2008 S/(000)
Up to 3 months	1,710,733	1,036,636
From 3 months to 1 year	681,785	806,619
From 1 to 3 years	607,255	1,576,402
From 3 to 5 years	411,988	20,310
More than 5 years	181,757	97,350
Total	3,593,518	3,537,317

12. Bonds and subordinated notes issued

(a) This item is made up as follows:

	Weighted average annual interest rate 2009 %	Weighted average annual interest rate 2008 %	Maturity	Currency	2009 S/(000)	2008 S/(000)
Local issuances-						
Corporate bonds (i)	6.74	6.91	Between September 2010 and July 2018	S/	958,600	720,610
Leasing bonds (i), (ii)	7.11	6.87	Between January 2010 and August 2018	US$	545,808	688,065
Subordinated bonds (i)	7.35	6.71	Between October 2012 and May 2027	S/ y US$	452,151	191,772
Mortgage bonds (ii)	7.67	7.69	Between May 2011 and April 2012	US$	30,639	49,709
Mortgage certificates					31	118
					1,987,229	1,650,274
International issuances, through BCP Panama branch -						
Subordinated negotiable certificates of deposit (iii)	6.95	6.95	November 2021	US$	346,800	376,800
Subordinated notes (iv)	7.17	7.17	October 2017	S/	457,607	445,172
Junior subordinated notes (v)	9.75	-	November 2069	US$	722,500	-
					1,526,907	821,972
Total					3,514,136	2,472,246
Interest payable					38,256	24,981
Total					3,552,392	2,497,227

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

Notes to the consolidated financial statements (continued)

(i) During 2009, the Bank and its Subsidiaries redeemed bonds for S/170.1 million (S/452.1 million during 2008). The detail of the new issuances is the following:

Issuances 2009	Issued amount S/(000)	Book value S/(000)	Currency	Maturity
Corporate Bonds -				
Fourth Issuance Series A, B, C and D	183,414	183,414	S/	2014
Fifth Issuance Series A	50,000	50,000	S/	2013
	233,414	233,414		
Subordinated bonds -				
Fourth Issuance Series A, B, C and D	328,946	328,946	US$	2016
Issuances 2008				
Corporate Bonds -				
First Issuance Series B	125,000	119,802	S/	2015
Second Issuance Series A	85,000	81,421	S/	2011
Third Issuance Series A and B	200,000	200,000	S/	2018
	410,000	401,223		
Leasing bonds -				
Sixth Issuance Serie A	100,000	100,000	S/	2018
Fourth Issuance Series A, B, C and D	262,165	262,165	US$	2011
Fifth Issuance Series A and B	45,187	45,187	S/	2011
	407,352	407,352		

As of December 31, 2009, the Bank, as allowed by the SBS, has hedged corporate and leasing bonds issued in Nuevos Soles with fixed rate for a notional amount of S/327.6 million and S/45.8 million, respectively (S/356.0 million and S/49.3 million, respectively, as of December 31, 2008), subject to foreign exchange and interest rate risk through CCS and IRS; these bonds were economically converted to U.S. Dollars with fixed rate, see note 9(c).

(ii) Leasing and mortgage bonds are collateralized by the fixed assets financed by the Bank.

(iii) On November 2016, the interest rate will change to a variable interest rate, established as Libor plus 2.79 percent, with quarterly payments. At that date or any interest payment date, the Bank can redeem 100 percent of the debt, without penalties. The principal payment will take place at the maturity date or when the Bank redeems the bonds.

(iv) On October 2017, the interest rate will change to a variable interest rate, established as the average of at least three valuations of the interest rate for sovereign bonds issued by the Peruvian Government (with maturity in 2037) plus 150 basis points, with semiannual payments. At that date or any interest payment date, the Bank can redeem 100 percent of the debt, without penalties. The principal payment will take place at the maturity date or when the Bank redeems the bonds. This debt, subject to foreign exchange risk and interest risk, as allowed by the SBS, was hedged until October 2009, see note 9(c)(v).

(v) On November 2019, the fixed interest rate will change to a variable interest rate, established as Libor 3 months plus 816.7 basis points, with quarterly payments; at that date and or any interest payment date, BCP can redeem 100 percent of the notes, without penalties. Interest payments are non-cumulative if an interest payment is not made in full or cancelled as set forth, [illegible] prohibition established by the SBS, or if the SBS determines that BCP is in non-compliance with applicable minimum regulatory capital. In those cases, BCP will not, and will not cause its majority owned subsidiaries to declare, pay or distribute a dividend for the period in which interest payments are not made. The principal payment will take place at the maturity date or when the Bank redeems the bonds.

This debt has no collaterals and; considering SBS regulations, qualifies as Tier 1 in computing regulatory capital

International issuances are listed in Luxemburg Stock Exchange. Likewise, local and international issuances maintain certain financial and operating [illegible] Bank has fulfilled at the dates of the consolidated balance sheets.

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

Notes to the consolidated financial statements (continued)

(b) Bonds and subordinated notes balances classified by maturity are as follows:

	2009 S/(000)	2008 S/(000)
Up to 3 months	72,800	5,387
From 3 months to 1 year	191,005	201,766
From 1 to 3 years	491,024	748,242
From 3 to 5 years	468,377	236,750
More than 5 years	2,290,930	1,280,101
Total	3,514,136	2,472,246

13. Deferred inco[illegible]

(a) These items are made up as follows:

	2009 S/(000)	2008 S/(000)
Deferred assets -		
Allowance for loan losses	129,664	113,769
Share-based compensation plan, note 16	54,061	42,732
Unrealized loss on cash flow hedges	15,487	-
Provision for sundry expenses	17,214	31,919
Provision for sundry risks	12,660	4,134
Allowance for seized assets	7,591	11,452
Allowance for impairment of investments	4,075	2,427
Past due interests	2,570	5,810
Unrealized loss on available-for-sale investments	423	-
Other	20,877	11,429
Total deferred assets, note 9(a)	264,622	223,672
Deferred liabilities -		
Unrealized gain on available-for-sale investments	(43,795)	-
Valuation of indexed certificates	(24,703)	(3,009)
Acquired intangibles from Edyficar	(18,840)	-
Unrealized gain on cash flow hedges	(11,318)	-
Exchange difference	(5,234)	(17,136)
Leasing operations, net	(4,147)	(4,073)
Other	(667)	(645)
Total deferred liabilities, note 9(a)	(108,704)	(24,863)
Net balance	155,918	198,809

As of December 31, 2009, the Bank and its Subsidiaries have recorded a deferred income tax liability as part of the [illegible] tax effects of unrealized gains and losses on available-for-sale investments and cash flow hedges. Likewise, during 2009, the Bank recognized the deferred tax liability arising from the acquisition of Edyficar (note 2) for approximately S/8.9 million.

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

Notes to the consolidated financial statements (continued)

(b) Amounts presented in the consolidated balance sheets as of December 31, 2009 and 2008, and in the consolidated income statements for the years then ended, are shown below:

Consolidated balance sheets	**Deferred assets**		**Deferred liabilities**	
	2009 S/(000)	**2008** S/(000)	**2009** S/(000)	**2008** S/(000)
Income tax	225,126	192,082	(92,480)	(21,856)
[illegible]	39,496	31,590	(16,224)	(3,007)
	264,622	223,672	(108,704)	(24,863)

Consolidated income statements	**[illegible]**		**Income tax**	
	2009 S/(000)	**2008** S/(000)	**2009** S/(000)	**2008** S/(000)
Current	48,312	47,942	335,301	331,854
Deferred	953	(6,385)	(6,159)	(34,279)
	49,265	41,557	329,142	297,575

(c) Reconciliation of the effective tax rate to the statutory tax rate for the years 2009 and 2008 is as follows:

	2009 %	**2008** %
Income before income taxes	100.00	100.00
Theoretical expense	30.00	30.00
Effect on taxable income		
Non-taxable financial revenue	(16.76)	(16.25)
Effect of non-deductible expenses		
Non-deductible financial expenses	5.92	5.84
Other non - deductible expenses	7.09	5.61
Income tax, current and deferred	26.25	25.20

14. [illegible]

(a) Capital stock -

As of December 31, 2009 and 2008, the [illegible] capital stock comprises 2,228.3 million and 1,508.3 million, respectively, fully subscribed and paid common shares, each with a face value of one Peruvian Nuevo Sol.

The General Shareholders Meeting held on March 31, 2009 and March 28, 2008, approved the capitalization of retained income for an amount of S/720.0 million and S/221.8 million, respectively.

The Board of Directors Meetings held on June 24, 2009, approved a commitment to capitalize retained earnings corresponding to year 2009, for an amount of S/329.5 million.

(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 appropriation of at least 10 percent of its net income.

The [illegible] Subsidiaries established in Peru and Bolivia must also record legal reserves in their individual financial statements. As of December 31, 2009 and 2008, the Subsidiaries' reported legal reserves amounts to approximately S/108.8 and S/96.0 million, respectively.

(c) Special reserve -

The special reserve has been funded through the appropriation of accumulated results and is considered to be unrestricted.

The General Shareholders Meetings held on March 31, 2009, March 28, 2008 and March 30, 2007, approved an increase of the special reserve for approximately S/0.7, S/290.5 and S/125.1 million, respectively.

(d) Unrealized gains (losses) -

[illegible] "Unrealized gains (losses) [illegible]-for-sale investments and from derivatives instruments used as cash flow hedge. The movement of the unrealized gains (losses) during 2009 and 2008, presented net of deferred income tax and [illegible]

	Unrealized gains (losses) of:		
	Available-for-sale investments S/(000)	Derivative instruments used as cash flow hedge S/(000)	Total S/(000)
Balances as of January 1, 2008	-	-	-
Net unrealized loss on cash flow hedge	-	(69,357)	(69,357)
Transfer of net realized gain on cash flow hedge to the income statement, net of realized loss	-	(1,929)	(1,929)
Balances as of December 31, 2008	-	(71,286)	(71,286)
Net unrealized gain on available-for-sale investments resulting from the initial adoption of accounting policy, note 3(h)	164,571	-	164,571
Net unrealized gain on available-for-sale investments	437,845	-	437,845
Transfer of realized gain on available-for-sale investments, net of realized loss	(285,226)	-	(285,226)
Net unrealized gain on cash flow hedge	-	89,416	89,416
Transfer of realized loss on cash flow hedge to the income statement, net of realized gain	-	12,110	12,110
Balances as of December 31, 2009	317,190	30,240	347,430

(e) Dividend distribution -

The General Shareholders Meetings held on March 31, 2009, March 28, 2008 and March 30, 2007, agreed to distribute dividends for an amount of approximately S/613.9, S/371.2 and S/536.5 million, 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.

(f) Share[illegible]

On June 2008, by means of Legislative Decree N° 1028, the Banking Law was amended. The amendments provides that the 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 the weighted assets and contingent credits by credit risk. This calculation must include all balance sheet exposures or assets in local or foreign currency. This ratio will be gradually implemented until July 2011, in accordance to the percentages and deadlines established by the indicated Legislative Decree. As of December 31, 2008 and 2009, the minimum requirement amounts to 11 and 9.5 percent, respectively. The Legislative Decree also distinguishes, starting 2009, between basic and supplementary equity, according to the definitions and limits there established. In Management´s opinion, these modifications are being considered in their plans and will not have significant impact in its operations.

As a consequence, in application of Legislative Decree N°1028 as of December 31, 2009, the weighted assets and contingent credits by total risk determined by the Bank amounted to S/37,592.5 million, which generate a global capital ratio of 14.52 percent, of the [illegible] regulatory capital. Likewise, at the indicated [illegible] regulatory capital amounted to S/5,457.1 million, which in accordance to legal regulations in force, include S/4,190.3 million of basic equity and S/1,266.8 million of supplementary equity (S/4,092.0 million of regulatory capital as of December 31, 2008).

As of December 31, 2008, the weighted assets and contingent credits by credit risk and the minimal equity requirement for market risk applicable to currency risk, determined by the Bank following the legal regulation as of such date, amounted approximately to S/33,873.5 and S/150.5 millions, respectively, generating a global leverage ratio for credit and market risk of 8.68 times [illegible] regulatory capital. According to the Banking and Insurance Act in force as of December 31, 2008, this ratio could not be higher than 11 times.

On the other hand, during 2009 the SBS issued 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, respectively, which are in force from July 2009, except for the Regulation related to Credit Risk, which has an implementation period until June 30, 2010.

15. Tax situation

(a) The Bank and its Peruvian Subsidiaries are subject to Peruvian Tax Law. As of December 31, 2009 and 2008, the statutory income tax was 30 and 25 percent on taxable income for the subsidiaries established in Peru and Bolivia, respectively.

(b) The exemption over capital gains arising from the disposal of securities through the Lima Stock Exchange, as well as interests and other gains deriving from debt instruments issued by the Peruvian Government was extended until December 31, 2009.

Since January 1, 2010, only interest and capital gains resulting from bonds issued by the Republic of Peru and BCRP certificates of deposit utilized with monetary regulation purposes are exempted from the income tax. Likewise, only interest and capital gains resulting from bonds issued before March 11, 2007 are also exempted.

In addition, the exemption over proceeds deriving from deposits in the Peruvian Banking System has been repealed when the beneficiary is a legal entity.

On the other hand, as from January 1, 2010, capital gains resulting from the disposal of securities through the Lima Stock Exchange will be taxed.

To this respect, the Income Tax Law specifies that the tax basis of securities acquired before January 1, 2010 would be the higher of the market price at the end of the fiscal period 2009 or the acquisition cost.

This rule is applicable to corporate/shareholders when securities are listed within the Lima Stock Exchange, regardless if the subsequent transaction takes place within the Lima Stock Exchange or not.

Likewise, in order to determine the capital gain derived from the disposal of shares acquired under different modalities and in several opportunities, the tax basis will be the weighted average cost. The Regulations have established the specific formula which has to be followed in order to determine the weighted average cost.

(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 as of December 31, 2009 and 2008.

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

The 2008 and 2007 income tax returns of the Bank are pending to be reviewed by the Tax Authority. Up to the date of this report, the Tax Authority is conducting the review of the 2006 income tax return.

For the Subsidiaries, except for the year 2006 for Credibolsa, which has already been reviewed; up to the date of this report, years 2005 to 2009 are still pending to be reviewed by the Tax Authority.

Since tax regulations are subject to interpretation by the Tax Authority 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 consolidated financial statements as of December 31, 2009 and 2008.

As indicated in note 17(b), the Bank and its Subsidiaries has pending legal claims with the Tax Authority, related to income tax reviews corresponding to fiscal years 1999, 2004 and 2005.

16. Share-based compensation plan

As indicated in note 3(p), the Bank and its Subsidiaries have granted rights in the form of options over [illegible] (SARs) to certain executives who have at least one year serving the Group. At the grant date and in each one of the subsequent three years, the granted SARs may be exercised up to 25 percent of all SARs granted in the plan. The SARs expire up to 2014.

At the end of the fourth year and until the expiration date of the SARs, all of the unexercised SARs may be exercised at any time. During the years ended December 31, 2009 and 2008, 460,193 and 451,925 SARs were exercised under this plan for an approximate amount of US$16.1 and US$17.8 million (equivalent to S/46.5 and S/55.9 million), respectively, plus the income tax on behalf of the executives that is assumed by the Bank and its Subsidiaries, equivalent to 30 percent of the amount paid.

As of December 31, 2009 and 2008, 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, 2009	Number of vested SARs as of December 31		Exercise price	
		2009	2008	2009 US$	2008 (*) US$
2001	-	-	60,000	4.30	4.80
2002	52,500	52,500	60,000	5.98	6.48
2003	96,900	96,900	133,650	7.17	7.67
2004	117,500	117,500	183,450	9.99	10.49
2005	148,750	148,750	235,450	15.00	15.50
2006	204,250	204,250	299,550	24.32	24.82
2007	202,155	184,776	269,891	24.32	48.00
2008	219,747	146,834	240,469	24.32	72.04
	1,041,802	951,510	1,482,460		

(*) On April 2009, an exchange of options/rights issued in 2007 and 2008 was executed, which consisted on the modification of the exercise price, the exercise term and the number of options awarded; this exchange did not resulted in an increase of the liability recorded by the Group. Since that date, the Group will not issue new options/rights, but it has implemented a new share-based compensation plan, see details below.

[illegible] binomial option pricing model, with assumptions obtained from the relevant available market information. The key assumptions used are as follows:

Key assumptions	2009	2008
Expected volatility	37.48%	34.98%
Risk free interest rate	4.16%	6.21%
Expected lifetime	3.82 years	4.71 years
Quoted price of Credicorp shares at year-end	US$77.02	US$49.96

The movement of the SARs for the years ended December 31, 2009 and 2008 is as follows:

	2009			2008		
	Outstanding SARs	Vested SARs		Outstanding SARs	Vested SARs	
	Number	Number	Amount S/(000)	Number	Number	Amount S/(000)
Balances as of January 1st	1,987,225	1,482,460	127,559	1,936,025	1,431,244	252,309
Option modification	(371,355)	(371,355)	-	-	-	-
Granted and vested	-	300,598	45,782	572,500	503,141	26,730
Exercised	(460,193)	(460,193)	(46,479)	(451,925)	(451,925)	(55,858)
Write-downs	(113,875)	-	-	(69,375)	-	-
Increase (decrease) in the option fair value	-	-	34,514	-	-	(95,622)
Balance as of December 31	1,041,802	951,510	161,376	1,987,225	1,482,460	127,559

The liabilities recorded for this plan, including the income tax assumed by the Bank and its Subsidiaries, [illegible] 2007, the SARs prices were modified and informed to the Bank and its Subsidiaries´ executives.

The Bank has signed several contracts with Citigroup and Calyon by which it has acquired certificates [illegible]

As indicated in note 3(p), on April 2009, the Bank and its Subsidiaries implemented a new share-based [illegible] the Group. The granted shares will accrue in 3 years, 33.33 percent annually, from the grant date (April 28, 2009). In connection with the execution of the plan, the Bank and its Subsidiaries acquired 180,445 of [illegible] given to the beneficiaries; however, for control purposes, such shares are maintained as restricted investments [illegible] balance sheet. Following SBS Official Letter N°9771-2009, dated March 24, 2009, the Bank and its Subsidiaries have recorded as expense the total costs related with the acquisition of the shares granted [illegible] approximately)

17. Commitments and contingencies

(a) Commitments -

- [illegible] several agreements with a foreign related party by which it guarantees the collection of [illegible] inflows from electronic messages sent through the Society for Worldwide [illegible] instruct correspondent banks to make a payment of a certain amount to a beneficiary that is not a financial institution. For these transactions the related party was granted 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)	Equivalent amount in S/(million)	Maturity
2005	280.0	879.2	2012
2006	100.0	314.0	2016
2007	350.0	1,099.0	2017
2007	150.0	471.0	2014
2008	300.0	942.0	2015

As of December 31, 2009 and 2008, the funds obtained from the related party are deposited in the Bank, and amount to US$1,078.3 and US$1,139.6 million, equivalent to S/3,115.9 and S/3,578.5 million, respectively, see note 10(d).

- On November 2009, a contract with a foreign related party was entered into, by which is guaranteed, through a promissory note signed by the Bank, the principal payment to the holders of bonds issued in Unidades de Fomento Chilenas - UF through the Santiago de Chile Stock Exchange, by the indicated foreign related party. The bonds issued, named [illegible] - Series A", amounted to 2.7 million Unidades de Fomento Chilenas - UF, equivalent to S/322.3 million, with maturity on October 2014, see note 11(c).

The loans obtained and the bonds issued by the related parties include covenants that must be fulfilled b[illegible] December 31, 2009 and 2008.

(b) Contingencies -

As of December 31, 2009 and 2008, the Bank has received tax assessments from the Tax Authority as a result of:

- The review of 1999 income tax return: The Tax Authority determined a lower income tax credit balance for approximately S/5.9 million and fines for approximately S/13.6 million, as of December 31, 2008.

  The Bank filed the corresponding claim, which was resolved in 2008 by the Tax Authority, which ordered a re-examination of the disputed issues.

  Resulting of the re-examination, the Tax Authority determined a credit balance amounting to S/44.5 million.

- As a consequence of the new credit balance of the 1999 income tax, the Bank recalculated the income tax corresponding to 2001, determining an excess payment amounting to S/41.5 million. In this regard, in August 2009, the Bank requested the refunding of this amount. Such refund was denied on January 2010. The Bank is currently evaluating the legal actions to be adopted to this respect.

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Notes to the consolidated financial statements (continued)

- During the reviews of fiscal years 2004 and 2005 the Tax Authority determined a higher income tax of both periods for approximately S/6.1 million plus interest and fines for S/3.4 million. The Bank filed the corresponding claims and paid the amount demanded under protest. Such claims were denied on May 2009. On June 2009, the Bank appealed the resolutions before the Tax Court. Up to the date of this report, the appeals are still pending of resolution.

Management and its internal legal advisors consider that the claim procedures related to the 2001 income tax return, and the 2004/2005 claims once resolved, will not generate additional significant liabilities to the Bank as of December 31, 2009 and 2008.

In addition, the Bank and its Subsidiaries have several pending legal claims, related to their normal [illegible] liabilities will result from these legal claims; therefore, Management has not considered necessary to expense an additional amount, note 9 (g).

18. Off-balance sheet accounts

(a) This item is made up as follows:

	2009 S/(000)	2008 S/(000)
Contingent operations (indirect loans) (b) -		
Guarantees and stand-by letters of credit	5,757,166	4,650,621
Import and export letters of credit (c)	1,213,840	783,245
Due from bank acceptances (c)	278,662	730,300
	7,249,668	6,164,166
Foreign currency forward contracts (d)	7,761,806	7,871,447
Responsibilities under credit line agreements (e)	4,501,677	3,877,788
Foreign currency and interest rate swap contracts (d)	1,615,598	920,128
Foreign currency swap contracts (d)	1,258,648	670,288
Options (d)	70,441	-
Repurchase agreements (f)	-	917,024
Other contingent operations	12,859	4,999
Total contingent operations	22,470,697	20,425,840
Other off-balance sheet accounts -		
Securities in custody	85,951,119	96,955,082
Risk classification of assets and contingent operations	73,913,760	68,835,524
Guarantees received (g)	56,053,247	46,200,240
Debt instruments under collection	6,618,321	8,406,938
Interest rate swaps (d)	4,410,246	4,604,780
Written-off loans	3,269,835	3,066,972
Securities granted as warranties	2,476,346	2,915,045
Letters of credit advised	1,729,484	1,431,839
Trust and debt trust commissions (h)	1,310,244	6,306,665
Insurance coverages	1,022,674	2,750,143
Other	31,303,259	12,709,515
Total other off-balance sheet accounts	268,058,535	254,182,743
Total	290,529,232	274,608,583

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Notes to the consolidated financial statements (continued)

(b) In the normal course of its business, the Bank and its Subsidiaries are party to transactions with off-balance sheet risk exposure. These transactions expose them to credit risk in addition to the [illegible] 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 applies the same credit policies in making commitments and conditional obligations as it does 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.

(c) Export and import letters of credit, guarantees and stand by letters are conditional commitments issued by the Bank and its Subsidiaries to guarantee the performance of a customer to a third party. Export and import letters of credit are mainly issued as credit enhancements for overseas commercial 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 its 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).

(d) Foreign currency forwards are commitments to buy or sell currency at a future date at a contracted price and the seller commits to pay at a determined date a specific foreign currency amount. These agreements are executed to satisfy client requirements and are recognized in the consolidated financial statements at fair value. As of December 31, 2009 and 2008, they had maturities mainly not longer than one year.

Currency swap operations are agreements to exchange U.S. Dollar for Nuevos Soles or vice versa. These contracts are entered into in order to satisfy the needs of clients and are recorded at their estimated fair values. As of December 31, 2009, foreign currency swaps had maturities between January 2010 and April 2019 (between January 2009 and September 2015 as of December 31, 2008).

Currency and interest rate swaps are agreements to exchange payment of U.S. Dollar denominated principal and interest for Nuevos Soles. These operations were carried out in order to hedge certain assets and liabilities, see note 9(c), and are recorded at their estimated fair values. As of December 31, 2009, these contracts had maturities between February 2012 and March 2015 (between April 2011 and October 2017 as of December 31, 2008).

Interest rate swaps are agreements to exchange fixed and variable interest rates in the same currency for a reference amount and based on a reference interest rate, for example Libor. As of December 31, 2009 and 2008, interest rate swaps were carried out for trading purposes and to hedge certain liabilities, see note 9(c), and are recorded at their estimated fair values. As of December 31, 2009, they had maturities between June 2010 and June 2019 (between March 2009 and February 2018, as of December 31, 2008).

Foreign currency options are agreements that give the right (but not the obligation) to buy (Call) or sell (Put) foreign currency at a determined price in a future specific date; this right is acquired paying a fee. As of December 31, 2009, foreign currency options have been made with the purpose of satisfying client needs and are recorded at their estimated fair value. As of December 31, 2009, these operations have maturities between January 2010 and October 2010.

The risk in all such operations arises from the possibility of the counterparty failing to comply with the terms and conditions agreed and of change in the reference rates at which the transactions took place.

(e) Responsibilities under credit lines agreements do not correspond to commitments to grant credits; and include credit lines and other consumer loans (credit cards) that are cancelable upon notification to the client.

(f) Corresponds to the future commitment to reacquire investments subject to repurchase agreements (repos), in which the legal ownership of the investments has been transferred according to SBS regulations, note 3(v). As of December 31, 2008, the investments subject to repurchase agreements are detailed in note 6(i). As of December 31, 2009, the Bank and its Subsidiaries have not repos operations in which the legal ownership has been transferred.

(g) The balance of the caption "Guara[illegible] agreed as of the date of the loan contract. This balance does not necessarily represent the market value of guarantees received by the Bank and its Subsidiaries.

(h) The Bank and its Subsidiaries provide custody, trust, corporate administration, investment management and consulting services to third parties, which imply that the Bank and its Subsidiaries are involved in decisions over consignation (distribution), and the purchase and sale of these products. Assets kept as trust are not included in the accompanying consolidated financial statements.

19. Financial income and expenses

These items are made up as follows:

	2009 S/(000)	2008 S/(000)
Financial income		
Interest from loan portfolio	3,143,174	2,807,602
Interest from trading, available-for-sale and held-to-maturity investments	377,335	661,908
Fluctuation from derivative financial instruments position - forwards	124,693	94,308
Interest from cash and due from banks and inter-bank funds	41,801	199,344
Commissions on loan portfolio and other transactions	21,955	25,990
Other	7,216	17,068
	3,716,174	3,806,220
Financial expenses		
Interest on deposits and obligations	(550,187)	(891,042)
Interest and commissions on deposits from local financial entities and international organizations	(262,710)	(248,969)
Interest on bonds and subordinated notes issued	(204,191)	(161,202)
Interest on due to banks and correspondents	(125,245)	(241,378)
Deposit Insurance Fund fee	(57,636)	(46,685)
Fluctuation from derivative financial instruments position – swaps	(19,525)	(20,939)
Result from hedging derivatives instruments	(26,768)	(3,441)
Other	(10,850)	(28,918)
	(1,257,112)	(1,642,574)
Gross financial margin	2,459,062	2,163,646

20. Provision for loan losses, net

This item is made up as follows:

	2009 S/(000)	2008 S/(000)
Provision (recovery) for:		
Loan losses, note 7(f)	516,334	270,267
Country risk	(8,695)	2,042
Accounts receivable	10,253	154
Total	517,892	272,463

21. Banking services commissions, net

This item is made up as follows:

	2009 S/(000)	2008 S/(000)
Income		
Transfer and collection services	339,210	322,572
Maintenance of accounts	170,441	156,979
Credit and debit card services	125,246	115,728
Commissions from parties affiliated to the credit/debit card network	107,150	92,274
Commissions for contingent operations (indirect loans)	90,014	81,745
Trust services	61,776	68,001
Commissions for special services - credipago	52,688	37,794
Insurance commissions	50,800	28,500
Withholding and collection services	30,725	24,801
Fees related to leasing transactions	24,283	12,676
Fees for consulting and technical studies	19,828	28,045
Brokerage services	17,477	13,940
Checks issuances	10,251	10,145
Other	107,649	86,546
	1,207,538	1,079,746

	2009 S/(000)	2008 S/(000)
Expenses		
Credit and debit card	(61,128)	(43,628)
Leasing commissions	(25,135)	(14,101)
Credit/debit card network	(7,262)	(7,018)
Issuances of checks	(7,243)	(7,870)
Consulting and technical studies	(4,431)	(3,692)
Other	(13,772)	(12,739)
	(118,971)	(89,048)
Balance, net	1,088,567	990,698

22. Net gain on securities

This item is made up as follows:

	2009 S/(000)	2008 S/(000)
Net gain from purchase and sale of securities	231,447	72,364
Net gain (loss) from valuation of trading securities	15,856	(12,819)
Participation on investments in associates	7,960	23,683
Provision for impairment of available-for-sale investments, note 5(k)	(78)	(7,510)
Other, net	(221)	(763)
Total	254,964	74,955

23. Other non financial income and other operating expenses

These items are made up as follows:

	2009 S/(000)	2008 S/(000)
Other non financial income		
Gain from indexed certificates, nota 9(b)	98,244	-
Recoveries of loans previously written-off	57,667	64,619
Income from Visa Inc. restructuration (a)	46,696	44,093
Net gain from sales of seized assets, note 9(f)	17,257	41,641
Collection of interest previously written-off	7,444	12,982
Income from technical outsourcing services	2,265	3,328
Other	42,541	67,923
Total	272,114	234,586
Other operating expenses		
Provision for sundry risks	(22,229)	(84)
Provision for legal claims	(13,917)	(9,586)
Provision for uncollectable receivables	(9,324)	(7,683)
Maintenance of seized assets	(1,415)	(1,216)
Loss from indexed certificates, note 9(b)	-	(190,994)
Other	(24,980)	(20,657)
Total	(71,865)	(230,220)

(a) On October 2007, the Visa organization of affiliated entities completed a global restructuring to combine its affiliated operating entities, including Visa International, under a single holding company, Visa Inc. The Bank and its Subsidiaries, as affiliate members of Visa International, received shares of Visa Inc., which on March 2008 was subject to an initial public offering (IPO) in the New York Stock Exchange (NYSE). The Bank and its Subsidiaries sold approximately 56 percent of their shares in Visa Inc. as part of the IPO, recording an income of S/44.1 million. Likewise, on February 2009, the Bank sold its remaining 44 percent generating a gain that amounted to S/46.7 million.

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

Notes to the consolidated financial statements (continued)

24. Salaries and employees´ benefits

This item is made up as follows:

	2009 S/(000)	2008 S/(000)
Salaries	534,177	501,033
Vacations, medical assistance and others	175,117	130,529
Share-based payment plans	158,447	(86,898)
Legal gratifications	88,384	76,413
Employees bonds	79,732	108,336
Social security	64,727	58,596
Severance indemnities	47,485	43,238
Total	1,148,069	831,247
Number of employees	15,501	14,573

25. Earnings per share

As of December 31, 2009, 2008 and 2007, the weighted average of outstanding shares was determinate as follows:

	Outstanding shares (in thousands)	Shares for the calculation (in thousands)	Effective days before year end	Weighted outstanding average of shares (in thousands)
2007				
Balances as of January 1, 2007	1,286,528	1,286,528	365	1,286,528
Capitalization of income in 2008	-	221,760	365	221,760
Capitalization of income in 2009	-	720,000	365	720,000
Balances as of December 31, 2007	1,286,528	2,228,288		2,228,288
2008				
Balances as of January 1, 2008	1,286,528	2,228,288	365	2,228,288
Capitalization of income in 2008	221,760	-		-
Balances as of December 31, 2008	1,508,288	2,228,288		2,228,288
2009				
Balances as of January 1, 2009	1,508,288	2,228,288	365	2,228,288
Capitalization of income in 2009	720,000	-		-
Balances as of December 31, 2009	2,228,288	2,228,288		2,228,288

26. Risk Assessment

[illegible] uding derivatives. The Bank and its Subsidiaries accept deposits from their customers at both fixed and floating rates and with different terms, with the intention of obtaining profit from interest margins by investing those funds in high-quality assets.

The Bank and its Subsidiaries seek to increase these margins by consolidating its short-term funds and lending at longer periods at higher rates, while maintaining sufficient liquidity to comply with any withdrawals that may be made.

The Bank and its Subsidiaries seek to raise its interest margins by obtaining above average margins, net of provisions, through lending to commercial and retail borrowers with a range of credit standings. The exposure not only comprises loans and non-contingent advances but also any other indirect loans, such as credit letters and stand-by letters of credit.

[illegible] -the- [illegible] markets, including derivative financial instruments, for benefiting from the short term movements in market values of financial instruments, and the fluctuations of exchange and interest rates. Management [illegible] exposure to exchange and interest rates related to these operations is normally offset and controlled through the fluctuations in the net cash amounts required to settle market positions.

Market risks -

The Bank and its Subsidiaries are exposed to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rates, currency, commodities and equity products; all of which are exposed to general and specific market movements and changes in the level of volatility of prices such as interest rates, credit spreads, exchange rates and equity prices.

The Bank and 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 exchange ratios (ALM Book).

Trading portfolios include those liquid positions arising from market-making transactions where the Bank and its Subsidiaries act as principal with clients or with the market. Non-trading portfolios include: (a) relatively illiquid positions, mainly banking assets and liabilities (deposits and loans) and; (b) non-trading investments (available-for-sale).

The risks that trading portfolios face is managed through Value at Risk (VaR) historical simulation techniques; while non-trading portfolios are managed using Asset Liability Management (ALM) techniques.

The daily market Value at Risk (VaR) is an estimate of the maximum potential loss that might arise if current positions were to be held unchanged for one trading session, taking into account a specific significance level. The measurement is structured so that daily losses exceeding the VaR on occur, on average, not more than one trading sessions out of one hundred. Actual outcomes are monitored regularly to test the validity of the assumptions and parameters used in the VaR calculation.

Management of the risks associated with long-term and structural positions is called Asset and Liability Management (ALM). 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. The sensitivities to which the portfolio is exposed are of interest rate and exchange rate type, and management of re-pricing gaps.

Liquidity risk -

The Bank and its Subsidiaries are exposed to daily calls on its available cash resources from overnight deposits, current account, maturing deposits, loans drawdown, guarantees and other. The Bank and its Subsidiaries do not maintain cash resources to meet all of these needs, because experience shows that a minimum level of reinvestment of maturity funds can be predicted with high level of certainty. The Bank [illegible] limits on the minimum proportion of funds available to meet such calls and the minimum level of inter-bank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demands.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the Bank and its Subsidiaries Management. It is unusual for banks to be completely matched, as transacted business if 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 [illegible] changes in interest and exchange rates.

Liquidity requirements to support calls under guarantees and stand by letters of credit are considerably lower than the committed amount, because the Bank and its Subsidiaries do not expect the third party to not comply with their agreement. The total outstanding contractual amount of commitments to extend credit not necessarily represents future cash requirements, as many of these commitments will expire without being funded.

[illegible] main assets and liabilities by maturity, based on contractual maturity dates.

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

Notes to the consolidated financial statements (continued)

Cash flow and fair value risks due to changes in interest rates -

The Bank and its Subsidiaries are exposed to the effect of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interests margins may increase as a result of such changes, but may reduce or create losses in case of unexpected movements arise. Management of the Bank and its Subsidiaries sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored periodically.

The Bank and its Subsidiaries also negotiate business instruments in the stock and over-the-counter markets, including financial derivatives instruments, aimed at taking advantage of short term movements in the market and to hedge the risk of fluctuations in exchange and interest rates.

Loans, investments, customer deposits and other financing instruments are subject to risk derived from interest rate fluctuations. The relevant contract maturity characteristics and interest rates of such financial instruments are disclosed in Notes 6, 7(h) and (i), 10(a) and (d), 11 and 12. The Bank and its Subsidiaries use derivative financial instruments to hedge the risk of fluctuations in interest rates.

Currency risk -

The Bank and its Subsidiaries take on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its 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.

Most assets and liabilities are maintained in Nuevos Soles and U.S.Dollars. Foreign currency transactions are made at the free market exchange rates of the countries where the Bank and its Subsidiaries are established. As of December 31, 2009 and 2008, the Bank and its Subsidi[illegible] currencies are shown in note 4. Likewise, as indicated in note 9(c), the Bank and its Subsidiaries have used derivatives financial instruments to hedge, partially, this risk.

Credit risk -

The Bank and its Subsidiaries take on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The Bank and its Subsidiaries provide impairment provisions for losses that have been incurred at the consolidated balance sheet date. Significant changes in the economy or in a particular industry segment, that represents a concentration in the Bank and its [illegible] consolidated balance sheet date. Management, therefore, carefully manages its exposure to credit risk.

The Bank and its Subsidiaries structure the levels of credit risk that 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 an annual or more frequent review. Limits in the level of credit risk by product, industry sector and by country are approved by the Board of Directors.

Exposure to credit risk is managed through regular analyses of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits when appropriate. Exposure to credit risk is also managed, in part, by obtaining corporate and personal guarantees, but there is a significant portion of personal loans (consumer loans) where no such guarantees can be obtained.

As of December 2009 and 2008, Management of the Bank and its Subsidiaries have estimated that their maximum exposure to credit risk is represented by the book value of the financial assets that presents credit risk, which comprise, mainly, deposits in banks, trading securities, investments available-for-sale, financial instruments at fair value, loans and indirect loans, without considering the fair value of the guarantees and collaterals received. The exposure to each borrower, including banks, is further restructured by sub-limits covering on and off balance sheet exposures, and daily delivery risk limits to trading items such as forward foreign exchange contracts. Real exposures compared against established limits are monitored daily.

27. Fair value

Fair value is defined as the amount for which an asset could be exchanged or a liability settled, between [illegible]-going basis.

When a financial instrument is traded in an active and liquid market, its quoted market price in an actual transaction provides the best evidence of its fair value. When a quoted market price is not available, or may not be indicative of the fair value of the instrument, to determine such fair value, the current market value of another instrument that is substantially similar, discounted cash flow analysis or other estimation techniques may be used, all of which are significantly affected by assumptions used. Although Management uses its best judgment in estimating the fair value of these financial instruments, there are inherent weaknesses in any estimation technique. As a result, the estimated fair value may not be indicative of the net realizable or liquidation value.

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:

- Cash and due from banks represent cash and short-term deposits that do not represent significant credit or interest risks; in consequence, their book value is equivalent to their fair value.

- Trading and available-for-sale investments are recorded at their estimated fair value; in consequence, their book and fair values are the same; except for the available-for-sale investments as of December 31, 2008, see notes 3(a)(ii) and 6(k).

- Loans fair value is similar to its book value because loans are mainly short-termed, granted at variable interest rates; and are presented net of their respective allowance for loan losses. The net amounts are considered by Management as the approximate recoverable amounts at the dates of the consolidated financial statements.

- Management considers that the book values of investments in associates approximates to their fair value, because most of them are not listed securities and are recorded at their equity value.

- Financial instruments at fair value and derivative financial instruments, included in the caption [illegible]

- The fair value of deposits and obligations is similar to its book value due, mainly, to their current maturities and interest rates, which are comparable to other similar liabilities in the market at the dates of the consolidated balance sheets.

- Due to banks and correspondents generate interest contracted at variable interest rates and/or preferred rates similar to the ones prevailing in the market. As a result, it is considered that their book value approximates their fair values.

- Bonds and subordinated notes accrue interest at fixed or variable rates. Their fair value was estimated using discounted cash flows at rates prevailing in the market for liabilities with similar characteristics; the estimated fair value approximates the book value as of the consolidated balance sheets dates.

- As disclosed in note 18, the Bank and its Subsidiaries have various commitments to extend loans, open documentary credits and outstanding guarantees and it has received guarantees as endorsement of the granted loans. Based on the level of fees currently charged for granting such commitments and open documentary credits; taking into account maturity and interest rates, together with the present creditworthiness of the counterparties, the Bank and its Subsidiaries has estimated that the difference between the book value and the fair value is not significant.

Considering the above detailed explanations, as of December 31, 2009 and 2008, Management considers that the estimated fair values of the Bank and its Subsidiaries financial instruments do not differ significantly from their book value, except for the available-for-sale investments, which fair value, as of December 31, 2008,is indicated in note 6(k).

28. Financial information by geographical area

As of December 31, 2009 and 2008, segment information by geographical area is as follows (amounts expressed in millions of Nuevos Soles):

	2009					2008				
	Total income (*)	Gross financial margin	Depreciation and amortization	Property, furniture and equipment	Total assets	Total income (*)	Gross financial margin	Depreciation and amortization	Property, furniture and equipment	Total assets
Peru	4,779	2,255	171	850	43,373	4,493	1,919	128	792	44,059
Panama	425	50	-	-	7,292	510	61	-	-	7,817
Bolivia	311	143	11	47	3,168	396	162	10	49	2,946
United States of America	19	11	-	1	1,496	32	22	-	2	673
	5,534	2,459	182	898	55,329	5,431	2,164	138	843	55,495

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

29. Transactions with related parties

(a) During the years 2009 and 2008, the Bank and its Subsidiaries have acquired bonds, granted loans, supplied and received several services, correspondent relationships and other operations [illegible]

	2009 S/(000)	2008 S/(000)
Assets -		
Cash and due from banks	7,727	18,051
Loans, net	366,552	325,050
Other assets	6,133	16,310
Liabilities -		
Deposits and obligations (*)	4,618,081	4,877,663
Due to banks and correspondents	324,177	-
Bonds and subordinated notes issued	157,113	31,605
Other liabilities	4,036	3,556
Contingent operations	57,954	40,897
Other off-balance sheet accounts	1,760,206	1,193,437
Income -		
Financial income	11,121	15,611
Financial expenses	260,464	277,330
Other income	59,020	89,794
Other expenses	41,662	55,742

(*) As of December 31, 2009 and 2008, the balance includes approximately US$1,078.3 million and US$1,139.6 million, respectively (equivalent to S/3,115.9 million and S/3,578.5 million, respectively) corresponding to the funds received from a related party as part of the transaction described in note 17(a).

[illegible] subsidiaries, are as follows:

	2009 S/(000)	2008 S/(000)
Direct loans	618,986	451,705
Indirect loans	58,153	74,022
Derivatives, market value	817	13,122
Deposits	237,126	108,860

Likewise, as of December 31, 2009 and 2008, the Bank and its Subsidiaries hold debt or equity instruments, presented as securities available-for-sale, issued by related entities for an amount of S/10.3 and S/12.5 million, respectively.

The Bank has contracted insurance coverage with El Pacífico-Peruano Suiza Compañia de Seguros y Reaseguros (PPS), the related premiums amounted to S/91.6 million in 2009 (S/80.5 million in [illegible] statement of income.

The Bank receives fees from Pacífico Vida S.A for selling life insurance through its offices to customers who have saving accounts; fees received amounted to approximately S/6.4 and S/6.2 million in 2009 and 2008, respectively.

According to Peruvian legislation, loans to related parties can not be granted on terms more favorable than those that would have been offered to the general public. Management considers that the Group has complied with all legal requirements for transactions with related parties. Loans granted to related parties are secured by guarantees and collaterals. Loans granted to relate parties as of December 31, 2009, have maturities between January 2010 and November 2018 and accrue interest at interest rates that range between 1.47 and 9.75 percent (maturities between February 2009 and July 2017 and interest rates between 5.25 and 14.0 percent, as of December 31, 2008). As of December 31, 2009, the Bank and its Subsidiaries do not have an allowance for loans granted to related parties (US$1.9 million as of December 31, 2008). The specific allowance requirement was established based on an individual assessment of the related parties´ financial positions and the market where they operate.

(b) As of December 31, 2009 and 2008, the Group has participations quotas in several mutual funds managed by one of its Subsidiaries, the detail is the following:

	2009 S/(000)	2008 S/(000)
Trading and available-for-sale investments -		
- Mutual funds - Credifondo U.S. Dollars	98,449	229,084
- Mutual funds - Credifondo Nuevos Soles	93,932	29,146
Total	192,381	258,230

As of December 31, 2008, the Bank had entered into currency exchange sales with mutual funds managed by Credifondo S.A. Sociedad Administradora de Fondos, with a notional amount of S/77,019, which are included under [illegible] balance sheet, see note 18. As of December 31, 2009, the Bank does not have any balances related to these transactions.

(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 [illegible] consolidated balance sheets. 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, 2009 and 2008, 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/384.2 and S/494.0 million, respectively.

(d) [illegible] made, is as follows:

	2009 S/(000)	2008 S/(000)
Share based compensation plans, note 16	16,221	84,695
Salaries	12,842	16,542
Directors compensation	4,641	4,091
Other	4,866	25,409
Total	38,570	130,737

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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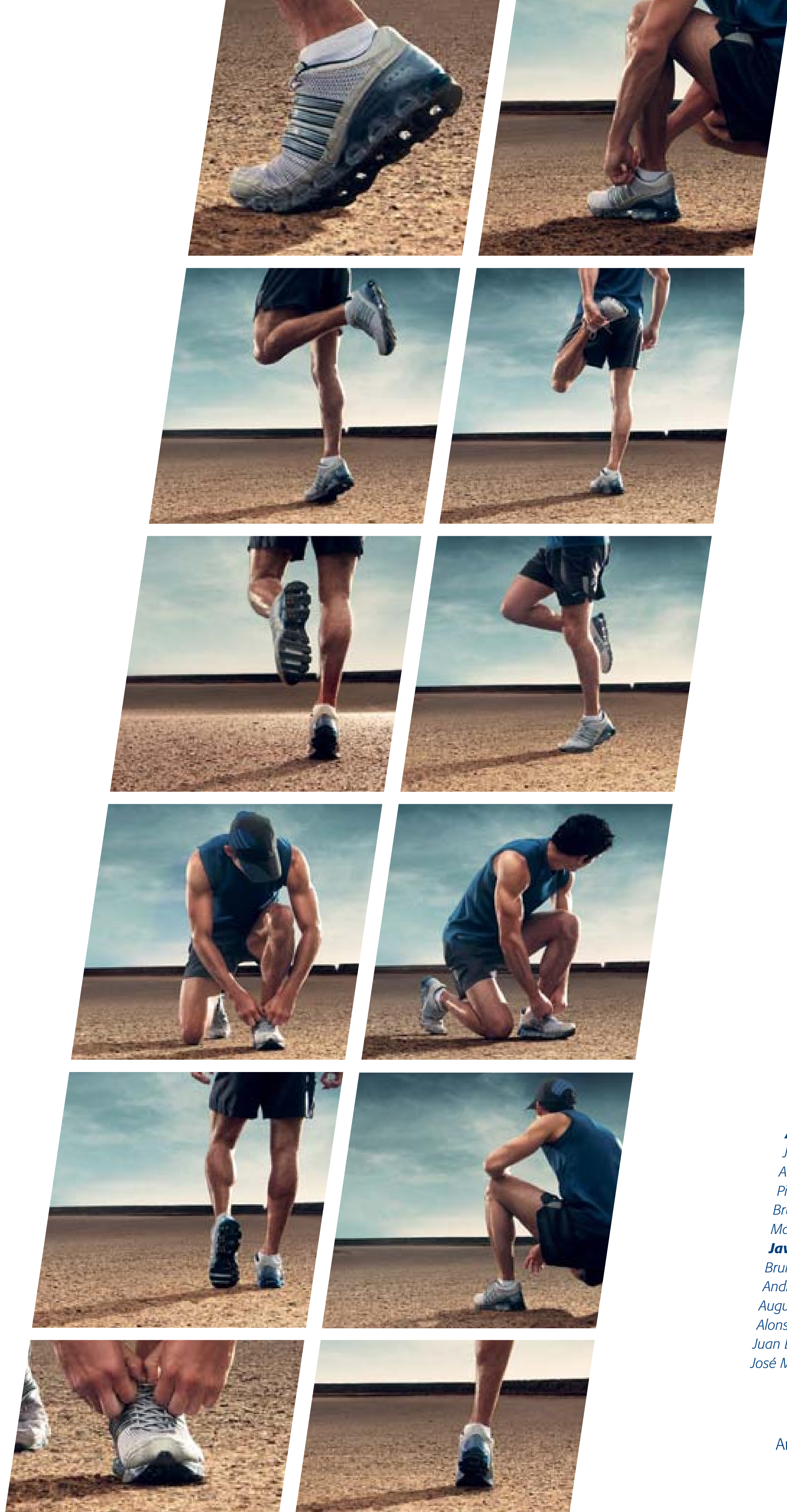

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