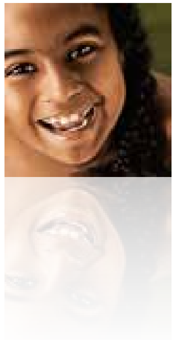
BCP

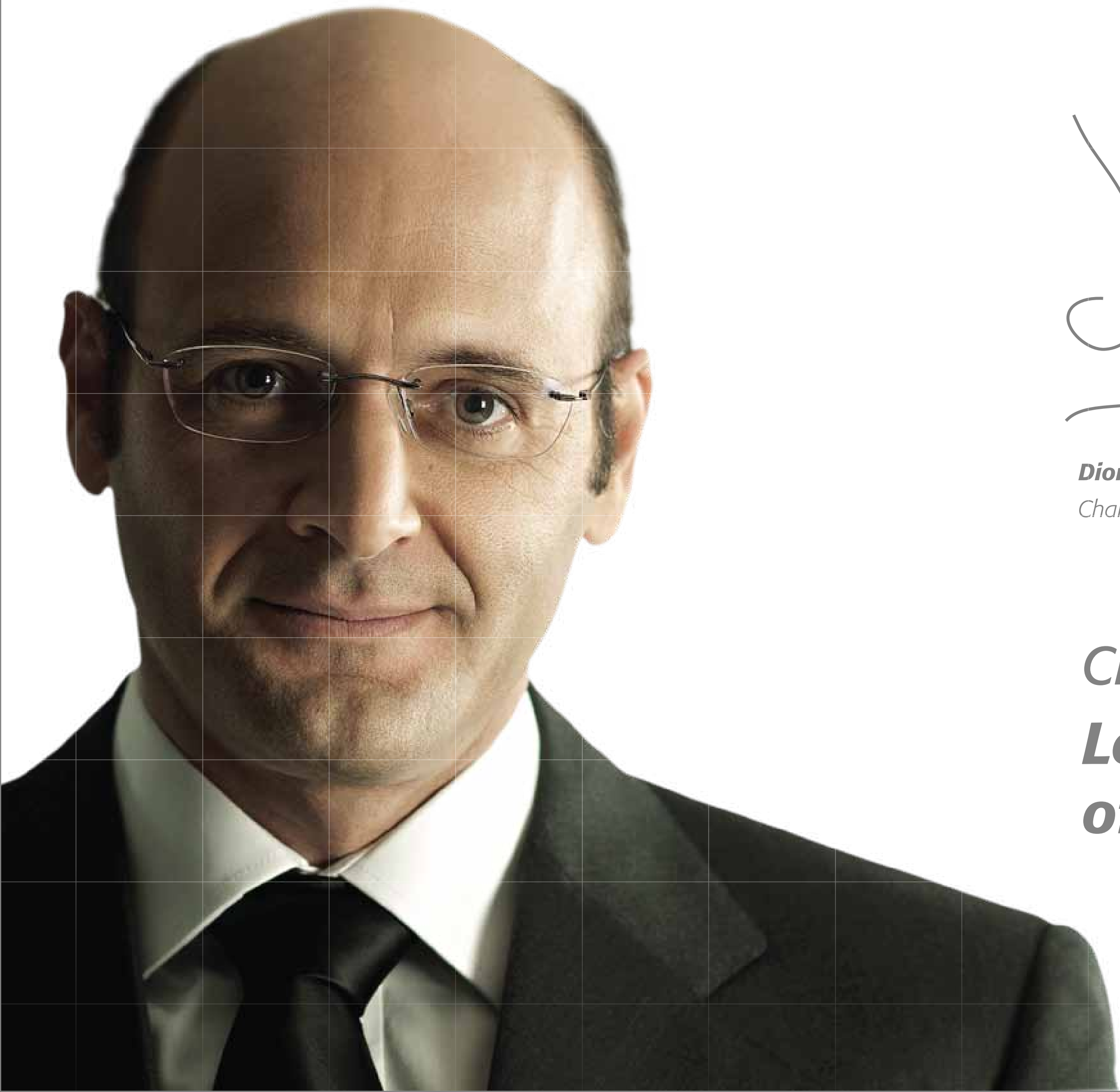


BCP

Annual Report 2010

A Bank for all

Content



Dionisio Romero Paoletti

Chairman of the Board

Chapter 1

Letter from the Chairman of the Board

Letter from the Chairman of the Board

Dionisio Romero Paoletti
Chairman of the Board

On behalf of the Board of Banco de Credito (BCP), which I have the honor of presiding, I am proud to present our company's annual report for 2010 and a brief look at our vision for the near future.

This year we were pleased to see that both BCP, which is the most important bank in Peru, and other economic and social sectors in Peru have resumed growth with enthusiasm and optimism. We, like the rest of world, were not completely unscathed by the recessive effects of the severe international crisis of 2008 and 2009 but are now well on the road to recovery. In 2010, our economy's growth- 8.8%- situated us among the world's top performers. In this context, BCP's businesses have demonstrated renewed dynamism, which, coupled with strategies to capture growth and increase the financial system's participation in the country's economic activities, has brought us closer to achieving the sustained growth we all hope to see over the next few years.

Results

Economic reactivation favored strong growth in the banking business. In this context, consolidated income totaled US$ 477.0 million, which reflected a 20.0% jump in earnings over 2009's figure and represented an average return on shareholders' equity of 26.8%.

All income items in our banking business contributed to this result. The financial margin increased 17.5% while fees for banking services rose 25.5%. Even earnings on securities sales, which were particularly high last year, contributed an additional US$ 35 million dollars (approx.) in extraordinary earnings. This evolution allowed us to achieve excellent results despite the higher costs and provisions levels that our business has required us to assume.

Growth in loans was spurred by a growing demand stemming from economic expansion and high investment. The 23.8% increase in loans was similar to that seen in pre-crisis years. Perhaps even more gratifying is that this expansion has not adversely affected portfolio quality. In fact, the moderate decline in quality produced by the international crisis has been reverted and the past due ratio in 2010 was only 1.5% of the total portfolio, which represents an improvement over 2009's figure of 1.6%. Despite this recovery, the internal policy to maintain adequate coverage and the reactivation of pro-cyclical provisions generated a strong increase in expenses for provisions, which totaled US$ 175.8 million. Nevertheless, BCP's excellent capacity to generate income allowed it to increase reserves without affecting growth in the Bank's net income.

Operating expenses also contributed to this year's good performance, reporting a YoY increase of 14.3%, which falls below the rate of expansion of our income. This was attributable to special efforts to improve operating efficiency by applying the Lean Methodology, which is currently an important asset in our pool of management tools. Control of operating costs has allowed us to offset the negative impact of a 2.8% revaluation in local currency when we translated our costs in nuevos soles to American dollars and an increase in depreciation and amortization costs relative to our investments as we moved to improve the organization's efficiency.

In 2010, we continued to invest in expanding the country's largest banking network and increasing its level of sophistication. Emphasis was placed on setting up more BCP Agents while the number of branches remained constant. Currently, BCP offers its clients 5,001 points of access: 329 branches, 1,159 ATMs and 3,513 BCP Agents. Alongside these efforts, we have continued to bolster our technological infrastructure to serve a network of channels that will continue to grow. Similar efforts are underway to build technological tools to ensure higher commercial effectiveness by increasing our employees' efficiency while equipping the organization with cutting-edge instruments for risk management. Consequently, we are positioned to grow in a healthy and sustainable manner while accompanying development in the Peruvian economy.

Financiera Edyficar

Following the successful 2009 purchase of Financiera Edyficar, which specializes in providing micro loans, we faced new challenges in 2010 to grow the business in a way that reflects our commitment to increasing financial market development and banking service penetration. Along these lines, I am proud to announce that Edyficar's portfolio has grown 42.6% this year while reporting high return on equity (22.7%) and excellent indicators for portfolio quality. This evolution confirms our belief that access to credit is crucial in an emerging economy such as ours. As such, this commitment represents an opportunity for both our clients and our business.

Banco de Crédito BCP Bolivia

The year 2010 was difficult for our Bolivian subsidiary, which was faced with a marked decline in operating margins due to regulatory and market conditions. This situation led to net reported income of US$ 15.8 million, which represents a YoY drop of 48.1%. Nevertheless, loans grew 25.7% and portfolio quality remained adequate with a past due ratio of 1.5%. In this context, the return on equity was 17.4%. In the near future, we hope that the political and regulatory environment will improve, allowing us to grow and improve our return on investment.

Dividends and capitalization

The Board, in a session held on February 23, 2011, proposed submitting a request to the General Shareholders' Meeting to approve distribution of a cash dividend for S/. 0.201 per share, which represents 43% of net income. As such, the bank's retained earnings in 2010 reached a proportion of 57%. Of this amount, S/. 674.9 million was set aside for facultative reserves to meet the growing demand for regulatory capital needed to back the high growth we expect in our businesses and to cover future capital requirements for new investments.

Outlook

Today more than ever, the Peruvian economy's outlook for growth is promising. Conditions are apt for private investment although there is room for improvement. It is evident that the drivers of growth include more than one or two traditional players. This is due to the fact that diverse sectors, some old and others recently revamped, currently boast a healthy dynamic of investment and consumption. We are optimistic that consensus is growing in political circles regarding the need to take the country's development strategy to the next level.

By focusing its attention on development in Peru, which is expected to achieve the region's highest growth levels, BCP is committing to strengthening its organization to take full advantage of upcoming opportunities for expansion. We are highly solvent as well as technically and professionally prepared to take on this challenge. In addition, we enjoy the loyalty and trust of our clients and employees, who are talented and committed to meeting their companies' goals. For all of these reasons, we are optimistic about our Bank's future.

On behalf of the Board, we would like to thank you, our shareholders, for your trust. We would also like to thank our clients, who now number more than three million, for their loyalty and our employees, who have contributed to BCP's success.

Thank you

Dionisio Romero Paoletti
Chairman of the Board

Chapter 2

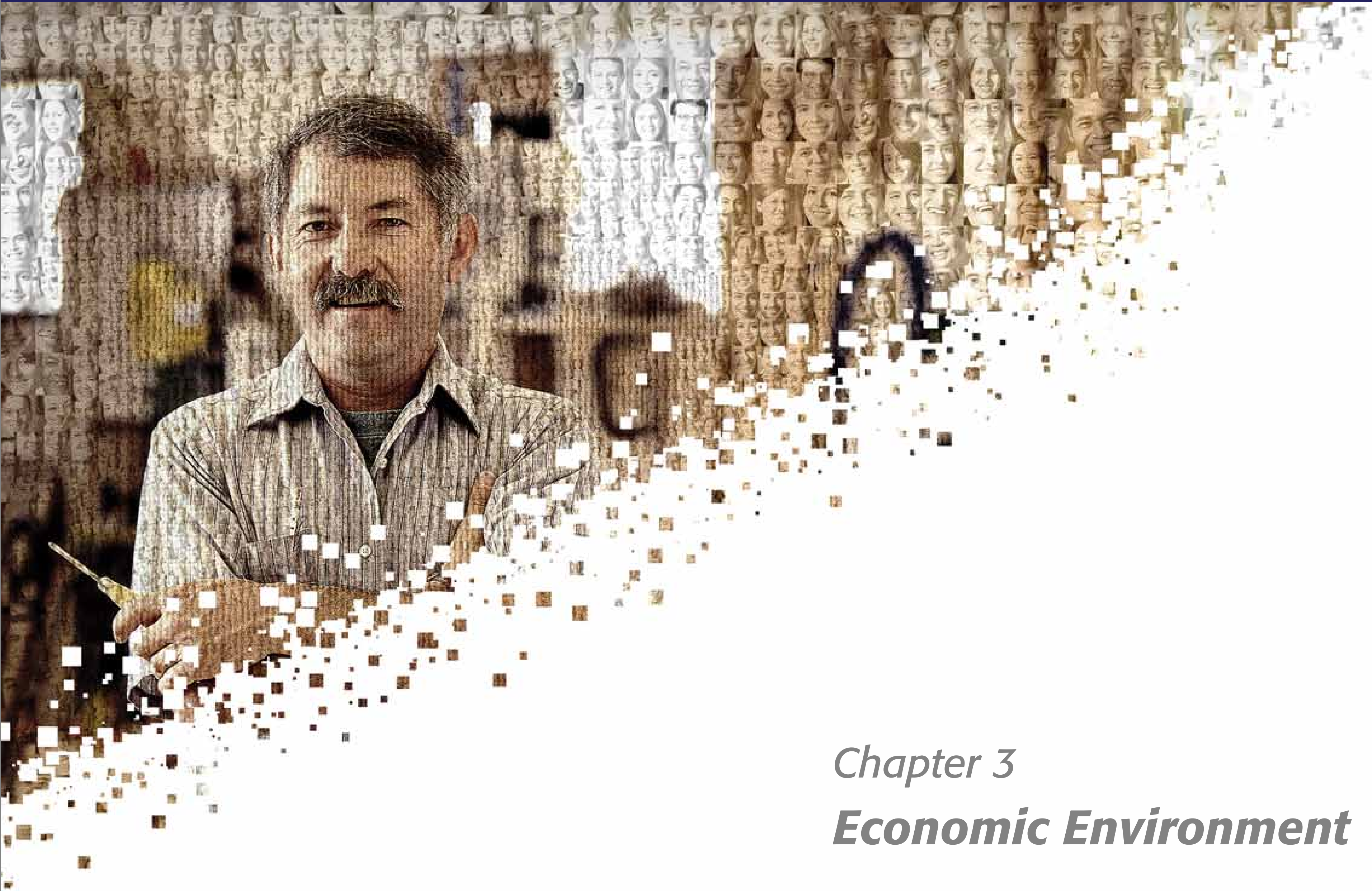
BCP Mission, Vision

Mission

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

Vision

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



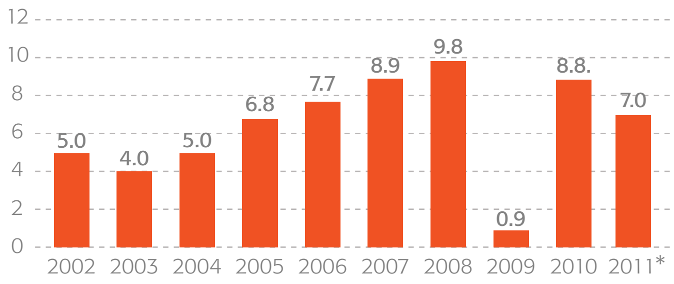
Chapter 3

Economic Environment

Economic environment

a. Growth

Gross Domestic Product
(Annual variations, %)

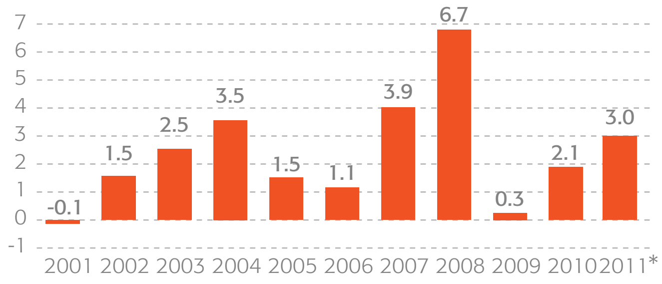


*BCP Estimates
Source: INEI

After the severe deceleration of 2009, Peru's economic activity recovered rapidly. By productive sectors, the components with the highest growth rate were construction and non-primary manufacturing, while by expense type, it was private investment.

b. Inflation

Inflation
(%)



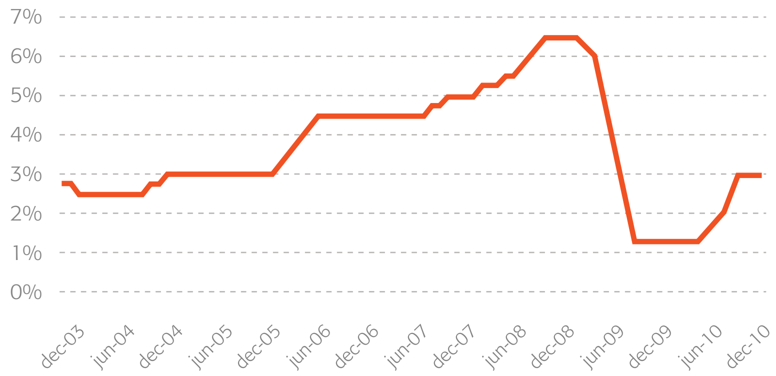
*BCP Estimates
Source: INEI

Despite the rapid growth of internal demand, inflation rose 2.1% in 2010, in line with the target range of the Central Bank (BCRP). In part, this was due to the reduction of food prices in the last quarter of the year, although this may put pressure on the rise of inflation in 2011.

Economic environment

c. Reference rate

Reference rate
(%)

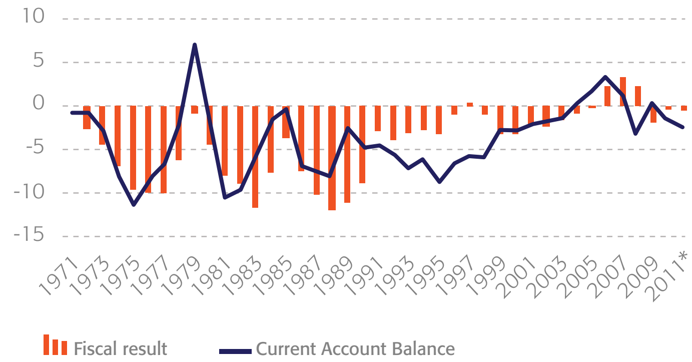


Source: Central Bank

The reference rate was increased starting in May to offset demand pressures, reflecting a less expansive monetary policy. Reserve requirement rates for local and foreign currency also rose.

d. Fiscal Result and current account balance

Fiscal Result and current account balance
(GDP percentage)



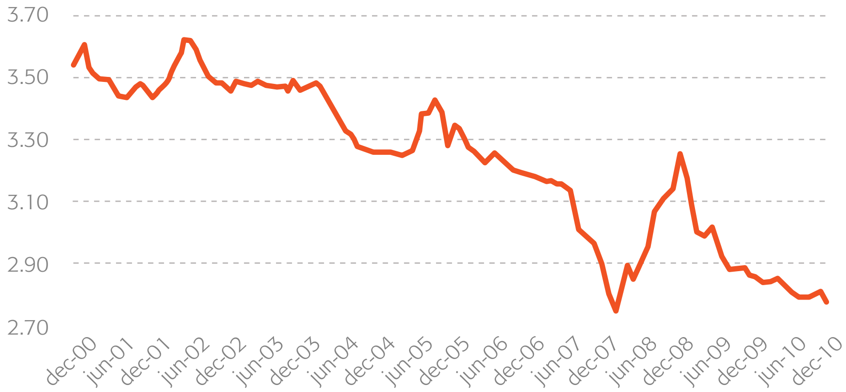
* BCP estimates
Source: Central Bank

The growth of private activity was reflected in increased imports and higher gains being sent by foreign companies to their parent companies, which translated into a current account deficit. However, this deficit is completely financeable due to the increased foreign investment in the country. For its part, the fiscal deficit continues to fall due to increased income, helping decrease the current account deficit.

Economic environment

e. Exchange rate

Exchange rate
(S/. / US$, buy-sale monthly average)



Source: Central Bank

The feeling of intensification of the crisis stimulated a flight-to-quality and gave rise to the depreciation of currencies in emerging markets during 2009. In 2010, the situation was just the opposite, except in the fourth quarter, when risk perception grew due to the crisis in Ireland and fears over Portugal's economic situation.

Economic Environment

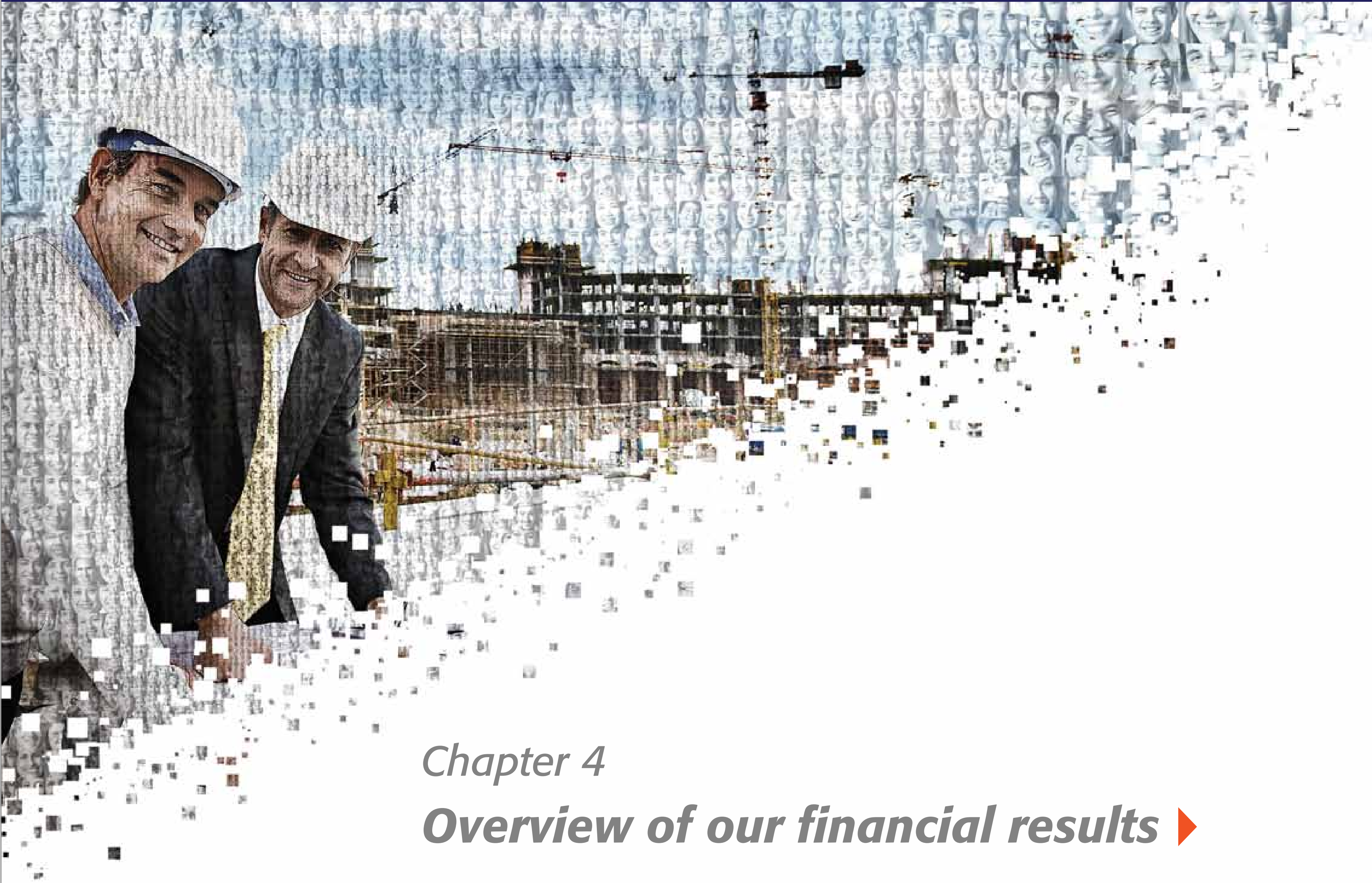
2011 Outlook

Despite the fact that the worldwide recession is on the decline, progress is still slow. However, the expectations for the United States have improved significantly, given that the monetary and fiscal stimuli seem to have made effect. It is possible that the U.S. economy may grow in 2011, even beyond its potential growth rate. However, emerging countries will continue to be the driving force behind international growth, considering that the expectations in other developed economies are not as optimistic.

The key issue is the speed at which the United States is able to generate employment, since this influences consumption, which represents 70% of the U.S. economy, and therefore around 15% of the world economy. Although the economy seems to be recovering, it may not be doing so at a sufficient rhythm to reduce the unemployment rate, which is at approximately 9.5%, more than double the rate at the start of the crisis. On the other hand, significant risks are perceived in the Euro Zone and China. In the first case, uncertainty over the possible contagion of the crisis from European countries with the highest debts to the rest of Europe remains latent, with threats to the credit ratings of countries such as Belgium, Holland and France. In the case of China, the currency policy measures aimed at moderating the rhythm of growth in an inflationary context and the official declaration that this policy will move from "expansive" to "moderate" have given rise to fears of a possible severe deceleration of the Chinese economy. However, in our opinion both events are relevant for a risk scenario, but not the base scenario.

Based on a worldwide economy which maintained growth driven by emerging countries, it is estimated that the Peruvian economy may grow by approximately 7.0% in 2011. This growth will continue to be led by the construction sector, not only benefited by the continued increase in public investment, but also the heightened growth of private investment, as evidenced in housing and non-housing works (commerce, earth removal for mining projects). This growth does not seem to be affected by the presidential election period. Other dynamic sectors will include manufacturing, in response to both internal demand and the improvement of the international economy; and services. In terms of spending, private investment will prove to be the most dynamic component of demand, with a significant geographically decentralized and sectorially de-concentrated growth. Likewise, consumption will remain steady with a growth rate of approximately 6.0%, favored by its behavior outside of Lima.

Given the inflationary pressures being felt in emerging countries, by the end of the year the inflation rate will approach the upper levels of the target range (2.0% +/- 1.0%). This result is partially favored by the continued normalization of supply conditions, which affected the normal supply of food and contributed to higher inflation in the first half of 2010. On the other hand, the inflation target will be reached thanks to the monetary policy of the BCR, which will continue to raise its reference rate based on the inflationary risks perceived. On the external side, there may be pressures for higher inflation due to the oil and imported foods prices. It should be noted that inflation expectations for 2011 reflect a certain fear that the Central Reserve Bank may not meet its target this year. Additionally, the recent announcement of the reduction of the value-added tax (VAT) and financial transaction tax (ITF) rates may affect the need for greater speed in currency adjustment in order to keep inflation from growing too rapidly, given the speed in the growth of the internal demand. In any case, under our base scenario, in a context of a current account deficit financed with the income of capital and the consequent accumulation of international reserves, pressures will continue to favor the strengthening of the Nuevo Sol, which is expected to appreciate by approximately 4.0%.



Chapter 4

Overview of our financial results

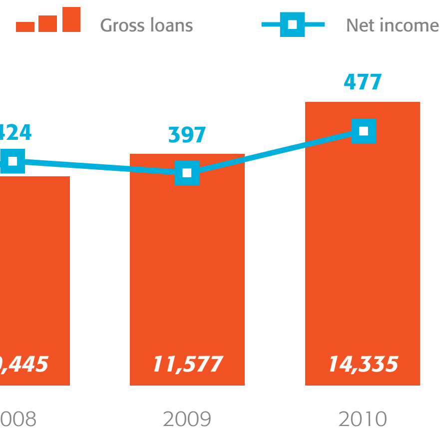
Bank´s figures

Indicator	2008	2009	2010
Rentabilidad			
Net income (US$ million)	424	397	477
Net income per share (US$ per share)[1]	0.17	0.16	0.19
Return on average equity (%)	32.8	26.6	26.8
Return on average assets (%)	2.4	2.1	2.1
Operating Ratios (%)			
Operating expenses over total income [3, 4]	50.3	51.9	49.1
Operating expenses over average assets [2, 3]	3.3	3.5	3.3
Balance amount (year end, in US$ million)			
Assets	18,298	19,241	25,342
Net loans	10,222	11,224	13,920
Deposits	14,235	14,462	17,053
Net equity	1,395	1,672	1,989
Capitalization (number of times)			
Total assets over equity	13.1	11.5	12.7
BIS ratio [5]	11.5%	14.5%	12.8%
Portfolio quality (%)			
Past due loans over total loans	0.80	1.59	1.46
Reserves for loans losses as a percent of total past due loans	271.9	192.3	198.3
Other data			
Number of shares, net (in millions)	1,508	2,228	2557.7
Average price per share (in S/.)	9.4	9.1	7.5
Number of employees	15,971	16,748	16,148

1.Net income per share is calculated based on the number of shares updated to December 2010. 2.Average determined taking the final balance amounts of each quarter. 3.Operating expenses include remunerations (without including the complementary profit sharing plan), administrative expenses, depreciation and administration. 4.Total income includes net revenues from interests, revenues from fees and earnings from exchange operations. 5.The 2010 ratio is calculated using the Basel II method established by the SBS.

Proforma unaudited figures according to International Finalcial Reporting Standards (IFRS)

Gross loans and net income (US$ million)



End balance as of december
Source: BCP - Planning and Finance

Evolution of the banking business

In 2010, BCP's business evolved in a scenario characterized by economic reactivation. Consequently, there was an increase in the demand for loans and banking services. In this context, BCP's net income grew 20.0% YoY to reach US$ 477.0 million.

BCP's excellent performance in 2010 was primary due to:

i. A significant 17.5% increase in net interest and dividends income. This was in turn attributable to 12.0% growth in interest income, which offset the 6.5% increase in net provisions for possible loan losses and a 1.0% increase in interest expenses.

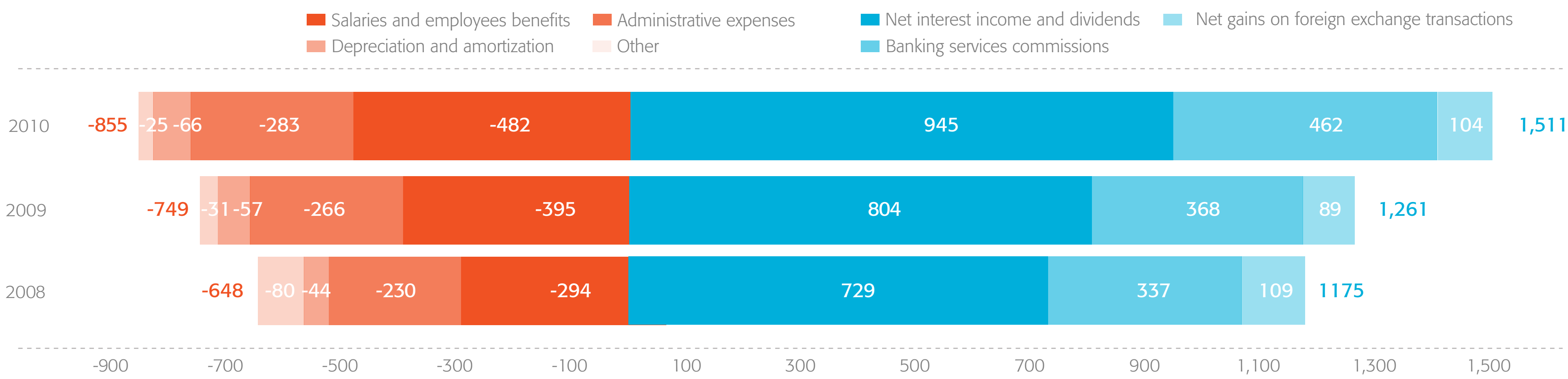
ii. Growth of 13.8% in non-financial income was marked by a particularly notable 25.5% increase in fees for banking services and a 17.2% increase in net gain on foreign exchange transactions, which offset the 49.5% decline in net gain in sales of securities. These sales, which represented extraordinary income last year, were part of the treasury department's effective strategy to identify buy-sell opportunities for sovereign and global bonds.

iii. The translation result tripled YoY; this was attributable to an effective strategy to manage currency positions in anticipation of a further revaluation of the Nuevo Sol, which registered 2.8% in 2010.

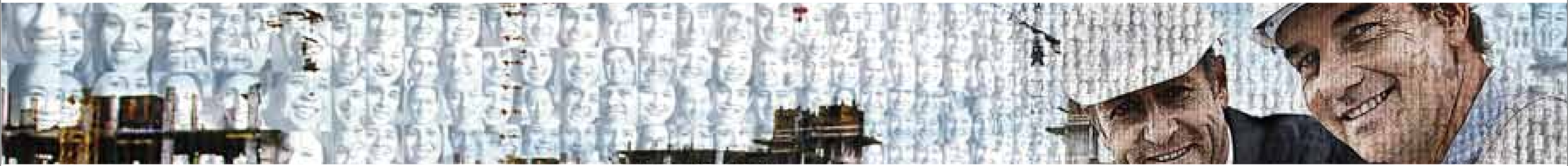
BCP provided a record number of gross loans this year, which totaled of US$ 14,335 million at period-end. This figure represented 23.8% growth YoY and went hand-in-hand with an improvement in the past due ratio, which dropped from 1.59% in 2009 to 1.46% at the end of 2010.

Operating performance

Operating Income and Expenses (US$ million)



End balance as of december.
Source: BCP - Planning and Finance



Operating performance

BCP's operating margin totaled US$ 655.3 million. This figure represented an all-time high for the bank and exceeded the US$ 512.6 million recorded in 2009 by 27.8%. This excellent operating result was due to a significant 19.8% increase in operating income, which was further supported by lower growth in operating expenses (14.3%).

The strong increase in the Bank's operating income resulted from the good evolution of all of its components. In this context, net interest income grew 17.5% due to an on-target strategy to manage income and interest expenses; a remarkable 25.5% increase in banking service commissions; and a 17.2% increase in net gain on foreign exchange transactions.

The favorable evolution of net interest income was attributable to a considerable 12.0% increase in interest income and dividends, which offset the 6.5% increase in net provisions for possible loan losses and a 1.0% increase in interest expenses. Interest income and dividends performed well primarily due to higher interest income on loans, which was in turn attributable to a significant expansion in the Wholesale Banking loan portfolio- which performed very well throughout the year- and continuous growth in the Retail Banking portfolio, which shows clear signs of solid growth potential. The aforementioned allowed BCP to offset a contraction in income on investments and deposits, which reflected the effect of higher reserve requirements.

On the other hand, the increase in interest expenses was due to higher interest on external financing and bonds. This was offset by a contraction in interest expenses on deposits and loans, which was partially attributable to a decrease in average interest rates in comparison to 2009's level. Finally, the net interest margin remained virtually unchanged this year and situated at 4.8%.

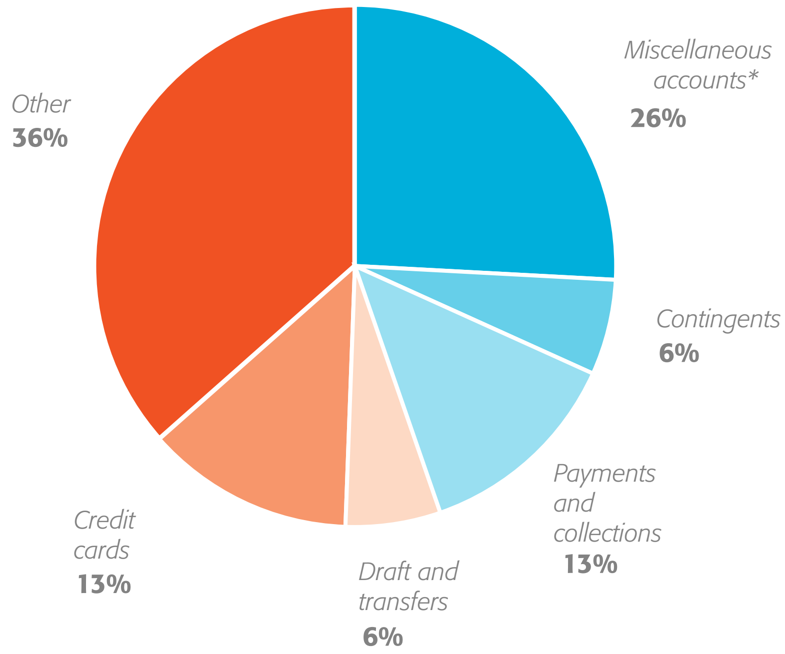
Operating performance

Growth in banking services commissions was due to higher income from Corporate Finances, credit cards, savings accounts, collections and payments, contingencies and foreign trade. In fact, the last of these items reported a significant increase in 2010, reaching unprecedented levels. In light of this growth, BCP now considers foreign trade an important source of income generation.

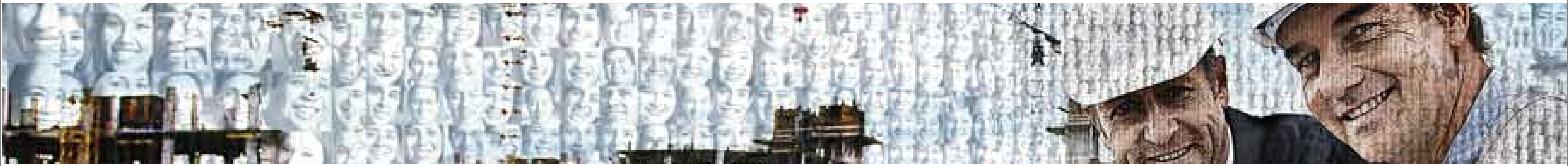
The increase seen in operating expenses in 2010 was primarily due to higher employee salaries and benefits (+ 22.0%). This was in turn attributable to an increase in the variable salary component due to a significant jump in loans; costs stemming from initiatives in 2010 to achieve higher operating efficiency in the mid-term; and expenses to develop the system architecture that BCP needs to support its operations, which are reflected in the 6.2% increase in general and administrative expenses.

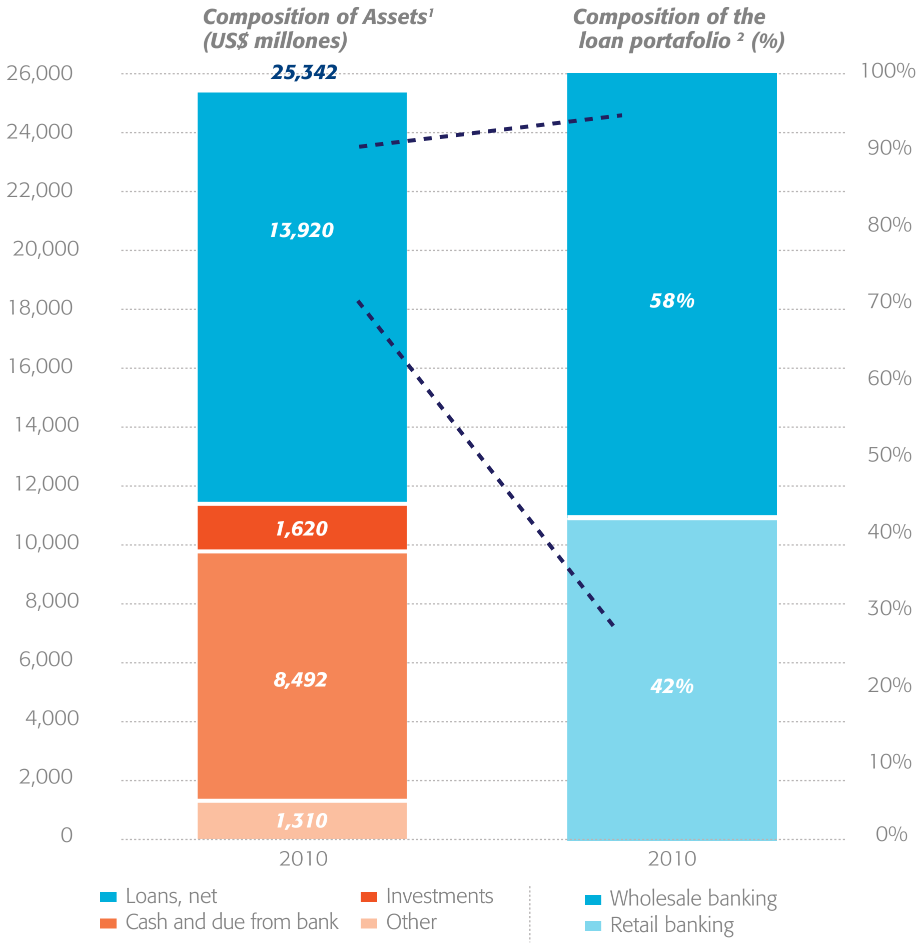
The excellent evolution of income as well as adequate control of expenses has allowed BCP to significantly improve its efficiency ratio, which went from 51.9% to 49.1%.

Free composition by banking service (%)



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





[1] End balance as of december
[2] Average daily balance as of december
Source: BCP - Planning and Finance

Assets and Loans

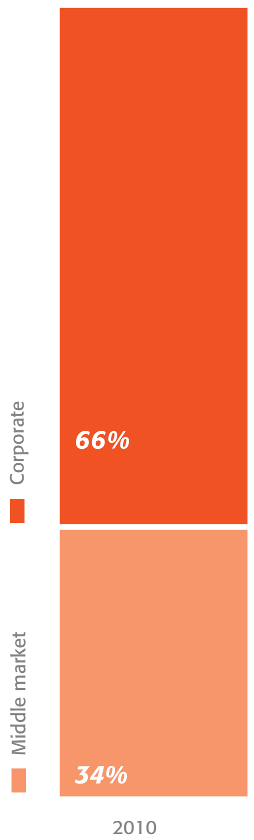
At the end of 2010, BCP's assets totaled US$ 25,342 million, which represented a 31.7% increase YoY.

Net loans, which are the primary component of BCP's assets, recorded an annual increase of 24.0%. If we consider average daily balances, loan expansion was 25.7%. This growth was primarily due to a dynamic Wholesale Portfolio, which reported a YoY increase of 27.7% in average daily balances at year-end that was accompanied by a notable 23.2% increase in Retail Banking. In this context, the Wholesale Banking portfolio increased its share of total loans, going from 57.2% to 58.0% at year-end. Retail Banking (which includes loans at Edyficar), on the other hand, reported a 42.0% share (vs. 42.8% at the end of December 2009).

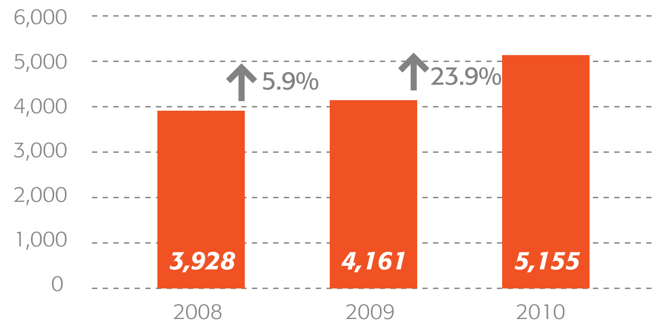
At the end of December, BCP held fast to its position as system leader with a 31.6% share of the loan market. This is particularly noteworthy given that the bank maintained first place in a context characterized by strong competition in all segments.

Investments and Cash and Due from Banks increased 47.8%, which was due primarily to BCRP's policy to require higher legal reserves. The decline in investments was attributable to the BCRP time deposit auction (included in Cash and Due from Banks) to replace CDs (reported in investments). The main purpose of this auction was to mitigate revaluation pressures on local currency, which had been generated when investment funds liquidated positions in American Dollars to invest in CDs. All of the aforementioned explain why Investments and Cash and Due from Banks account for a higher share of total assets, reporting 39.9% at the end of 2010 vs. 35.6% in 2009.

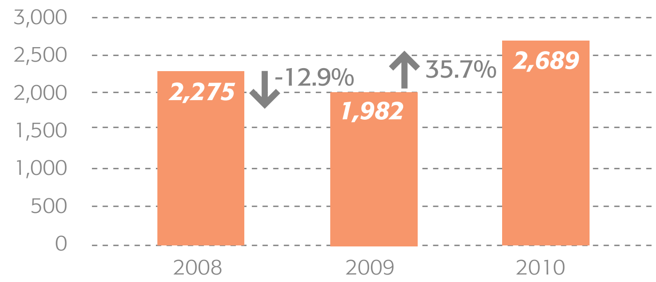
Composition of the Wholesale Banking portafolio (%)



Evolution of the Corporate Banking portafolio (US$ million)



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



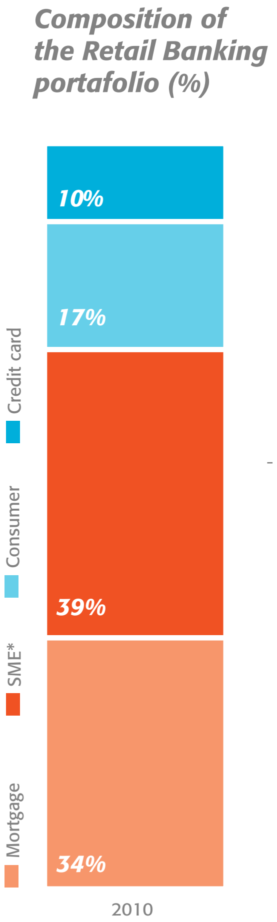
Average daily balance as of december
Source: BCP - Planning and Finance

Wholesale Banking

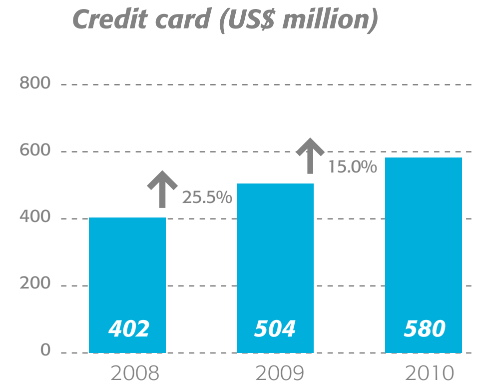
An analysis of the Wholesale Banking portfolio shows a 27.7% increase in average daily balances at the end of December 2010. This highly satisfactory performance was attributable to financing for large investments projects as well as inventory and working capital to fuel economic growth. The latter came after the crisis in 2009 caused companies to postpone investment projects and reduce their inventories in response to the strong deceleration in the Peruvian economy and uncertainty stemming from the world financial crisis.

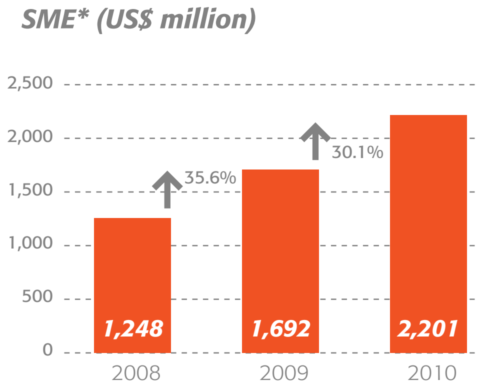
It is important to mention that portfolio growth this year, unlike the last, was evident in both Corporate Banking and Middle- Market Banking. Growth in the latter was particularly significant given that Middle- Market was hit harder than any other segment when the economy decelerated in 2009.

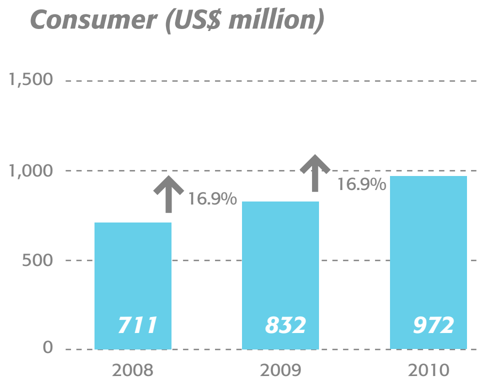
BCP held fast to its market leadership position in Wholesale Banking loans this year with 40.7%. At the end of 2010, Corporate Banking and Middle-Market Banking accounted for 46.5% and 34.1% respectively of the aforementioned share, which represents a slight improvement over 2009's figures.

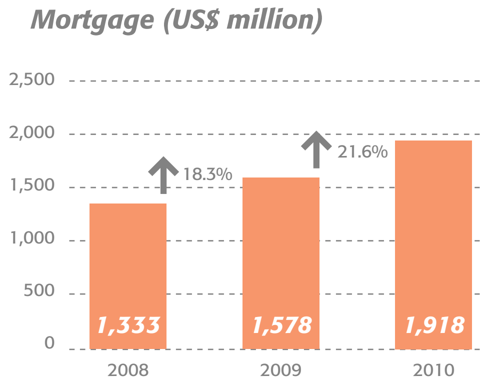


*Includes Edyficar.
Average daily balance as of december
Source: BCP - Planning and Finance









Retail Banking

Retail Banking performed very well in 2010, which is reflected in a 23.2% YoY increase in the average daily loan balances. This was due to expansion across all segments, which indicates that the market in coming years will be ripe with potential. Growth in this context was based on product innovation to satisfy the needs of different population segments; improvements in the value proposition for traditional products; and growth in the number of points of contact that are available to clients and cost efficient channels in particular.

Inside the Retail Banking portfolio, growth was led by the SME segment, which reported 30.1% growth in average daily balances (including Edyficar). This was due to stepped-up efforts to increase banking penetration, which boosted financial inclusion and current economic activity. In this way, BCP maintained its leadership in this segment, boasting a 23.3% market share at the end of 2010.

Retail Banking

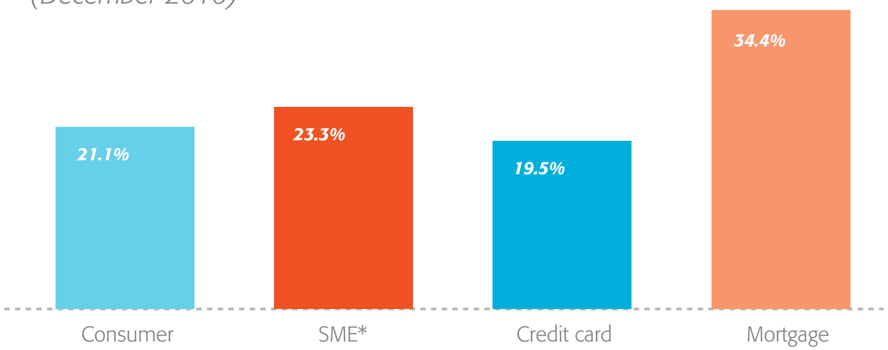
BCP achieved market leadership in mortgage segment with a 34.4% share.

Similarly, the mortgage loan segment reported significant growth (21.6%) due to reactivation in Peru's real estate sector. More importantly, BCP achieved market leadership in this segment with a 34.4% share.

The credit card and consumer loans portfolio reported growth in average daily balances of 15.0% and 16.9% respectively, which translated into high market shares for each.

Market Share - Ratail Banking

(December 2010)



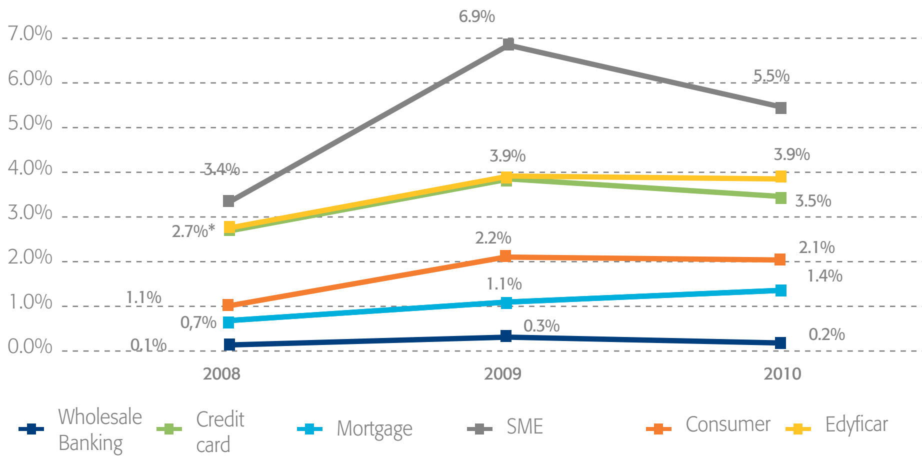
* Includes Edyficar
Source: BCP - Planning and Finance

Portfolio Quality and Coverage

At the end of 2010, BCP's past due ratio was 1.46%, which represents an improvement over the 1.59% reported at the end of 2009 and is below the system average of 1.49%. This contraction is attributable to an increase of total loans (+23.8%), which offset lower growth of 13.8% in the past due portfolio.

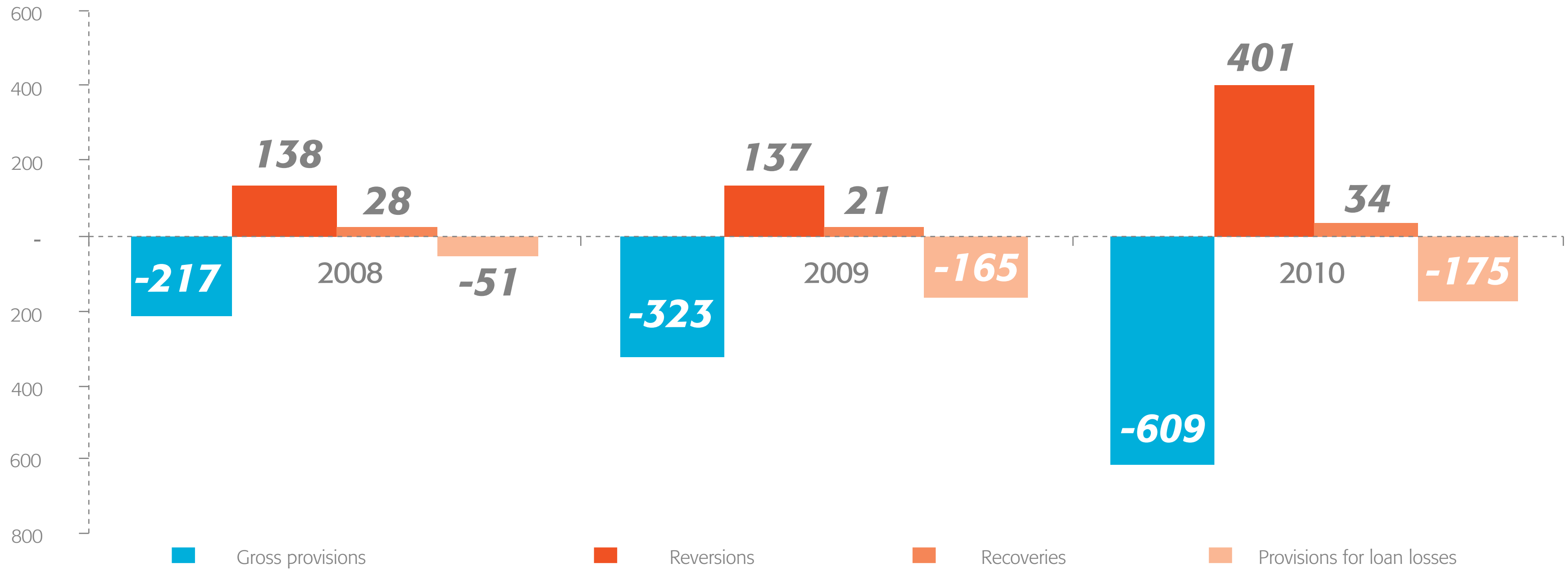
It is important to point out that the majority of segments contributed to this improvement in the past due ratio. Wholesale Banking's ratio dropped slightly (from 0.3% to 0.2%) and Retail Banking posted more favorable figures for almost all segments at the end of 2010. In terms of the latter portfolio, the SME segment performed particularly well with a ratio that dropped from 6.9% to 5.5%. The mortgage segment was the only component of Retail Banking that experienced minor impairment (going from 1.1% to 1.4%), which is due in part to the fact that loan penetration has been extended to higher risk segments of the population. This past due ratio, however, is still considered very low.

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



*Source: SBS
Source: BCP - Planning and Finance

Evolution of provisions *(US$ million)*



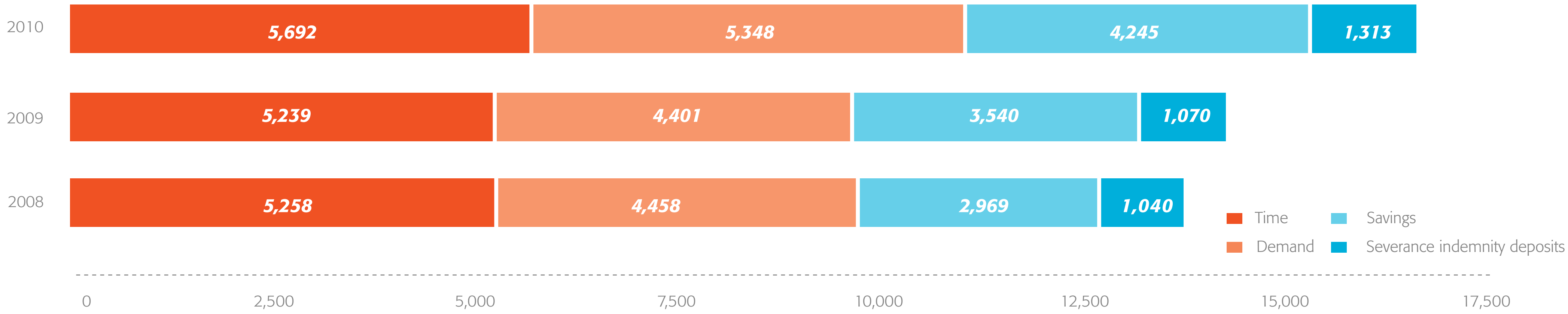
Source: BCP - Planing and Finance

Portfolio Quality and Coverage

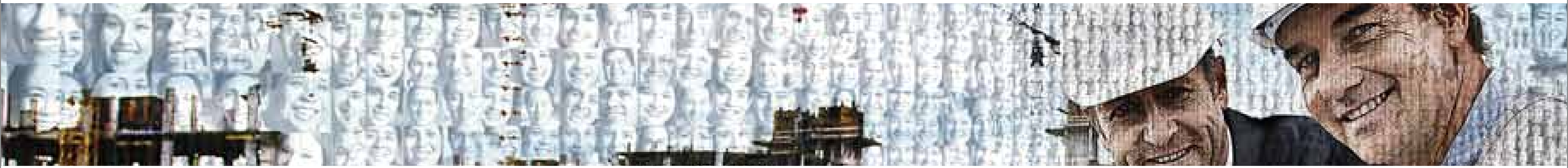
The portfolio's past due ratio has dropped but provisions for possible loan losses have increased 6.5%. This is primarily attributable to the activation of pro-cyclical provisions in response to significant economic activation. In this context, the coverage ratio at the end of 2010 was 198.3%, which indicated an increase over the 192.3% reported at the end of 2009 and represented 2.9% of total loans.

Liabilities and Deposits

Composition of the deposits (US$ million)



BCP - Planning and Finance



Liabilities and Deposits

BCP reported total liabilities at the end of 2010 of US$ 23,352.6 million, which represented a 32.1% increase YoY.

Deposits grew 26.2% in 2010 and continued to represent the bank's main source of financing with a 71.0% share in total liabilities. This figure, however, is below the 74.9% share of total funding recorded at the end of 2009 and is attributable to the evolution of deposits in foreign currency. Deposits in local currency grew 43.7% with regard to the balance in 2009 while the levels recorded for foreign currency fell 3% due to the strength of local currency and a consequent de-dollarization of savings accounts, which generated some pressure on financing for short-term loan growth in foreign currency. Overall, growth in deposits is due primarily to higher time deposits (+37.4%) and an increase in demand deposits (+ 21.5%). At the end of the year, BCP was once again system leader with a 34.4% share of deposits.

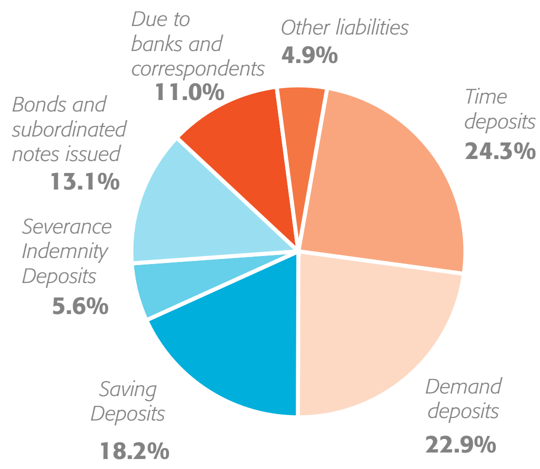
Due to banks increased 118.3% YoY. This source played a particularly relevant role in the funding structure as it was used to cover a drop in foreign currency deposits.

In terms of external funding, the following stand out:

- Issuances of 10-year corporate bonds (senior unsecured) for US$ 800 million at a rate of 5.375%. These bonds were subscribed several times over and captured the interest of a significant number of regional, European and American participants. This was the first "benchmark size issuance" (issuance for more than US$ 500 million) in BCP's history and merited a risk classification of Baa2 (Moodys) and BBB (Fitch rating).

- A syndicated 3-year loan for US$ 350 million at a Libor rate of + 175 bps, which captured the participation of 18 regional, Asian, European and American banks.

Composition of Liabilities (%)



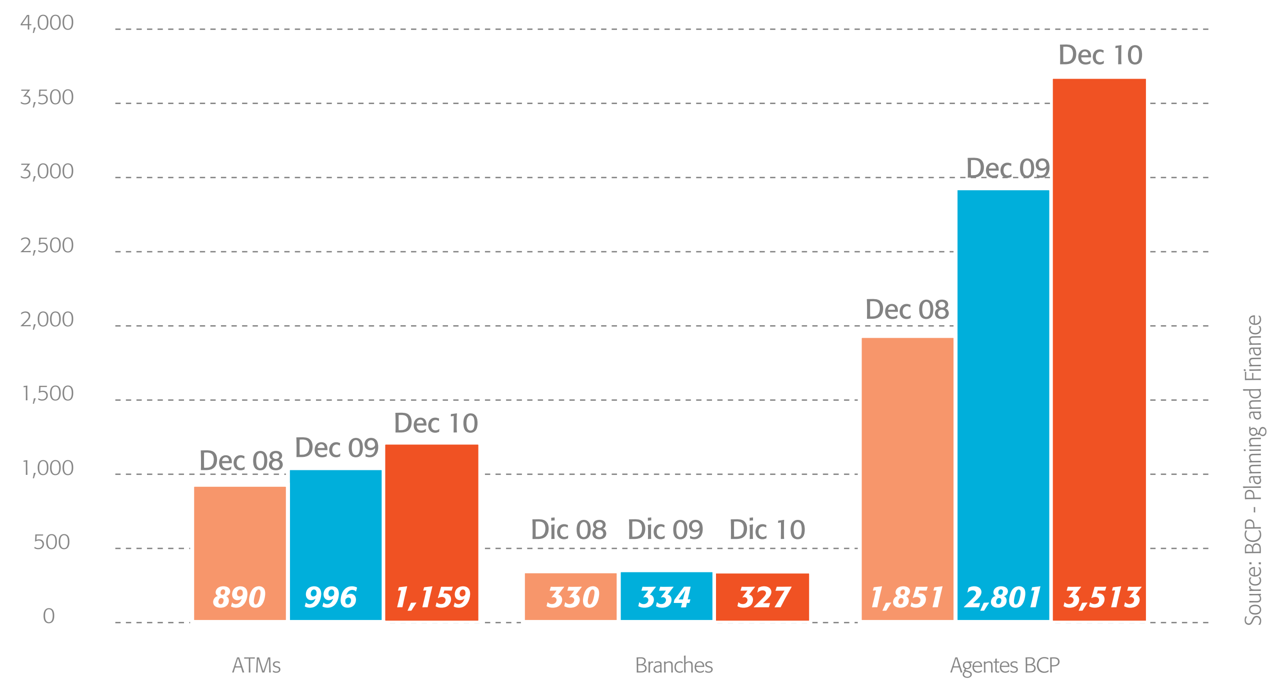
Source: BCP - Planning and Finance

Distributions Channels[1]

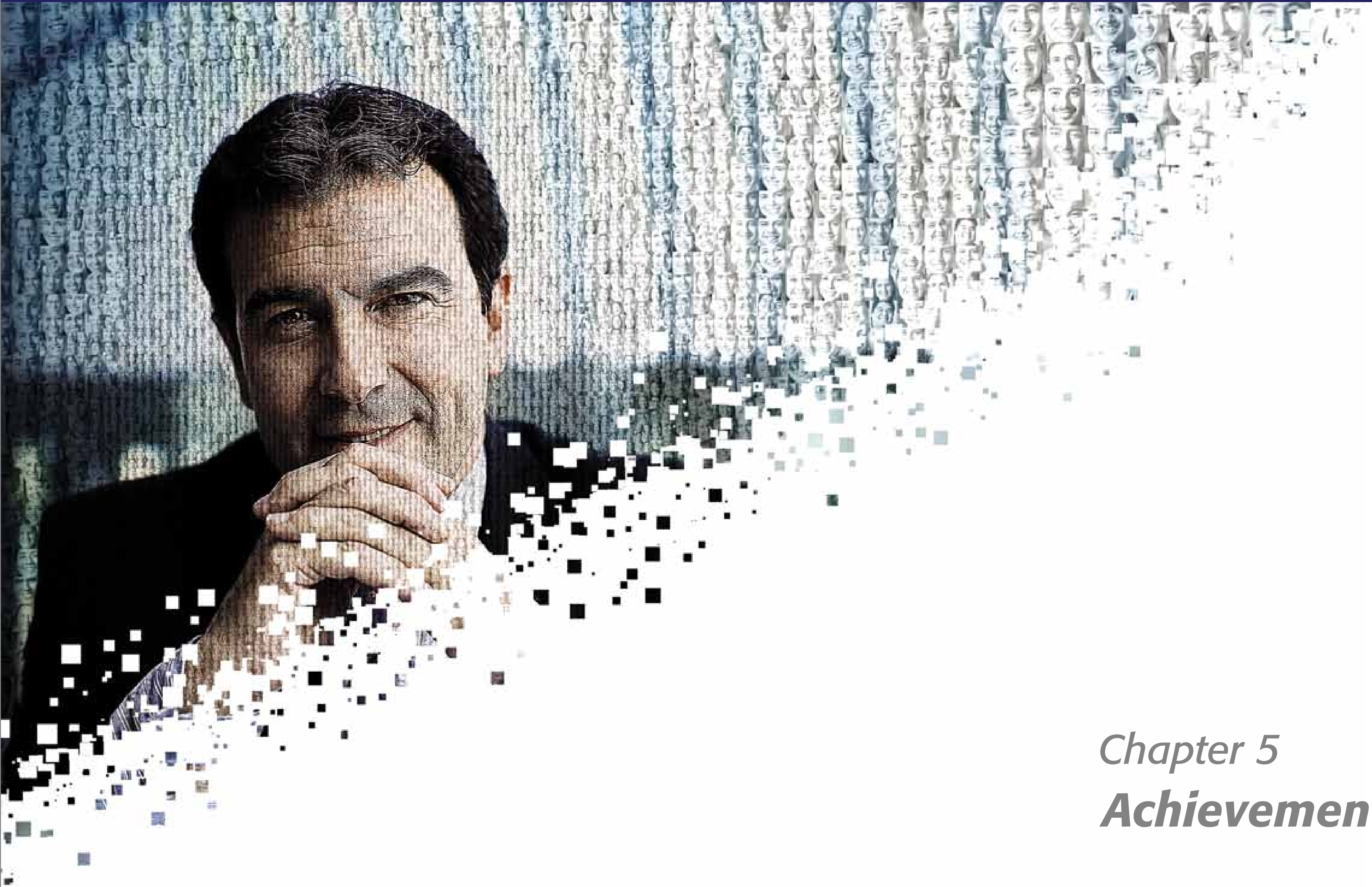
The network of distribution channels plays a significant role in BCP's long-term growth strategy and is proof of its commitment to increasing banking penetration in the country. In this context, it is important to mention that the bank continued to implement its plan to expand the use of alternative and cost efficient channels in 2010, placing particular emphasis on BCP Agents and ATMs. Both of these channels constitute important elements in effort to increase banking penetration and grew 25.4% and 16.4% respectively. This year, BCP consolidated a network of 4,999 points of contact, which brings us closer to our current clients and the population that still lacks access to the financial system.

It is important to emphasize that the transactions volume increased 16.4% in 2010. A particularly significant element of this growth was a 22.6% increase in transactions through alternative channels, which contrasted with a 3.2% drop in the use of tellers. This evolution is highly favorable for BCP given that it provides the first signs that the incentive strategy to promote cost efficient channels such as ATMs, BCP Agents, Internet Banking and Telecredito has been successful.

Evolution of distribution channels (units)



1. Distribution channels only in Peru



Chapter 5

Achievements

Wholesale Banking

Corporate Banking and Finance

Committed to the development of Peru

We captured a significant share of all activities in Structured Finance within the Peruvian market, which totaled over US$ 2.1 billion.

#1 in structuring and placement through the Peruvian capital market:

- Nearly US$ 500 million placed in the capital market, with a market share of 44%
- Among the Top 25 in the Latin America region in debt structuring in the capital market

Loan Record:

- We surpassed US$ 5 billion in direct loans to corporate clients, which represented a growth of 27.0% over 2009.
- Clear Corporate Leadership: We exceeded a 45.0% of market share in direct loans in the corporate segment.

Main Projects:

Contingents

- We supported our clients with performance bonds for the main infrastructure works and concessions in the country, such as the Electric Train, the Alto Piura Hydropower Project, Majes-Sihuas Irrigation Project, the renovation and improvement of Néstor Gambetta Avenue, etc.

1 Balance sheet totals as of December 2010

Wholesale Banking

Corporate Banking and Finance

Structuring of Medium-Term Financing

Some of the most notable financings structured in 2010 include the following:

- The largest leasing ever executed in Peru, for US$ 310 million in favor of the electrical generation company Enersur S.A. for the conversion of the Chilca Uno single-cycle thermoelectric plant into a combined cycle plant.

- The first banking loan granted to a securitization trust related to the Camisea project for a 15-year term. The amount of this operation was US$ 160 million.

- US$ 120 million in favor of SN Power Perú for the prepayment of the outstanding balance of its corporate bonds and the financing of the capital required to carry out the Cheves Project, consisting of the construction of a hydroelectric plant with a capacity of 168 MW.

- Structuring and placement of corporate bonds of Transportadora de Gas del Perú for US$ 150 million and Pluspetrol Block 56 for US$ 130 million.

- US$ 35 million in favor of Concesionaria Vial del Perú S.A. for the construction of the new "Cerro Azul – Ica" highway and US$150 million in favor of Autopista del Norte S.A.C. for the construction and maintenance of the "Pativilca – Casma – Chimbote – Trujillo" highway.

- US$ 70 million in favor of Consorcio Transmantaro S.A. for the development and construction of the "Chilca-La Planicie-Zapallal" transmission line and the backup of the "Mantaro-Socabaya" transmission line.

Wholesale Banking

Middle-Market Banking

Consolidating our leadership in a highly competitive market

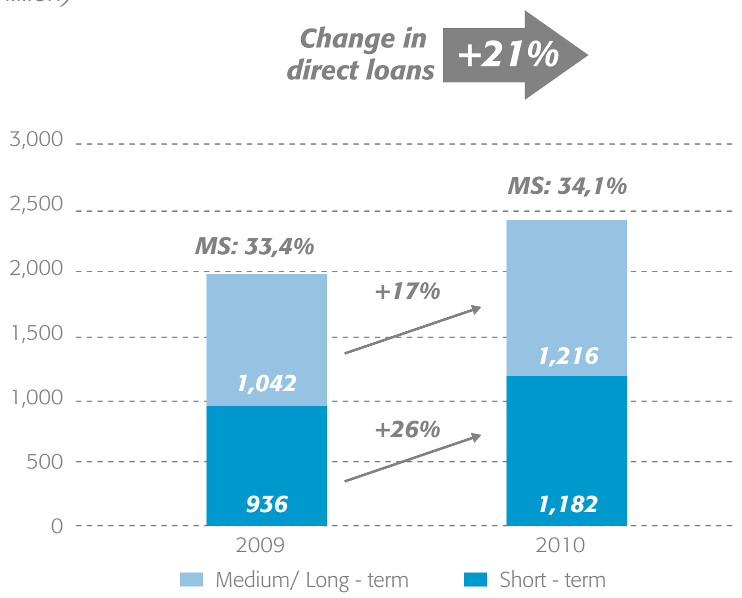
Maintaining our leadership

Our market share rose from 33.4% to 34.1%.

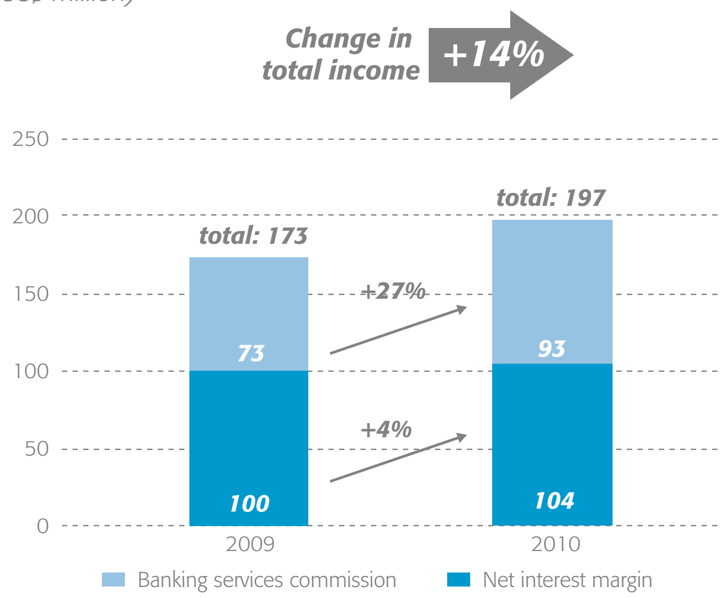
Growth of 13.7% in Total Income, mainly as a result of a 27.2% increase in Service Fees. In relative terms, these increased from 42% to 47% of the total.

Adequate distribution of our income: 53% from Intermediation Margin and 47% from Service Fees.

Direct loans by term
(US$ million)



Total income
(US$ million)



Wholesale Banking

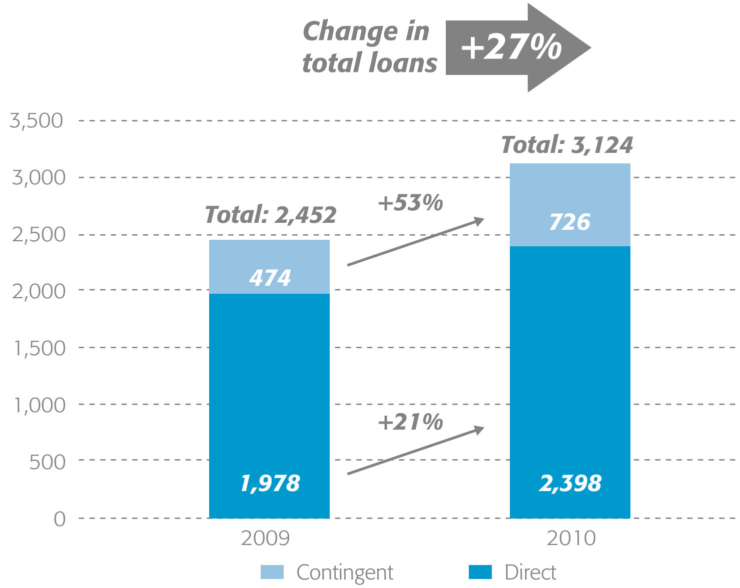
Middle-Market Banking

Excellent Growth

Growth of 21% in Direct Loans[1] in 2010, with 51% of them in medium-term operations and an increase of 69.3% in loans made through electronic means, thus contributing to our goal of improving the quality of service received by our clients.

The year 2010 started off on uncertain footing for part of the local middle-market segment, mainly those related to exports. However, the outstanding evolution of the internal economy benefited another significant group of companies. This scenario resulted in a highly aggressive competition between the financial institutions specialized in the segment, especially with regard to rates, despite which BCP registered an increase of 1.6% in its active margin.

Total loans (Direct and contingent)
(US$ million)



1 Average daily balances of annual loans.

Retail Banking

Committed to the growth of our clients and increasing their access to credit

The enormous growth potential offered by our Retail Banking business is directly related to the ***bank penetration potential*** of the Peruvian market. Thus, BCP closed out 2010 with over 3.5 million clients, a figure that will continue to grow as we tap into the potential of the market, which has an economically active population in excess of 10 million persons, of which only 54% are currently banked.

Our Retail Banking strategy consists of being the leader and ensuring the profitability of all the products and segments in which we participate, with a focus on building long-term relationships with our clients. This strategy is based on four pillars:

i. Provide clients with the best distribution network.

ii. Design personalized products based on the needs of the different segments and define the best way to distribute them to each group of clients.

iii. Establish prices based on risk.

iv. Increase the use of commercial intelligence.

Retail Banking

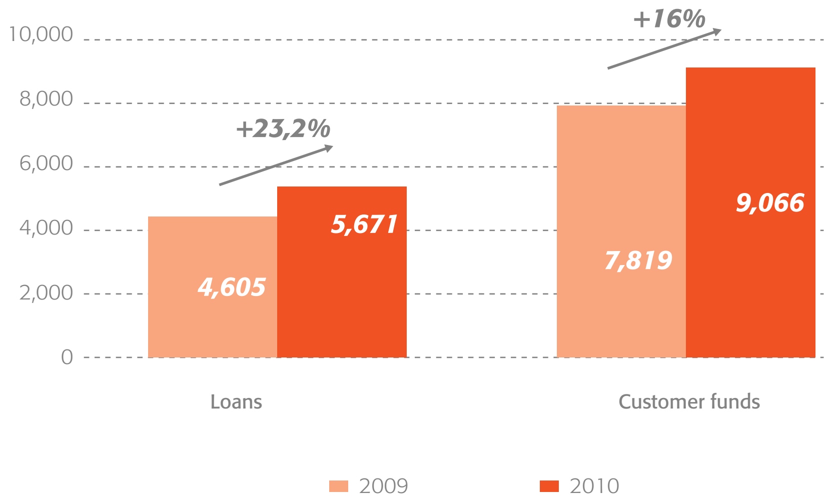
Achievements

The year 2010 was exceptional for Retail Banking, which was able to capitalize on the sustained growth of the economy.

Retail Banking represented 42% of loans and 45% of customer funds (deposits + mutual funds) of the banks' total.

We achieved ***net earnings of US$154.2*** million, representing a growth of 77% over the previous year's results.

Loans and Customer funds
(US$ million)



Retail Banking

Products[1]

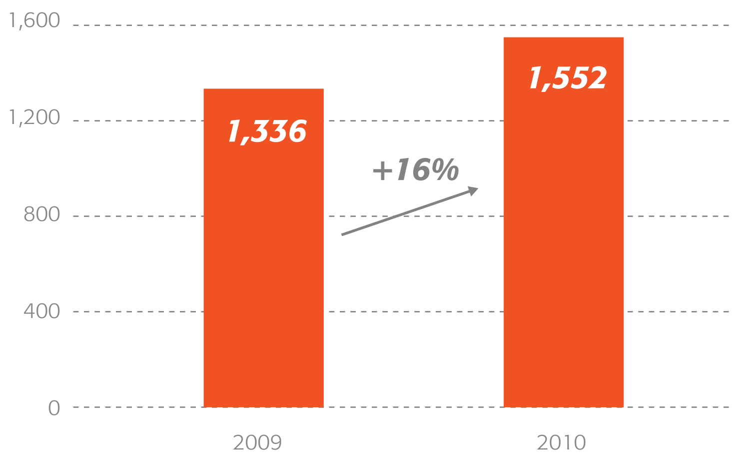
i. ***In SME, we achieved significant annual growth of 30% in loans[2]*** as a result of:

- Improved processes, reflected in quicker approval times for credits, which dropped from 8 to 3 days.
- The incursion into new market niches in lower segments in which the bank has not traditionally been active and which offer a great deal of growth potential in terms of balances and profitability.

ii. ***In the world of Consumer, which includes credit cards and installment loans, we achieved a significant growth of 16%*** in balances, equivalent to 11% of all of the bank's loans. Additionally, we doubled sales of credit cards in comparison with the results for 2009. The support of telemarketing in sales played an essential role in these results, which were possible thanks to the significant improvements in risk management, commercial intelligence and rerouting of sales to direct channels.

We ended the year with nearly 800,000 individual clients with a credit card or installment loan in force. Finally, toward the end of 2010, we implemented the option to grant fixed prices based on risk throughout the portfolio.

Consumer
(US$ million)



1 All calculations were made based on the consolidated figures of BCP, including Edyficar.
2 Average daily balances for december.

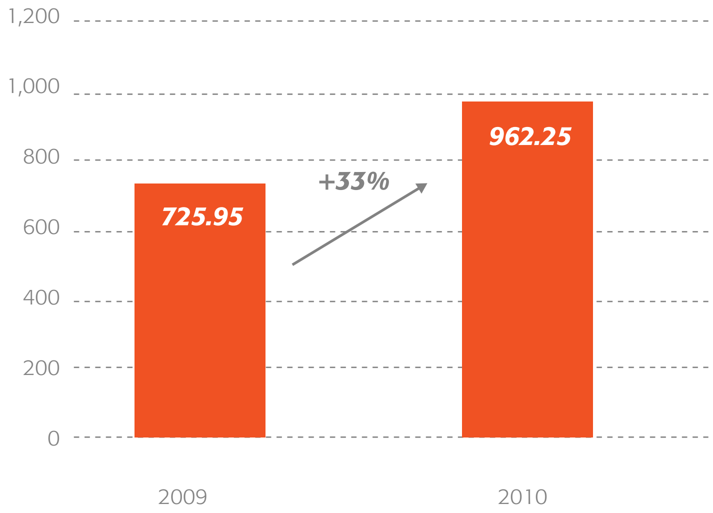
Retail Banking

iii. In Mortgage Credits, the growth of balances totaled 21.6% over the results of the previous year. This increase was achieved with the use of the new mortgage process to reduce disbursement times. Likewise, the "1st BCP Casa Show" real estate fair was held, with the highest attendance among events of its kind nationwide.

iv. With regard to deposits, mention should be made of the campaign to increase balances using the LAN Kilometers loyalty scheme, which changed the natural tendency of balances in the last quarter of the year, enabling a growth of 49%.

v. ***Debit card billing registered a significant increase of 33.0% over the results for 2009.*** To supplement the supply of debit cards, the new Credimás Oro product was launched, placing more than 20,000 cards in less than 3 months.

Debit card
(US$ million)



Retail Banking

vi. ***We expanded our penetration in the lowest market segments,*** where efforts were made to place the Payroll Advance product. We registered 91,035 affiliates by the end of 2010.

vii. The "Seguro Blindado" insurance program was relaunched, covering all cards, including those of other financial entities.

These results were achieved in large part due to a better use of commercial intelligence, achieved thanks to a reorganization of processes to increase the efficiency of direct marketing campaigns, and increased effectiveness through the application of statistical models to identify the next best offer for each client. Work was also done with all the sales channels to provide them with tools and information to help them improve their results.

Distribution Network

We promoted all the channels so that they could be used efficiently:

i. ***As of the close of 2010, 51.0% of the offices had been renovated, allowing us to:***

- ***Cut down on attention time at tellers by 50.0%,*** on average.
- Give ***greater visibility to the commercial part*** of the offices.
- Support tasks for rerouting transactions to more cost efficient channels.

ii. The percentage of monetary transactions at tellers was reduced from 41.% in 2009 to 35.% in 2010. This is especially relevant given that the total number of transactions grew by 17% in 2010, totaling 32.9 million.

Retail Banking

iii. BCP Agents channeled 51% more transactions than the previous year. The bank has decided to invest a great deal in this channel, as evidenced by the fact that it has the largest market share in points of sales and transactions.

iv. Our ATM network is highly efficient, considering that despite the fact that we are the second largest network in the country, we channel the highest number of transactions.

v. Cell phone banking continued to develop, generating over 350,000 transactions per month, despite being relatively new.

Customer Experience Management

Given that one of the strategies of Retail Banking is to develop long-term relationships with the clients, ***at the end of 2010 the Customer Experience Management Area was created in order to take a more proactive role in customer education, complaint management and, in general, the defense of the customer.***

Among the main initiatives undertaken during the year was the development of a mass campaign promoting the responsible use of credit cards during the most critical season of the year, the Christmas campaign; as well as the simplification of fees in order to guarantee increased transparency for customers.

Asset Management

Focused on creating a value chain

2010 was a year of significant growth for the Asset Management business, thanks to the consolidation of the new strategy implemented in 2009. The focus was based on consolidating a functional structure with an emphasis on generating more added value for our clients.

Private Banking[1]

We achieved a growth of 76% in income and 30.8% in funds under management[2] in comparison with the results for 2009.

We improved the quality of service with the help of the following initiatives, undertaken over the course of the year, setting us apart from our competitors:

- The renovation of the customer service offices.
- The assignation of investment specialists to our most important clients.
- The improved functional capacities of advisory tools.
- The definition of more efficient processes to attend to client requests.

Credifondo[3]

#1 in the market, with a share of 42.4% of funds under management and 33.1% in the number of participants (more than 90,000)

Funds under management grew 16% over the previous year, totaling US$ 2.37 billion as of the close of 2010.

We maintained our wide margin of leadership in the mutual funds industry in Peru through increased effectiveness implemented thanks to our distribution strategy and an improved profitability of our investment portfolios.

1 Private Banking: Clients with investable assets greater than US$400,000.
2 Managed Income: Mutual Funds + Deposits
3 Credifondo: Subsidiary of BCP

Asset Management

We achieved an outstanding performance in returns during 2010, where eight of the 10 funds offered took first or second place in their respective risk segments (six funds in first place and two funds in second place).

The BCP Shares Fund was the most profitable in the industry, with an annual return of 69.5%, for which reason the Financial Times recognized it as the variable income fund with the best performance in emerging markets.

Credibolsa[1]

First place in traded volume in the Lima Stock Market, with a total of US$ 2.444 billion traded and a share of 18.2%.

Income grew by 9.1%, totaling US$ 7.2 million at the close of the year.

- We channeled the buying and selling of shares with a market share of 15.64%, representing a traded volume of US$ 1.597 billion.
- We negotiated US$ 185 million in REPO transactions.
- We led the secondary fixed income market with a share of 50.53% and US$ 662 million of assets under management.
- We led the primary issues market with a share of 50%. Instruments in local currency were issued for a total of S/. 300 million, and in foreign currency for US$ 434 million. Among the main loans made, mention should be given to the two largest in the local market: Transportadora de Gas del Perú for US$ 150 million; and Pluspetrol Block 56 for US$ 127.5 million.

1 Credibolsa: Subsidiary of BCP

Treasury

During 2010, the Treasury of BCP maintained a solid position of leadership in the Peruvian financial system as a result of the growth of the market and our solid team of professionals, who helped provide integral consultancy to our clients. Among the most important results, we may note the following[1]

- The sustained and accelerated growth of the economy led the BCR to increase the reference rate from 1.25% to 3.00%, as well as to implement additional reserve requirements in both Nuevos Soles and U.S. Dollars. However, the adequate management of the balance sheet in both currencies enabled us to generate spaces for short-, medium- and long-term interest rates that were sufficiently competitive to increase our share in different products, currencies and terms.

- In the face of the growing demand for loans, we efficiently managed sources of alternative funding for US$926 million at a cost well below that of traditional sources, which, when added to the US$1.5 billion in short-term sources from foreign banks, and taking advantage of the international scenario, helped maintain solvency and liquidity ratios and reserve requirements within the established limits, ensuring the expected financial margin.

- ***As part of the ALM strategy, we ranked first in market share for traded volumes in interbank operations in Nuevos Soles and U.S. Dollars, with 19.8% and 15.4%, respectively.***

- ***No. 1 in spot market share*** between banks through the Datatec negotiation system.

- Our foreign exchange business increased its contribution to the Bank's net income, with a 29.3% growth in income.

- ***BCP maintained a share of 45.2% of all Certificates of Deposit issued by the BCR*** and first place in the secondary market, with a 26.6% share.

- Successful participation in the Peruvian government's bond exchange program, achieving an extraordinary gain of US$26 million.

1 Source: DATATEC, Data Técnicos S.A, subsidiary of the Lima Stock Market (Bolsa de Valores de Lima)

Treasury

- Significant participation in the secondary sovereign bonds market as part of the successful Market Creators Program[1], achieving a solid 8.4% share in the secondary market.
- In the forwards market, we obtained a solid share of approximately 20%, reaching a level of US$17 billion in traded volumes and US$18 million in earnings (10% more than 2009).
- The options product experienced a significant growth of 300% over 2009 in the flow of hedges as a result of the demand of local companies, who showed an interest in financial hedging to reduce the exchange rate risk and the development of structured products.
- Income from swaps agreed to with clients increased by 60.5%, while income from the swap trading portfolio increased by 32.6% over the course of the year.

1 Market Creators Program: Created by the Ministry of Economy and Finance (MEF) to promote the development of the domestic public debt market, where we have been active since 2003

Risks

Risk management is one of the Bank's strategic pillars. Accordingly, we ensure that it is in accordance with the best international practices. Thus, in 2010 we performance a risk management diagnosis with regard to those standards, identifying strengths and aspects that need improvement, which were collected in an action plan for the Kuelap Project to be carried out in three years.

In 2010, we implemented improvements in credit policies and the monitoring of business risks. The overdue loans over total loans showed a decreasing trend during the period; in that sense, it achieved a 1.46% level at the end of the year (1.59% in December 2009). Likewise, provisions over overdue loans increased from 192.3% to 198.3% during the same period.

Integration of Tools:

- We closely supervised the use of the risk-adjusted pricing tool implemented in February in our Wholesale Banking, through the permanent monitoring of the margins applied for each operation.
- In the SME segment, we incorporated new score models for both application and behavior, which significantly increased our ability to identify risks for the acceptance of new credits, as well as the management of the portfolio.
- In the consumer and credit card segment, we incorporated the use of scores (bureau scores and in-house scores for consumer pre-approval) in the pre-approval campaigns, which increased the quantity of pre-approved credits by 40% and maintained control of the risk.

Risk Monitoring:

- We initiated stress tests to determine impacts on expected losses and capital requirement.
- We performed initial metrics calculations for the risk-adjusted returns of the Bank, wholesale and retail banking, segments and products.
- We introduced limits in liquidity management that enable us to ensure the coverage of the net cash flow of the Bank in stress situations.

Other Achievements:

- We developed the first in-house retail risk models: score for consumer application (to be integrated into bank's operations during the first quarter of 2011) and score for revolving SME behavior (in use since mid-2010).
- We performed the first validation of market risk methodologies.

Internal Control

Internal Auditing

During 2010, we carried out a series of activities to introduce best international practices into the internal control system of the Corporation.

BCP's Internal Auditing Division, with the support of international consultants from PWC, modified and updated the Internal Auditing Methodology manual, introducing new concepts and principles agreed under the Internal Audinting Professional Practices Framework of the Institute of Internal Auditors (IIA) of the United States, an international supervisory body for the profession.

In an effort to disseminate and align the methodology through the entire Corporation and ensure continuous improvement and training, we created the Internal Auditors Committee of Credicorp, which periodically brings together the Heads and Managers of the Internal Auditing Units of all the subsidiaries.

We also created two new units, the Continuous Auditing unit and the Quality Assurance unit, in order to maintain a system for the monitoring of internal control using the best IT tools to accompany the growth in the volume of the Corporation's transactions and certify that the changes and improvements made in the internal control process are consistent and dynamic over time.

In September, the Auditing Division requested the authorization of the Superintendence of Banking, Insurance and AFP (SBS) in order for the BCP to elaborate its own annual risk-based auditing plan. This authorization was granted in December, and is given to banks that have solid internal auditing practices.

Lastly, during 2010 we placed particular emphasis on increasing the number of hours and the quality of training of the internal auditing team. Thanks to these efforts, ***we obtained international certifications in the areas of internal auditing (Certified Internal Auditor - CIA), control of information technology (COBIT), data security (ISO 27001) and assets laundering (AML/CA).***

Internal Control

Compliance

We have a Compliance Area which continued throughout 2010 to disseminate the culture of compliance and practices for the prevention of asset laundering in the Bank and the Corporation. This area also actively supported the initiatives carried out in the Financial System as a whole, working jointly with other banks and the SBS. This is particularly notable considering that Peru is working toward the adoption of the GAFISUD regulations, which represents significant challenges for the Financial System.

In line with our efforts to improve efficiency in the organization, the Compliance area, through a series of internal projects, could speed up its processes improving efficiency as well as the effectiveness of their controls. Among the most important projects implemented internally, mention should be made of the ***Behavior Model, which has helped identify and prioritize investigations related to possible cases of money laundering, reducing the volume of false alerts*** and increasing efficiency in alert detection.

We continue to make efforts to maintain a prevention culture of assets laundering. Accordingly, the Compliance Area also carried out a campaign on the Importance of Maintaining Healthy Relationships with Our Clients, aimed at key commercial positions responsible for complying with the Know Your Client policy. With a unique and creative proposal, messages were periodically sent on how complying with the Know Your Client policy also helps fulfill the commercial objectives of the Bank.

Social Responsibility

At BCP we are committed to respond to the needs of our environment in order to contribute to its sustainable development. During 2010, we have focused on three aspects: education, infrastructure and volunteer work, among which we may especially mention the following projects:

Education

Matemáticas para Todos – MPT (Mathematics for All): Towards achieving quality education

We are the leading national sponsor of the MPT program endorsed with the support of Instituto Apoyo and of 18 companies in the country. The program makes mathematics become a part of students' everyday life, presenting it in a more dynamic and amusing manner, favoring rational and not memory-based thinking.

74,000 school students benefited

41,000 educational material items delivered

791 teachers trained

64 benefited schools in 14 regions throughout the country

BCP in Projects for Taxes - Piura

We support the State in infrastructure projects

We are the first financing entity that collaborates with the State in reducing the infrastructure gap in Peru, under the Projects for Taxes Law (law 29230) through which we financed the project "Rehabilitation of Roads and Sidewalks in Urbanización Angamos – Stage 1," in the province of Piura.

S/. 4.5 million in public investment

2,122 m of asphalt in rehabilitated roads and sidewalks

1,341 persons benefitted

Implementation of new water and sanitation connections

Volunteering BCP

Volunteering at BCP: Reaching personal success beyond professional development

At BCP we promote a volunteering spirit among our employees, to generate development opportunities to those in need. The program is headed and managed by the Volunteering Committee that operates in Lima and in eight cities throughout Peru.

1,218 active volunteers

10,115 Volunteer hours invested and

13,536 hours invested in "Volunteering Ideas" projects

9,134 children benefited

1,558 trees planted

Efficiency

Lean Project

During 2010, the Lean Project continued being successfully implemented in "waves" covering the SME, Foreign Trade and Consumer loans segments, and in Expedition and Demand Management, helping improve the Bank's efficiency ratio and turning into a philosophy of continuous improvement within the institution.

After two years, 14 processes were successfully analyzed. Some of the most relevant general results included the following:

- Increase in productivity of between 32% and 147%.
- Reduction of times from the client's perspective of between 29% and 65%.
- Reduction of waiting times by 68%.

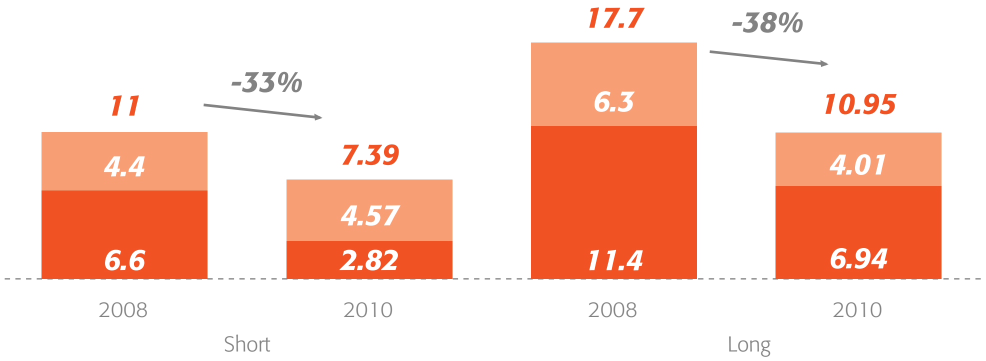
MAS Program

In line with the quest for efficiency in our organization, the Systems Division continued with the implementation of the MAS Program, achieving significant improvements, such as:

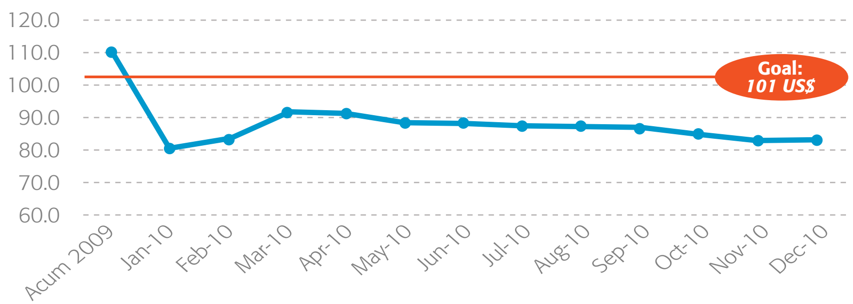
- Decrease in development time, through more efficient and quick processes.

- Reduction of costs per technical transaction by 24.15%, achieving an efficiency rate in systems costs of 9% without affecting the technological operating stability of the Bank (reflected in a 98.7% availability rate in all distribution channels).

Time to market
(Average time)



Expenses by executed transaction
(US$ by a thousand transactions)



Efficiency

Supply Management Project

The annual purchase volume of BCP hovers between US$300 million and US$400 million, making us one of the largest buyers in the local economy.

Since 2009, we have been working on a change in our approach in the search of economies of scale without affecting our standards of quality and correct timing.

Starting in 2010, this new approach entered into operation, centralizing approximately 51% of purchases and allowing for their strategic management.

IT Infrastructure Project

A project was performed, in BCP's Systems Division, for the adoption of the best industry practices in order to drastically increase effectiveness and efficiency in the management of IT infrastructure, which involved initiatives for cost optimization, improvement of processes and service management. The result was a saving of 20% in the budget for IT expenses and investments for 2010 and the following years.

Express Negotiation Project

During 2010, we implemented a rapid system for renegotiating debt with clients with payment problems, known as "Express Negotiation" This system was based on statistical models to identify those segments with a higher probability of loss.

The main results were:

- In a 12-month analysis, past due level on credit cards of clients with negotiation system totaled 33.2%, while past due level by those clients without this system was 52.7%. Besides, the ratio for installment loans was 26.3% vs. 53.1%.
- We tripled the number of renegotiated clients in Retail Banking Collections using the same installed capacity. 70% of these clients were originated from the express channel.

Project for a Disaster Recovery Center outside the Region

The data processing alternatives study that we performed in 2006 identified the need for a computer center outside the city of Lima in order to recover the Bank's critical services nationwide in the case of a major disaster that should shut down the two computer centers existing in the metropolitan region. For this purpose, we implemented the computer center in the facilities of IBM Corp. in Sao Paulo, Brazil. The project, carried out according to world class operating standards, was initiated in August 2009 and began production phase at the end of June 2010.

Eficiency

Security and Fraud Prevention

Under a new Comprehensive Security model, we achieved an increase of 105% in alarms from the Monitoring System and a 62% decrease in losses due to frauds.

With regard to physical security, we worked on various fronts, such as electronic security, the strategic partnership with the Peruvian Police Force (PNP) through the agreement with the Peruvian Banking Association (ASBANC), and the incorporation of a risk matrix by office. These measures enabled us to decrease the number of events by 80%, and losses by 84%, in comparison with 2009.

Cash Management in Offices and Automatic Teller Machines

The centralized management of cash allowed for savings of 13% with regard to the budget allocated for logistical expenses during 2010, thanks to the increased efficiency of the cash movements required to cover necessities in offices and ATMs, increasing the recirculation of cash between offices by 42% and the placement of cash surpluses in other banks by 18%.

Despite a 22% growth of transactions in our ATM network, the cash supply cost rose by only 7% over the previous year, due to the optimization of the demand prediction process and the adaptation of ATM capacities to the actual demand for cash.

Steel Case Project

As part of our plan to face new changes in the business, we established a conceptual strategy that organizes the new areas of the administrative offices and optimizes the use of available space. In addition to representing savings, this new concept promoted synergies between work groups and provided an incentive for creativity, innovation and the transmission of ideas, as well as providing technological tools and enabling connectivity, thus increasing the efficiency and productivity of our employees.

BCP Bolivia

We took on the challenge posed by our competition and managed to recover third place in loans, with one of the highest loan portfolio growths in the Bolivian banking system. This enabled us to achieve:

+28% in loans

Record growth in the Bank's history, with a noteworthy 39% increase in the SME portfolio.

-6% in general expenses

On the other hand, we commenced the change of image in our offices and achieved to optimize process in line with our command of efficiency improvement.

We also obtained the highest risk rating in the Bolivian financial system: AAA according to Fitch Ratings, achieving the following ratios:

Over due loans over total loans < 1.5%

Best portfolio quality in the entire history of the Bank.

Provisions over overdue loans > 270%

We were able to maintain a ***17.4% ROAE*** for BCP Bolivia, despite the surplus liquidity, mandatory reductions in fees and aggressive reduction of interest rates in the system.

Lastly, in 2010 we once again received various awards:

- "Best Bank in Bolivia" according to Global Finance and Euromoney, for the fifth and fourth consecutive year, respectively
- National Social Responsibility Award from the National Chamber of Industries (CNI)
- Paul Harris Award for Entrepreneurial Excellence, given to us for the third time.

Edyficar

During 2010, the positive results obtained through the synergies between BCP and Edyficar were clear. Thus, Edyficar continues to be an important vehicle to promote the expansion of the financial system and, above all, increase the access to credit for microenterprises in the country. Accordingly, BCP, through Edyficar, consolidated its commitment to support banking penetration through this successful business model, achieving the following results:

- ***+ 16 new Edyficar offices***
  Nationwide
- ***+ 34% in number of clients***
  With a total of 285,780 clients
- ***+ 43% in loan balances***
  Higher than the nearly 20% overall market growth.

Likewise, we have worked on innovating our products through a differentiated offer and improving our service processes to make them faster, providing the client with a satisfactory experience:

Micro Insurances and Home Improvement
New products for the D and E segment

Flexibilization of loan requirements
For credits of up to US$ 7,000, according to the credit risk assessment.

Segmentation of clients by risk level
Through a differentiated offer, we achieved 35% effectiveness in campaigns aimed to clients, increasing effectiveness by 50% with regard to results from the previous year.

Edyficar

The financial management of Edyficar also displayed a highly satisfactory performance, thanks to BCP's experience and support to the business. Our results:

A- Risk Rating
The best rating received among micro lending institutions, according to Equilibrium's rating.

Entry into the capital market
Achieved through debt improvement in terms of currency and term, and the renegotiation of more competitive rates with the backing of BCP.

Reduction of funding cost by 200 bps
Achieved through debt improvement in terms of currency and term, and the renegotiation of more competitive rates with the backing of BCP.

Overdue loans over total loans below the competition
We achieved a level of 4.0%, thanks to an adequate credit policy, accompanied by provisions over overdue loans ratio of over 180%.

We achieved:

47.1% ROAE

Likewise, Edyficar is committed to ensuring an excellent work environment for its employees, who are the foundation of the company's success, which was reflected in the following recognitions:

Amcham Certification – Good Employers

Certification awarded to companies recognized for good human resources practices, established by the American Chamber of Commerce in Peru.

Great Place to Work

Edyficar was rated among the top 27 companies with the best work environment.

Awards

Golden Effie 2010 Award
Category Launching of New Services: First Account

Award Euromoney 2010
Best Peruvian Bank

The Banker 2010
Best Peruvian Bank

Latin Finance 2010
Best Peruvian Bank

Instituto Latinoamericano de Comercio Electrónico ILCE (Latin American Institute for Foreign Trade) 2010
Commerce Awards Category "The most innovatives" for our Internet Banking service.

Chapter 6
Financial Statements

Banco de Credito del Peru and Subsidiaries
Consolidated statements of financial position (Proforma - Unaudited)
As of December 31, 2010 and 2009

	Exhibit	2010 US$(000)	2009 US$(000)
Assets			
Cash and due from banks:	1		
Non-interest bearing		1,614,404	929,482
Interest bearing		6,877,282	2,804,708
		8,491,686	**3,734,190**
Investments:			
Trading securities	2	115,568	70,774
Investments available-for-sale	3	1,504,370	3,037,001
		1,619,938	**3,107,775**
Loans, net:	4		
Loans, net of unearned income		14,334,841	11,577,303
Allowance for loan losses		(414,806)	(353,348)
		13,920,035	**11,223,955**
Financial assets designated ar fair value trough profit or loss		221,831	206,138
Property, furniture and equipment, net		307,956	272,638
Due from customers on acceptances		70,331	96,423
Assets seized, net		11,336	11,233
Intangible assets and goodwill, net		202,715	167,536
Other assets	5	495,909	420,771
Total assets		**25,341,737**	**19,240,659**

Banco de Credito del Peru and subsidiaries
Consolidated statements of financial position (Proforma - Unaudited)
As of December 31, 2010 and 2009

	Exhibit	2010 US$(000)	2009 US$(000)
Liabilities and Equity			
Deposits and obligations:	6		
Non-interest bearing		4,203,023	3,256,854
Interest bearing		12,849,602	11,198,070
		17,052,625	**14,454,924**
Financial liabilities designated ar fair value			
Through profit or loss		72,520	104,334
Due to banks and correspondents	7	3,646,026	1,278,245
Bankers`acceptances outstanding		70,331	96,423
Bonds and subordinated notes issued	8	1,974,535	1,235,931
Other liabilities	5	536,523	398,637
Total liabilities		**23,352,560**	**17,568,494**
Shareholders` equity			
Capital stock		783,213	667,250
Reserves		388,309	388,275
Unrealized gain		157,564	106,708
Retained earnings		660,091	509,932
Total shareholder`s equity		**1,989,177**	**1,672,165**
Total liabilities and shareholder`s equity		**25,341,737**	**19,240,659**

Banco de Credito del Peru and Subsidiaries
Consolidated statements of income (Proforma - Unaudited)
For the years ended December 31, 2010 and 2009

	2010 US$(000)	2009 US$(000)
Interest and dividends income		
Interest on loans	1,214,987	1,057,384
Interest on deposits in banks	31,881	13,775
Interest from trading securities and investments available-for-sale	99,921	104,454
Other interest income	8,594	34,991
Total interest and dividends income	**1,355,383**	**1,210,604**
Interest expense		
Interest on deposits and obligations	(120,128)	(269,361)
Interest on bonds and subordinated notes issued	(104,131)	(67,929)
Interest on due to banks and correspondents and borrowed funds	(128,466)	(27,925)
Other interest expense	(58,025)	(41,272)
Total interest expense	**(410,750)**	**(406,487)**
Net interest income and dividends	**944,633**	**804,117**
Provision for loan losses	(175,773)	(165,104)
Net interest income after provision for loan losses	**768,860**	**639,013**

Banco de Credito del Peru and Subsidiaries
Consolided statements of income (Proforma - Unaudited)
For the years ended December 31, 2010 and 2009

	2010 US$(000)	2009 US$(000)
Other income		
Banking services commissions	461,775	368,067
Net gain on foreign exchange transactions	104,361	89,017
Net gain on sales of securities	51,139	101,349
Other	77,451	52,270
Total other income	**694,726**	**610,703**
Other expenses		
Salaries and employees benefits	(481,821)	(394,994)
Administrative expenses	(282,779)	(266,363)
Depreciation and amortization	(66,066)	(56,587)
Other	(24,780)	(30,626)
Total other expenses	**(855,446)**	**(748,570)**
Income before translation result and income tax	**608,140**	**501,146**
Translation result	23,267	7,654
Income tax	(154,399)	(111,421)
Net income	**477,008**	**397,379**
Basic and diluted earnings per share (2,557,738 shares)	**0.19**	**0.16**

Banco de Credito del Peru and Subsidiaries
December 31, 2010 and 2009

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

	2010	2009
Net income in nuevos soles according to SBS Standar	**1,209,341**	**924,501**
Average exchange rate according to SBS 31-12-2010	2.809	2.890
Expressed net income in dollars to exchange rate SBS	**430,524**	**319,897**
Translation result from monetary accounts in nuevos soles	(8,688)	87,387
Translation result from monetary accounts in US dollars	23,267	7,654
Effect on exchange rate by non monetary items	18,677	(26,722)
Adjustments that would be required the net income under NIF`s instead of under SBS standards	13,228	9,164
Net income in US dollars according to International Financial Reporting Standards	**477,008**	**397,379**

Banco de Credito del Peru and Subsidiaries
Complementary exhibits to the information (Proforma - Unaudited)

1. Cash and due from banks

This item is made up as follows:

	2010 US$(000)	2009 US$(000)
Cash and clearing	770,794	678,384
Deposits in Peruvian Central Bank - BCR	6,307,977	2,107,635
Deposits in banks	1,405,908	946,571
	8,484,679	**3,732,590**
Accrued interest	7,007	1,600
Total	**8,491,686**	**3,734,190**

Banco de Credito del Peru and Subsidiaries
Complementary exhibits to the information (Proforma - Unaudited)

2. Trading securities

This item is made up as follows:

	2010 US$(000)	2009 US$(000)
Shares		
Listed equity securities	1,299	5
Bonds and similar instruments		
Peruvian treasury bonds	42,342	53,132
Corporate and leasing bonds	29,710	122
Participation in mutual funds	21,357	13,762
BCR deposit certificates	18,983	3,010
	112,392	70,026
Total	***113,691***	***70,031***
Accrued interest	1,877	743
Total	***115,568***	***70,774***

Banco de Credito del Peru and Subsidiaries
Complementary exhibits to the information (Proforma - Unaudited)

3. Investments available for sale

a) This item made up as follows:

	2010				2009			
	Amortized Cost	Unrealized gross amount Gains	Unrealized gross amount Losses	Estimated Market Value	Amortized Cost	Unrealized gross amount Gains	Unrealized gross amount Losses	Estimated Market Value
	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)
Fixed maturity								
BCR deposit certificates	363,829	21	-	363,850	1,545,343	386	(24)	1,545,705
Corporate, leasing and subordinated bonds	353,408	7,354	(574)	360,188	358,467	6,177	(452)	364,192
Grovemment treasury bonds	239,292	4,183	(333)	243,142	561,956	37,624	(27)	599,553
Participation in mutual funds	38,946	97	-	39,043	123,402	707	-	124,109
Central Banks of Bolivia deposit certificates	86,528	6	(7)	86,527	111,102	793	-	111,895
Participation in RAL`s funds	80,195	-	-	80,195	83,898	-	-	83,898
Negotiable deposit certificates	4,614	-	-	4,614	-	-	-	-
Bonds from international financial institutions	40,733	1,915	(85)	42,563	52,108	1,845	-	53,953
Others	6,725	111	(95)	6,741	7,361	109	(1)	7,469
	1,214,270	***13,687***	***(1,094)***	***1,226,863***	***2,843,637***	***47,641***	***(504)***	***2,890,774***
Shares								
Listed securities	43,809	221,096	-	264,905	40,599	77,229	-	117,828
Non-listed securities	3,767	51	(212)	3,606	3,013	32	(196)	2,849
	47,576	***221,147***	***(212)***	***268,511***	***43,612***	***77,261***	***(196)***	***120,677***
Total	***1,261,846***	***234,834***	***(1,306)***	***1,495,374***	***2,887,249***	***124,902***	***(700)***	***3,011,451***
Accrued interest				8,996				25,550
Total				***1,504,370***				***3,037,001***

Banco de Credito del Peru and Subsidiaries
Complementary exhibits to the information (Proforma - Unaudited)

b)

	2010		2009	
	Amortized Cost	Market Value	Amortized Cost	Market Value
	US$(000)	US$(000)	US$(000)	US$(000)
Up to 3 months	391,565	391,732	1,297,611	1,299,546
From 3 months to 1 year	268,420	268,622	840,656	842,453
From 1 to 3 years	201,442	204,421	183,631	186,207
From 3 to 5 years	144,171	147,547	373,293	408,061
Over 5 years	208,672	214,541	148,446	154,507
Without maturity (shares)	47,576	268,511	43,612	120,677
Total	**1,261,846**	**1,495,374**	**2,887,249**	**3,011,451**

Banco de Credito del Peru and Subsidiaries
Complementary exhibits to the information (Proforma - Unaudited)

4. Loans, net

a) This item is made up as follows:

	2010 US$(000)	2009 US$(000)
Direct loans		
Loans	9,793,018	7,913,975
Leasing receivables	2,363,807	2,004,673
Credit card receivables	1,305,883	1,059,433
Discount notes	477,709	349,126
Factoring receivables	104,433	163,443
Advances and overdrafts	250,974	46,997
Refinanced and restructured loans	76,707	59,459
Past due and under legal collection loans	209,142	183,791
	14,581,673	***11,780,897***
Add (less)		
Accrued interest	96,171	79,275
Uneamed interest	(343,003)	(282,869)
Allowance for loan losses	(414,806)	(353,348)
Total direct loans, net	***13,920,035***	***11,223,955***
Indirect loans	***3,129,547***	***2,412,125***

Banco de Credito del Peru and Subsidiaries
Complementary exhibits to the information (Proforma - Unaudited)

b) Direct loan portfolio is distributed among the following economic sectors:

	2010		2009	
	US$(000)	%	US$(000)	%
Sector				
Manufacturing	2,974,399	20.4	2,519,973	23.5
Mortgage	2,058,403	14.1	1,752,460	13.1
Commerce	1,931,441	13.2	1,290,555	12.3
Consumer loans	1,747,410	12.0	1,471,055	11.0
Electricity, gas and water	969,437	6.6	782,289	5.1
Micro-bussines	953,394	6.5	739,157	5.7
Leaseholds and real estate activities	711,099	4.9	486,472	4.6
Mining	891,338	6.1	684,841	6.3
Communications, storage and transportation	715,383	4.9	553,442	6.0
Agriculture	266,554	1.8	246,813	2.0
Financial services	313,786	2.2	294,729	3.1
Construction	129,977	0.9	172,403	2.1
Fishing	114,545	0.8	118,106	0.7
Education, health and other services	176,888	1.3	156,092	1.2
Other	627,619	4.3	512,510	3.3
Total	**14,581,673**	**100.0**	**11,780,897**	**100.0**

Banco de Credito del Peru and Subsidiaries
Complementary exhibits to the information (Proforma - Unaudited)

(c) The credit risk classification of the loan portfolio is as follows:

2010

	Direct credits US$(000)	%	Indirect credits US$(000)	%	Total US$(000)	%
Normal	13,870,942	95.1	3,075,005	98.3	16,945,947	95.7
Potential problems	314,085	2.2	49,497	1.6	363,582	2.1
Substandard	125,376	0.9	1,559	0.0	126,935	0.7
Doubtful	121,345	0.8	2,468	0.1	123,813	0.7
Loss	149,925	1.0	1,018	0.0	150,943	0.8
	14,581,673	**100.0**	**3,129,547**	**100.0**	**17,711,220**	**100.0**

2009

	Direct credits US$(000)	%	Indirect credits US$(000)	%	Total 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	0.2	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**

Banco de Credito del Peru and Subsidiaries
Complementary exhibits to the information
(Proforma - Unaudited)

5. Other assets and other liabilities

This item is made up as follows:

	2010 US$(000)	2009 US$(000)
Other assets		
Financial instruments:		
Accounts receivable	83,169	40,212
Operations in process	2,686	35,461
Value added tax	183,260	152,512
Income tax prepayments, net	15,950	47,306
	285,065	***275,491***
Non-financial instruments:		
Deferred expenses	85,570	51,259
Deferred income tax asset	95,237	70,901
Investment in related companies	9,422	7,068
Other	20,615	16,052
	210,844	***145,280***
Total	***495,909***	***420,771***
Other liabilities		
Financial instruments:		
Tax, payroll salaries and other personnel expenses	177,106	136,073
Accounts payable	155,032	106,345
Operations in process	24,822	51,187
Contributions	6,001	3,527
Allowance for indirect loan losses	32,894	26,132
	395,855	***323,264***
Non-financial instruments:		
Deferred income tax liability	105,149	44,624
Provision for sundry risks	17,818	25,655
Deposit insurance fund	17,701	5,094
	140,668	***75,373***
Total	***536,523***	***398,637***

Banco de Credito del Peru and Subsidiaries
Complementary exhibits to the information
(Proforma - Unaudited)

6. Deposits and obligations

(a) This item is made up as follows:

	2010 US$(000)	2009 US$(000)
Non-interest bearing deposits and obligations		
In Peru	3,631,397	2,694,532
In other countries	571,626	562,322
	4,203,023	**3,256,854**
Interest bearing deposits and obligations		
In Peru	10,759,820	8,798,291
In other countries	2,048,252	2,345,207
	12,808,072	**11,143,498**
Total	**17,011,925**	**14,400,352**
Interest payable	41,530	54,572
Total	**17,052,625**	**14,454,924**

(b) Deposits and obligations are classified by type as follows:

	2010 US$(000)	2009 US$(000)
Time deposits	5,691,649	5,239,159
Demand deposits	5,347,702	4,401,488
Saving deposits	4,244,939	3,539,917
Severance indemnity deposits	1,313,123	1,069,506
Client - Repurchase agreements	250,000	35,000
Bank and Deposit negotiable certificates	163,682	115,282
Total	**17,011,095**	**14,400,352**

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

	2010 US$(000)	2009 US$(000)
Up to 3 months	4,952,606	3,073,774
From 3 months to 1 year	503,948	884,180
From 1 to 3 years	194,037	124,056
From 3 to 5 years	41,058	61,010
More than 5 years	-	1,096,139
Total	**5,691,649**	**5,239,159**

Banco de Credito del Peru and Subsidiaries
Complementary exhibits to the information (Proforma - Unaudited)

7. Due to banks and correspondents

(a) This item is made up as follows:

	2010 US$(000)	2009 US$(000)
International funds and others	3,348,962	1,161,882
Promotional credit lines	145,984	81,550
Inter-bank funds	133,240	29,031
	3,628,186	1,272,463
Interest payable	17,840	5,782
Total	**3,646,026**	**1,278,245**

Banco de Credito del Peru and Subsidiaries
Complementary exhibits to the information (Proforma - Unaudited)

8. Bonds and subordinate notes issued

a) This item is made up as follows:

	2010 Average annual interest rate %	2009 Average annual interest rate %	Maturity	Currency	2010 US$(000)	2009 US$(000)
Local Issuances						
Corporate Bonds	6.76	6.74	Between March 2011 and july 2018	S/.	304,847	331,696
Subordinated Bonds	7.33	7.35	Between october 2012 and may 2027	S/. and US$	152,972	156,454
Leasing Bonds	6.81	7.11	Between february 2011 and August 2018	S/. and US$	134,884	188,861
Negotiable deposit certificates - Edyficar	4.23	5.96	November 2011	S/.	17,077	6,531
Mortgage bonds	7.62	7.67	Between may 2011 and april 2012	US$	4,984	10,602
Mortgage letters	-	-	January 2011		19	11
					614,783	***694,155***
International Issuances, related through Panama BCP Branch						
Senior Bonds	5.38	-	Setember 2020	US$	800,000	-
Subordinated junior Notes	9.75	9.75	November 2069	US$	250,000	250,000
Subordinated Notes	7.17	7.17	October 2022	S/.	163,782	158,342
Negotiable deposit subordinated certificate	6.95	6.95	November 2021	US$	120,000	120,000
Total					***1,948,565***	***1,222,497***
Interest payable					25,970	13,434
Total					***1,974,535***	***1,235,931***

b)

	2010 US$(000)	2009 US$(000)
Up to 3 months	37,127	26,097
From 3 months to 1 year	141,052	81,540
From 1 to 3 years	105,911	201,309
From 3 to 5 years	104,886	155,563
Over 5 years	1,559,590	757,989
	1,948,565	***1,222,497***

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, 2010 and 2009 together with the Independent Auditors' Report

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, 2010 and 2009 together with the Independent auditors' report

Content

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

Independent auditor's report

To the shareholders 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, 2010 and 2009, and the consolidated statements of income, changes in shareholders' equity and cash flows for each of the three years ended December 31, 2010, 2009 and 2008, and the summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Independent auditor's report (continued)

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

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Banco de Crédito del Perú and Subsidiaries as of December 31, 2010 and 2009, and the consolidated results of its operations and its consolidated cash flows for each of the three years ended December 31, 2010, 2009 and 2008; in accordance with accounting principles prescribed by the Superintendencia de Banca, Seguros y AFP (SBS) for Peruvian financial entities.

Lima, Peru,
February 22, 2011

Medina, Zaldívar, Paredes & 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, 2010 and 2009

	Note	2010 S/.(000)	2009 S/.(000)
Assets			
Cash and due from banks:	5		
Cash and clearing		2,164,682	1,960,535
Deposits in Peruvian Central Bank		17,719,107	6,091,065
Deposits in local and foreign banks		3,783,874	2,518,831
Accrued interest on cash		19,679	4,616
		23,687,342	10,575,047
Interbank funds		165,733	216,754
Investments at fair value through profit or loss and available-for-sale investments, net	6	4,536,565	8,944,193
Loans, net	7	39,085,582	32,426,538
Investments in associates		35,849	29,855
Property, furniture and equipment, net	8	997,157	898,223
Other assets, net:			
Financial instruments at fair value	9	623,496	594,304
Other, net	9	1,828,055	1,602,492
Total assets		70,959,779	55,287,406
Off-balance sheet accounts -	18		
Contingent operations		28,855,244	26,553,753
Other		242,271,804	189,734,529
Total		271,127,048	216,288,282

	Note	2010 S/.(000)	2009 S/.(000)
Liabilities and shareholders' equity			
Deposits and obligations	10	47,900,771	41,784,815
Interbank funds		374,319	83,902
Due to banks, correspondents and other entities	11	9,866,942	3,610,227
Bonds and subordinated notes issued	12	5,546,470	3,571,842
Other liabilities, net	9	1,732,227	1,407,344
Total liabilities		65,420,729	50,458,130
Shareholders' equity	14		
Capital stock		2,557,738	2,228,288
Legal reserve		895,208	546,519
Special reserve		433,947	782,538
Unrealized results		442,816	347,430
Retained earnings		1,209,341	924,501
Total shareholders' equity		5,539,050	4,829,276
Total liabilities and shareholders' equity		70,959,779	55,287,406
Off-balance sheet accounts -	18		
Contingent operations		28,855,244	26,553,753
Other		242,271,804	189,734,529
Total		271,127,048	216,288,282

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, 2010, 2009 and 2008

	Note	2010	2009	2008
		S/.(000)	S/.(000)	S/.(000)
Financial income and expenses				
Financial income	19	3,790,337	3,716,174	3,806,220
Financial expenses	19	(1,142,336)	(1,257,112)	(1,642,574)
Gross financial margin		2,648,001	2,459,062	2,163,646
Allowance for loan losses, net	20	(600,533)	(517,892)	(272,463)
		2,047,468	1,941,170	1,891,183
Gain (loss) for exchange difference		24,404	(252,547)	49,435
Net financial margin		2,071,872	1,688,623	1,940,618
Non - financial income				
Banking services commissions, net	21	1,298,332	1,088,567	990,698
Net gain on securities	22	174,876	254,964	74,955
Net gain on foreign exchange transactions		243,978	202,528	324,420
Other non - financial income	23	319,261	272,114	234,586
		2,036,447	1,818,173	1,624,659
Operating expenses				
Salaries and employees' benefits	24	(1,299,130)	(1,148,069)	(831,247)
General and administrative		(709,029)	(713,459)	(622,785)
Depreciation and amortization	8(a) and 9(d)	(219,026)	(181,740)	(137,827)
Provision for seized assets		(4,136)	(4,033)	(7,343)
Taxes and contributions		(79,889)	(84,722)	(61,197)
Goodwill amortization		-	-	(980)
Other operating expenses	23	(70,171)	(71,865)	(230,220)
		(2,381,381)	(2,203,888)	(1,891,599)
Income before workers' profit sharing and income tax		1,726,938	1,302,908	1,673,678
Workers' profit sharing	13(b)	(69,929)	(49,265)	(41,557)
Income tax	13(b)	(447,668)	(329,142)	(297,575)
Net income		1,209,341	924,501	1,334,546
Basic and diluted earnings per share (in nuevos soles)		0.4728	0.3615	0.5218
Weighted average number of outstanding shares, adjusted by stock splits (in thousands)	25	2,557,738	2,557,738	2,557,738

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

Banco de Crédito del Perú and Subsidiaries

Consolidated statements of changes in shareholders' equity

For the years ended December 31, 2010, 2009 and 2008

	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, 2008	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	-	-	-	-	(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)	-	-	-	-	602,416	-	602,416
Net transfer of realized gain on available-for-sale investments to income statements, note 14(d)	-	-	-	-	(285,226)	-	(285,226)
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
Capitalization of income, note 14(a)	329,450	329,450	-	-	-	(329,450)	-
Transfer to legal reserve, note 14(c)	-	-	348,689	(348,689)	-	-	-
Transfer to special reserve, note 14(c)	-	-	-	98	-	(98)	-
Cash dividends, note 14(e)	-	-	-	-	-	(594,953)	(594,953)
Net unrealized gain on available-for-sale investments, note 14(d)	-	-	-	-	254,256	-	254,256
Net transfer of realized gain on available-for-sale investments to income statements, note 14(d)	-	-	-	-	(144,229)	-	(144,229)
Net unrealized loss on cash flow hedges, note 14(d)	-	-	-	-	(14,641)	-	(14,641)
Net income	-	-	-	-	-	1,209,341	1,209,341
Balances as of December 31, 2010	2,557,738	2,557,738	895,208	433,947	442,816	1,209,341	5,539,050

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, 2010, 2009 and 2008

	2010 S/.(000)	2009 S/.(000)	2008 S/.(000)
Cash flows from operating activities			
Net income	1,209,341	924,501	1,334,546
Adjustments to reconcile net income to net cash provided by operating activities:			
Allowance for loan losses, net of recoveries	600,533	517,892	272,463
Depreciation and amortization	219,026	181,740	137,827
Goodwill amortization	-	-	980
Deferred income tax and workers' profit sharing	1,483	(5,206)	(40,664)
Provision for seized assets	4,136	4,033	7,343
(Gain) loss from valuation of indexed certificates	(156,625)	(98,244)	190,994
Loss (gain) from share-based compensation plan	192,260	158,447	(86,898)
Net gain from sale of securities	(174,876)	(254,964)	(74,955)
Net gain from sale of seized assets	(16,396)	(17,257)	(41,641)
Changes in asset and liability accounts:			
Other assets	116,238	(144,691)	63,802
Other liabilities	44,219	(144,493)	(232,867)
Net cash provided by operating activities	2,039,339	1,121,758	1,530,930

Consolidated statements of cash flows (continued)

	2010 S/.(000)	2009 S/.(000)	2008 S/.(000)
Cash flows from investing activities			
Sales of property, furniture and equipment	1,183	13,424	5,600
Sales of seized assets	24,973	15,780	65,660
Acquisition of Edyficar, net of cash received	-	(263,147)	-
Purchase of intangible assets	(182,169)	(121,823)	(97,496)
Purchase of property, furniture and equipment	(236,284)	(162,891)	(270,823)
Net cash used in investing activities	(392,297)	(518,657)	(297,059)
Cash flows from financing activities			
Net increase (decrease) of deposits and obligations	6,115,956	(2,105,735)	10,896,687
Net sale (purchase) of trading securities	4,698,361	1,378,727	(529,842)
Net sale (purchase) of investments in associates and received dividends	(2,914)	11,940	(21,093)
Net increase (decrease) of due to banks, correspondents and other entities, and interbank funds	6,547,132	(404,651)	(558,183)
Net increase of bonds and subordinated notes issued	1,974,628	1,031,051	336,943
Net increase of loan portfolio	(7,272,957)	(318,710)	(8,393,897)
Cash dividends	(594,953)	(613,873)	(371,163)
Net cash (used in) provided by financing activities	11,465,253	(1,021,251)	1,359,452
Net increase (decrease) in cash and cash equivalents	13,112,295	(418,150)	2,593,323
Cash and cash equivalents at the beginning of year	10,575,047	10,993,197	8,399,874
Cash and cash equivalents at the end of year	23,687,342	10,575,047	10,993,197
Supplementary cash flow information			
Cash paid during the year for:			
Interests	1,115,817	1,344,624	1,402,722
Income tax	469,012	394,856	385,660
Non-cash flows transactions			
Related parties liabilities, note 10(d)	4,130,812	-	-

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

1. **Operations**

Banco de Crédito del Perú (hereinafter "the Bank" or "BCP") was incorporated in 1889 and is a subsidiary of Credicorp Ltd. (a holding incorporated in Bermuda in 1995), which as of December 31, 2010 owns directly and indirectly 12.73 and 84.87 percent, respectively of its capital stock (97.41 percent of direct participation as of December 31, 2009).

The Bank's registered office is at Calle Centenario N°156, La Molina, Lima, Peru. As of December 31, 2010, the Bank and its Subsidiaries has 328 branches and agencies in Peru and 2 branches abroad (329 branches and agencies in Peru and 2 branches abroad as of December 31, 2009).

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

The accompanying consolidated financial statements include the Bank's financial statements and those of its Subsidiaries in which the Bank has more than 50 percent of direct or indirect participation. The main financial data of the Bank and its Subsidiaries, which are included in the consolidation process as of December 31, 2010 and 2009, before eliminations for consolidation purposes, is as follows:

Entity	Activity and country	Percentage of participation		Assets		Liabilities		Equity		Net income	
		2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
		%	%	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)
Banco de Crédito del Perú	Banking, Peru	-	-	67,211,152	51,915,094	61,672,102	47,085,818	5,539,050	4,829,276	1,209,341	924,501
Banco de Crédito de Bolivia and Subsidiaries	Banking, Bolivia	95.92	95.92	3,146,291	3,167,512	2,882,622	2,864,157	263,669	303,355	44,306	82,148
Empresa Financiera Edyficar S.A., note 2	Micro-credits, Peru	99.79	99.79	1,289,975	780,057	1,134,154	685,163	155,821	94,894	47,326	2,931
Inversiones BCP S.A.	Holding, Chile	99.99	99.99	719,830	322,260	101,472	48,927	618,358	273,333	9,054	7,074
Solución Empresa Administradora Hipotecaria S.A. (*)	Mortgage loans, Peru	100.00	100.00	245,262	173,994	214,661	145,827	30,601	28,167	5,098	2,961
Credifondo S.A. - Sociedad Administradora de Fondos	Mutual funds management, Peru	100.00	100.00	94,811	85,928	8,165	13,134	86,646	72,794	49,009	31,345
Credibolsa - Sociedad Agente de Bolsa S.A.	Brokerage, Peru	100.00	100.00	66,198	46,821	15,659	11,888	50,539	34,933	11,475	1,370
Creditítulos Sociedad Titulizadora S.A.	Assets securitization management, Peru	100.00	100.00	13,908	10,143	2,765	669	11,143	9,474	671	792
Inmobiliaria BCP S.A.	Real estate, Peru	100.00	100.00	4,458	6,676	1,755	237	2,703	6,439	5,615	1,521

(*) Following a shareholder's agreement dated May 25, 2010, and after SBS approval, Solución Financiera de Crédito del Perú S.A. changed its name and social purpose to Solución Empresa Administradora Hipotecaria S.A.; its new business activity is granting mortgage loans.

The consolidated financial statements as of December 31, 2009 and for the year then ended were approved by the General Shareholders Meeting dated March 26, 2010 with no modifications. The accompanying consolidated financial statements as of December 31, 2010, were approved by the Audit Committee and Management on February 22, 2011, and will be submitted for their final approval by the Board of Directors and the General Shareholders Meeting within the period established by law. In Management's opinion, the 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 99.79 percent of the capital stock of Empresa Financiera Edyficar S.A. (hereinafter "Edyficar"). The total amount paid for the acquisition amounted to US$96.1 million (approximately S/.274.0 million), which includes related direct acquisition costs.

The acquisition of Edyficar was recorded in accordance with IFRS 3 "Business Combinations" applicable at the date of the transaction, using the 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 the deferred income tax and workers' profit sharing due to fair value recognition. The book values and 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, note 8(a)	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 its Subsidiaries' Management has complied with the regulations established by the SBS in force in Peru as of December 31, 2010 and 2009. Significant accounting principles and practices used in the preparation of the Bank and its Subsidiaries' consolidated financial statements are the following:

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

(i) Basis for presentation and use of estimates -

The accompanying consolidated financial statements have been prepared from the Bank and its Subsidiaries' accounting records, which are maintained in nominal Peruvian currency (nuevos soles), in accordance with SBS regulations and, supplementary, with International Financial Reporting Standards - IFRS approved by the Consejo Normativo de Contabilidad (hereinafter "CNC" for its Spanish acronym) in force in Peru as of December 31, 2010 and 2009, see paragraph (y.1) below.

The Subsidiaries and branches' accounting records are maintained in the currency of 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 each year consolidated income statements. Also, the Subsidiaries and branches financial statements were standardized to the SBS accounting rules.

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

(ii.a) On November 19, 2008, the SBS issued Resolution N°11356-2008, which became effective July 1, 2010, except for the pro-cyclical provisioning requirements, which have been in effect since December 1, 2008. The objective of the pro-cyclical provisioning requirements is to increase generic provisions for loans classified as normal, especially consumer loans, see note 7(e).

The main changes introduced by SBS Resolution N°11356-2008 are:

- Establish new types of loan portfolio classification, increasing the existing four categories (commercial, consumer, micro-business and mortgage) to eight (corporate loans, large business loans, medium business loans, small business loans, micro-business loans, revolving consumer loans, non revolving consumer loans and residential mortgage loans) which are classified, mainly, depending on the debtor's total revenue and its debt's level in the financial system, see note 3(e).

- Separates the loan portfolio in retail and non retail borrowers. Retail borrowers include individuals or legal entities with direct or indirect loans classified as consumer (revolving and none revolving), micro-business, small business or mortgage loans. Non retail borrowers are individuals or legal entities with direct or indirect loans with corporate, large business or medium business loans.

- Establish credit conversion factors to determine the "Equivalent exposition to credit risk" over indirect loans. The factors can be 0, 20, 50 and 100 percent, depending on the credit type, which will be the base to calculate the required provision.

- Establish new percentages for the provision on credits classified as normal, see note 7(e)(i).

- Requires that for each loan past due over 90 days, its expected loss on each borrowed amount must be estimated. Such estimation must consider the economic situation and the transaction conditions, including the collateral's value, type of credit, borrower's economic activity or sector, among others. The recorded specific allowance must be the greater amount between the expected loss and the allowance estimated following general procedures, see paragraph (e).

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

(ii.b) On February 24, 2010, the SBS issued Resolution N°1967-2010, which establishes the accounting procedures for intangible assets with finite and indefinite useful live.

- Finite useful live intangible assets will be amortized in no more than 5 years, and the adopted amortization method cannot be modified without the SBS approval.

- Indefinite useful live assets, as goodwill, registered before January 1, 2010, will be amortized following to regulations in force on the date of initial recognition, and considering a period of no more than 5 years. Indefinite useful live assets recognized after January 1, 2010, will be recognized at cost, less any accumulated impairment. This new accounting principle had no effect, because the SBS had authorized the Bank and its Subsidiaries to recognize of goodwill at cost, less any impairment, see following paragraph (m).

(b) Consolidation -

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

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

Business acquisitions in which control is acquired are recorded using the purchase method. This involves recognizing the 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 of acquisition cost over the fair value of the identifiable net assets, including intangible assets acquired; is recorded as goodwill, see paragraph (m). If the acquisition cost is less than the fair value of the net identifiable assets, the difference is recorded directly in the consolidated income statement in the acquisition year.

Consolidated financial statements include the financial statements of entities described on note 1. 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 accounting records of the Bank's Subsidiaries comply with the information requirements established by the legal regulators of the countries where they are located. The Bank and its

Subsidiaries consolidated financial statements, which are included in annual reports and other public financial information, are presented in accordance with SBS regulations.

The accounting records of the subsidiaries and branches established abroad are maintained in the local currency of each country. For consolidation purposes, their balances were converted into nuevos soles, the reporting currency, using the exchange rate prevailing as of the date of each balance sheet and all conversion differences were recorded in the consolidated income statement caption "Gain (loss) from exchange difference".

(c) Financial instruments -

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

Financial assets and liabilities stated in the consolidated balance sheet correspond to cash and due from banks, interbank funds, investments (at fair value through profit or loss, available-for-sale and in associates), financial instruments at fair value, loans, accounts receivable (presented in the caption "Other assets, net") and liabilities in general, except for the liability for deferred income tax and worker's profit sharing. In addition, all indirect loans are considered to be financial instruments. The specific accounting policies on recognition and measurement of these items are disclosed in the accounting policies described in this note.

(d) Recognition of 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 recognized as revenue on a cash basis. When Management determines that the debtor's financial condition has improved and the loan is reclassified as current and/or in the categories of normal, with potential problems or substandard, interest is again recorded on an accrual basis.

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 renewal of credit cards, which are recorded on an accrual basis during the term or renewal of the contract.

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 (contingent) are recorded when documents supporting such facilities are issued. Loans with changes in their payment schedules due to difficulties in the debtors' compliance with original 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 loan.

As of December 31,2009, the allowance for loan losses was determined following guidelines established by SBS Resolutions N°808-2003, N°11356-2008 (concerning the application of the pro-cyclic rule) and N°6941-2008 "Regulation for Managing the Risk of Retailer Debtors with High Leverage Levels". As of December 31, 2010, as previously explained in paragraph (a)(ii), the allowance for loan losses was determined following the criteria of SBS Resolutions N°11356-2008 and N°6941-2008. In accordance with said criteria, Management periodically executes reviews and analysis of the loan portfolio, classifying it in one of the following categories: normal, with potential problems, substandard, doubtful or loss, depending on the non-payment risk grade of each debtor.

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

As of December 31, 2010, the allowance for indirect loans, as mentioned in paragraph (a)(ii), is determined over the basis of a loan conversion factor. As of December 31, 2009, the allowance for indirect loans was determined over the basis of the total of such loans.

The calculation of the allowance for direct loans 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 collaterals (mainly cash deposits and rights on credit certificates); highly liquid preferred collaterals (treasury bonds issued by the Peruvian Government, securities included in the Lima Stock Exchange Selective Index, among others) or preferred collaterals (primary pledge on financial instruments, machinery or property, agriculture or mining pledge, insurance on 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 guarantor's classification.

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 loans is presented as a liability in the caption "Others liabilities, net", note 9(a).

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, 2010, the Bank and its Subsidiaries have recorded an allowance for loan losses that exceeds the minimum amount required by the SBS, with the aim of covering additional risks that are estimated in the loan portfolio for approximately S/81.2 million (S/41.8 million as of December 31, 2009). This allowance complies with SBS requirements. Additionally, as of December 31, 2010 and 2009, the Bank and its Subsidiaries maintain pro-cyclical allowances that amount to S/.210.0 and S/.164.1million, respectively, note 7(e).

(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° 1737-2006 "Regulation for Trading and Accounting of Derivatives for Financial Entities" and amendment, as explained below:

Trading -

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

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(a).

Hedging -

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

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

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

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

If the hedge instrument expires, sold, terminated or exercised, or when 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, 2010 and 2009, following the SBS permission, the derivative financial instruments maintained by the Bank and its Subsidiaries have been 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 recognized at fair value in the consolidated income statement unless the Bank and its Subsidiaries choose to designate the hybrid contracts (host and embedded derivative) at fair value through profit and loss.

As of December 31, 2010 and 2009, in accordance with SBS Resolution N°1737-2006, the Bank has Indexed Certificates 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 inception at fair value through profit and loss. Therefore, the separation of the embedded derivative is not required, note 9(b).

(h) Investments at fair value through profit or loss, available-for-sale and held-to-maturity -

SBS Resolution N° 10639-2008 "Regulations for the classification and valuation of investments" came in force on March 1, 2009; therefore, at that date and following SBS guidelines, the Bank and its Subsidiaries recorded the accumulated unrealized gain or loss from the fair value valuation of available-for-sale investments in the consolidated equity caption "Unrealized gains (losses). Therefore, as of December 31, 2010 and 2009, the initial recognition and the subsequent measurement of investments at fair value through profit or loss, available-for-sale and held to maturity, are carried out following SBS Resolution N° 10639-2008 and amendment. The guidelines for valuation of investments, according to their classification are as follows:

- Investments at fair value through profit or loss – Initial recognition is at fair value, without considering the transaction costs. Subsequent measurement of these investments is at fair value and any profit or loss arising from changes in the initial cost and subsequent fair value is recognized directly in the income statement.

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

  In the case of debt securities, before their subsequent measurement 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.

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

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

The Bank and its Subsidiaries must 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.

SBS Resolution N°10639-2008, considers 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) Investments in associates -
This category includes only equity securities acquired with the purpose of having equity participation and/or significant influence in other entities or institutions.

Investments in associates are initially recognized at their fair value including the transaction costs directly attributable to their acquisition; after their initial recognition, they 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 for impairment; nevertheless, the SBS at its own criteria, can require the recognition of an additional provision for impairment.

(j) Property, furniture and equipment and depreciation -

Property, furniture and equipment are recorded at acquisition cost, less accumulated depreciation and accumulated amount of impairment, if applicable. 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 measured fairly. The cost and its corresponding accumulated depreciation and any impairment loss of an asset sold or retired are eliminated from the corresponding accounts and the related gain or loss is included in the consolidated income statement.

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

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

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

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

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

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

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

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

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

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

(l) Finite useful live intangible assets -
Finite useful live intangible assets, included in the caption "Other assets, net" of the consolidated balance sheets, comprise, principally, acquisitions and developments of software used by the Bank and its Subsidiaries in their operations and are registered at cost; it also includes brand rights of use, which are recorded considering the related contract; as well as finite useful live intangible assets identified in the acquisition of Edyficar, note 2, which were recognized on the consolidated balance sheets at their fair values determined at the acquisition date using the "Multi-period Excess Earning Method".

The estimated useful lives of the Bank and its Subsidiaries' intangibles are:

	Years
Brand name	5
Client relationships	5
Software	5
Brand rights of use	5
Other	5

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

(m) Indefinite useful live intangible assets - Goodwill -
As of December 31, 2010 and 2009, goodwill results from the difference between the estimated fair value of Edyficar net assets and the amount paid for such assets, see note 2. This goodwill is measured at its cost less any impairment loss, which is tested annually or more frequently when

any event or change in circumstances indicates that the fair value may be impaired, see following paragraph (q).

(n) Bonds and subordinated notes issued -
Includes the liabilities from the issuance of different types of bonds and subordinated notes, which are recorded at their nominal value, recognizing the accrued interest in the consolidated results of the year. Discounts granted or premiums generated in their placement are deferred in the "Other assets, net" and "Other liabilities, net" captions of the consolidated balance sheets, respectively, and are amortized during the term of each bond.

(o) Income tax and workers' profit sharing -
Income tax and worker's profit sharing are calculated on the basis of taxable income determined for tax purposes, which is determinate using principles that differ from accounting principles used by the Bank and its Subsidiaries.

Deferred income tax and workers' profit sharing reflect the effects of temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the amounts determined for tax purposes. Deferred assets and liabilities are measured using the tax rates expected to be applied to taxable income in the years in which temporary differences are expected to be recovered or settled. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences which arise from the way in which the Bank and its Subsidiaries expect to recover or eliminate the carrying amount of its assets and liabilities at the consolidated 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 sheets, 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 tax and workers' profit sharing considering the tax rate applicable to its non-distributed earnings; any additional tax on dividends distribution is recorded on the date a liability is recognized.

(p) Share-based payment transactions -
The Bank and its Subsidiaries have a share-based payment plan which, until 2008, consisted of rights/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 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 sheets, multiplied by the difference between the estimated market price of the rights/options at the date of the consolidated balance sheet and the agreed 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 April 2009, the Bank and its Subsidiaries implemented a new share-based payment plan, replacing the plan explained in previous paragraphs, which consists in granting a number of Credicorp shares. In connection to this plan, the Bank and its Subsidiaries acquired Credicorp shares, which are legally granted to the executives, such shares accrue in a period of 3 years, 33 percent each year, starting on the grant date (April of each year). Following SBS Official Letter N°9771-2009, dated March 24, 2009, the Bank and its Subsidiaries record as a personnel expense the acquisition cost of the shares legally granted to the executives.

(q) Impairment -

When changes or certain events indicate that the value of an asset may not be recovered, the Bank and its Subsidiaries review the value of property, furniture and equipment, goodwill and intangible assets (including brand name and client relationships) 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 highest between the net sale price and its value in use. The net sale price is the amount that can be obtained from the sale of an asset in a free market, while the value in use is the present value of the estimated future cash flows provided by the continuous use of an asset and its disposal at the end of its useful live. The recoverable amounts are estimated for each asset or, if not possible, for each cash generating unit.

(r) Fiduciary activities -

Assets and cash flows from fiduciary operations in which there is a commitment to return such assets and cash flows to a client and in which the Bank and its Subsidiaries participate as a fiduciary, have been excluded from these consolidated financial statements, because the Bank and its Subsidiaries are not owners of such assets and cash flows and they do not assume the risk and rewards that arise from their ownership. The Bank and its Subsidiaries record these operations in the caption "Off-balance sheet accounts", note 18, of the consolidated balance sheets and the commissions received for these activities are included in the caption "Other income", note 23, of the consolidated income statement.

(s) Provisions -

Provisions are only recognized when the Bank and its Subsidiaries have a present (implicit or legal) obligation as a result of past events, it is probable that an outflow of resources will be required to settle such obligation, and the amount has been reliably estimated. Provisions are reviewed in each period and are adjusted to reflect their best estimate as of the consolidated 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 calculated by dividing the net income by the weighted average number of shares outstanding at the consolidated balance sheets dates. Shares that are issued due to the capitalization of retained earnings are deemed to be stock splits; thus, for the computation of the weighted average number of shares; such shares are considered as if they had always been issued.

As of December 31, 2010, 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) Repurchase agreements -

Following SBS regulations, investments sold subject to repurchase agreements (“Repos”) are presented 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; the liability with the counterparty is included in the caption “Due to banks, correspondents and other entities” or “Deposits and obligations”, as appropriate, in the consolidated balance sheets. The difference between the sale and the repurchase price is treated as an interest accrued during the term of the agreement, using the effective interest rate method.

(w) Cash and cash equivalents -

Cash and cash equivalents presented in the consolidated statements of cash flows correspond to “Cash and due from banks” of the consolidated balance sheets, which includes deposits with less than a three-month maturity as of the acquisition date, BCRP time deposits funds deposited in the Peruvian Central Bank and overnight deposits.

(x) Reclassifications –
The comparative amounts have been reclassified, if necessary, to make them comparable with current year presentation. In Management's opinion, those reclassifications are not significant to the consolidated financial statements as of December 31, 2010 and 2009.

(y) New accounting rules -

(y.1) International financial reporting standards -
As of the date of these consolidated financial statements, CNC has approved the application of IFRS 1 through 8, IAS 1 through 41, SIC 7 through 32 and IFRIC 1 through 14. Likewise, the CNC, through Resolution N°044-2010-EF-94 issued in August 23, 2010, approved the application, beginning on January 1, 2011, of the 2009 version of IAS, IFRS, IFRIC and SIC and modifications issued before May 2010 of IAS, IFRS and IFRIC and applicable since January 1, 2009, except for the following rules:

- IFRS 9 "Financial instruments", modifies the measurement and classification of financial assets established on IAS 39 "Financial instruments: Measurement and Valuation", internationally mandatory for periods beginning on or after January 1, 2013.

- IFRIC 18 "Transfer of client assets", internationally mandatory for periods beginning on or after July 1, 2009.

However, because all the mentioned standards only are only complementary to the SBS accounting standards, they did not have or will not 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 standards. The Bank and its Subsidiaries have not estimated the effect, in its consolidated financial statements, of the adoption of the mentioned standards, if adopted by the SBS.

In connection with IFRS 7 "Financial instruments: disclosures" and IFRS 8 "Operating segments", the SBS issued Resolution N°914-2010 extending its effective date without specifying a definite date.

Finally, the following IFRS and IFRIC have been internationally issued as of December 31, 2010; but are not yet approved by the CNC or the SBS; for this reason, they are not applicable to the Bank and its Subsidiaries' operations and; therefore, Management has not estimated their effects, if any, in the consolidated financial statements or in its operations.

- IAS 24 "Disclosures on related parties" (Revised), in force for periods beginning on or after January 1, 2011.

- IFRIC 14 "IAS 19 The limit on a defined benefit asset minimum funding requirements and their interaction" (Modified) in force for periods beginning on or after January 1, 2011.

(y.2) Regulations issued by SBS

On its November 2010 session, the International Financial Reporting Interpretations Committee (IFRIC), hereinafter the "Committee", agreed that workers' profit sharing must be recorded following IAS19 "Employees' benefits" and not IAS 12 "Income tax". Consequently, an entity must only recognize a liability when the employee has rendered a service; therefore, the deferred workers' profit sharing should not be calculated by temporary differences; given that these differences would be attributable to future services that must not be considered as obligations or rights under IAS 19. In Peru the standard practice was to calculate and record workers' profit sharing on the financial statements. In January 21, 2011, the SBS issued the Multiple Official Letter N°4049-2011, which establishes the accounting treatment of workers' profit sharing; the SBS new accounting treatment agrees to the standard established by the Committee. The new accounting treatment is mandatory starting January 2011.

4. Foreign currency transactions and exposure to exchange risk

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

As of December 31, 2010, the weighted average market exchange rate published by the SBS for transactions in US Dollars was S/.2.808 for buying and S/.2.809 or selling (S/.2.888 and S/.2.891 as of December 31, 2009, respectively). As of December 31, 2010, the exchange rate established by the SBS to record assets and liabilities in foreign currencies was S/.2.809 for each US Dollar and S/.0.404 for each Boliviano (S/.2.890 and S/.0.415, as of December 31, 2009, respectively). A detail of the Bank and its Subsidiaries' foreign currency assets and liabilities is shown below:

	2010		2009	
	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	3,531,876	240,648	2,995,252	240,523
Trading and available-for-sale investments, net	702,512	376,008	742,309	737,906
Loans, net	8,354,019	342,523	6,644,316	190,641
Other assets	263,849	12,721	278,250	5,073
	12,852,256	971,900	10,660,127	1,174,143
Liabilities				
Deposits and obligations	(8,341,031)	(630,868)	(8,445,288)	(536,179)
Due to banks, correspondents and other entities, and interbank funds	(3,284,302)	(124,618)	(1,037,142)	(113,066)
Bonds and subordinated notes issued	(1,417,072)	-	(659,808)	-
Other liabilities	(284,514)	(64,631)	(326,595)	(32,278)
	(13,326,919)	(820,117)	(10,468,833)	(681,523)
Net forward operations – net short (long) note 18(a)	956,279	(4,853)	265,112	(66,475)
Net currency swap position, note 18(a)	(222,854)	-	(142,015)	(41,583)
Net cross currency and interest rate swap position, note 18(a)	(252,912)	123,862	77,620	(206,817)
Options (b)	25,561	-	(3,711)	-
Net asset position	31,411	270,792	388,300	177,745

(b) As of December 31, 2010, the options, according to their deltas, amounts to approximately US$25.6 million, equivalent to S/.71.9 million (US$3.7 million, equivalent to S/.10.7 million as of December 31, 2009).

(c) As of December 31, 2010, the Bank and its Subsidiaries have contingent operations (indirect loans) in foreign currency for approximately US$2,232.1 million, equivalent to approximately S/.6,270.0 million (approximately US$1,939.8 million, equivalent to approximately S/.5,605.9 million, as of December 31, 2009), 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** %
2006	(6.8)	1.1
2007	(6.3)	3.9
2008	4.8	6.7
2009	(8.0)	0.3
2010	(2.8)	2.1

5. Cash and due from banks

As of December 31, 2010, cash and due from banks includes approximately US$2,302.1 million and S/.2,754.6 million (US$2,248.5 million and S/.1,048.6 million as of December 31, 2009) of mandatory reserve that the Bank and its Subsidiaries must maintain for their obligations with the public. These reserves are deposited in the vaults of the Bank and its Subsidiaries and in the Central Reserve Bank of Peru - BCRP, and are within the limits established by prevailing legislation.

As of December 31, 2010, mandatory reserve deposited in BCRP do not earn interest, except for any excess (in foreign and local currency) of the minimum mandatory reserve, (as of December 31, 2009, only excesses in foreign currency earned interest). As of December 31, 2010, the excess in foreign currency amounts to approximately US$1,953,9 million, equivalent to approximately US$5,448.6 million, and earns interest in U.S. Dollars at an average rate of 0.16 percent, while the excess in nuevos soles amounts to approximately S/.660.6 million and earns interests at an average rate of 1.2 percent (US$1,790.8 million, equivalent to approximately S/.5,175.4 million, at an average rate of 0.14 percent as of December 31, 2009).

Deposits in local and foreign banks correspond principally to balances in nuevos soles and U.S. Dollars. All deposits are unrestricted and earn interests at market rates. As of December 31, 2010 and 2009, the Bank and its Subsidiaries do not have significant deposits in any specific financial institution.

In October 2010, the BCRP implemented new financial instruments in order to increase its effectiveness in monetary control. Therefore, since that date, the BCRP certificates of deposit (CDBCRP, for its Spanish acronym) were replaced by fixed term deposits (DPBCRP, for its Spanish acronym) that can only be accessed by bank entities established in Peru.

The CDBCRP are presented in the caption "Investments at fair value through profit or loss and available-for-sale, net" (note 6), of the consolidated balance sheets until their maturity date, while the DPBCRP are presented as of December 31, 2010 in this caption of the consolidated balance sheets. As of December 31, 2010, the DPBCRP amounts to S/.10,252.3 million and earn interest at an average rate of 3.06 percent.

6. Investments at fair value through profit or loss and available-for-sale investments, net

(a) This item is made up as follows:

	2010				2009			
		Unrealized gross amount				Unrealized gross amount		
	Amortized cost S/.(000)	Gains S/.(000)	Losses S/.(000)	Estimated fair value S/.(000)	Amortized cost S/.(000)	Gains S/.(000)	Losses S/.(000)	Estimated fair value S/.(000)
Investments at fair value through profit or loss (trading) -								
Peruvian sovereign bonds (b)	-	-	-	136,778	-	-	-	15,953
Peruvian treasury bonds (b)	-	-	-	65,614	-	-	-	137,599
Corporate and leasing bonds (c)	-	-	-	60,000	-	-	-	351
Mutual funds participations	-	-	-	53,305	-	-	-	39,745
Listed equity securities (BVL)				3,648	-	-	-	-
BCRP certificates of deposits (d)	-	-	-	-	-	-	-	8,699
	-	-	-	319,345	-	-	-	202,347
Investments available-for-sale								
BCRP certificates of deposit (d)	1,021,995	58	-	1,022,053	4,466,042	1,115	(70)	4,467,087
Corporate and leasing bonds (c)	992,744	20,657	(1,611)	1,011,790	1,035,970	17,851	(1,306)	1,052,515
Listed equity securities – Banco de Crédito e Inversiones de Chile (e)	122,630	596,860	-	719,490	117,150	205,006	-	322,156
Treasury bonds of foreign governments (f)	306,684	1,135	(79)	307,740	449,949	2,859	(79)	452,729
Peruvian sovereign bonds (b)	255,777	5,510	(524)	260,763	116,729	10,186	-	126,915
Treasury notes from the Central Bank of Bolivia (g)	243,056	17	(20)	243,053	321,084	2,293	-	323,377
Participation in Bolivia's RAL fund (h)	225,267	-	-	225,267	242,466	-	-	242,466
Bonds of financial entities	114,420	5,379	(239)	119,560	150,593	5,332	-	155,925
Peruvian treasury bonds (b)	109,710	5,104	(332)	114,482	1,058,835	95,690	-	1,154,525
Mutual funds participations	109,400	273	-	109,673	357,114	1,327	-	358,441
Listed equity securities (BVL)	177	24,179	-	24,356	183	18,187	-	18,370
Securitization instruments	19,243	310	(268)	19,285	19,813	311	-	20,124
Trading certificates of deposit	12,960	-	-	12,960	-	-	-	-
Non-listed equity securities	3,203	78	(594)	2,687	3,281	43	(550)	2,774
	3,537,266	659,560	(3,667)	4,193,159	8,339,209	360,200	(2,005)	8,697,404
Balance of fair value through profit or loss (trading) and available-for-sale investments, net				4,512,504				8,899,751
Accrued interest				24,061				44,442
Total				4,536,565				8,944,193

(b) Sovereign bonds are issued in nuevos soles by the Peruvian Government. As of December 31, 2010, these bonds accrued interest at annual rates that range between 0.46 and 6.88 percent (between 1.06 and 5.89 percent as of December 31, 2009), and have maturities between February 2011 and February 2042 (between March 2010 and August 2020 as of December 31, 2009).

As of December 31, 2010, Peruvian Treasury bonds correspond to global bonds issued in U.S Dollars (as of December 31, 2009, such bonds were issued in U.S. Dollars and Euros). These bonds accrued interest at annual rates that range between 1.42 and 5.93 percent (between 4.08 and 8.38 percent as of December 31, 2009), with maturities between February 2012 and November 2033 (between October 2014 and December 2015 as of December 31, 2009).

In April 2010, the Bank participated in an exchange program offered by the Peruvian Government by which the Bank exchanged 7.500% Euro denominated Treasury Bonds (Global Bonds) due 2014 ("2014 Bonds") for cash and new bonds (8.375% US$-Denominated Global Bonds due 2033, "2033 Bonds"). The Bank received €90.4 million in cash (equivalent to S/.348.0 million) and US$323.1 million (equivalent to S/.915.9 million) in 2033 Bonds. As of the date of the exchange, the Bank had unrealized gains amounting to S/.90.5 million for those instruments, which was recorded as realized gains in the caption "Net gain on securities", note 22, of the consolidated income statement.

In addition, at the date of the exchange, the Bank terminated the cross currency swaps that were part of its fair value hedging strategy related to the 2014 Bonds for an amount of S/.920.0 million, see note 9(c). The termination of the CCS resulted in a loss amounting to approximately S/.44.6 million, which was recorded in the caption "Financial expenses – Result from hedging derivative instruments" of the consolidated income statement, see note 19.

(c) Corporate and leasing bonds have been issued, mainly, by Peruvian entities; and accrue interests at annual rates that range between 1.33 and 6.66 percent for bonds issued in nuevos soles (between 0.67 and 6.46 percent as of December 31, 2009) and between 0.73 and 7.76 percent for bonds issued in U.S. Dollars (between 0.44 and 8.54 percent as of December 31, 2009). These bonds have maturities between January 2011 and May 2030 as of December 31, 2010 (between January 2010 and May 2030 as of December 31, 2009).

(d) BCRP certificates of deposit are issued at discount, acquired in public auctions and negotiated in the Peruvian secondary market. As of December 31, 2010, the balance of BCRP certificates of deposit is comprised by S/137.2 million of certificates settled in U.S. Dollars, and S/.884.8 million of certificates settled in nuevos soles; their annual effective interest rates range between 3.03 and 3.09 percent for certificates settled in U.S. Dollars, and between 3.01 and 3.45 percent for certificates settled in nuevos soles and their maturities are between January and June 2011.

As of December 31, 2009, the balance comprised S/.4,475.8 million of certificates settled in nuevos soles; their annual effective interest rates ranged between 1.13 y 1.39 percent and their maturities were between January and July 2010.

During 2010, at their maturity date, BCRP certificates of deposit in nuevos soles were replaced by BCRP fixed term deposits (DPBCRP), see note 5.

(e) As of December 31, 2010 and 2009, corresponds to 3,628,986 and 3,405,714 shares in Banco de Crédito e Inversiones BCI Chile, which represents a 3.52 percent and 3.40 percent of participation in that entity, respectively.

(f) As of December 31, 2010, treasury bonds of foreign governments include US$97.2 million, equivalent to S/.273.0 million, issued by the Colombian Government US$3.0 million, equivalent to S/.8.5 million, issued by the Brazilian Government and US$9.3 million, equivalent to S/.26.2 million, issued by the Chilean Government (as of December 31, 2009, include mainly US$74.1 million, equivalent to S/.214.1 million and S/.185.8 million, issued by the Colombian Government in U.S. Dollars and Pesos Colombianos, respectively; and US$17.8 million, equivalent to S/.51.4 million, issued by the Brazilian Government). These bonds have maturity between January 2012 and November 2015 (between March 2010 and January 2012 as of December 31, 2009) and their annual effective interest rates range between 1.12 and 2.23 percent (between 0.78 and 5.44 percent as of December 31, 2009).

(g) As of December 31, 2010, the treasury notes from the Central Bank of Bolivia are issued at discount in Bolivianos and in Unidades de Fomento de Vivienda (UFV). At that date, it includes Bolivianos 568.4 million, equivalent to S/.229.4 million, and UFV 4.3 million, equivalent to S/.13.7 million (approximately Bolivianos 755.6 million, equivalent to S/.313.3 millions and UFV 2.0 million, equivalent to S/.10.1 million, as of December 31, 2009). These instruments have maturities between January 2011 and December 2011 (between January 2010 and December 2010, as of December 31, 2009) and their annual effective rates range between 0.11 and 0.81 percent in Bolivianos and 0.001 percent in UFV (between 1.5 and 11.77 percent in Bolivianos and 0.001 percent in UFV as of December 31, 2009).

As of December 31, 2009, the Bank and its Subsidiaries had repurchase agreement operations with their clients; these operations were in Bolivianos for an amount equivalent to S/.101.2 million. The repurchase agreement operations accrued interest at effective market rates in Bolivia and matured on February 2010, see note 10(b).

(h) The participation quotas in the fund "Requirement of Cash Assets" (RAL for its Spanish acronym), are issued in Bolivianos and U.S. Dollars and amounts to an equivalent of S/.72.2 million and S/.153.1 million, respectively. They comprise investments made by Banco de Crédito de Bolivia in the Central Bank of Bolivia as collateral for the deposits maintained with the public. RAL Fund has restrictions for its use and it is required for all banks operating in Bolivia. As of

December 31, 2010 and 2009, it accrues interest at annual rates of 4.5 in Bolivianos and 10.25 percent in US$ Dollars.

(i) As of December 31, 2010 and 2009, the Bank maintained interest rate swaps (IRS), which, as permitted by the SBS, note 3(g), have been designated as fair value hedges of certain bonds with fixed rate in U.S. Dollars, issued by the Peruvian Government, corporate companies and international financial entities, for an notional amount of S/.153.3 million (S/.159.1 million, as of December 31, 2009), note 9(c); through the IRS, these bonds were economically converted to variable interest rate. IRS have maturities between July 2015 and June 2019.

Likewise, in addition to the CCS explained in paragraph (b), as of December 31, 2009, the Bank maintained forward exchange contracts, which, as permitted by the SBS, note 3(g), were designated as cash flow hedges, for a notional amount of S/.205.7 million, related with Colombian Government bonds denominated in Pesos, which matured on March 1, 2010; see note 9(c).

(j) As of December 31, 2010, the Bank entered into Repo transactions over corporate and government bonds for approximately US$250.0 million (equivalent to S/702.3 million), with maturity in June 2012; the related liability is presented in the consolidated balance sheet caption "Deposits and obligations", see note 10(b).

(k) As of December 31, 2010 and 2009, Management estimated the fair value of its trading and available-for-sale investments using market price quotations available in the market or, if the price was not available, by discounting the expected future cash flows at an interest rate that reflects the risk classification of the financial instrument.

Management has determined that the unrealized losses as of December 31, 2010 and 2009, 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.

(l) As of December 31, 2010 and 2009, trading and available-for-sale investments classified by their maturity date are as follows:

	2010 S/.(000)	2009 S/.(000)
Up to 3 months	1,153,806	3,803,987
From 3 months to 1 year	757,063	2,434,773
From 1 to 3 years	572,223	538,255
From 3 to 5 years	550,617	1,316,926
More than 5 years	728,614	462,510
Without maturity (shares)	750,181	343,300

Total	4,512,504	8,899,751

7. Loans, net

(a) This item is made up as follows:

	2010 S/.(000)	**2009** S/.(000)
Direct loans		
Commercial and micro-business loans	16,757,509	13,124,287
Leasing receivables	6,639,934	5,793,505
Mortgage loans	5,788,359	4,975,889
Credit cards	3,668,225	3,105,468
Consumer loans	2,804,235	2,460,823
Foreign trade loans	2,090,286	2,266,683
Discounted notes	1,341,885	1,008,973
Factoring receivables	766,646	472,351
Advances and overdrafts	299,899	135,822
Refinanced and restructured loans	215,469	171,837
Past due and under legal collection loans	587,471	531,147
	40,959,918	34,046,785
Add (less)		
Accrued interest from performing loans	269,719	229,105
Deferred interest on discounted notes and leasing receivables	(962,666)	(816,204)
Allowance for loan losses (f)	(1,181,389)	(1,033,148)
Total direct loans	39,085,582	32,426,538
Indirect loans (d) and note 18(a)	8,988,204	7,249,668

(b) As of December 31, 2010, 51 percent of the non-retail direct and indirect loan portfolio corresponded to 382 clients. Likewise, as of December 31, 2009, 51 percent of the commercial direct and indirect loan portfolio corresponded to approximately 475 clients.

(c) As of December 31, 2010 and 2009, the distribution of the loan portfolio by economic sector is as follows:

	2010		2009	
	S/.(000)	%	S/.(000)	%
Manufacturing	8,355,086	20.4	7,278,960	21.4
Mortgage loans	5,782,055	14.1	5,064,608	14.9
Commerce	5,425,417	13.3	3,729,648	11.0
Consumer loans	4,908,475	12.0	4,251,349	12.5
Electricity, gas and water	2,723,148	6.6	2,260,815	6.6
Micro-business loans	2,678,085	6.5	2,115,471	6.2
Mining	2,503,769	6.1	1,979,189	5.8
Communications, storage and transportation	2,009,510	4.9	1,599,449	4.7
Leaseholds and real estate activities	1,997,476	4.9	1,405,467	4.1
Community services	1,186,470	2.9	981,065	2.9
Financial services	881,425	2.2	851,768	2.5
Agriculture	748,751	1.8	711,938	2.1
Education, health and other services	496,878	1.2	451,106	1.3
Construction	365,106	0.9	498,171	1.5
Fishing	321,756	0.8	341,325	1.0
Other	576,511	1.4	526,456	1.5
Total	40,959,918	100.0	34,046,785	100.0

(d) According to SBS regulations, as of December 31, 2010 and 2009, the Bank and its Subsidiaries' loan portfolio credit risk classification is as follows:

	2010						2009					
Risk category	Direct loans		Indirect loans		Total		Direct loans		Indirect loans		Total	
	S/.(000)	%	S/.(000)	%	S/.(000)	%	S/.(000)	%	S/.(000)	%	S/.(000)	%
Normal	38,963,469	95.1	8,835,259	98.3	47,798,728	95.7	31,777,222	93.3	7,128,124	98.3	38,905,346	94.2
Potential problems	882,265	2.2	139,038	1.5	1,021,303	2.0	1,250,120	3.7	104,726	1.5	1,354,846	3.3
Substandard	352,181	0.9	4,379	0.1	356,560	0.7	323,569	1.0	6,388	0.1	329,957	0.8
Doubtful	340,859	0.8	6,932	0.1	347,791	0.7	391,339	1.1	9,423	0.1	400,762	1.0
Loss	421,144	1.0	2,596	0.0	423,740	0.9	304,535	0.9	1,007	0.0	305,542	0.7
	40,959,918	100.0	8,988,204	100.0	49,948,122	100.0	34,046,785	100.0	7,249,668	100.0	41,296,453	100.0

(e) As of December 31, 2010 and 2009, financial entities in Peru must constitute their allowance for loan losses based on the aforementioned credit risk classification (paragraph d) and using the percentages indicated on SBS Resolutions N°11356-2008 and N°6941-2008, respectively, as follows:

(i) Loans classified as "Normal", as of December 31, 2010:

	2010	
Loans types	**Fixed-rate** %	**Pro-cyclical component (*)** %
Corporate	0.70	0.40
Large-business	0.70	0.45
Medium-business	1.00	0.30
Small-business	1.00	0.50
Micro-business	1.00	0.50
Mortgage	0.70	0.40
Revolving consumer loan	1.00	1.50
Non-revolving consumer loan	1.00	1.00

(ii) Loans classified as "Normal", as of December 31, 2009:

	2009	
Loan types	**Fixed-rate** %	**Pro-cyclical component (*)** %
Commercial	0.70	0.45
Micro-business	1.00	0.50
Mortgage	0.70	0.40
Consumer	1.00	0.30-1.50

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

Through Official Letter SBS N°B-2193-2010, dated September 28, 2010, the SBS informed to the financial entities the reactivation of pro-cyclical component rates for the allowance on direct and indirect loans of borrowers classified as "Normal", because the macroeconomic indicators that activate the rule, were met on that month.

Pro-cyclical component was also required by the SBS for the period between December 1, 2008 and August 30, 2009.

(iii) For loans classified as "Potential problems", "Substandard", "Doubtful" and "Loss"; 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), as of December 31, 2010 and 2009, the following percentages were used:

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

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

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

	2010 S/.(000)	2009 S/.(000)
Balance as of January 1	1,095,841	813,978
Net provision, note 20	594,831	526,587
Acquisition of Edyficar, note 2	-	56,153
Loan portfolio written-off	(404,396)	(266,613)
Translation result and other	(12,487)	(34,264)
Balance as of December 31(*)	1,273,789	1,095,841

(*) As of December 31, the movement of the allowance for loan losses includes direct and indirect loans allowance for approximately S/.1,181.4 and S/.92.4 million, respectively (approximately S/.1,033.1 and S/.62.7 million, respectively, as of December 31, 2009). The allowance for indirect loan losses is presented in the "Other liabilities, net" caption of the consolidated balance sheets, note 9(a).

In Management's opinion, the allowance for loan losses recorded as of December 31, 2010 and 2009, has been established in accordance with SBS regulations in force as of those dates, note 3(e).

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

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

(i) As of December 31, 2010 and 2009, the gross direct loan portfolio has the following maturity schedule:

	2010 S/.(000)	2009 S/.(000)
Outstanding loans -		
Up to 1 month	4,629,689	4,715,298
From 1 to 3 months	5,315,220	5,358,774
From 3 months to 1 year	8,447,129	8,035,935
From 1 to 3 years	8,550,592	5,968,839
From 3 to 5 years	5,101,372	3,531,343
More than 5 years	8,328,445	5,905,449
Past due loans -		
Up to 4 months	192,698	204,041
More than 4 months	178,069	171,469
Loans under legal collection	216,704	155,637
Total	40,959,918	34,046,785

8. Property, furniture and equipment, net

(a) The movement of property, furniture and equipment and accumulated depreciation for the years ended December 31, 2010 and 2009, 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)	2010 S/.(000)	2009 S/.(000)
Cost -									
Balance as of January 1	76,175	651,120	409,808	238,208	673,448	95,307	88,779	2,232,845	2,106,265
Additions	6,624	1,338	4,784	21,231	30,747	25,008	146,416	236,148	162,891
Acquisition of Edyficar, note 2	-	-	-	-	-	-	-	-	38,326
Sales	-	-	(137)	(1,488)	(3,652)	(375)	-	(5,652)	(16,962)
Transfers	57	569	60,589	4,391	4,873	5,779	(76,258)	-	-
Write-downs and other	-	-	(2,981)	(1,279)	(5,756)	(1,644)	-	(11,660)	(57,675)
Balance as of December 31	82,856	653,027	472,063	261,063	699,660	124,075	158,937	2,451,681	2,232,845
Accumulated depreciation -									
Balance as of January 1	-	344,783	236,738	177,711	534,164	41,226	-	1,334,622	1,262,929
Depreciation of the year	-	20,486	32,614	10,013	61,454	10,173	-	134,740	125,356
Acquisition of Edyficar, note 2	-	-	-	-	-	-	-	-	11,325
Sales	-	-	(71)	(1,487)	(3,644)	(371)	-	(5,573)	(9,311)
Write-downs and transfers	-	-	(1,983)	(1,138)	(5,259)	(885)	-	(9,265)	(55,677)
Balance as of December 31	-	365,269	267,298	185,099	586,715	50,143	-	1,454,524	1,334,622
Net book value	82,856	287,758	204,765	75,964	112,945	73,932	158,937	997,157	898,223

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

(c) As of December 31, 2010 and 2009, the Bank and its Subsidiaries maintain fully depreciated assets which are still in use, for an amount of approximately S/.742.9 million and S/.678.5 million, respectively.

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

(d) Management periodically reviews the fixed assets' residual value, their useful live and the selected depreciation method to ensure that they are consistent with their economic benefits and live expectations. In Management's opinion, there is no evidence of impairment of property, furniture and equipment as of December 31, 2010 and 2009.

9. Other assets and other liabilities

(a) These items are made up as follows:

	2010 S/.(000)	2009 S/.(000)
Other assets, net		
Financial instruments at fair value -		
Indexed certificates (b)	382,101	313,218
Derivatives receivable (c)	241,395	281,086
	623,496	594,304
Other, net-		
Value added tax credit	521,396	440,760
Finite live intangible assets, net (d)	417,247	319,583
Deferred income tax and workers' profit sharing, note 13(a)	311,896	264,622
Accounts receivable	205,606	124,353
Goodwill, note 2	144,841	144,841
Deferred expenses	97,015	76,312
Income tax prepayments, net	44,417	143,144
Realizable, received in payment and seized assets, net (e)	36,632	50,170
Operations in process (f)	34,055	24,811
Other	14,950	13,896
	1,828,055	1,602,492
Total		
	2,451,551	2,196,796
Other liabilities, net		
Payroll taxes, salaries and other personnel expenses payable	496,693	392,588
Accounts payable	406,710	345,828
Deferred income tax and workers' profit sharing, note 13(a)	309,415	108,704
Derivatives payable (c)	203,711	300,706
Provision for sundry risks (g)	113,730	124,031
Allowance for indirect loan losses, note 7(f)	92,400	62,696
Operations in process (f)	57,871	43,356
Taxes	23,479	882
Deposit Insurance Fund	14,698	13,661
Minority interest	11,091	12,631
Other	2,429	2,261
Total	1,732,227	1,407,344

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

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

According to the SBS Resolution N°1737-2006, note 3(g), the indexed certificates maintain an incorporated derivative, whose risks are not closely related to the host's contract risk. Management agreed to record from the beginning, these hybrid instruments at fair value through profit or loss; therefore, the split of the incorporated derivative instrument is not required.

As of December 31, 2010 and 2009, the Bank and its Subsidiaries have acquired 1,123,846 and 1,389,846 certificates, respectively, at a total cost of US$69.1 million and US$82.9 million, respectively (US$61.4 and US$59.6 per certificate on average, respectively). At those dates, the estimated market value amounted to US$136.0 million and US$108.4 million, respectively (US$121.0 and US$78.0 per certificate on average, as of December 31, 2010 and 2009, respectively). According to SBS standards, the difference between cost and estimated market value is recorded in the consolidated statement of income. As of December 31, 2010 and 2009, gains arising from the valuation of indexed certificates maintained by the Bank and its Subsidiaries amounted to approximately S/.116.5 million and S/.64.6 million, respectively, and have been recorded in the consolidated income statement caption "Other non financial income", note 23.

Likewise, during 2010 and 2009, the Bank and its Subsidiaries settled 320,000 and 1,750,677 certificates, respectively. At the time of their settlement, the gain registered in the caption "Other non-financial income" of the consolidated income statements, resulting from its measurement, amounted to S/.40.1 million and S/.33.6 million, respectively, note 23; on the other hand, during 2010 and 2009 the Bank and its Subsidiaries acquired 54,000 and 780,000 new certificates, respectively.

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

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

		2010			
	Note	**Assets** S/.(000)	**Liabilities** S/.(000)	**Notional amount** S/.(000)	**Hedge instruments**
Derivatives held for trading (i) -					
Forward exchange contracts		48,878	29,889	7,382,600	-
Interest rate swaps		86,513	90,776	1,997,481	-
Currency swaps		48,690	35,202	1,300,860	-
Options		1,542	867	291,057	-
Derivatives held as hedges -					
Cash flow hedge (ii) -					
Interest rate swaps	10(d)	-	17,799	801,814	Related parties
Interest rate swaps	11(c)	-	6,066	383,896	Due to banks
Cross currency swap	11(d)	33,264	-	347,927	Due to banks
Cross currency swaps	12(a)(i)	1,113	141	44,066	Bonds issued
Cross currency swap and interest rate swaps	12(a)(i)	21,395	14,125	318,435	Bond issued
Fair value hedge -					
Interest rate swaps	6(i)	-	8,846	153,259	Available-for-sale investments
		241,395	203,711	13,021,395	

	Note	2009 Assets S/.(000)	Liabilities S/.(000)	Notional amount S/.(000)	Hedge instruments
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(i)	-	39,108	205,709	Investments available-for-sale
Interest rate swaps	10(d)	4,929	4,665	913,301	Deposits
Interest rate swaps	11(c)	-	32,932	1,184,900	Due to banks
Cross currency swaps	11(d)	5,020	-	322,685	Due to banks
Cross currency swaps	12(a)(i)	68	306	45,763	Bonds issued
Cross currency swaps and interest rate swaps	12(a)(i)	22,429	8,251	327,617	Bonds issued
Fair value hedge -					
Cross currency swaps	6(b)	7,121	33,657	919,960	Investments available-for-sale
Interest rate swaps	6(i)	1,652	152	159,087	Investments available-for-sale
		281,086	300,706	14,789,549	

(i) Derivatives held for trading are mainly settled with the purpose of satisfying customers' needs. 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.

As of December 31, 2010, forward exchange contracts have maturities between January 2011 and December 2012 (between January 2010 and October 2011 as of December 31, 2009).

As of December 31, 2010, interest rate swaps and currency swaps have maturities until August 2022 and September 2022, respectively (until February 2019 and April 2019 as of December 31, 2009, respectively).

As of December 31, 2010, the exchange options have maturities between January 2011 and May 2012 (between January 2010 and October 2010 as of December 31, 2009).

(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 use derivate financial instruments as cash flow hedges of said risks. As of December 31, 2010, a summary indicating the periods when the hedged cash flows are expected to occur and when they are expected to affect the consolidated income statement, net from income tax and workers' profit sharing 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)	(840,403)	(649,613)	(738,816)	(14,811)
Consolidated income statement	(3,456)	(2,156)	(11,860)	28

As of December 31, 2010, the net unrealized gain from the cash flow hedges is included in the caption "Unrealized gains (losses)" of the consolidated statements of changes in shareholders' equity and results from the current hedges (unrealized loss for approximately S/.17.4 million) and from the unwind made in 2009 (unrealized gain for approximately S/.33.0 million), which is being realized in the term of the underlying financial instrument, see note 12(a)(v). Likewise, the transfer of the net unrealized gain on cash flow hedges to the consolidated income statement is presented in note 14(d).

(d) The movement of intangible assets for the years ended December 31, 2010 and 2009 is as follows:

Description	Brand name S/.(000)	Rights of use (ii) S/.(000)	Client relationship S/.(000)	Software and other developments S/.(000)	Intangibles in process S/.(000)	2010 S/.(000)	2009 S/.(000)
Cost -							
Balance as of January 1	37,504	-	18,735	401,925	48,980	507,144	326,316
Additions (i)	-	55,740	-	29,871	96,558	182,169	121,823
Acquisition of Edyficar, note 2	-	-	-	-	-	-	64,652
Write-downs and other	-	-	-	(2,034)	-	(2,034)	(5,647)
Transfers	-	-	-	83,860	(83,860)	-	-
Balance as of December 31	37,504	55,740	18,735	513,622	61,678	687,279	507,144
Accumulated amortization -							
Balance as of January 1	1,250	-	645	185,666	-	187,561	133,348
Amortization of the year	7,501	-	3,727	73,058	-	84,286	56,384
Acquisition of Edyficar, note 2	-	-	-	-	-	-	3,302
Write-downs and other	-	-	-	(1,815)	-	(1,815)	(5,473)
Balance as of December 31	8,751	-	4,372	256,909	-	270,032	187,561
Net book value	28,753	55,740	14,363	256,713	61,678	417,247	319,583

(i) During the years ended December 31, 2010 and 2009, the Bank and its Subsidiaries have capitalized disbursements related to the implementation and development of sundry computer systems (mainly "Sio Teller – Office Channels and SAP).

(ii) Corresponds to brand rights of use for the launch of new financial products.

(iii) As of December 31, 2010 and 2009, the Bank and its Subsidiaries have fully amortized intangible assets that are still in use for approximately S/.126.8 million and S/.103.6 million, respectively.

(e) As of December 31, 2010 and 2009, the balance includes S/.25.4 million and S/.39.6 million, respectively, corresponding to assets acquired with the specific purpose of granting leasing loans.

During 2010 and 2009, sales of realizable, received in payment and seized assets amounted to approximately S/.23.5 million and S/.24.9 million, respectively; net income amounted to approximately S/.16.4 million and S/.17.3 million, respectively, which is presented in the caption "Other non-financial income" of the consolidated statements of income, note 23.

According to Management's opinion, the allowance of realizable assets, received in paid and seized assets recorded as of December 31, 2010 and 2009, agrees with the SBS regulations, in force on those dates.

(f) 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 sheets accounts until the first days of the following month. These transactions do not affect the Bank and its Subsidiaries' consolidated net income.

(g) As of December 31, 2010 and 2009, the provision for sundry risks 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 and its internal legal advisors' best estimates.

10. Deposits and obligations

(a) This item is made up as follows:

	2010 S/.(000)	2009 S/.(000)
Non-interest bearing deposits and obligations -		
In Peru	13,194,511	11,105,864
In other countries	1,605,697	1,726,262
	14,800,208	12,832,126
Interest bearing deposits and obligations -		
In Peru	30,224,334	22,008,146
In other countries	2,759,622	6,786,831
	32,983,956	28,794,977
	47,784,164	41,627,103
Interest payable for deposits and obligations	116,607	157,712
Total	47,900,771	41,784,815

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 accounts having balances lower than a determined amount for each type of account, do not bear interest.

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

(b) As of December 31, 2010 and 2009, the balance of deposits and obligations by product is as follows:

	2010 S/.(000)	2009 S/.(000)
Time deposits (d) and (e)	15,987,843	15,121,721
Demand deposits	15,021,693	12,730,974
Saving deposits	11,924,035	10,230,460
Severance indemnity deposits	3,688,561	3,090,182
Bank's negotiable certificates	459,782	352,616
Client - Repurchase agreements, note 6(g) and (j)	702,250	101,150
Total	47,784,164	41,627,103

(c) As of December 31, 2010 and 2009, approximately S/.13,836.7 million and S/.12,423.9 million, respectively of the deposits and obligations balances, are covered by the "Fondo de Seguro de Depósitos" (Deposit Insurance Fund). As of December 31, 2010 and 2009, the "Fondo de Seguro de Depósitos" covered up to S/.85,793.0 million and S/.82,073.0 million, respectively.

(d) On January 1, 2010, due to certain changes in the Peruvian Tax Law, time deposits maintained as of December 31, 2009 in BCP Panama branch by CCR Inc. and Atlantic Security Bank (ASB) (both subsidiaries of Credicorp Ltd.) for approximately US$1,078.2 million (equivalent to S/.3,116.0 million) and US$351.1 million (equivalent to S/.1,014.8 million), respectively, were settled and replaced by loans between CCR Inc. and ASB, and the Bank's Panamanian Brach for the same amounts, terms and conditions as the settled time deposits, see note 11(d).

Until December 31, 2009, the Bank hedged part of the cash flow of said time deposits yielding variable interest rate, through interest rate swaps (IRS) for a notional amount of S/.913.3 million. As of December 31, 2010, and after the transaction previously mentioned, such interest rate swaps were maintained by the Bank in order to hedge the cash flow of the new loans for a notional amount of S/.801.8 million , see note 9(c); through IRS, these loans were economically converted to fixed rate. IRS have maturities until March 2016.

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

	2010 S/.(000)	2009 S/.(000)
Up to 3 months	13,911,869	8,886,052
From 3 months to 1 year	1,415,589	2,535,341
From 1 to 3 years	545,050	358,509
From 3 to 5 year	115,335	176,281
More than 5 years	-	3,165,538
Total	15,987,843	15,121,721

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

11. Due to banks, correspondents and other entities

(a) This item is made up as follows:

	2010 S/.(000)	2009 S/.(000)
By type -		
Promotional credit lines (b) – COFIDE	410,070	235,161
Due to banks and correspondents with foreign financial institutions (c)	5,385,951	3,035,672
Due to related parties (d)	4,021,283	322,685
	9,817,304	3,593,518
Interest payable	49,638	16,709
Total	9,866,942	3,610,227
By term -		
Short-term debt	4,432,800	2,392,518
Long-term debt	5,384,504	1,201,000
Total	9,817,304	3,593,518

(b) Promotional credit lines represent loans received mainly from Corporación Financiera de Desarrollo (COFIDE) to promote the development of Peru. As of December 31, 2010, their annual interest rates ranged between 6.00 and 7.75 percent (between 6.25 and 7.75 percent as of December 31, 2009). As of December 31, 2010 and 2009, these credit lines are secured by a loan portfolio amounting to US$146.0 million and US$81.4 million, equivalent approximately to S/.410.1 million and S/.235.2 million, respectively. These loans include covenants specifying the use of the funds, financial conditions that the Bank and its Subsidiaries must maintain and other administrative matters. In Management's opinion, such covenants are being fulfilled by the Bank and its Subsidiaries as of December 31, 2010 and 2009.

(c) As of December 31, 2010, due to banks and correspondents with foreign financial institutions comprise mainly loans to finance foreign trade operation and for working capital, granted by 55 foreign entities (46 as of December 31, 2009); of which 10 represent approximately 36.4 percent of the balance (7 represent approximately 49.1 percent of the balance as of December 31, 2009).

As of December 31, 2010, the balance includes a syndicated loan from several foreign financial entities amounting to US$350.0 million (equivalent to S/.983.2 million), with maturity on October 2013 and interest payments every semester, at a fixed rate of 2.25 percent for the first coupon, and Libor 6M+1.75% for the following coupons.

Likewise, as of December 31, 2010 and 2009, the balance included a syndicated loan obtained from several foreign financial entities, amounting to US$136.7 million (equivalent to S/.383.9 million) and to US$410.0 million (equivalent to S/.1,184.9 million), respectively, with maturity on March 2011 and capital and interest payments every semester at Libor + 0.75 percent for 2010 and Libor + 0.85 percent for 2011. The syndicated loan, subject to interest rate risk, has been hedged using interest rate swaps (IRS) for a notional amount equal to the principal and with the same maturities, see note 9(c); through IRS, such loan was economically converted to fixed rate. IRS have maturities on March 2011.

Some of the loan agreements include standard covenants concerning the fulfillment of financial ratios, the use of funds and other administrative matters. In Management's opinion, these covenants do not limit the Bank and its Subsidiaries operations and are complied following international banking practices.

As of December 31, 2010, due to bank and correspondents with foreign financial entities accrued annual interests at rates that ranged between 0.74 and 9.25 percent (between 0.73 and 12.00 percent as of December 31, 2009).

(d) As of December 31, 2010, due to related parties include loans maintained with CCR Inc. and ASB, amounting to US$953.1 million (equivalent to S/.2,677.3 million) and US$354.6 (equivalent to S/.996.1 million), respectively, see also note 10(d).

In addition, as of December 31 2010 and 2009, the balance includes a payment note in favour of a foreign related party, amounting to 2.7 million Unidades de Fomento Chilenas – UF (equivalent to S/.347.9 million and S/.322.7 million, respectively), with maturity on 2014 and a fixed annual interest rate of 3.5 percent, see note 17(a). This note, subject to exchange rate risk, has been hedged, as permitted by the SBS, note 3(g), through cross currency swaps (CCS) for the same notional amounts, principal and maturities, see note 9(c); through CCS, this liability was economically converted to U.S. Dollars. CCS have maturity on October 2014.

(e) As of December 31, 2010 and 2009, the balance of this caption, classified by maturity, is as follows:

	2010 S/.(000)	2009 S/.(000)
Up to 3 months	2,559,631	1,710,733
From 3 months to 1 year	1,873,169	681,785
From 1 to 3 years	2,057,289	607,255
From 3 to 5 years	1,178,783	411,988
More than 5 years	2,148,432	181,757
Total	9,817,304	3,593,518

12. Bonds and notes issued

(a) This item is made up as follows:

	Weighted average annual interest rate					
	2010	2009	Maturity	Currency	2010	2009
	%	%			S/.(000)	S/.(000)
Local issuances-						
Corporate bonds (i)	6.76	6.74	Between March 2011 and July 2018	S/.	856,314	958,600
Subordinated bonds (i)	7.33	7.35	Between October 2012 and May 2027	S/. and US$	429,698	452,151
Leasing bonds (i),(ii)	6.81	7.11	Between February 2011 and August 2018	S/. and US$	378,889	545,808
Trading certificates of deposit – Edyficar	4.23	5.96	November 2011	S/.	47,969	18,875
Mortgage bonds (ii)	7.62	7.67	Between May 2011 and April 2012	US$	14,001	30,639
Mortgage certificates			January 2011		54	31
					1,726,925	2,006,104
International issuances, through BCP Panama branch -						
Senior bonds (i),(iii)	5.38	-	September 2020	US$	2,247,200	-
Junior subordinated notes (iv)	9.75	9.75	November 2069	US$	702,250	722,500
Subordinated notes (v)	7.17	7.17	October 2022	S/.	460,064	457,607
Subordinated negotiable certificates of deposit (vi)	6.95	6.95	November 2021	US$	337,080	346,800
					3,746,594	1,526,907
Total					5,473,519	3,533,011
Interest payable					72,951	38,831
Total					5,546,470	3,571,842

International issuances are listed in Luxembourg Stock Exchange. Likewise, local and international issuances maintain certain financial and operative covenants, which, in Management's opinion, the Bank and its Subsidiaries have fulfilled as of the date of the consolidated balance sheets.

(i) During 2010, the Bank and its Subsidiaries redeemed bonds for S/.259.5 million (S/.193.4 million during 2009). The detail of issuances made during 2010 and 2009 is the following:

Issuances 2010	Issued amount S/.(000)	Book value S/.(000)	Currency	Maturity
Corporate Bonds -				
Senior bonds	2,247,200	2,247,200	US$	2020
Trading certificates of deposit - Edyficar -				
Third Issuance - first program	50,000	47,969	S/.	2011
Issuances 2009				
Junior subordinated notes-	722,500	722,500	US$	2069
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

As of December 31, 2010, the Bank, as permitted by the SBS, has hedged corporate and leasing bonds issued in nuevos soles with fixed rate for a notional amount of S/.318.4 million and S/.44.1 million, respectively (S/.327.6 million and S/.45.8 million, respectively, as of December 31, 2009), subject to exchange rate and variable interest rate risk. Corporate bonds have been hedged through CCS and IRS, and leasing bonds through CCS; said bonds were economically converted to U.S. Dollars with fixed rate, see note 9(c). CCS and IRS have maturities between April 2011 and March 2015.

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

(iii) Senior bonds have maturities on September 2020 and earn interest with a fixed rate of 5.38 percent, with semiannual payments. The principal payment will take place at the maturity date or when the Bank redeems the bonds.

(iv) On November 2019, the fixed interest rate will turn into a variable interest rate, established as Libor 3 months plus 816.7 basis points, with quarterly payments. At that date and in any interest payment date, the Bank can redeem all of the notes without penalties. Interest payments are non-cumulative if an interest payment is not made in full, due to the Bank's right to cancel interest payments, a mandatory prohibition established by the SBS, or if the SBS determines that the Bank is in non-compliance with applicable minimum regulatory capital. In any of those mentioned cases, the Bank or any of its Subsidiaries cannot declare, pay or distribute dividends 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, considering SBS regulations, qualifies as Tier 1 in computing regulatory capital and has no collaterals.

(v) On October 2017, the interest rate will turn into variable interest rate, established as the average of, at least, three valuations of the internal rate of return of sovereign bonds issued by the Peruvian Government (with maturity in 2037) plus 150 basis points, with semiannual payments. At that date or at any interest payment date, the Bank can redeem all 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 interest and exchange rate risk, as permitted by the SBS, was hedged through a CCS and IRS, which were prospectively interrupted on October 2009 through their unwind.

As of December 31, 2010, the cumulative unrealized gain from the fair value of the CCS and IRS amounting to S/.14.4 million and S/.18.6 million, respectively, previously recognized in the consolidated statement of changes in shareholders' equity, is being recorded in the consolidated income statement during the remaining term of the underlying liability.

(vi) On November 2016, the interest rate will turn into variable interest rate, established as Libor plus 2.79 percent, with quarterly payments. Starting on that date and any other date after the interest payments date, the Bank can redeem all the debt without penalties. The principal payment will take place at the maturity date or when the Bank redeems the bonds.

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

	2010 S/.(000)	2009 S/.(000)
Up to 3 months	104,289	75,419
From 3 months to 1 year	396,215	235,651
From 1 to 3 years	297,503	581,782
From 3 to 5 years	294,625	449,577
More than 5 years	4,380,887	2,190,582
Total	5,473,519	3,533,011

13. Deferred income tax and workers´profit sharing

(a) These items are made up as follows:

	2010 S/.(000)	2009 S/.(000)
Deferred assets -		
Allowance for loan losses	161,828	129,664
Share-based compensation rights provision, note 16	67,111	54,061
Provision for sundry expenses	31,276	17,214
Unrealized loss on hedge derivatives valuation	15,436	15,487
Provision for sundry risks	13,778	12,660
Allowance for seized assets	7,869	7,591
Past due interests	2,447	2,570
Unrealized loss on available-for-sale investments valuation	604	423
Impairment of investments	228	4,075
Other	11,319	20,877
Total deferred assets, note 9(a)	311,896	264,622
Deferred liabilities -		
Unrealized gain on available-for-sale investments valuation	(206,730)	(43,795)
Indexed certificates valuation	(63,023)	(24,703)
Acquired intangibles - Edyficar	(14,444)	(18,840)
Unrealized gain on hedge derivatives valuation	(6,649)	(11,318)
Leasing operations, net	(5,293)	(4,147)
Building depreciation	(4,139)	-
Exchange difference	(3,985)	(5,234)
Other	(5,152)	(667)
Total deferred liabilities, note 9(a)	(309,415)	(108,704)
Net balance	2,481	155,918

As of December 31, 2010, the Bank and its Subsidiaries have recorded a deferred income tax liability as part of the caption "Unrealized gains (losses)" for S/.197.3 million, related to the unrealized gains and losses of available-for-sale investments and cash flow hedges (S/.39.2 million, as of December 31, 2009).

(b) Amounts presented in the consolidated balance sheets as of December 31, 2010 and 2009, and in the consolidated income statements for the years then ended, are shown below:

Consolidated balance sheets	Deferred assets		Deferred liabilities	
	2010 S/.(000)	2009 S/.(000)	2010 S/.(000)	2009 S/.(000)
Income tax	266,715	225,126	(293,698)	(92,480)
Workers' profit sharing	45,181	39,496	(15,717)	(16,224)
	311,896	264,622	(309,415)	(108,704)

Consolidated income statements	Workers' profit sharing		Income tax	
	2010 S/.(000)	2009 S/.(000)	2010 S/.(000)	2009 S/.(000)
Current	72,417	48,312	443,697	335,301
Deferred	(2,488)	953	(3,971)	(6,159)
	69,929	49,265	447,668	329,142

As mentioned in note 3(y), (y.2), since January 1, 2011, the accounting recognition of the deferred workers' profit sharing has been modified; according to the SBS regulations, since that date, the Bank and its Subsidiaries will no longer recognize the deferred workers profit sharing and must reverse the net cumulative balance at the date charging the consolidated statement of changes in shareholders' equity. In Management's opinion said reversion is not material considering the consolidated financial statements as a whole.

(c) Reconciliation of the effective tax rate to the statutory tax rate for the years 2010 and 2009 is as follows:

	2010 %	2009 %
Income before income taxes	100.00	100.00
Theoretical expense	30.00	30.00
Effect on taxable income		
Non-taxable financial revenue	(10.82)	(16.76)
Effect of non-deductible expenses		
Non-deductible financial expenses	2.55	5.92
Other non-deductible expenses	5.29	7.09
Income tax, current and deferred	27.02	26.25

14. Equity

(a) Capital stock -

As of December 31, 2010, 2009 and 2008, the Bank's capital stock comprises 2,557.7 million, 2,228.3 million and 1,508.3 million of fully subscribed and paid common shares, respectively, each, with a nominal value of one Peruvian Nuevo Sol.

The General Shareholders Meetings held on March 26, 2010, March 31, 2009 and March 28, 2008, approved the capitalization of retained income for an amount of S/.329.5 million, S/.720.0 million, and S/.221.8 million, respectively.

(b) Legal reserve -

Pursuant to legislation in force, the Bank must reach a legal reserve of at least 35 percent of its paid-in capital. This reserve is to be funded through an annual appropriation of at least 10 percent of its net income. As of December 31, 2010, the Bank has covered such legal request.

The Bank' subsidiaries established in Peru and Bolivia must also record legal reserves in their individual financial statements, which percentages varies depending on applicable laws and economic activity. As of December 31, 2010, 2009 and 2008, the subsidiaries' reported legal reserves amounted to approximately S/.117.3, S/.108.8 million 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 26, 2010, March 31, 2009 and March 28, 2008, approved an increase of the special reserve for approximately S/.0.1, S/.0.7 and S/.290.5 million, respectively.

The General Shareholders Meeting held on March 26, 2010, approved the transfer of S/.348.7 million from the special reserve to the legal reserve.

(d) Unrealized gains (losses) -
The caption "Unrealized gains (losses)" includes the net unrealized gain (loss) from available-for-sale investments and from derivatives instruments used as cash flow hedge. The movement of the unrealized gain (loss) during 2010 and 2009, presented net of income tax and workers' profit sharing, is as follows:

	Unrealized gain (loss) of:		
	Available-for-sale investments S/.(000)	**Derivative instruments used as cash flow hedge** S/.(000)	**Total** S/.(000)
Balances as of January 1, 2009	-	(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 from investments available-for-sale to the income statement, net of realized loss	(285,226)	-	(285,226)
Net unrealized gain on cash flow hedge	-	89,416	89,416
Transfer of realized loss from 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
Net unrealized gain from available-for-sale investments	254,256	-	254,256
Transfer of realized gain from investments available-for-sale, net of realized loss	(144,229)	-	(144,229)
Net unrealized loss on cash flow hedge	-	(35,661)	(35,661)
Transfer of realized loss on cash flow hedge to the income statement, net of realized gain	-	21,020	21,020
Balances as of December 31, 2010	427,217	15,599	442,816

(e) Dividend distribution -

The General Shareholders Meetings held on March 26, 2010, March 31, 2009 and March 28, 2008, agreed to distribute dividends for approximately S/.595.0, S/.613.9, and S/.371.2 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) Equity for legal purposes (Regulatory capital) –

On June 2008, by means of Legislative Decree N° 1028, the Banking Law was amended. The amendments provided 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, considering the percentages and deadlines established by Legislative Decree N° 1028. As of December 31, 2010 and 2009, the minimum requirement is 9.8 and 9.5 percent, respectively. Legislative Decree N°1028 also distinguishes, starting 2009, between basic and supplementary equity, depending on 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 the Bank and its Subsidiaries operations.

In application of Legislative Decree N°1028 as of December 31, 2010 and 2009, the Bank maintains the following amounts related to weighted assets and contingent credits by total risk and regulatory capital (basic and supplementary), in millions of nuevos soles:

	2010	2009
Total risk weighted assets and credits	42,965.70	37,592.50
Regulatory capital	5,517.27	5,457.10
Regulatory capital – basic	4,379.07	4,190.30
Regulatory capital – supplementary	1,138.20	1,266.80
Global Regulatory capital ratio	12.84%	14.52%

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 Regulations, respectively, and amendments which are in force since July 2009, except for the Regulation related to Credit Risk, which had an implementation period until June 30, 2010. As of December 31, 2010 and 2009, the Bank and its Subsidiaries have fulfilled the requirements of those resolutions.

15. Tax situation

(a) The Bank and its Subsidiaries are subject to corporate taxation on income of the country where they are established. As of December 31, 2010 and 2009, 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, (i) under Presidential Decree N°007-2002-EF, (ii) under Market Makers Program or its replacing mechanism, or (iii) in the international market since 2002, and from BCRP certificates of deposit used for 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 gains 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. The Income Tax Law specified 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. To this respect, this rule is applicable to legal entities when securities are sold through or outside a centralized negotiation market.

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 weighted average cost will be the division between the taxable costs by the number of shares and the total acquired shares.

Since 2011, with Income Tax modification, introduced by Law N°29645, interests and other income generated by foreign loans granted to the National Public Sector, must also be included as an item unaffected by the income tax.

On the other hand, according to modification in Law N°29645, the rates applied to retentions on entities not domiciled in Peru have also been modified.

Therefore, since year 2011, the retentions on interests to individual persons not domiciled must be applied with a rate of 4.99 percent. Such rate will also apply to interests paid to legal entities not domiciled, as a result of the utilization in the country of the foreign credits. In this case, the 1 percent rate will continue to apply on interests of contracts settled until year 2010.

Also, the 4.99 percent rate must be applied on interests from bonds and other debt instruments, deposits or impositions according to the Banking Law, as well as on capital increases of such deposits or impositions, report transactions, repurchase agreements and stock loans, as well as other interests from companies' loan transactions.

However, Law N°29546, issued on June 29, 2010, approved the extension until December 31, 2012 of the exoneration of the value added tax over the interests generated by the securities issued through public offer by legal entities constituted or established in the country, as long as the issuance is on grounds of the Securities Market Law, approved by Legislative Decree N°861, or by Investment Fund Law, approved by Legislative Decree N°862.

(c) For income tax and value added tax purposes, the transfer prices agreed in transactions between related parties and with entities located in tax havens, require the presentation of supporting documentation and information on the valuation methods and criteria applied for the agreed price. Based on the analysis of the Bank and its Subsidiaries operations, Management and its internal legal advisors consider that no significant contingencies will result for the Bank and its Subsidiaries as a consequence of the application of such provisions for fiscal year 2010 and 2009.

(d) The Peruvian and Bolivian 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 2009 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 2007 income tax return.

Likewise, the tax returns of income tax from the years 2006 to 2009 from Banco de Credito de Bolivia are pending review by the Bolivian Tax Authority.

For the Subsidiaries, except for the year 2006 for Credibolsa, which has already been reviewed with no observations and Credifondo, which has an amount of S/.0.5 million pending to be refunded for year 2007; up to the date of this report, years 2006 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 for fiscal year 2010 and 2009.

As indicated in note 17(b), the Bank has pending legal claims with the Tax Authority, related to income tax reviews corresponding to fiscal years 1999, 2004, 2005 and 2006.

16. Share-based compensation plan

As indicated in note 3(p), until 2008, the Bank and its Subsidiaries granted rights in the form of options over Credicorp's (the Bank's majority shareholder) stock appreciation (SARs) to certain executives who had 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 period indicated before 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, 2010 and 2009, 294,450 and 460,193 SARs were exercised under this plan for an approximate amount of US$24.0 and US$16.1 million (equivalent to S/.67.4 and S/.46.5 million), respectively, plus the income tax on behalf of the executives, which is assumed by the Bank and its Subsidiaries, equivalent to 30 percent of the amount paid.

As of December 31, 2010 and 2009, 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, 2010	Number of vested SARs as of December 31		Exercise price	
		2010	2009	2010 US$	2009 (*) US$
2002	-	-	52,500	5.28	5.98
2003	36,500	36,500	96,900	6.47	7.17
2004	87,500	87,500	117,500	9.29	9.99
2005	103,750	103,750	148,750	14.30	15.00
2006	163,300	163,300	204,250	23.62	24.32
2007	153,795	153,795	184,776	23.62	24.32
2008	185,874	171,817	146,834	23.62	24.32
	730,719	716,662	951,510		

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

Management has estimated the SARs' fair value as of December 31, 2010 and 2009, using the binomial option pricing model, with assumptions obtained from the relevant available market information. The key assumptions used are as follows:

Key assumptions	2010	2009
Expected volatility	37.91%	37.48%
Risk free interest rate	3.52%	4.16%
Expected lifetime	2.71 years	3.82 years
Quoted price of Credicorp shares at year-end	US$118.91	US$77.02

The movement of the SARs for the years ended December 31, 2010 and 2009 is as follows:

	2010			2009		
	Outstanding SARs	Vested SARs		Outstanding SARs	Vested SARs	
	Number	Number	Amount S/.(000)	Number	Number	Amount S/.(000)
Balances as of January 1	1,041,802	951,510	161,376	1,987,225	1,482,460	127,559
Modification	-	-	-	(371,355)	(371,355)	-
Granted and vested	-	71,200	18,919	-	300,598	45,782
Exercised	(294,450)	(294,450)	(67,427)	(460,193)	(460,193)	(46,479)
Write-downs	(3,048)	-	-	(113,875)	-	-
Transfers to related parties	(13,585)	(11,598)	(2,660)	-	-	-
Increase in the option fair value	-	-	90,124	-	-	34,514
Balance as of December 31	730,719	716,662	200,332	1,041,802	951,510	161,376

The liabilities recorded for this plan, including the income tax assumed by the Bank and its Subsidiaries, is included in "Payroll taxes, salaries and other personnel expenses payable"; in the caption "Other liabilities, net" of the consolidated balance sheets; and the expenses in the caption "Salaries and employees' benefits" of the consolidated income statement.

The Bank has signed several contracts with Citigroup and Calyon by which it has acquired certificates linked to the yield of Credicorp's shares, note 9(b).

As of December 31, 2010 and 2009, the expense resulting from the implementation of this plan amounts to S/.111.9 million and S/.125.5 million, respectively, which has been recorded in the caption "Salaries and employees' benefits" of the consolidated income statements.

As indicated in note 3(p), since April 2009, the Bank and its Subsidiaries implemented a new share-based payment plan which consists in granting a number of Credicorp's shares to certain executives. The granted shares will accrue in 3 years, 33.33 percent annually, from the grant date (April of each year). In connection with the execution of the plan (on March 2010 and April 2009), the Bank and its Subsidiaries acquired 134,338 and 180,445 of Credicorp's shares for approximately US$11.9 and US$8.7 million, respectively (equivalent to S/.33.4 and S/.26.1 million) which were given to the beneficiaries; however, such shares are maintained as restricted investments until their final vesting in the caption "Off-balance sheet accounts" of the consolidated balance sheets. Following SBS Official Letter N°9771-2009, dated March 24, 2009, the Bank and its Subsidiaries have recorded as expense the total outflow related with the shares acquisition in the caption "Salaries and employee benefits" of the consolidated income statement.

17. Commitments and contingencies

(a) Commitments -

- During the years 2005, 2006, 2007 and 2008; the Bank's Panamanian Branch entered into several agreements with a foreign related party, CCR Inc., by which it guarantees the collection of future inflows from electronic messages sent through the Society for Worldwide Interbank Financial Telecommunications ("SWIFT") to the Bank and utilized within the network to 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 obtained several loans, which are secured by the above mentioned future inflows; the amounts of the loans received are the following:

Year of issuance	Loan amount US$(million)	Maturity
2005	43.1	2012
2006	31.9	2016
2007 (*)	-	2017
2007 (*)	-	2014
2008	256.0	2015
2010	98.5	2012
2010	59.2	2016
2010 (*)	338.8	2017
2010 (*)	135.8	2014

(*) Issuances of 2007 were redeemed in June 2010; in such date and through the same transaction, CCR Inc. made new issuances for the same notional amounts and maturities and similar terms.

As of December 31, 2010 and 2009, the funds obtained by CCR Inc. were maintained in the Bank, see note 10(d) and 11(d).

- On November 2009, a contract with a foreign related party was entered into, by which it is guaranteed, through a promissory note signed by the Bank, the payment of principal to the holders of bonds issued in Unidades de Fomento Chilenas – UF through the Santiago de Chile Stock Exchange, by the foreign related party. The bonds issued, named "Bonos Desmaterializados al Portador - Serie A", amounted to 2.7 million Unidades de Fomento Chilenas – UF, equivalent to S/.347.9 and S/.322.7 million as of December 31, 2010 and 2009, respectively, with maturity on October 2014, see note 11(d).

The loans obtained and the bonds issued by the related parties include covenants which, in Management's opinion, have been fulfilled as of December 31, 2010 and 2009.

(b) Contingencies -

As of December 31, 2010 and 2009, the Bank has received assessments from the Tax Authority as a result of:

- 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 a credit balance amounting to S/.8.8 million.

  In this regard, in August 2009, the Bank requested the refunding of this amount. Such refund was denied on January 2010. On February 2010, the Bank began a complaint procedure to the Tax Authority, which was resolved on December 2010, partially approving the Bank's request and establishing a refund amount of S/.7.3 million plus interests.

- Reviews of 2004 and 2005 income tax returns: The Tax Authority determined a higher income tax of both periods for approximately S/.6.1 million and fines for S/.3.4 million, plus interests.

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.

- Review of 2006 income tax return: a credit balance of approximately S/.45.9 million, and a fine of S/.1.3 million plus interests was determined.

  On August 2010, the Bank presented its corresponding claim and paid the amount demanded under protest. The complaint procedure was resolved in part on January 2011. On February 2011, the Bank appealed the resolution before the Tax Court.

Management and its internal legal advisors consider that as the claim procedures related to the 2001 income tax return and the complaints before stated were favorably resolved, the credits required by the Bank as of December 31, 2010 and 2009 will be recovered.

In addition, the Bank and its Subsidiaries have several pending legal claims, related to their normal course of business. According to Management and its internal legal advisors no additional liabilities will result from these legal claims; therefore, Management has not considered necessary to record an additional allowance for these contingencies, note 9 (g).

18. Off-balance sheet accounts

(a) This item is made up as follows:

	2010 S/.(000)	2009 S/.(000)
Contingent operations (indirect loans) (b) -		
Guarantees and stand-by letters of credit	7,619,963	5,757,166
Import and export letters of credit (c)	1,170,681	1,213,840
Due from bank acceptances (c)	197,560	278,662
	8,988,204	7,249,668
Derivative instruments -		
Derivatives held for trading -		
Foreign currency forward contracts on Nuevo Sol, see note 4:		
Foreign currency purchases	4,878,440	3,642,861
Foreign currency sales	2,205,883	3,068,800
Foreign currency forward contracts on currencies, other than Nuevo Sol	298,277	844,436
Interest rate swap contracts	1,997,481	1,825,341
Currency swap contracts, see note 4:		
Foreign currency delivery/ Nuevo Sol reception	963,428	894,624
Nuevo Sol delivery/ Foreign currency reception	337,432	364,024
Foreign currency options	291,057	70,441
Derivatives held as hedge -		
Interest rate swap contracts	1,338,969	2,257,288
Cross currency swap contracts on Nuevo Sol, see note 4:		
Foreign currency delivery/ Nuevo Sol reception	44,066	45,763
Cross currency and interest rate swap contracts in respect with Nuevo Sol, see note 4	318,435	327,617
Cross currency swap contracts on currencies other than Nuevo Sol	347,927	1,242,645
Foreign currency forward contracts on currencies other than Nuevo Sol	-	205,709
	13,021,395	14,789,549
Responsibilities under credit line agreements (d)	6,833,306	4,501,677
Other contingent operations	12,339	12,859
Total contingent operations	28,855,244	26,553,753

	2010 S/.(000)	2009 S/.(000)
Securities in custody	121,318,300	85,951,119
Guarantees received (e)	60,472,173	56,053,247
Debt instruments under collection	7,208,230	6,618,321
Written-off loans	3,693,939	3,269,835
Securities granted as guarantees	3,628,507	2,476,346
Advised letters of credit	2,511,661	1,729,484
Trust and debt trust commissions (f)	1,511,832	1,310,244
Insurance coverage	994,011	1,022,674
Other	41,293,151	31,303,259
Total other off-balance sheet accounts	242,271,804	189,734,529
Total	271,127,048	216,288,282

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

The Bank and its Subsidiaries apply the same credit policies in making commitments and conditional obligations as they do for on-balance sheet instruments, including the requirement to obtain collateral to support off-balance sheet financial instruments when it is necessary deemed. 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 are mainly issued as credit enhancements for overseas trade transactions. The related credit risk is reduced by the participation of third parties.

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

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

(e) The balance of the caption "Guarantees received" is stated at the amounts of the guarantee 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.

(f) The Bank and its Subsidiaries provide custody, trust, corporate administration, investment management (asset management) and consulting services to third parties and, mutual funds and asset securitization's management, 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:

	2010 S/.(000)	2009 S/.(000)
Financial income		
Interest from loan portfolio	3,390,227	3,143,174
Interest from trading and available-for-sale investments, net	259,614	377,335
Interest from cash and due from banks and inter-bank funds	89,810	41,801
Commissions on loan portfolio and other transactions	49,207	21,955
Net fluctuation from derivative financial instruments position – forwards	(10,973)	124,693
Other	12,452	7,216
	3,790,337	3,716,174
Financial expenses		
Interest on deposits and obligations	(338,089)	(550,187)
Interest on due to banks and correspondents, note 11(d)	(351,944)	(125,245)
Interest on bonds and subordinated notes issued	(293,729)	(204,191)
Deposit Insurance Fund fee	(57,329)	(57,636)
Interest and commissions on deposits from local financial entities and international organizations, note 10(d)	(548)	(262,710)
Net result from hedging derivatives instruments	(102,089)	(26,768)
Net fluctuation from derivative financial instruments position – swaps	39,665	(19,525)
Other	(38,273)	(10,850)
	(1,142,336)	(1,257,112)
Gross financial margin	2,648,001	2,459,062

20. Provision for loan losses, net

This item is made up as follows:

	2010 S/.(000)	2009 S/.(000)
Provision (recovery) for:		
Loan losses, note 7(f)	594,831	526,587
Country risk	5,702	(8,695)
Total	600,533	517,892

21. Banking services commissions, net

This item is made up as follows:

	2010 S/.(000)	2009 S/.(000)
Banking services commissions		
Transfer and collection services	392,754	339,210
Maintenance of accounts	180,607	170,441
Credit and debit card services	149,565	125,246
Commissions from parties affiliated to the credit/debit card network	130,159	107,150
Commissions for contingent operations (indirect loans)	115,311	90,014
Trust services (asset management)	93,893	61,776
Fees for consulting and technical studies	65,163	50,800
Commissions for special services - credipago	61,484	52,688
Insurance commissions	32,837	19,828
Fees related to leasing transactions	31,598	24,283
Withholding and collection services	31,133	30,725
Brokerage services	19,531	17,477
Checks issuances	9,875	10,251
Other	101,842	107,649
	1,415,752	1,207,538

	2010 S/.(000)	2009 S/.(000)
Expenses related to banking services commissions		
Credit and debit card services	(51,175)	(61,128)
Expenses related with assets under leasing contracts	(32,165)	(25,135)
Credit/debit card network	(8,502)	(7,262)
Check issuances	(7,575)	(7,243)
Other	(18,003)	(18,203)
	(117,420)	(118,971)
Balance, net	1,298,332	1,088,567

22. Net gain on securities

This item is made up as follows:

	2010 S/.(000)	2009 S/.(000)
Net gain from purchase and sale of securities	153,698	231,447
Net gain from valuation of investments at fair value through profit or loss (trading)	18,189	15,856
Participation in income of investments in associates	3,080	7,960
Impairment of available-for-sale investments	(69)	(78)
Other, net	(22)	(221)
Total	174,876	254,964

23. Other non-financial income and other operating expenses

These items are made up as follows:

	2010 S/.(000)	2009 S/.(000)
Other non-financial income		
Gain from indexed certificates, nota 9(b)	156,625	98,244
Recoveries of loans previously written-off	94,614	57,667
Income from Visa Inc. restructuration (a)	-	46,696
Net gain from sales of seized assets, note 9(e)	16,396	17,257
Collection of interest previously and allowances written-off	7,984	7,444
Other	43,642	44,806
Total	319,261	272,114
Other operating expenses		
Provision for sundry risks	(17,091)	(22,229)
Provision for uncollectable receivables	(12,585)	(9,324)
Provision for legal claims	(11,209)	(13,917)
Maintenance of seized assets	(1,154)	(1,415)
Other	(28,132)	(24,980)
Total	(70,171)	(71,865)

(a) On February 2009, the Bank sold the balance it had of Visa Inc. shares that were received in 2007 as consequence of the restructuring of Visa Inc.

24. Salaries and employees´ benefits

This item is made up as follows:

	2010 S/.(000)	2009 S/.(000)
Salaries	565,064	534,177
Vacations, medical assistance and others	212,841	175,117
Share-based payment plans	192,260	158,447
Employees bonds	107,155	79,732
Legal gratifications	96,974	88,384
Social security	71,565	64,727
Severance indemnities	53,271	47,485
Total	1,299,130	1,148,069
Number of employees	16,148	15,501

25. Earnings per share

As of December 31, 2010, 2009 and 2008, the weighted average of outstanding shares was calculated as follows:

	Outstanding shares (in thousands)	Shares for the calculation (in thousands)	Effective days before year end	Weighted outstanding average of shares (in thousands)
2008				
Balances as of January 1, 2008	1,286,528	2,228,288	365	2,228,288
Capitalization of income in 2008	221,760	-	365	-
Capitalization of income in 2010	-	329,450	365	329,450
Balances as of December 31, 2008	1,508,288	2,557,738		2,557,738
2009				
Balances as of January 1, 2009	1,508,288	2,557,738	365	2,557,738
Capitalization of income in 2009	720,000	-		-
Balances as of December 31, 2009	2,228,288	2,557,738		2,557,738
2010				
Balances as of January 1, 2010	2,228,288	2,557,738	365	2,557,738
Capitalization of income in 2010	329,450	-		-
Balances as of December 31, 2010	2,557,738	2,557,738		2,557,738

26. Risk Assessment

The Bank and its Subsidiaries' activities are mainly related to the use of financial instruments including 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 includes loans and non-contingent advances but also any other indirect loans, such as credit letters and stand-by letters of credit.

The Bank and its Subsidiaries also trade financial instruments in the stock and over-the-counter 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 establishes limits to the Group's exposure to market positions for daily and overnight operations. The 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, exchange rates and equity prices.

The Bank and its Subsidiaries separate exposures to market risk into two groups: (i) those that arise from value fluctuation of trading portfolios due to movements of market rates or prices (Trading Book) and (ii) those that arise from changes in the structural positions of non-trading portfolios due to movements of the interest rates, prices and exchange ratios (ALM Book).

Trading portfolios includes 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 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 are exposed to different sensitivities that can generate 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 and its Subsidiaries' Management sets limits on the minimum proportion of funds available to meet such calls and the minimum level of interbank 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 in assessing the Group's liquidity and its exposure to changes in interest and exchange rates.

Liquidity requirements to support calls under guarantees and standby letters of credit are considerably lower than the committed amount, because the Bank and its Subsidiaries do not expect the third party do 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.

The notes to the consolidated financial statements include an analysis of the Bank and its Subsidiaries' main assets and liabilities by maturity, based on contractual maturity dates.

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. 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 financial 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 are exposed 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, 2010 and 2009, the Bank and its Subsidiaries' assets and liabilities by currencies are shown in note 4. Likewise, as indicated in note 9(c), the Bank and its Subsidiaries have used derivative financial instruments to partially hedge this risk, considering Credicorp Ltd. functional currency.

Credit risk -

The Bank and its Subsidiaries are exposed to credit risk, which is the risk that the counterparty is 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 Subsidiaries' portfolio, could result in losses that are different from those provided for at the consolidated balance sheet date. Therefore, Management manages its exposure to credit risk carefully.

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 one group 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 such guarantees cannot be obtained.

As of December 2010 and 2009, 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, investments at fair value through profit or loss, 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 knowledgeable, willing parties in an arm's length transaction, on an on-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.

- Available for sale and fair value through profit or loss investments are recorded at their estimated fair value; in consequence, their book and fair values are the same.

- 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 "Other assets, net" and "Other liabilities, net" are recorded at their estimated fair value.

- 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 does not differ significantly from their fair values.

- Bonds and subordinated notes accrue interest at fixed or variable rates. Their fair value has been 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 several 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 have estimated that the difference between the book value and the fair value is not significant.

Following the considerations detailed above, as of December 31, 2010 and 2009, Management considers that the estimated fair values of the Bank and its Subsidiaries financial instruments do not differ significantly from their book value.

28. Financial information by geographical area

As of December 31, 2010 and 2009, segment information by geographical area is as follows (amounts expressed in millions of nuevos soles):

	2010					2009				
	Total income (*)	Gross financial margin	Depreciation and amortization	Property, furniture and equipment, net	Total assets	Total income (*)	Gross financial margin	Depreciation and amortization	Property, furniture and equipment, net	Total assets
Peru	5,056	2,492	207	953	54,664	4,779	2,255	171	850	43,331
Panama	510	47	-	-	11,607	425	50	-	-	7,292
Bolivia	235	94	12	43	3,146	311	143	11	47	3,168
United States of America	26	15	-	1	1,543	19	11	-	1	1,496
	5,827	2,648	219	997	70,960	5,534	2,459	182	898	55,287

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

29. Transactions with related parties

(a) During the years 2010 and 2009, the Bank and its Subsidiaries have acquired bonds, granted loans, supplied and received several services, correspondent relationships and other operations with Credicorp' subsidiaries, which balances are shown below:

	2010 S/.(000)	2009 S/.(000)
Assets -		
Cash and due from banks	15,176	7,727
Loans, net	155,631	366,552
Other assets	48,987	6,133
Liabilities -		
Deposits and obligations, note 10(d)	325,711	4,618,081
Due to banks, correspondents and other entities, note 10(d)	4,049,286	324,177
Bonds and subordinated notes issued	170,741	157,113
Other liabilities	12,035	4,036
Contingent operations	82,497	57,954
Other off-balance sheet accounts	1,151,448	1,760,206
Income -		
Financial income	10,634	11,121
Financial expenses	242,110	260,464
Other income	102,031	59,020
Other expenses	46,991	41,662

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

	2010 S/.(000)	2009 S/.(000)
Direct loans	745,974	618,986
Indirect loans	75,827	58,153
Derivatives, market value	3,751	817
Deposits	286,460	237,126

Likewise, as of December 31, 2010 and 2009, the Bank and its Subsidiaries hold debt or equity instruments, presented as securities available-for-sale and investments at fair value through profit or loss investments, issued by related entities for an amount of S/.9.3 and S/.10.3 million, respectively.

The Bank has contracted insurance coverage with El Pacífico-Peruano Suiza Compañia de Seguros y Reaseguros (PPS), a Credicorp subsidiary, the related premiums amounted to S/.81.0 million in 2010 (S/.91.6 million in 2009); the accrued part is recorded in the caption "Administrative expenses" of the consolidated statements of income.

The Bank receives fees from Pacífico Vida S.A, a Credicorp subsidiary, for selling life insurance through its offices to customers who have saving accounts; fees received amounted to approximately S/.7.1 and S/.6.4 million in 2010 and 2009, respectively.

According to Peruvian legislation, loans to related parties cannot be granted on terms more favorable than those that would have been offered to the general public. Management considers that the 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 related parties as of December 31, 2010, have maturities between January 2011 and November 2018 and accrue interest at interest rates that ranges between 1.7 and 11.9 percent (maturities between January 2010 and November 2018 and interest rates between 1.47 and 9.75 percent, as of December 31, 2009). As of December 31, 2010, the Bank and its Subsidiaries have an allowance for loans granted to related parties of US$0.1 million (equivalent to S/.0.2 million). 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, 2010 and 2009, the Group has participations quotas in several mutual funds managed by one of its Subsidiaries, the detail is the following:

	2010 S/.(000)	2009 S/.(000)
Trading and available-for-sale investments -		
- Mutual funds - Credifondo U.S. Dollars	108,763	98,449
- Mutual funds - Credifondo nuevos soles	14,774	93,932
Total	123,537	192,381

(c) Loans to employees and their families -
The Bank and its Subsidiaries grant loans to their employees and families in terms that depend on the different types of loans granted to third parties. Loans granted to employees and their families are mainly mortgage loans and are included under the caption "Loans, net" of the consolidated 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, 2010 and 2009, 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/.393.2 and S/.384.2 million, respectively.

(d) The Bank's key executive's compensation for the years 2010 and 2009, considering all payments made, is as follows:

	2010 S/.(000)	2009 S/.(000)
Share based compensation plans, note 16	53,516	16,221
Salaries	14,796	12,842
Directors compensation	4,446	4,641
Other	16,055	4,866
Total	88,813	38,570

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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Chapter 7

Annexes

Board of Directors and Executive Committee

Board of Directors

Dionisio Romero P.	Chairman
Raimundo Morales	Vice Chairman
Roque Benavides	Director
Benedicto Cigüeñas	Director
Fernando Fort	Director
Eduardo Hochschild	Director
Juan Bautista Isola	Director
Reynaldo Llosa	Director
Felipe Ortiz de Zevallos	Director
Luis Enrique Romero	Director
Germán Suárez	Director
Juan Carlos Verme	Director
Luis Enrique Yarur	Director
Jorge Camet	Alternate Director

Executive Committee

Dionisio Romero P.	President
Raimundo Morales	Vice-President
Benedicto Cigüeñas	Director
Fernando Fort	Director
Reynaldo Llosa	Director
Juan Carlos Verme	Director

Management

Management

Walter Bayly	***Chief Executive Officer***

Central Management Offices

Pedro Rubio — **_Central Manager – Wholesale Banking_**

Christian Laub	Corporate Banking Division
Luis Alfonso Carrera	Corporate Banking
Mariano Baca	Corporate Finance
Fernando Fort G.	Middle Market Banking Division
Andrés Arredondo	Institutional Banking and Middle Market Banking Province
	Middle Market Banking Lima 1
	Middle Market Banking Lima 2
	Middle Market Banking Lima 3
Miguel Del Mar	
Luis Bouroncle	
Pedro Bordarampé	
Francisco Paz	Business Services
Gonzalo Álvarez-Calderón	International Business and Leasing
Michela Casassa	Strategic Planning and Business Development

Gianfranco Ferrari — **_Central Manager - Retail Banking_**

Carlos Morante	Commercial Division
Antonio Di Paola	Commercial Efficacy
Percy Urteaga	Commercial Lima 1
Enrique Rizo Patrón	Commercial Lima 2
Juan Matute	Commercial Lima 3
Javier Ichazo	Commercial Provinces 1
Paul Macarachvili	Commercial Provinces 2
Nancy Tueros	Sales
Jorge Mujica	Business Banking and Real Estate Business
Arturo Johnson	Distribution Channels
Patricia Foster	Client Experience Management

Management

Central Management Offices

Franco Giuffra

César Sanguineti
César Casabonne
Ernesto Melgar
María del Pilar Ruiz
Werner Harster
Ximena Palma

Marketing and Social Responsibility Division

Products I
Products II
Communications
Commercial Management
Commercial Alliances
Social Responsibility

Jorge Ramírez del Villar

Central Manager – Operations, Systems and Administration

Ricardo Bustamante
José Ortiz
Carlos Herrera
Ivana Osores
Bruno Rivadeneyra

Augusto Astete
José Marangunich
Jose Ignacio Maúrtua
Luis de la Puente
Rafael Wong
Victor de Rivero

Systems and Organization Division
Business Solutions
IT Infrastructure and Operations
IT Engineering and Development
IT Architecture and Standards

Operations
Security and Fraud Prevention
Centralized Administration
Purchases
Collections Retail Banking
Retail Banking Loans

Alvaro Correa

Chief Financial Officer

José Luis Muñoz
André Figuerola

Piero Travezán
Bruno Zapata
Aida G. Kleffmann

General Accounting
Treasury and Foreign Exchange

Financial Planning and Control
Financial Management
Investor Relations Officer

Javier Maggiolo

Central Manager Assets Management

Jose Larrabure
Ricardo Flores
Alonso Segura

Juan Luis Lazarte

Jose Manuel Peschiera
Augusto Pérez

Investments Management
Investment Products Management
Investment Strategy and Economic Studies
Production and Technology Management
Business Trusts
Equity Management

Management

Other Management Offices

Reynaldo Llosa — ***Risks Division***

Pablo Miñán — Credit Division
Alicia Franco — Foreign Banks and Corporate Credit
Alvaro García — Middle Market Banking Credit Lima
Alfonso Gavilano — Middle Market Banking Credit San Isidro
Javier Gómez — Centralized Credit
Cristina Arias — Special Accounts and Credit Monitoring

Juan Incháustegui — Risk Management
Harold Marcenaro — Retail Banking Risk

Bernardo Sambra — ***Human Resources Division***

Constantino Sulópulos — Planning and Development
Gustavo Ledesma — Human Management and Development Advisory

Guillermo Morales — ***Legal Division***

Héctor Calero — Legal Advice

Alvaro Carulla — Institutional Relations

Mario Ferrari — General Secretariat

Úrsula Álvarez — Talent Management Office

José Espósito — ***Auditing Division***

Ricardo Miranda — Process Auditing

Contactos

Banco de Crédito BCP

Lima Head Office
Calle Centenario 156, La Molina
Lima 12, Perú
Telephone (511) 313-2000
(511) 625-2000

International agency
- Miami, United States of America
121 Alhambra Plaza, Suite 1200
Coral Gables, Florida 33134
United States of America
Telephone (305) 448-0971
Telephone (305) 448-0981

- ***International branch***
Panamá, República de Panamá
Calle Elvira Méndez
Edificio Vallarino Piso 3
Obarrio, Panama City
Republic of Panama
Telephone (507) 223-7662
Fax (507) 223-7324
P.O. Box 0819-09475

BCP Bolivia

La Paz Head Office
Esquina Calle Colón y Mercado Nº 1308
La Paz, Bolivia
Telephone (5912) 217-5000
Fax (5912) 217-5115